



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

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

AGENDA

Committee	GOVERNANCE AND AUDIT COMMITTEE
Date and Time of Meeting	TUESDAY, 20 JULY 2021, 4.30 PM
Venue	REMOTE VIA MS TEAMS
Membership	Hugh Thomas (Chairperson) Gavin McArthur and David Price Councillors Cowan, Cunnah, Goodway, Howells, K Jones, Simmons, Singh and Williams

*Time
approx.*

1 **Appointment of Chairperson and Deputy Chairperson**

To appoint a Chairperson and Deputy for the municipal year 2021/22.

2 **Apologies for Absence**

To receive apologies for absence.

3 **Declarations of Interest**

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

4 **Minutes** (*Pages 5 - 16*)

To approve as a correct record the minutes on 23 March 2021.

5 **Internal Audit**

4.40 pm

5.1 Internal Audit Annual Report 2020/21 (*Pages 17 - 60*)

5.2 Audit and Investigation Team Progress Report (*Pages 61 - 150*)

6 **Finance**

5.00 pm

6.1 Financial Update including Resilience Issues (*Pages 151 - 156*)

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

6.2 Draft Statement of Accounts 2020/21 (*Pages 157 - 342*)

COMFORT BREAK 5.45PM

7 Governance and Risk Management 5.50 pm

7.1 Audit Committee Annual Report 2020/21 (*Pages 343 - 380*)

7.2 Draft Annual Governance Statement 2020/21 (inc. year-end Senior Management Assurance Statements) (*Pages 381 - 412*)

7.3 Corporate Risk Management (Year-End) (*Pages 413 - 444*)

8 Performance 6.20 pm

8.1 Recommendation Tracker - Reports of External Review Bodies (*Pages 445 - 458*)

8.2 Arrangements for Handling Complaints and Compliments and Draft Complaints and Compliments Annual Report 2020/21 (*Pages 459 - 526*)

8.3 Member Breach of Code of Conduct Complaints (*Pages 527 - 574*)

9 Audit Wales 7.10 pm

9.1 Audit Wales Work Programme and Timetable - Cardiff Council - Quarterly Update: 30 June 2021 (*Pages 575 - 586*)

10 Outstanding Actions (*Pages 587 - 588*) 7.20 pm

11 Correspondence

12 Work Programme Update (*Pages 589 - 590*)

13 Urgent Items (if any)

14 Date of next meeting

The next meeting is scheduled for 28 September 2021

Davina Fiore

Director Governance & Legal Services

Date: Wednesday, 14 July 2021

Contact: Graham Porter, 02920 873401, g.porter@cardiff.gov.uk

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GOVERNANCE AND AUDIT COMMITTEE

23 MARCH 2021

Present: Hugh Thomas (Chairperson)
Gavin McArthur and David Price
Councillors Cowan, Cunnah, Howells and Williams

85 : APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Goodway, Jones and Simmons

86 : DECLARATIONS OF INTEREST

No declaration of interest were received.

87 : MINUTES

The minutes of the meeting held on 26 January 2021 were approved by the Committee as a correct record.

88 : PAUL ORDERS, CHIEF EXECUTIVE

The Committee received a report from the Chief Executive on the Council's Control Environment as part of its approach to receiving assurance from members of the Senior Management Team. The Chairperson welcomed Paul Orders, Chief Executive and invited him to present his report.

The Chief Executive acknowledged that the Audit Committee would soon be taking on a wider remit as the Governance and Audit Committee, in accordance with the requirements of the Local Government and Elections (Wales) Act 2021, and therefore Members might like to consider the timing of his future attendance, potentially to align with the Committee's consideration of the Council's draft annual self-assessment report.

The Chief Executive provided a presentation summarising the issues set out in the report - pandemic management, planning for recovery, internal control environment and an overall assessment.

In terms of the pandemic management, Members were advised that emergency management arrangements were rapidly reviewed and adapted. Three core principles were established – preventing the spread of infection; ensuring the health and safety of staff, services users and citizens; prioritising key frontline services and support for vulnerable people.

An extended Senior Management Team met daily as the Strategic Coordination Group (SCG) during the first phase of the crisis and focused on the Council response. Cabinet oversight was ensured throughout with the Leader in attendance at SCG and Cabinet was briefed accordingly. A local and national policy framework emerged within which the SCG could function. Members were advised that almost

every aspect of service delivery was impacted and the authority was able to flexibly deploy resources to areas of greatest need.

The Chief Executive stated that he was keen to ensure that the speed of response and the rapid nature of decision-making was balanced by having full accountability arrangements in place. Internal control mechanisms evolved to respond to challenges and were integral to the Council's response.

Members received details of the role played by the Council in the public health challenges presented by the pandemic. The Committee was asked to note the critical issues arising during 2021/22, which centred on how the Council will re-evaluate and realign its service delivery. The Chief Executive indicated that the Cabinet would be asked to consider four reports focussing on the restart, recovery and renewal programme in the near future.

Members received information on the Council's Risk Management processes, including the key corporate risks, which had continued to be an important part of assurance arrangements.

In terms of the audit function, the Chief Executive stated that there was a good relationship between SMT and the Audit team. The Chief Executive was keen to ensure that there was no sense of drift in terms of the implementation and action of audit recommendations.

Members were advised that in recent months the Senior Management Assurance Statement (SMAS) process has been integrated within performance management discussions within the Council providing a holistic view of directorate performance, finances and implementation of audit recommendations.

The Chief Executive also provided a brief update on the position regarding ongoing external regulation and an overall assessment in terms of performance issues and the control environment.

The Chairperson thanked the Chief Executive for his report. Members were invited to comment, seek clarification or raise questions on the information received. Those discussions are summarised as follows:

- Responding to a question on risk, the Chief Executive advised that each directorate has a 'risk champion' officer. SMT discuss risks ratings on a quarterly basis and there was an expectation that directorates will signal where there is a need to escalate or de-escalate risks.
- A Member asked for the Chief Executive's perspective of the role played by the Public Sector Board (PSB) in addressing the issues arising during the pandemic and its potential for assisting in the recovery. The Chief Executive considered that in Wales we are fortunate to have legislation in place that places a statutory obligation on the key public service bodies to collaborate. The role the PSB has played is a strategically important one, particularly in securing alignment between health, police, council and other agencies. However, whilst the PSB is the primary partnership, there are a number of subsidiary partnerships also

supporting the work of the PSB.

- A Member asked what control mechanisms the Council is considering implementing to administer the UK Community Renewal Fund and the UK Shared Prosperity Fund. The Chief Executive anticipated that capacity will need to be built within the Economic Development Team to allow the Council to engage effectively with UK Government. The Chief Executive expected that there would be a close working relationship with Audit and Finance colleagues.
- Members questioned whether there were issue registers operating within the authority. Members were advised that, apart from those risks identified in the Corporate Risk Register, there were approximately 300 risks identified across directorates. Some of those risks relate to key operational issues for directorates that are being actively managed.
- The Chief Executive was asked to provide his view of how the Audit Committee will deliver its new responsibilities. The Chief Executive stated that the division of responsibilities between the Governance and Audit Committee and the Policy Review Scrutiny Committee needs to be considered. For example, with regard to the self-evaluation report, the Committee should not have an interest in the performance detail considered by Scrutiny, but should be concerned about the robustness of the processes and frameworks in place to support that self-evaluation exercise.

The Chairperson thanked the Chief Executive for his attendance.

RESOLVED – That the report be noted.

89 : MELANIE GODFREY, DIRECTOR OF EDUCATION AND LIFELONG LEARNING

The Chairperson welcomed Melanie Godfrey, Director of Education and Lifelong Learning, to the meeting. The Director was invited to present a report on the control environment within the Directorate.

Members were advised that the Education Directorate has responsibility for the statutory duties, functions and services in relation to education in the city excluding post-16 provision. The local authority's school improvement service is provided by the Central South Consortium, which acts on behalf of Bridgend, Cardiff, Merthyr Tydfil, Rhondda Cynon Taff and the Vale of Glamorgan. The Directorate manages risk at strategic and operational levels.

The report provided an overview of the directorate's financial position. There are approximately 6,600 school-based staff working in Cardiff's schools, serving 53,440 pupils. The Education Service employs around 1,100 (590 fte) staff directly.

The Director was invited to deliver a presentation. Members received details of the structure of the directorate and the main areas of risk faced by the directorate – school delegated budgets, attainment, the school organisational programme. The Directorate Risk Register applied the highest risk rating to the sufficiency of school places and increasing exclusion rates in primary schools. The following risks have

also been escalated in the last twelve months – increasing number of pupils not in receipt of full time education and educational outcomes for children who are looked after.

In terms of internal audit recommendations, Members were advised that in response to the letter received from the Audit Committee Chairperson, there has been a concerted effort to address audit recommendations, and summarised the position. The Director also summarised the Senior Management Assurance Statement (SMAS) position and arrangements for the governance for the Schools Organisational Programme.

The Chairperson invited comments and questions from the Committee. The discussion is summarised as follows:

- A Member referred to the corporate risk in relation to the Central South Education Consortium. It was noted that the risk states that the Consortium ‘does not deliver effective services’. The Member considered that the Corporate Risk Register offered commentary but did not detail the controls or mitigations. The Director of Education and Lifelong Learning agreed to review the ‘Education Consortium and Attainment’ corporate risk and ensure controls and actions are clearly represented.
- A Member asked what leverage the Director has over schools in respect of the implementation of audit recommendations. The Director stated that most responsibility sits with the governing body in schools. The authority has certain legal powers and a range of other levers, including working in partnership with schools and removing financial delegations where considered necessary. The Directorate has also recently appointed a Performance Governance Manager and introduced more robust arrangements for governor support across all schools. It was anticipated that audit recommendations will now be followed up on a more regular, timely basis.

RESOLVED – That the report be noted.

- The Director of Education and Lifelong Learning to review the ‘Education Consortium and Attainment’ corporate risk and ensure controls and actions are clearly represented

90 : NEIL HANRATTY, DIRECTOR OF ECONOMIC DEVELOPMENT

The Chairperson welcomed Neil Hanratty, Director of Economic Development, to the meeting. The Director was invited to present a report on the control environment within the Directorate.

Members were advised that the Economic Development Directorate is responsible for a wide range of statutory duties and services, including management of major projects, county estates, tourism, parks and culture and the Harbour Authority. It has recently been given responsibility for Street Scene, including Recycling Neighbourhood Services and Shared Regulatory Services. The Directorate currently

employees 1,263 FTEs. The report included an illustration of the activities provided within the Directorate.

The Director was invited to deliver a presentation on the Internal Control Environment within the Economic Development Directorate. The Director provided an overview of the directorate management structure. Gross expenditure stood at £90.389m of which £52.934m was external income and £37.455m was net expenditure.

Members were advised that the main risks on the directorate risk register related to income, funding and efficiency savings. Members were also asked to note the escalated risk in relation to the sustainability of the GLL Leisure Services contract as a result of the Covid-19 pandemic. Members received an update providing context on the latest position in terms of the GLL contract, including the service provision specification and findings of a recent Audit Wales report.

The Director also referenced key corporate risks and their mitigations, the directorate's internal control environment, Senior Management Assurance Statement, and the position against internal audit recommendations; full details of which were set out in the report / slides.

The Chairperson opened the debate on this item. The discussion is summarised as follows:

- A Member asked whether GLL had been appointed following a tendering process. Officers indicated that a full procurement exercise and due diligence were undertaken prior to GLL being appointed.
- A Member raised concerns regarding the specification under which the contract with GLL was entered into and whether it was fit for purpose. The Director stated that Audit Wales have advised that some improvements could be made to the specification particularly with regard to linking the specification to the Council's wellbeing goals. Members were asked to note that the Wellbeing of Future Generations Act was not enacted until after the contract with GLL had been entered into. However, there is the opportunity through the management of the contract to adjust the specification in light of a legitimate recommendation received from Audit Wales.
- The Chief Executive stated that the GLL contract was entered into following a comprehensive procurement exercise. The key issue today for the Council, following the Covid-19 pandemic, is whether the service model and the contractual arrangements currently in place are capable of providing an effective service going forward. This highlights the need for a review of those contractual arrangements.
- A Member asked to what extent GLL's non-compliance with its delivery plan is a consequence of issues that pre-date Covid, as opposed to issues caused by the pandemic. The Director stated that the key issue prior to Covid related to the reduction in the operational subsidy. GLL planned to eliminate the subsidy after 3 years. GLL were falling short of that prior to the pandemic and their ability to cross-subsidise the deficit from other contracts has been impacted by the pandemic. The Director advised

that the review process has started and the authority was focussing on keeping leisure centres open, and therefore a number of different models and approaches were being considered.

- A Member asked whether there was a contingency plan in place in the event that GLL collapses. Members were advised that the obvious contingency would be that the leisure centres would revert to the Council control, but this would require the reintroduction of a subsidy. There is no contingency plan in place at the moment. However, any new contract entered into following the ongoing review will include such a plan.
- A Member asked what assurance is there that social measurement tool employed by GLL can be relied upon as a method. The Director stated that the point was fair and was also raised by Audit Wales. Officers advised that the tool was a national measuring tool that measured the social benefits of participating in sport and exercise. Officers confirmed that the results from GLL are untested.

RESOLVED – That the report be noted.

91 : INTERNAL AUDIT

92 : AUDIT CHARTER AND AUDIT PLAN 2021/22

The Committee received a report on the Audit Charter and Audit Plan 2021/22. The Audit Manager was invited to present the report.

Members were reminded that at its meeting of 26 January 2021 the draft Audit Charter and Summary Audit Plan 2021 were presented to the Committee for Members to consider and provide comments. The Audit Plan was now presented for approval. The Audit Charter, incorporating changes to the Governance and Audit Committee's Terms of Reference 2021 arising from the Local Government and Elections (Wales) Act, was also presented for approval.

Members were asked to note the changes to the Audit Strategy, Audit Charter and Audit Plan set out in the appendices to the report.

A Member asked whether Internal Audit should have a role in the review of the GLL contract in terms of follow-up actions, or the extent to which any audit in that service area be more widely based to encompass the other partnership arrangements in place. The Audit Manager stated that an audit on Leisure Contract Governance was included in the Plan and that the will audit would take account of the work completed and planned by Audit Wales. The Audit Manager would welcome the Committee's engagement in terms of the detailed scope of that audit.

Members asked how often the service area validated the reporting information received from GLL and whether this would form part of any internal audit review. The Audit Manager confirmed that this would form part of any audit of governance arrangements.

The Audit Manager was asked to comment on how the Internal Audit Plan might respond to the Governance and Audit Committee's new responsibilities with regard to complaints. The Audit Manager stated that an audit of complaints and compliments was undertaken earlier this year. That audit provided an audit opinion of 'effective with opportunity for improvement'. A recommendation was made regarding the systems to record complaints and compliments. The Committee will receive an annual report in July and this will review how complaints are handled and managed. Senior management will also provide a response regarding how audit recommendations is being delivered.

RESOLVED – That the Committee:

- (1) Notes the Audit Strategy;
- (2) Approves the Internal Audit Charter 2021/22 (including the Governance and Audit Committee Terms of Reference 2021/22, ahead of a request for approval by Council);
- (3) Approves the Internal Audit Plan, 2021/22

93 : AUDIT AND INVESTIGATION TEAM PROGRESS UPDATE

The Audit Manager was invited to present the Audit and Investigation Team Progress Update report as at 28 February 2021.

Members were advised that audit activities have continued to adapt and respond to ongoing pandemic. Annex 1 of the report outlined how the team continues to focus on critical and priority matters. The team has continued to tailor its consultancy and assurance activities to provide support and attention where it is most required. Annex 2 of the report outlined the investigation activities as at 28 February 2021. The Audit Manager summarised the key issues set out in the report.

Members noted that the team was forecast to complete approximately 56% of the audits planned through a targeted approach. Members asked whether there was any indication that this approach met with the approval of colleagues from Audit Wales. Phil Pugh of Audit Wales stated that the suitability of the plan for the Council to determine. Regular discussions are held with the Audit Manager and he recognised the approach that had been followed to prioritise the audit of fundamental systems and high risk areas.

Members sought assurance that the recommendations from the Cardiff Bus Governance audit will be adequately monitored and managed and there was clarity in terms of responsibility. The Audit Manager stated that the report is written for the attention of Cardiff Council management as shareholder. All recommendations are focussed on the Council but there are observations that require the Corporate Director Resources to engage with the management of Cardiff Bus. One recommendation covers that expectation. The Committee will have an opportunity to consider the recommendations and the management response when the report has been finalised. The Corporate Director asked Members to note that the Council instigated the report.

RESOLVED – That the report be noted.

94 : FINANCE

95 : FINANCIAL UPDATE INCLUDING RESILIENCE ISSUES

The Corporate Director Resources provided a verbal update on the general financial issues facing the Council including financial resilience issues. The Corporate Director provided an update on the monitoring position, the continued impact of the Covid-19 pandemic and the budget strategy.

The Month 9 Monitoring report was presented to the Cabinet on 25 February 2021. The overall revenue position projected an overspend of £384,000 which represented an improvement on the position at Month 6. The figure included any unrecoverable Covid-19 expenditure to date. It was anticipated that a balance position would be returned by the end of the year financial year.

Members were asked to note that at Month 9 expenditure claims to Welsh Government were in excess of £45m, including claims for January and February 2021. A year-end claim will be finalised in the next few weeks. In terms of income, it was anticipated that at end of Q4 total claims would be in approximately £40m. Welsh Government has provided a total of near £600m in Covid support to local authorities to date. A further £206m has been announced for the first 6 months of 2021/22.

The Corporate Director provided an update on the budget strategy, which was received by the Council on 3 March 2021. The revenue settlement received from Welsh Government included a 3.8% increase, which equated to around £18m in cash terms. Council agreed a net revenue budget of £682m for 2021/22, including a Council Tax increase of 3.5% and a savings requirement of £10.2m.

96 : STATEMENT OF ACCOUNTS 2020/21: ACCOUNTING POLICIES AND TIMESCALES

The Committee received a report providing details of the Proposed timescales for the 2020/21 statements; the draft accounting policies on which the Statement of Accounts for 2020/21 will be based; the key changes expected to be implemented for the 2020/21 accounts arising from the 2020/21 CIPFA Code of Practice (the Code); and significant changes in 2021/22 and beyond that are likely to have the most impact on the accounts.

Members were advised that officers were aiming to complete the draft accounts by 15 June 2021. The Committee will be provided with an opportunity to consider the draft accounts to allow for a period of review.

The main changes to the CIPFA code were set out in the report. Officers advised that it was not anticipated that these changes would have a material impact on the statement of accounts. However, this will be kept under review.

Members asked whether progress has been made regarding the implementation of FRS16. Officers stated that the process has started and checks are being

undertaken to ensure that the information provided by the service area is robust. Officers agreed to provide the Committee with further information on the preparations being made in relation to 'IFRS 16 – Leases' for the Statement of Accounts 2022/23.

RESOLVED – That the Committee notes:

- (1) the timescales proposed for the 2020/21 accounts;
- (2) the draft accounting policies and assumptions to be used in preparing the statement of accounts for 2020/21;
- (3) the key changes in the Code of Practice for 2020/21 and changes in the medium term.
- (4) Audit Committee to be provided in due course with information on the preparation for 'IFRS 16 – Leases' for the Statement of Accounts 2022/23

97 : GOVERNANCE AND RISK MANAGEMENT

98 : CORPORATE RISK MANAGEMENT (QUARTER 3)

The Head of Finance presented a report providing an update on the risk management position at quarter three 2020/21. Members were asked to note the quarter three risk assessments presented on the Corporate Risk Register Summary Snapshot (Appendix A) and the Detailed Corporate Risk Register (Appendix B).

At the end of Q3 there were 291 risks reported in Directorate Risk Registers, of which 81 risks were Covid-19 specific. SMT reviewed the escalated directorate risks on 11 March 2021. Members were advised that work to broaden the current corporate risk titled Schools Organisation Programme (Band B), to consider new asset infrastructure across the Council, is ongoing. This will ensure that there is a corporate view on the risks associated with all infrastructure projects and it will also ensure that those risks will be reported to the Governance and Audit Committee in the future.

A Member considered that a number of corporate risks needed to be reviewed to document the controls in the commentary provided, and asked if lead officers feel empowered to challenge risk owners. The Head of Finance accepted the comment raised, advised that particular attention will be given to these comments in the next quarterly review, and provided assurance that colleagues are enabled and supported to challenge directorates in terms of the commentary provided and the controls in place.

RESOLVED – That the report be noted.

99 : AUDIT WALES

100 : ANNUAL AUDIT PLAN 2021

Phil Pugh from Audit Wales presented the Audit Plan 2021. The plan outlined the duties to be undertaken during the year and under which the work conducted, include providing an opinion on the Council's accounts and ensuring that public money is properly accounted for.

Members were asked to note the key issues set out in the plan, including the Council's response to the pandemic and its ongoing effects. Members were advised that Audit Wales personnel continue to work from home and are likely to be doing so throughout this year's audits. Therefore, the indicative timescales outlined in the plan may be subject to change as the wider implications of the pandemic become known.

The key risks facing the authority as outlined in Exhibit 1 of the report were also highlighted. Sara-Jane Byrne of Audit Wales also provided an overview of the planned performance audit work programme set out in Exhibit 3 of the report.

Members were advised that paragraph 33 included the proposed fee. The fee was in line with fees for 2020. Exhibit 4 provided further detail, including an analysis how time is charged to the overall cost. A Member requested that Audit Wales provide an account of how audit time was actually applied during the year as part future Annual Audit Plan reports.

RESOLVED – That the report be noted.

- Audit Wales to provide an account of how time was applied as part future Annual Audit Plan reports

101 : CARDIFF AND VALE PENSION FUND AUDIT PLAN 2021

Members received a summary of the Cardiff and Vale Pension Fund Audit Plan 2021.

RESOLVED – That the report be noted.

102 : AUDIT WALES ACTIVITY/REPORT PROGRESS UPDATE

The Committee received the latest Audit Wales Activity Progress update report. Members were advised that Audit Wales have completed the forward look and backward look audits in accordance with the requirements of the Local Government Measure and certificates have been issued to the Council.

Audit Wales confirmed that recovery planning work is ongoing and findings are being fed back to the Council at regular liaison meetings.

In terms of financial sustainability, Audit Wales published a report in October 2020 and the second phase of that work is currently being undertaken. A local report is likely to be published in April 2021, followed by a national report in the Summer.

Members were asked to note that a review of workforce modernisation has been postponed. A thematic review around organisational resilience will be conducted and there was a need to understand whether the scope of that piece of work will cover areas covered by the workforce modernisation review. Regular conversations with senior officers are ongoing in this regard.

RESOLVED – That the report be noted.

103 : OUTSTANDING ACTIONS

RESOLVED – That the outstanding actions be noted.

104 : CORRESPONDENCE

RESOLVED – That the Chairperson to write a letter of appreciation on behalf of Audit Committee to Ian Arundale for his valued services.

105 : WORK PROGRAMME UPDATE

RESOLVED – That the work programme update be noted.

106 : URGENT ITEMS (IF ANY)

No urgent items were received.

107 : DATE OF NEXT MEETING

The next meeting of the Committee is scheduled to take place on 20 July 2021, subject to approval by Council).

108 : CORRESPONDENCE FOLLOWING THE MEETING

The meeting terminated at 5.30 pm

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INTERNAL AUDIT ANNUAL REPORT 2020/21**REPORT OF THE AUDIT MANAGER****AGENDA ITEM: 5.1**

Reason for this Report

1. The Terms of Reference of the Governance and Audit Committee requires that Members consider the Audit Manager's annual report including the:
 - Opinion on the adequacy and effectiveness of the Council's framework of governance, risk management and control;
 - Summary of the work supporting the opinion,
 - Statement of the level of conformance with the Public Sector Internal Audit Standards (PSIAS) and the Local Government Application Note (LGAN), and;
 - Results of the Quality Assurance and Improvement Programme (QAIP) that support the statement.

Background

2. The Audit Committee meeting of 24 March 2020 was cancelled due to the onset of the pandemic. The Audit Plan for the year ahead, which had been developed and agreed with Senior Management Team in the weeks and months prior to this date, required some further reflection, review and a process of consultation with the Audit Committee outside of the normal Committee meeting environment. The Audit Committee subsequently approved the Internal Audit Charter 2020/21 and the Audit Plan 2020/21 in its first Committee meeting of the year on 28 July 2020,
3. During the year, the Committee has received detailed progress reports outlining the work and progress against the Audit Plan, as well as the key findings, trends and risk-based changes to planned work. The Committee has also received assurance from the Audit Manager throughout 2020/21 on ongoing organisational independence, and continued conformance with the Public Sector Internal Audit Standards (PSIAS).
4. In line with the provisions of the PSIAS (1100), organisational independence has been achieved throughout 2020/21. The Audit Manager reports administratively to the Head of Finance (Deputy Section 151 Officer) and has direct reporting access to the Chief Executive, Section 151 Officer, the Chair of the Governance and Audit Committee and all elected Members where required.
5. The Annual Report (attached at Appendix A) provides a review of the internal control environment of the Council and Audit Manager opinion. The report details the audit work completed to support the opinion, and assurance of ongoing conformance with the PSIAS, as reaffirmed through annual review against the CIPFA Local Government Application Note (LGAN) and the results of the Quality Assurance and Improvement Programme (QAIP).

Issues

6. The Council has a duty to maintain an adequate and effective system of internal audit. In addition, the Council has a duty to prepare an Annual Governance Statement (AGS). Contained within the draft AGS is the annual Audit Manager opinion, as included within the Annual Report.
7. Section 2 of the Annual Report outlines the responsive approach taken since the onset of the pandemic, whereby significant audit attention was given to providing critical advice and support to management as the Council adapted services and established new systems in response to the crisis. Consultation and engagement was provided in cases where there was a need for fundamental process change, a risk to resilience, the need to respond to a significant obligation or challenge as a result of the crisis, or a particular fraud or control risk.
8. The report outlines how the Audit Plan was built on auditor and client availability and capacity in a normal operating environment, but with targeted delivery of the Plan set at 60% for the year, whilst the typical target is 80%. The lower target was set in anticipation of the range of difficulties associated with the pandemic that would affect the capacity of audit staff and clients. During the financial year, the Audit Plan and approach to delivery adapted in order to target assurance on key risks and controls, and to provide an adequate body of assurance work to support a full annual opinion on the Council's control environment. All decisions in respect of the Plan have been made with appropriate attention to risk, professional standards and advisories from the Chartered Institute of Public Finance and Accountancy (CIPFA), the Institute of Internal Auditors (IIA), the Internal Audit Standards Advisory Board (IASAB) and the advice of professional and peer officers.
9. Section 3 of the report contains the opinion and sets out the rationale of how the control environment has been reviewed. Throughout the year, a targeted approach was taken in the delivery of the Audit Plan to achieve, within a particularly challenging environment, an adequate breadth of assurance upon which a full audit opinion is provided within the Annual Report. The Annual Report sets out that, based on the programme of audit work undertaken to assess the framework and application of governance, risk management and control, the annual opinion for 2020/21 is 'effective with opportunity for improvement'.
10. Sections 4 and 5 summarise the work performed, provide details of audit reports issued, and the progress made against recommendations raised. During the year Internal Audit completed 75 new audit engagements to at least draft output stage, and finalised a further 32 draft outputs from the prior year. Through the reports issued, 478 recommendations were agreed of which 137 were implemented before the year-end. The level of recommendations implemented on time is better than last year at 69%, but further improvements are considered necessary. Ongoing attention is given to progress through regular following up progress with audit clients, and the practice of reporting all recommendations and management progress updates to the Governance and Audit Committee.
11. The QAIP is, according to the PSIAS '*designed to enable an evaluation of the internal audit activity's conformance with the Standards and an evaluation of whether internal auditors apply the Code of Ethics. The programme also assesses the efficiency and effectiveness of the internal audit activity and identifies opportunities for improvement.*' The QAIP developed for Cardiff Council's Internal Audit Team is included in a compilation of good practice CIPFA case studies 'Leading internal audit in the public sector – principles into practice, 2019'.

12. The Annual Report outlines how, through application of the QAIP, assurance is provided of ongoing conformance with the PSIAS and application of the Code of Ethics. An element of the review was an Audit Manager assessment against the LGAN, which breaks down the requirements of the PSIAS into a detailed self-assessment of conformance. Through this review, the Audit Manager can report conformance with the PSIAS, supported by the LGAN through the operation of the Internal Audit Team and its work, upon which the annual opinion is provided.
13. The Internal Audit function remains committed to delivering the highest professional standards and the Annual Report details the methods and key performance measures. The report highlights that all audit reports were delivered within six weeks. Audit client feedback continues to be positive overall with 97% of responses identifying that audit offered added value to managers. Sustained focus is given to maintaining and improving the diverse skills and professional qualifications of the Internal Audit Team. Auditor staff hold various qualifications appropriate to their work, including qualifications in accountancy (CIPFA/ACCA/AAT) and Internal Audit (CIA/CMIIA). At the end of 2020/21, one member of staff was being supported in their studying for the CIA qualification and another member of staff was being supported to study an Information systems audit qualification (CISA).
14. The Annual Report includes a number of appendices. These include a full account of the audit reports issued, cancelled and deferred through the year and the QAIP process applied.

Legal Implications

15. There are no direct legal implications arising from this report.

Financial Implications

16. There are no direct financial implications arising from this report.

RECOMMENDATIONS

17. That the Committee note and consider the Internal Audit Annual Report, including the:
 - Opinion on the adequacy and effectiveness of the Council's framework of governance, risk management and control;
 - Summary of the work supporting the opinion,
 - Statement of the level of conformance with the Public Sector Internal Audit Standards (PSIAS) and the Local Government Application Note (LGAN), and;
 - Results of the Quality Assurance and Improvement Programme (QAIP) that support the statement.

CHRIS PYKE
AUDIT MANAGER

The following report is attached:

Appendix A - Internal Audit Annual Report 2020/21

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Internal Audit Annual Report 2020/21

Cardiff Council

Mission Statement

To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight

FOR FURTHER INFORMATION, PLEASE CONTACT:

Chris Pyke
Audit Manager
County Hall, Atlantic Wharf
Cardiff, CF10 4UW
CPyke@cardiff.gov.uk Tel: 029 2087 3455



Gweithio dros Gaerdydd, gweithio gyda'n gilydd
Working for Cardiff, working together

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1. Introduction

Background

- 1.1 The Internal Audit Team has an important role, as set out in the Public Sector Internal Audit Standards (PSIAS), and contained within its mission to *'To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.'*
- 1.2 Management are responsible for the system of internal control and for setting policies and procedures to ensure that internal controls are robust and functioning correctly, to effectively address and mitigate risks to the delivery of objectives across the organisation. Internal Audit is an assurance and consultancy function. It completes a range of work to provide an independent and objective opinion on the Council's control environment (governance, risk management and control), and offers critical advice, guidance and insight to management.
- 1.3 The Internal Audit Team operates in accordance with the Public Sector Internal Audit Standards (PSIAS). In order to demonstrate conformance with the PSIAS, the Audit Manager maintains a Quality Assurance and Improvement Programme (QAIP). This is summarised within Section 5 of this report, through which there is a process of ongoing monitoring, periodic review, and 5-yearly external review to accord to PSIAS Standard 1300. The QAIP is designed to provide confidence to those relying on the Internal Audit Team's work on the professional standards applied and the quality of services.
- 1.4 During the year, the Audit Committee's terms of reference required it to oversee internal audit arrangements and delivery. Quarterly performance reports have been provided to the Audit Committee throughout the year, and this annual report is presented to the Committee for consideration and comment. Following the end of the financial year 2020/21, the Audit Committee was renamed a Governance and Audit Committee in accordance with the provisions of the Local Government and Elections (Wales) Act 2021. Its role has expanded to include oversight and assurance on aspects of performance, although it will retain its core function and responsibilities.
- 1.5 Throughout the year, audit staff and clients have been operating in the context of an ongoing pandemic. This has presented challenges to staff availability; it has changed the operating environment and has introduced new risks. At the start of the year, emergency management arrangements were invoked across the Council, and priority was given to key frontline services and support for vulnerable people, preventing the spread of infection and ensuring

health and safety for staff, service users and citizens. Section 2 of this report provides details of this operating context, and the approach to delivering a comprehensive internal audit service at a time when a need for robust assurance has remained vital.

The Annual Reporting Process

- 1.6 This annual report gives an overview of audit performance during 2020/21, provides an opinion on the adequacy of the control environment in Cardiff Council, and reports the incidence of any significant control weaknesses.
- 1.7 The annual report includes:
- (a) The Audit Manager's opinion on the Council's control environment;
 - (b) A summary of the work that supports the opinion; and
 - (c) A statement on conformance with the PSIAS and the results of the Quality Assurance and Improvement Programme.

Requirement for Internal Audit

- 1.8 The Council has a duty to maintain an adequate and effective system of internal audit of its accounting records and system of internal control. The Council also has a duty to prepare an Annual Governance Statement. The Audit Manager's opinion on the Council's control environment from this report is included within the Annual Governance Statement, to provide independent assurance to the Council's stakeholders based on the Internal Audit's programme of work.
- 1.9 The Audit Manager (referred to as the Chief Audit Executive in the PSIAS) must provide an annual internal audit opinion and report, timed to support the Annual Governance Statement, and conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. In doing so, the Audit Manager undertakes an assessment of the adequacy of the controls in place to support the achievement of management and corporate objectives.

Independence and Objectivity (PSIAS standard 1100)

- 1.10 The Audit Manager does not manage any functions other than the Internal Audit and Investigation Teams. Organisational independence has been achieved throughout 2020/21. The Corporate Director of Resources & Section 151 Officer is the Senior Manager overseeing the Internal Audit Function. The Audit Manager reports administratively to the Head of Finance (Deputy Section 151 Officer) and has direct reporting access to the Chief Executive, the Chair of Audit Committee and all elected Members where required.

- 1.11 Internal Auditors are required to undertake audits in line with the provision of the PSIAS and in accordance with the Codes of Ethics of any professional bodies of which they are members. The importance of independence is communicated to auditors and care is taken to ensure that all audit work is undertaken in an independent and objective manner.
- 1.12 The PSIAS requires any conflicts of interest or impairment to independence or objectivity to be disclosed. Each year, all members of the Internal Audit section are required to complete a Staff Declaration Statement (and update it if circumstances change during the year). This identifies any potential conflict of interest that any member of the team may have, which is considered when assigning and undertaking audits. All declarations were appropriately taken into account in allocating and conducting work. There were no impairments to independence or objectivity in 2020/21.

2. Context and Approach

Audit Plan 2020/21

- 2.1 The onset of the pandemic meant that the Audit Committee meeting of 24 March 2020 needed to be cancelled. The Audit Plan for the year, which had been developed and agreed with Senior Management Team in the weeks and months prior to this date, required some further reflection, review and a process of consultation with the Audit Committee outside of the normal Committee meeting environment.
- 2.2 Each year the Plan is mapped to business objectives, and key systems, whilst being informed by risk, governance and assurance assessments. Whilst at the onset of the pandemic there were adjustments to the Audit Plan before it was considered by Audit Committee and then during the course of the financial year, a large proportion of the Audit Plan remained current, relevant and was unchanged.
- 2.3 Some new assurance audits were added to the plan to target new systems that were established in respect of the pandemic, such as a review of the processes to administer business grants on behalf of the Welsh Government, a review of governance arrangements which considered the processes for COVID-19 decision-making and control, and a review of the temporary stores at Dominions Way which were established to maintain and allocate a stock of personal protective equipment.

- 2.4 Rather than needing to change a number of audit engagements in view of the pandemic, new systems, risks, pressures and priorities informed the scope of each audit and the testing completed. For instance, audits of ‘commissioning and procurement’ and ‘income and debtors’ were delivered across directorates for which processes in both areas had changed, new risks had emerged, and these were reviewed through each audit engagement with a focus on current and future risks and controls. Similarly, the audit of ‘corporate landlord’ considered the updated risk assessments and authorisation protocols and statutory compliance monitoring for office accommodation at a time when most staff were working from home as part of the audit scope.
- 2.5 The most substantial adjustment to the Audit Plan 2020/21 was the provision of one hundred COVID-19 related audit consultancy days, for the provision of timely advice, guidance and support to management in implementing new systems and processes for front line delivery, and maintaining back-office resilience. The provision of these audit days provided flexibility in the provision of audit advice and support in response to areas of risk and business need. Further information is provided below.

Audit Consultancy

- 2.6 Since the onset of the pandemic, significant audit attention has been given to providing critical advice and support to management as the Council adapted services and established new systems in response to the crisis. Consultation and engagement was provided in cases where there was a need for fundamental process change, a risk to resilience, the need to respond to a significant obligation or challenge as a result of the crisis, or a particular fraud or control risk.
- 2.7 COVID-19 consultancy is recognised as three separate areas of audit work within the Audit Plan 2020/21, contained within the one hundred days of bulk audit time available. Details of the three areas of work are contained in the table below. There have been sixteen distinct areas of audit activity within these areas for which full details are provided within Appendix A.

Area of Work	Scope
1. New system checks (compliance, internal controls & counter-fraud)	Supporting a multidisciplinary team with advice and guidance on design of the system through which Welsh Government grants / relief payments were administered and paid.

Area of Work	Scope
2. Resilience, continuity & control	Advice and guidance in procurement systems and managed use of procurement cards.
3. Counter-fraud prevention & post assurance checks.	Active company checks, and validation of eligibility and fraud vulnerabilities for fraud prevention and detection.

2.8 Since quarter two, and thereafter, the majority of audit consultancy and support has been provided in respect of the administration of Welsh Government funds for a range of grant and relief payment schemes. As administration responsibilities are allocated to the Council for further schemes, audit will continue to be available for advice and guidance on the design and application of robust controls.

Assurance Audit Plan

2.9 In considering the Audit Plan in March 2020, and in giving formal approval in July 2020, the Audit Committee was advised that, due to a range of factors linked with the crisis, delivery would be significantly lower than usual. The Plan was built on auditor and client availability and capacity in a normal operating environment, but targeted delivery of the Plan was set at 60% for the year, whilst the typical target is 80%. During the year, auditors completed the majority of their work while working remotely from home and only a small number of site visits were undertaken (supported by authorised risk assessments and control processes), in consideration of business necessity.

2.10 At the outset of the financial year, initial focus was given to the conclusion of audits already underway. Audits were progressed on a low impact on the capacity of the client, through an increased use of desktop testing, data and system interrogation, and a reduction in the level of management engagement during audit fieldwork where appropriate and feasible. The audit team stood down from seeking management responses and progress against recommendations raised, and finalising audits to give management the space to address crisis management matters. Towards the end of quarter one, when Council services were moving to a documented and managed 'restart', the audit team commenced a targeted delivery of assurance audit engagements from the Audit Plan, and the normal regime for chasing management responses to draft reports and recommendations resumed.

2.11 Audit Committee was advised that the Audit Plan would be delivered in a targeted way to maximise assurance and prioritise high-risk areas. On 17 November 2020, Committee approved the deferral of 32 audit engagements. Information on the how audit engagements

were targeted and prioritised is included in the ‘audit opinion – development’ section of this report.

2.12 The COVID-19 crisis has significantly affected the activities and capacity of audit clients, and it also had a material impact on the capacity of the audit team and the audit resources. The audit team has followed corporate guidance, whereby officers received special leave for periods that they have needed to care for dependants and have been unable to work. The team has shown personal flexibility, which has limited the use of special leave as far as possible.

Developing the Audit Opinion

2.13 During the financial year, the Audit Plan and approach to delivery has been adapted in order to target assurance on key risks and controls, and to provide an adequate body of assurance work to support a full annual opinion on the Council’s control environment. This has included adding a substantial provision in the Plan for COVID-19 related audit consultancy work, setting a prioritised approach to auditing fundamental systems and corporate governance, and progressing a targeted spread of wider assurance work.

2.14 All decisions in respect of the Plan have been made with appropriate attention to risk, professional standards and advisories from CIPFA, the IIA, the Internal Audit Standards Advisory Board and the advice of professional and peer officers. Links to relevant documents considered by the Audit Management Team during the year are contained within the table below.

Source	Guidance Links
Internal Audit Standards	Developing an overall opinion during the pandemic crisis
Advisory Board	Conformance with the PSIAS during the coronavirus pandemic
Chartered Institute of Public Finance & Accountancy	Head of Internal Audit Annual Opinions: Addressing the Risk of a Limitation of Scope

2.15 In considering professional guidance, audit coverage and risk:

- Priority was given to substantially delivering the ‘fundamental’ and ‘corporate governance’ categories of audits. Only one fundamental system audit was not completed by the year-end (Establishment Reviews); all Corporate Governance audits were delivered.

- The majority of 'other assurance' audits were delivered by the year-end. Six audits were not completed and were carried forward, but a good spread of audits was delivered in this area.
- At a directorate level, a number of service specific and thematic audits were deferred, with the agreement of Audit Committee on 17 November 2020. The deferred audits were carefully selected in consultation with Directors, considering current assurance and the importance of each audit engagement to achieving a full annual opinion on the Council's control environment.
- All schools were required to participate in the CRSA exercise, through which they needed to respond to a detailed set of control statements, to identify actions for improvement in the event of any gaps, and to provide a portfolio of evidence to support the assertions made within their returns. A large desktop sample review of 25% of Cardiff schools was completed using the CRSA returns, to provide a breadth of baseline assurance across schools.

3. Opinion & Control Environment Review

Opinion 2020/21 (PSIAS standard 2450)

- 3.1 The Public Sector Internal Audit Standards (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.
- 3.2 This opinion has been prepared by the Audit Manager (Chief Audit Executive for the purpose of the PSIAS), based on the provisions of the PSIAS. In preparing and forming this opinion, a number of sources of information, assurance and insight have been taken into account, including:
- **Assurance Audit Engagements** – The risk-based annual audit plan has been delivered through an approach 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, monitoring of Council activity, strategy, risks, and wider assurance sources. The assurance audit plan included audits of new systems established as a result of the pandemic, and for all audits current risks, pressures and priorities informed the audit scope and the testing completed.

- **Consultancy Audit Engagements** - In the context of the ongoing pandemic, consultation and engagement was provided in cases where there was a need for fundamental process change, a risk to resilience, the need to respond to a significant obligation or challenge as a result of the crisis, or a particular fraud or control risk. The majority of audit consultancy related to the design and application of sound controls in administration of Welsh Government grant and relief payments.
- **Discussion with Senior Managers** – There has been quarterly relationship manager meetings with Directors or their representatives, regular Audit Manager attendance at Senior Management Team meetings where assurance items are considered, and regular meetings with the Chief Executive and Corporate Director Resources (Section 151 Officer).
- **Risk & Governance Reviews** – Risk Registers and Senior Management Assurance Statements which underpin the Council’s Annual Governance Statement are subject to regular audit review, and assurance audit engagements. Changes were reviewed, such as the governance regime applied as incident management arrangements were invoked in response to the pandemic.

3.3 Based on the programme of audit work undertaken to assess the framework and application of governance, risk management and control, the annual opinion for 2020/21 is **effective with opportunity for improvement**. This opinion is based on the delivery of a sufficient Audit Plan, and with an acknowledgment of the significant pressure on resources in the context of an ongoing pandemic in both demand and budgets, which has been managed through a resilient performance culture.

3.4 The audit opinion comprises assessments of governance, risk management and control, and includes an evaluation of the adequacy and effectiveness of controls in responding to risks within the governance, operations and information systems. In what has been an extraordinary year:

- The normal governance regime changed during the pandemic as incident management arrangements were invoked. The new process was audited and allocated an ‘effective’ audit opinion, whereby an extended Senior Management Team operated as a Strategic Coordination Group, a command and control approach for cascading communications and decisions was applied, and processes for coherent and strategic reporting, decision-making, recording, and engagement were established.
- The standard systems for corporate and directorate risk management were maintained during the year, but with COVID-19 specific risks additionally recorded, monitored and reported.

- A number of new systems, processes and therefore controls needed to be established for the first time during 2020/21 in response to the crisis. Audit assurance and consultancy services targeted these areas during the year to provide a combination of advice, guidance, assurance and insight.
- The Council was required to administer emergency relief and grant payments on behalf of the Welsh Government at pace. Over the year, the Council distributed a significant amount of grant and relief funding, and the Internal Audit and Investigation Teams advised management on the design of systems and counter-fraud checks in accordance with scheme requirements as part of a multidisciplinary team. Post assurance manual and data matching checks and analysis have not identified material cases of fraud or error to date in the context of the value of payments, although a number of case reviews are ongoing and, through participation in the National Fraud Initiative further data matching output is expected to generate cases for investigation in 2021/22.

3.5 The control environment for core financial systems, and for the majority of audits overall (73%), was considered as adequate, and allocated an opinion of 'effective' or 'effective with opportunity for improvement'. Twenty four audits have been given an audit opinion of 'insufficient with major improvement needed' recognising the need for attention to achieve sound controls, and one audit was given an 'unsatisfactory' opinion in respect of the control arrangements in administering British Council Grants.

3.6 Waste Management has been an area where a greater proportion of adverse audit opinions have been allocated in recent years. Through follow up audits this year the position is recognised to be gradually improving. Audit assurance and support continues to target and follow up on high risk areas.

How the control environment is reviewed

3.7 Internal Audit uses a risk-based approach to audit planning, in accordance with Section 2010 of the PSIAS. The Council's Corporate Risk Register was used to inform the annual audit plan for 2020/21, together with sources of assurance from both within and outside the Council to ensure that audit time and resources targeted the more significant areas. This risk-based approach to audit planning captures emerging risks and issues and results in a comprehensive range of audits that are undertaken to support the overall opinion on the control environment.

3.8 For 2020/21, the audit assurance opinion definitions were used as outlined in the table when allocating an audit opinion. These assurance levels and definitions were based on those developed by the Institute of Internal Auditors (IIA).

Assurance level	Definition
Effective	<ul style="list-style-type: none"> • The controls evaluated are adequate and appropriate • The control environment appears sound to provide reasonable assurance that all high level risks are adequately controlled • No findings noted (or a small number of low risk recommendations)
Effective with opportunity for improvement	<ul style="list-style-type: none"> • A few specific control weaknesses and/or opportunities for improvement were noted • Controls evaluated are otherwise adequate and appropriate to provide reasonable assurance that risks are adequately controlled
Insufficient with major improvement needed	<ul style="list-style-type: none"> • Some high level risks are not adequately controlled • Numerous specific control weaknesses were noted • Although immediate soundness and safety are not threatened, the control environment requires improvement as it does not provide reasonable assurance that all high level risks are adequately controlled • There may be a risk of exposure to fraud or security vulnerabilities
Unsatisfactory	<ul style="list-style-type: none"> • The control environment is not adequate and is below standard • The control environment is considered unsound • A lack of attention could lead to significant losses

3.9 The table below sets out the Red / Amber / Green (RAG) ratings given for recommendations and information on the criteria applied when allocating the risk rating.

Rating	Criteria
Red	<p>This is a high priority issue and immediate attention is required. This is a serious internal control or risk management issue that, if not mitigated, may (with a high degree of certainty) lead to:</p> <ul style="list-style-type: none"> • Substantial losses, possibly in conjunction with other weaknesses in the control framework or the organisational entity or process being audited • Serious violation of Council strategies, policies or values • Serious reputational damage • Significant adverse or regulatory impact, such as loss of operating licenses or material fines <p>Examples are:</p> <ul style="list-style-type: none"> • A policy / procedure does not exist for significant Council processes • Preventative, detective and mitigating controls do not exist • Council reputation or financial status is at risk • Fraud or theft is detected • Council is not in compliance with laws and regulations
Red / Amber	<p>This is a medium priority issue and timely management action is warranted. This is an internal control or risk management issue that could lead to:</p> <ul style="list-style-type: none"> • Financial losses • Loss of controls within the organisational entity or process being audited • Reputation damage • Adverse regulatory impact, such as public sanctions or immaterial fines <p>Examples are:</p> <ul style="list-style-type: none"> • A policy exists but adherence is inconsistent • Preventative and detective controls do not exist, but mitigating controls do exist • The Council's compliance with laws and regulations requires additional evaluation and review • There is a possibility of inappropriate activity
Amber / Green	<p>This is a low priority issue and routine management attention is warranted. This is an internal control or risk management issue, the solution to which may lead to improvement in the quality and / or efficiency of the organisational entity or process being audited.</p> <p>Examples are:</p> <ul style="list-style-type: none"> • A policy exists, but was not adhered to on an exception basis • Preventative controls do not exist, but detective and mitigating controls exist • There is a remote possibility of inappropriate activity
Green	Best practice

- 3.10 Audits continue to highlight system weaknesses in some areas and / or compliance issues which identify further opportunities to enhance control. The Council has over a number of years lost a considerable number of officers with experience and knowledge, resulting in process and role changes in order to absorb the impact. The pressure to change services due to constrained financial resources being available is bringing with it new challenges and risks that need to be managed.
- 3.11 The Internal Audit approach is informed by this risk, and an inherent prioritisation is given to providing assurance on core financial systems and areas of governance ahead of more localised service specific audits. The actual audits allocated are based on the application of a risk-based planning process, informed by wider sources of intelligence and assurance.
- 3.12 The audit plan in 2020/21 continued an approach to allocating resources to audit assurance themes across the Council. The thematic work substantially concluded within the year related to 'Commissioning and Procurement' and 'Income and Debtors', whilst a number thematic 'Asset Management' audits from the previous year were also concluded.
- 3.13 A limited number of adverse opinions were provided in respect of the thematic audits, with the exception of the 'Asset Management' audits for which fixed assets, which met the requirement to be recorded as part of the Council's Statement of Accounts, had reasonable record keeping and oversight, but a common area for attention related to the recording and oversight of equipment and devices. Whilst there were some areas of effective inventory record keeping for these assets within individual teams, a number of directorates needed to embed a system through which asset registers were fully established to contain all relevant items, and supported by a regime for periodic monitoring, review and oversight. Management were advised to give initial priority to portable, desirable and high value items, at a time when staff had moved to largescale working from home.

4. Summary of Work Performed

- 4.1 The work of Internal Audit, as defined in the PSIAS, encompasses the whole internal control system and is not limited to financial controls. It is defined as helping '*... an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.*' The nature of audit services is outlined in the Audit Strategy and the Audit Charter. The Audit Plan documents the listing of planned audit engagements each year.

- The Audit Charter and the Audit Plan 2020/21 were accepted by the Audit Committee through a period of consultation between 23 March – 3 April 2020, and received formal approval on 28 July 2020. At this time, the Audit Committee also considered the Audit Strategy.
- To further clarify the priority areas of audit focus this year, against a performance target to deliver 60% of the original Audit Plan, the Audit Committee approved the deferral of 32 Audits on 17 November 2020.

4.2 A listing of the audit engagements delivered in 2020/21 is attached in **Appendix A**, whereby 75 new audit engagements were completed to at least draft output stage against a plan of 137 audits (55%), and a further 32 draft outputs from the prior year were finalised. The Audit Plan is responsive to risk and, accordingly, some audits were added, deferred and cancelled during the financial year, at which point details were reported to the Audit Committee. Information on audits cancelled and deferred, and those ongoing at the financial year-end are also disclosed within Appendix A.

4.3 The audits completed in 2020/21 and the assurance levels given are shown in the table below:

Status	Number of audit outputs	Opinion				
		Effective	Effective with opportunity for improvement	Insufficient (major improvement needed)	Unsatisfactory	No opinion given
Draft	28	3	15	10	0	0
Final	79	12	37	14	1	15
TOTAL	107	15	52	24	1	15
	75	New Audit Engagements Completed				
	32	Finalised Audit Engagements from 2019/20				

4.4 Assurance audit engagements will generally result in an audit opinion, whereas audit work of a consultation or advisory nature will not typically assign an assurance rating. The listing of assurance and consultancy audit engagements completed is included in Appendix A.

4.5 It should be noted that CRSA style audits are typically shown as consultancy at the point of completion by the directorate, as the audit opinion is provided upon once sufficient in-year testing has been completed which follows the original CRSA receipt, advice and guidance to management.

4.6 Details of all audits and audit opinions, together with other tasks performed and key performance indicators, are reported quarterly to the Chief Executive and Section 151 Officer and at each meeting of the Audit Committee.

4.7 The table below shows the audits completed in 2020/21 analysed over the different audit areas.

Audit Area	Effective	Effective with opportunity for improvement	Insufficient (major improvement needed)	Unsatisfactory	No opinion given	TOTAL
Fundamental	3	7	-	-	2	12
Corporate Governance	3	9	-	-	-	12
Other Assurance	2	4	7	0	2	15
COVID-19 Consultancy	-	-	-	-	3	3
Economic Development	1	4	2	-	-	7
Education and Lifelong Learning	1	9	2	1	1	14
Governance and Legal	2	1	-	-	-	3
People and Communities	3	2	-	-	1	6
Planning, Transport & Environment	-	2	2	-	-	4
Resources	-	2	1	-	-	3
Social Services	-	5	5	-	-	10
Waste Management	-	3	5	-	1	9
Grants / Accounts / External Bodies	-	4	-	-	5	9
TOTALS	15	52	24	1	15	107

4.8 It can be seen in Appendix A that a number of audits have been given an audit opinion of “insufficient with major improvement needed” recognising the need for attention to achieve sound controls. One audit, of British Council Grants was given an “unsatisfactory” opinion. All unsatisfactory audits are subject to a follow-up audit, and audit assurance and support targets and follows up on the highest risk areas.

4.9 It should be recognised that not all of the work undertaken by the Audit team results in an audit report or action plan. Work is undertaken in areas that provide assurance on risk management and internal control, including advice and guidance (both on current issues and on system development) and interpretation of Council Regulations. **Appendix B** provides a list of work areas where a standard audit output may not be the outcome.

4.10 A key element of the role of Internal Audit has continued to be working with clients where systems and processes are being redesigned and reconfigured. Particular attention has been given to such changes relating to the pandemic, as outlined in section 2 of this report. Here the auditor’s role is to provide advice and guidance for management to support them to ensure risks are properly identified and mitigated, controls are adequately considered and prioritised, and that schemes are delivered effectively.

Reports to the Audit Committee

4.11 An important role of the Audit Committee in 2020/21 has been to oversee the role and performance of the Council’s Internal Audit team. In addition, Internal Audit has been required to inform the Audit Committee about the adequacy of the Council’s governance and internal control systems. The table below summarises the information the Committee has received from Internal Audit during 2020/21.

Report	Purpose
Internal Audit update reports	<p>Regular summaries of the performance of Internal Audit, the audit work scheduled and completed, and the critical findings and trends.</p> <p>This has supported the Audit Committee to discharge its role in 2020/21 in overseeing:</p> <ul style="list-style-type: none"> • the work and performance of audit, and • the adequacy of council governance, risk management and internal control
Annual Audit Plan 2020/21 & 2021/22	<p>The work programme for 2020/21 was approved in the first Audit Committee meeting of the financial year. Any changes or updates were provided for comment, observation and approval where required by the Audit Committee. Committee considered and approved the Annual Audit Plan 2021/22 in March 2021.</p>
Annual Reports 2019/20	<p>Last year’s Internal Audit Annual Report was provided to Audit Committee in July 2020, providing an overview of the work undertaken by Internal Audit and the Audit Manager’s opinion on the Council’s control environment for 2019/20. The Counter-Fraud Annual Report 2019/20 was provided to the Audit Committee for awareness and consideration in September 2020.</p>

Report	Purpose
Audit Wales Counter-Fraud National Report & Management Response	The report of the Auditor General for Wales, 'Raising Our Game' Tackling Fraud in Wales was considered by the Audit Committee in September. Members received and considered both the report, the Council's management response to the national recommendations.
CIPFA Guidance Audit Opinion	In January 2021, the Audit Committee received the CIPFA guidance on 'Head of Internal Audit Annual Opinions' as a high-level advisory for Heads of Audit and Audit Committees.

5. Quality Assurance and Improvement Programme

Requirements and Assurance (PSIAS Standard 1300)

- 5.1 Internal Audit is committed to working to the highest professional standards, and to delivering quality services that add value for senior management. The Audit Manager maintains a Quality Assurance and Improvement Programme (QAIP), which is designed to achieve high professional performance operating in accordance with PSIAS and the Code of Ethics. The QAIP is summarised in **Appendix C**, and included in the Internal Audit Charter.
- 5.2 The QAIP developed for Cardiff Council's Internal Audit Team is based on a performance management approach to delivering 'output focussed – quality controlled' audit services. The approach in Cardiff has been included in a compilation of good practice CIPFA case studies. [Leading internal audit in the public sector – principles into practice, 2019](#)
- 5.3 The PSIAS provides the following outline of the QAIP:
 'A quality assurance and improvement programme is designed to enable an evaluation of the internal audit activity's conformance with the **Standards** and an evaluation of whether internal auditors apply the **Code of Ethics**. The programme also assesses the efficiency and effectiveness of the internal audit activity and identifies opportunities for improvement.'
- 5.4 The quality assurance and improvement programme must include both internal and external assessments, the requirements, and the review process applied by the Audit Manager are documented in the table below.

Requirements		Process of Review and Conformance
INTERNAL ASSESSMENTS	Ongoing monitoring of the performance of the internal audit activity.	<p>Each auditor has monthly monitoring, mid-audit reviews, and quality assurance reviews prior to issuing draft reports, to ensure that all audits are complete, of a high professional standard, and delivered in conformance with the PSIAS and the Code of Ethics.</p> <p>A range of performance information is reported and monitored on a balanced scorecard basis as outlined in Appendix C.</p> <p>The Audit Manager considers and reports on performance information that makes up the QAIP in each Audit Committee Progress Report, through which any non-conformance would be disclosed.</p> <p>Throughout the year the Audit Manager has considered practice advisories and guidance in respect of delivering professional responsibilities and reporting during the pandemic from the IASAB, the IIA and CIPFA, as outlined in section 2 of this report.</p>
INTERNAL ASSESSMENTS	Periodic self-assessments or assessments by other persons within the organisation with sufficient knowledge of internal audit practices.	<p>At regular intervals, the Audit Manager considers and reports on the PSIAS Action Plan and progress to the Audit Committee.</p> <p>On an annual basis the Audit Manager considers the QAIP performance for the year as a whole, reflecting on the ongoing assurance framework information and outputs, and through the following annual activities:</p> <ul style="list-style-type: none"> • Completing a self-assessment against the Local Government Application Note • Reviewing performance against the CIPFA Statement on 'The role of the Head of Internal Audit' • Reviewing the results of the skills assessment exercise completed by all members of the Internal Audit Team, in application of the IIA Competency Framework. • Reviewing the annual Personal Reviews for all members of the Internal Audit Team. <p><i>The Audit Manager is a qualified accountant and a chartered member of the Institute of Internal Auditors.</i></p>

Requirements		Process of Review and Conformance
EXTERNAL ASSESSMENTS	External Assessments conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organisation.	<p>The External Peer Assessment was completed by the Head of Audit from Rhondda Cynon Taf and reported to Audit Committee in March 2018.</p> <p>The Local Authority Welsh Chief Internal Auditor Group is developing a forward plan, which will ensure that external assessments are delivered within the required frequency to report on ongoing conformance with the PSIAS.</p>

5.5 Through application of the QAIP, assurance can be provided of ongoing conformance with the PSIAS and application of the Code of Ethics. This position is supported by an annual internal review against the CIPFA Local Government Application Note in April 2021, and the completion of all actions from the previous PSIAS Action Plan (as reported in the Annual Report 2019/20).

Performance

5.6 An audit planning control database is maintained to effectively monitor work done in line with that planned. The database is used to allocate engagements, record work completed and to provide key performance information for management. Auditors are required to complete timesheets to record work undertaken, so management can continually assess productivity and progress against the Plan.

5.7 The performance for the year is reported to the Finance Management Team by the Audit Manager and discussed with the audit team. The quarterly results for 2020/21 are in the table below:

Performance Indicator	2019/20 Outcome	Target	Results			
			Q1	Q2	Q3	Q4
The percentage of the audit plan completed	70%	60%	9%	20%	38%	55%
The average number of audit productive days per FTE	169	130	33	67	109	145
The average number of finalised audits per FTE	11	9	*0.54	2.48	5.06	8.51
The percentage of draft audit outputs delivered within six weeks	86%	85%	100%	100%	100%	97%
The percentage of audit recommendations implemented within the agreed timescale	60%	80%	**0%	50%	82%	69%

* Draft reports not chased up to be finalised in Q1, to allow for attention on COVID-19 priorities.

** Implementation of recommendations not chased up in Q1, to allow for attention on COVID-19 priorities.

5.8 Whilst measures of productive audit days and the timeframe for producing draft outputs were greater than targeted, the percentage of the Audit Plan Completed (at 55%) and the number of finalised audits per FTE (at 8.51) were lower than planned. Targets for the year had accounted for an anticipated impact of the pandemic, although at the time these were set there significant uncertainty about the availability and capacity of audit clients and staff. Given the actual impact of the pandemic over the year and the unprecedented environment in which the Council has been operating, it is considered that an effective outcome was achieved in terms of audit delivery, coverage and focus. Information on the coverage and focus is contained on section 2 of this report 'context and approach'.

5.9 The COVID-19 crisis has significantly affected audit resources. Timesheet data contained 1,491 chargeable days, which is 78% of the expected chargeable days in normal operating circumstances. The audit team has followed corporate guidance, whereby officers received special leave for periods in which they have needed to care for dependants and have been unable to work. Available staff resources have also been impacted by an increased level of sickness and a small number of long-term sickness cases. Given the relatively small team size, any cases of long-term sickness affect the level of progress that can be made against the Plan in each reporting period.

5.10 In respect of the percentage of audit recommendations implemented within the agreed timescale, directorate performance remains materially below the target set. Whilst at the outset of the pandemic the team to stood down from chasing up recommendations, to allow

management the space they needed to respond to more immediate challenges associated with COVID-19, the normal regime was promptly resumed once services commenced a formal and managed restart at the end of quarter one.

5.11 One of the strengths of the recommendation tracker process, is that higher risk ('red' and 'red/amber') recommendations are not closed down without evidence of satisfactory completion and, accordingly, a proportion of recommendations are not recognised as completed until this information has been received.

5.12 Each Directorate has their own audit link offers who have a responsibility for coordinating the monitoring and update of recommendations for their respective management team. At regular stages during the year, the Audit Manager has attended Senior Management Team meetings to outline current performance in respect of audits and the response to recommendations. The full recommendation tracker has been provided to the Audit Committee quarterly during 2020/21, and directors have been required to provide an account of their progress in addressing audit recommendations in their reports to Audit Committee on their respective control environments. The response to audits and recommendation will continue to be a prominent focus going forward.

Benchmarking

5.13 The Internal Audit team is a member of the Welsh Chief Auditors and Core Cities benchmarking groups through which all exercises have been participated in. Since the last annual report, data has been submitted for a benchmarking exercise with the Welsh Chief Auditors Group for the financial years 2019/20 and 2020/21, and the collated responses have been recently received.

5.14 Out of the twenty-two local authorities in Wales, benchmarking data was received from fourteen local authorities in 2019/20 and sixteen in 2020/21, although most benchmarking submissions did not include data against all performance indicators.

5.15 Benchmarking data is included in the table below which indicates that:

- A substantially higher number of audits engagements were completed in Cardiff in both years compared to the group average.
- The 'percentage of the Audit Plan completed' and the 'directly chargeable time as a percentage of planned' both dropped more sharply in Cardiff than the group average during 2020/21. The reason for this is because in Cardiff, the Plan was developed

based on available resources in normal operating circumstances, and the performance target was lowered. This approach was taken as an alternative to directly reducing the number of audits in the Plan relative to the anticipated impact of the pandemic. The Audit Committee was advised that targets (which would include chargeability) were broadly based on 75% of those in usual operating circumstances.

- The percentage of audit productive time (to available time) remains higher in Cardiff than the average. Performance has reduced for the reasons outlined in this report.
- Client satisfaction remains high across Welsh local authorities, and the percentage of client survey responses received has improved in Cardiff.
- Cardiff has continued to have a lower average cost per directly chargeable day than the benchmarked average, although the cost has increased as the number of chargeable days were impacted by the pandemic in 2020/21.

Measures	2019/20		2020/21	
	Cardiff	Welsh Chief Auditors Group Average	Cardiff	Welsh Chief Auditors Group Average
AUDIT PLAN				
Number of Audits Planned	162	62	137	48
The percentage of the Audit Plan Completed	70%	74%	55%	67%
PRODUCTIVITY				
The percentage of Audit Productive time (to available time)	87%	69%	75%	66%
CUSTOMERS				
The percentage of Client Surveys Returned	51%	60%	62%	57%
The percentage of returned Client Surveys rated "Satisfied" or better	99%	99%	100%	100%
COSTS				
Directly chargeable time as a percentage of planned	87%	69%	78%	85%
Average cost per directly chargeable day	£247	£283	£295	£313

Quality Assurance Review

5.16 Each audit is subject to a qualitative review by a senior member of the team to ensure the focus on key risks was retained throughout the audit engagement, that the objectives of the

audit engagement have been met in full, and that the audit has been delivered in accordance with the PSIAS and the Code of Ethics. Any report with a draft assurance rating of “unsatisfactory” or “insufficient with major improvement needed”, or any with a significant finding is referred to the Audit Manager. The Audit Manager will review all reports with the above draft assurance ratings, and will consult the Audit Management Team to gain a professional consensus on the audit opinion and priority recommendations for improvement.

5.17 Following the issue of a draft audit output, a meeting is held with the Client Manager with an opportunity for them to consider the audit findings, proposed recommended actions, the risk profile and the indicative response to be made by the service. This provides a degree of assurance that the final reported position is accurate and that any recommendations are understood.

Post Audit Assessment & Customer Feedback

5.18 A ‘Post Audit Assessment’ is carried out as part of an ongoing commitment to quality, through a reflection on the performance of the auditor at the end of each audit. The Post Audit Assessment sets out the core competencies required whilst undertaking an audit and the auditor for each assignment has to score their performance against each of these competencies. The assessment is useful in providing assurance that key competencies are evidenced throughout the audit process and as a means of identifying training needs. Analysing the assessments helps focus individual personal reviews and provides audit management with an overview of performance at the different grades.

5.19 Following each audit, Client Managers are contacted and asked to complete a Quality Assurance Questionnaire, recognising the value placed on the feedback they provide. These questions cover four categories, and the results are used to determine areas for improvement.

5.20 During the year, 38 responses were received from the questionnaires issued. The results from the questionnaires are summarised in the table below:

	Excellent	Good	Satisfactory	Poor	TOTAL
Communication	23	12	1	1	37
Auditor Advice	21	12	3	0	36
Report	15	19	4	0	38
Performance	24	10	2	1	37
TOTALS	83	53	10	2	148

5.21 It can be seen that the feedback from the audit questionnaires is positive with 99% satisfaction, which is encouraging as the nature and complexity of the assignments continues to change. The perception of the professionalism and objectivity of the Internal Audit team by audit clients continues to be high.

5.22 The questionnaires also ask Managers to indicate whether they consider that the audit process added value and 97% of respondents thought that it did. “Added value” is defined for managers as whether the audit offered ways to enhance governance, risk management and control processes, and provided relevant assurance. It can be seen that the majority of the audit clients felt that the audits undertaken were constructive and added value.

Audit Recommendations

5.23 The extent to which audit recommendations are agreed by senior managers is used as a measure of the auditor’s performance as a high level suggests an understanding of the risks and controls within the area under review and adding value by proposing meaningful changes and cost effective changes.

5.24 The recommendations raised in audit reports are given a risk rating in line with the risk ratings in the Council’s corporate risk strategy (red, red/amber, amber/green and green) and as set out in previous paragraphs. The table below sets out the recommendations raised by the assurance level given:

Risk Rating	2020/21			2020/21	2020/21
	Recommendations made	Recommendations agreed	Recommendations being considered	Recommendations agreed & implemented in 2020/21	Recommendations implemented overall in 2020/21
Red	46	24	22	5	21
Red / amber	206	133	73	54	128
Amber / green	193	137	56	64	117
Green	33	21	12	14	23
TOTAL	478	315	163	137	289

5.25 Important as it is that audit recommendations are agreed by managers, change will only happen if the recommendations are implemented and so audit reports are monitored until all

actions are closed. As in previous years, there remains a disparity between the numbers of recommendations raised to implemented over the period.

5.26 The level of recommendations implemented on time (69%) requires improvement, but performance is better than last year. As audit recommendations are consistently agreed it is considered that managers welcome insight on how governance or controls can be enhanced, for which there is commonly agreement with a proposed course of action.

5.27 The recommendations database on SharePoint is regularly analysed and details of all recommendations raised (and their status) are presented to each meeting of the Audit Committee. As at the end of March 2021, a summary of the recommendations agreed and actioned is shown below:

Area	Recommendations Completed	Implemented in agreed timeframe	Percentage Implemented in agreed time
Schools	190	116	61%
Non-schools	97	81	84%
TOTAL	287	197	69%

Internal Audit Team Resources

5.28 The Internal Audit team has 12 members of staff (10.3 FTE) overseen by the Audit Manager, as shown in the table below:

Post	Number	FTE
Audit Manager	1.0	0.70 <i>(0.3 Investigations)</i>
Group Auditor	1.0	1.0
Principal Auditor	1.0	1.0
Senior Auditor	2.0	1.9
Auditor	6.0	4.4
CIPFA Trainee	1.0	1.0
Audit Assistant	1.0	1.0
TOTAL	12.0	10.3

5.29 At the end of quarter three, the Principal Auditor in post left the team to work within the Accountancy Section. The post is considered as essential, and was promptly advertised. The recruitment exercise was successful, and the new post holder was an external candidate who commenced in June 2021.

5.30 There have been factors that have affected the availability of staff during the year, and further information is provided in the 'performance' section of this report.

5.31 The controllable expenditure budget for the section for 2020/21 is set out in the table below:

		Budget £(000)	Actual £(000)
Employees	Employees (overall cost)	575	549
	Audit Component Inc. 0.7 FTE Audit Manager cost	440	420
	Investigations Team Component Inc. 0.3 FTE Audit Manager cost	135	129
Other	Transport	3	0
	Supplies and services	21	21
	Support Services / other contributions (Controllable)	65	65
	GROSS CONTROLLABLE EXPENDITURE	664	635

Continuing Professional Development (PSIAS standard 1230)

5.32 Internal Audit staff have a personal responsibility to maintain and develop their competencies, so that they have the necessary skills and knowledge to undertake audits to a high standard. The audit plan for 2020/21 included a budget of 37 days for training, outside of the 65 days of study support provided to the CIPFA Trainee who is a member of the team. Staff are encouraged to update their skills, such as by attendance at relevant courses provided by the South Wales Chief Internal Auditor group, and suitable CIPFA or IIA courses when budget restrictions allow. Arrangements are also made for internal training, to update and refresh knowledge on various aspects of audit methodologies and Council procedures.

5.33 During 2020/21, one member of the team was approved to study for ISACA's Certified Information Systems Auditor (CISA) qualification, which they commenced in quarter four. The development of a lead specialist in this area will benefit the team, and complement its existing skills base. One member of the team is studying for their third and final exam for the Certified Internal Auditor (CIA) qualification with the IIA. Funding to study for the CIA qualification for another member of the team ceased during the year due to unsuccessful attempts at the second exam.

- 5.34 A skills exercise is undertaken annually by each auditor as a self-assessment against the IIA Internal Audit Competency Framework, which aligns to the mandatory elements of the PSIAS, and includes a detailed assessment of a range of technical and behavioural qualities. The results informed the Personal Review process, and the year-end Audit Manager review against the Quality Assurance and Improvement Programme (Standard 1300), from which a generally strong baseline of knowledge and skills were recognised across the audit team.
- 5.35 Areas of the IIA Professional Competencies Framework where auditors scored themselves comparatively lower in their year-end 2019/20 assessments, were targeted through team training sessions during 2020/21. Over the year, in-house training was provided to the team on 'fraud awareness', the 'International Professional Practice Framework' and 'business acumen'.
- 5.36 The provisions of the Council's Personal Review process are fully supported in the section, and are an integral component of the performance management process, as outlined in the section on the QAIP and information included in Appendix C.

Experience and qualifications

- 5.37 Members of the section hold various qualifications appropriate to their work, with bodies including CIPFA, IIA and AAT. The majority of staff in the Internal Audit team have over 10 years' experience in audit.

6. Conclusion

- 6.1 The operating environment and availability of staff and client resources has been challenging this year. However, the position has been carefully managed throughout the year, whereby the Audit Plan and approach to delivery has been adapted in order to target assurance on key risks and controls, and to provide an adequate body of assurance work to support a full annual opinion on the Council's control environment. A substantial provision was included in the Plan for COVID-19 related audit consultancy work, and a prioritised approach was followed for substantial coverage audit coverage of fundamental systems and corporate governance, and a targeted spread of wider assurance work across directorates.
- 6.2 Since the beginning of the year, significant audit attention was given to providing critical advice and support to management as the Council adapted services and established new systems in response to the pandemic. Consultation and engagement was provided in cases

where there was a need for fundamental process change, a risk to resilience, the need to respond to a significant obligation or challenge as a result of the crisis, or a particular fraud or control risk. From quarter two, the majority of audit consultancy and support has been provided in respect of the administration of Welsh Government funds for a range of grant and relief payment schemes.

- 6.3 All decisions in respect of the Audit Plan have been made this year with appropriate attention to risk, professional standards and advisories from CIPFA, the IIA, the Internal Audit Standards Advisory Board and the advice of professional and peer officers. After initially progressing the assurance Audit Plan on a low impact basis for management who were dealing with immediate pressures associated with the crisis, towards the end of quarter one when Council services were moving to a documented and managed 'restart' the audit team commenced a targeted delivery of assurance audit engagements from the Audit Plan.
- 6.4 There is a need for continued attention to the response to audit reports and recommendations and performance has been reported to Senior Management Teams at regular intervals. There is continued evidence that clients value the audit service through the feedback received. Adverse audit findings and opinions are still limited to a small number of areas, but the team will remain vigilant moving into next year in testing the design and application of the governance and controls necessary to deliver a sound control environment.
- 6.5 The outcome of the QAIP annual self-review by the Audit Manager is that the audit service is operating in conformance with the PSIAS and all associated requirements, and Welsh Local Authority Benchmarking data provides comparative assurance on performance.

2020/21 Audit Delivery

Audit Outputs Issued

I. Effective / Effective with opportunity for improvement

Opinion	Audit Area	Status of output (if not final)
Fundamental / High		
Effective	Health and Safety - People and Communities	
	Creditors - Mid year testing (2019/20)	
	Payroll In-year Testing (2019/20)	
	Payroll In-year Testing (2020/21)	
	Income and Debtors - Governance and Legal Services	
	Commissioning and Procurement - Governance and Legal Services	
	Governance Arrangements	
	Business Grants - Assurance	
	Codes of Conduct	
	Commissioning and Procurement - People and Communities (excl Street Scene)	
Change and patch management controls		
Effective Opportunity For Improvement	Health & Safety – Planning, Transport & Environment	
	Health and Safety - Economic Development	
	Governance Arrangements 2019/20	
	Performance Management	
	Safeguarding - follow up	
	NNDR in-year testing	
	Health and Safety – Social Services	
	Health and Safety – Governance and Legal Services	
	Business and Personal Interests	
	Corporate Landlord	
	Complaints and Compliments	
	Programme and Project Governance	
	Insurance	
	City Deal 2019/20	
Income and Debtors - Communities		

Opinion	Audit Area	Status of output (if not final)
	Pensions and Investment In year testing	
	Commissioning and Procurement - Economic Development	
	Commissioning and Procurement - Resources	
	Commissioning and Procurement - Planning, Transport & Environment	
	Commissioning and Procurement - Education	
	Recruit	
	Asset Management - Communities	
	Income and Debtors - Economic Dev	
	Income and Debtors - Education	
	Additional Payments (payroll & allowances)	
	IT Business Continuity	
	Council Tax	
	Housing Benefit – Local Housing Allowance – Council Tax Reduction Scheme	
	Programme and Project Risk Management	
	Directorate Risk Management	
	Health and Safety - Resources	
	Creditor Payments - In year testing (Mid-Year 2020-21)	
	Creditor Payments - Year end (2019-20)	
	Wellbeing of Future Generations	
	Income and Debtors - Social Services	
Medium		
Effective	Major Projects Governance	
	Digital Services - Virtual Agent	
	Counter-fraud arrangements - Willows High School	
	Risk Based Verification	Draft Issued
Effective Opportunity For Improvement	Income collection - Cardiff High School	
	Lamby Way Stores - Follow Up	
	Pentyrch Primary School	
	Foster Carers	
	Learning Disabilities	

Opinion	Audit Area	Status of output (if not final)
	Counter-fraud arrangements – Kitchener Primary School	
	ICT governance in schools - Ysgol Plasmawr	
	Trolleys	
	Follow Up - Income Procedures in School Kitchens	
	Follow Up - Pontprennau Primary	
	Hybrid Mail	
	Taxation	
	Follow Up - St Peters R.C Primary	Drafts Issued
	Follow Up - Contracts in Waste Management	

II. Insufficient with major improvement needed / Unsatisfactory

	Audit Area	Status of report (if not final)
	Fundamental / High	
Insufficient Major Improvement Needed	Economic Development - Asset Management	
	IT Inventory and Asset Management	
	Health and Safety - Waste Management	
	Asset Management - Social Services	
	Resources - Asset Management	
	Direct Payments - Social Services	
	Commissioning and Procurement - Social Services	
	Asset Management - Planning, Transport & Environment	
	Asset Management - Waste (Street Scene)	
	Mileage and Subsistence	
	Payment Card Industry (chip and pin devices)	
	Medium	
Insufficient Major	Cardiff Film Office	
	Domiciliary Care	
	Fleet Management	
	Music Service - follow up	
	Bereavement	

	Audit Area	Status of report (if not final)
Improvement Needed	Recycling in HWRCs	Drafts Issued
	Cardiff Bus Governance 2020-21	
	Gatehouse	
	Follow Up - Fly Tipping	
	Contract Monitoring and Management	
	Children's Placements (including out of county)	
	St. Cuthbert's	
	Dominions Way Temporary Stores	Draft Issued
Unsatisfactory	British Council Grants	

III. COVID-19 Audit Consultancy Work

Scope	Area	Scope
1. New system checks compliance, internal controls and counter-fraud	Start-up grants	Supporting a multidisciplinary team with advice and guidance on design of the system through which grants were administered and paid.
	Business grant administration	
	Wales culture recovery fund – freelancer support	
	Isolation payments	
	Lockdown grant	
	Restrictions business fund	
	Supplier relief	Discussion and engagement with commissioning and procurement and schools
	Coronavirus childcare assistance scheme	Advice and guidance on processes and controls in the system for processing and administering payments.
	Childcare provider grant	
	Care workers £500 payment scheme	
	Statutory sick pay enhancement scheme	
	Childcare provider support (CWTCH) grant	
	Restrictions business fund – extension grants	

Scope	Area	Scope
2. Resilience, continuity & control Consultancy	Procure to pay	Advice and guidance in procurement systems and managed use of procurement cards.
	Procurement cards	
3. Counter-fraud prevention & post assurance checks	Business grant administration	Active company checks and validation of eligibility and fraud vulnerabilities for fraud prevention and detection.

IV. Other Audits and Audits with no opinion provided

Audit Area		Nature
Grants / Accounts / External Bodies		
Joint Committees	Glamorgan Archives	Statement of Accounts Reviews / Support No opinion
	Prosiect Gwyrdd	
	Port Health	
Norwegian Church Preservation Trust 2018/19		Compliance Certification No opinion
Education Improvement Grant 2019/20 *		
Norwegian Church Preservation Trust 2019/20 *		
Rumourless Cities		
Cardiff Further Education Trust Fund 2019/20		
No Opinion – Audit Engagements		
National Fraud Initiative		Data Matching
New system checks – compliance, internal controls and counter-fraud		Consultancy Services
Resilience, continuity & control – consultancy		
Counter-fraud prevention & post assurance checks		
Private Rental Sector Leasing Scheme		
Waste Management Consultancy		
Dominions Way Stores - Stock Check Observation		
Payroll CRSA 2020/21		CRSA
Creditor payments CRSA 2020/21		
Schools CRSA		

* No assurance opinion provided on grant certification, but control opinion of 'Effective with opportunity for improvement' provided and draft action plan issued for management response.

Status of Other Audit Reports

V. Audits ongoing at the year-end for conclusion in 2021/22

Audits ongoing at the year-end 2020/21
Income and Debtors – Planning, Transport & Environment
Income and Debtors - Resources
Cradle to Grave Audit
Cardiff West Community High School
Ysgol Gyfun Gymraeg Bro Edern
Mary Immaculate High School
SOP Review of Band B

VI. Audits Planned for 2020/21 which were cancelled or deferred

Audit	Action Taken
Establishment Reviews	Carry forward to Audit Plan 2021/22
Cradle to Grave Audit	Conclude Audit in 2021/22
Value for Money in Digital Initiatives	Carry forward to Audit Plan 2021/22
Value For Money in use of Council vehicles	Carry forward to Audit Plan 2021/22
Business Continuity & Incident Management	Carry forward to Audit Plan 2021/22
Members' Allowances	Carry forward to Audit Plan 2021/22
Income and Debtors – Planning, Transport & Environment	Conclude Audit in 2021/22
Performance Management – Thematic Audit	Carry forward to Audit Plan 2021/22
Information Management – Thematic Audit	Objectives incorporated into audit of Information Governance for 2021/22
Pre-Contract Assurance – Thematic Audit	Carry forward to Audit Plan 2021/22
Flexible Funding in Housing	Not prioritised / taken forward for Audit Plan 2021/22
Get me home service	Carry forward to Audit Plan 2021/22
Independent Living	Carry forward to Audit Plan 2021/22
Lettings policy in high rise accommodation	Not prioritised / taken forward for Audit Plan 2021/22

Audit	Action Taken
ICF schemes (incl. Families First)	Carry forward to Audit Plan 2021/22
Libraries	Carry forward to Audit Plan 2021/22
Commercial Waste	Carry forward to Audit Plan 2021/22
Disposal of Land & Buildings	Carry forward to Audit Plan 2021/22
Health and Safety - Education	Carry forward to Audit Plan 2021/22
Cardiff West Community High School	Conclude Audit in 2021/22
Ysgol Gyfun Gymraeg Bro Edern	Conclude Audit in 2021/22
Mary Immaculate High School	Conclude Audit in 2021/22
SOP Review of Band B	Conclude Audit in 2021/22
Llanedeyrn Primary School	Carry forward to Audit Plan 2021/22
Marlborough Primary School	Carry forward to Audit Plan 2021/22
Cantonian High School	Carry forward to Audit Plan 2021/22
School CRSA Audits	Rather than completing a small number of individual CRSA audits, a large desktop sample review of CRSA return was completed.
Catering in Opted out schools	Carry forward to Audit Plan 2021/22
School Admissions	Carry forward to Audit Plan 2021/22
Cashless catering in secondary schools	Carry forward to Audit Plan 2021/22
Income and Debtors - Resources	Conclude Audit in 2021/22
Alarm Receiving Centre	Carry forward with focus given to Telecare in Audit Plan 2021/22
Resources (CTS)	Carry forward to Audit Plan 2021/22
Early help scheme (impact of FPOC)	Not prioritised / taken forward for Audit Plan 2021/22
Social Services - CHAD	Carry forward to Audit Plan 2021/22

Audit	Action Taken
Mental Health Day Services	Carry forward to Audit Plan 2021/22
Emergency Duty Team	Carry forward to Audit Plan 2021/22
Payments to Care Leavers	Carry forward to Audit Plan 2021/22
Residential Care	Carry forward to Audit Plan 2021/22
Workforce Development	Not prioritised / taken forward for Audit Plan 2021/22
City Deal 2020/21	Carry forward to Audit Plan 2021/22

Work Areas where a Standard Audit Output is not prepared

It is important to understand that much work undertaken within Audit will not have a standard action plan / report as an outcome. The following list is not exhaustive, but shows some areas where audit time and resources have been spent during the year without necessarily producing an output.

Work Area	Brief Details of Audit Involvement
Efficiency / Change and other project or process consultancy	Work providing advice and guidance to a number of programmes, projects or initiatives. Senior Members of the Audit Team attend meetings and working groups to input to risk assessments and system developments, especially where financial processes are involved. This year significant work has been completed, providing advice and guidance on the design of processes to administer a range of Welsh Government COVID grant and relief payments, and in undertaking post-award counter-fraud assurance checks.
Procurement and Spend	Auditors are engaged on procurement matters, attending working groups and providing input on risk management and controls. Also, data gathering and challenging spend.
Grants / Account Certification	Independent certification of grant claims and accounts.
Ad hoc Requests	Enquiries and assignments.
Schools - General	Specific problems in schools have required audit attention. A new comprehensive school CRSA has been developed, responded to by schools, and subject to desktop audit review at a sample size representing 25% of schools. A senior member of the audit team attends and contributes to 'schools causing concern' meetings.
Directorates - general	Advice, guidance and training is provided to directorates on topics such as procurement systems and rules, DigiGOV and imprest accounts. Officers are also active members of service review groups, implementation boards, etc.
Rules and Regulations	Advice and guidance and sharing of best practice in many areas. General work around governance.
External Clients	Audit of clients' risks, systems and procedures (as per Terms of Reference). Audit of Accounts. Provision of advice due to knowledge on risk management and controls.
Imprest (Petty Cash) Accounts	Advice, guidance, training and assisting in the reconciliation process.
Audit Committee	Advice, reporting and support – including induction training, work planning.

Quality Assurance and Improvement Programme – Operational Approach

The QAIP is built around a performance management approach, which involves ‘setting expectations’, ‘reviewing performance’, and ‘reporting performance’ at individual auditor and team levels. The application of these control stages are summarised as follows.

1. Setting expectations - With clear expectations in place, auditors can focus on delivery.

- ✓ **Audit Allocation** - Each auditor has a quarterly allocation of work, which is stretching but achievable. Auditors are responsible for delivering their allocation effectively and on time.
- ✓ **Scoping and Objectives** – Each auditor has clear and documented objectives for each audit engagement, that they are responsible for delivering.
- ✓ **Audit ‘Pit Stop’** - When half of the audit time is used, a senior team member completes a short and sharp review of progress against the audit objectives. This can either result in assurance that the audit is being delivered effectively, or it leads to expectations being re-set, with actions developed for the auditor to conclude a high quality audit engagement on time.
- ✓ **Personal Reviews** – Each year delivery, training and development goals and objectives are established for each auditor, in recognition of the individual and collective skills needed to deliver the risk-based plan effectively in the current and medium term.

2. Reviewing Performance - Expectations are revisited in quality assurance and control reviews.

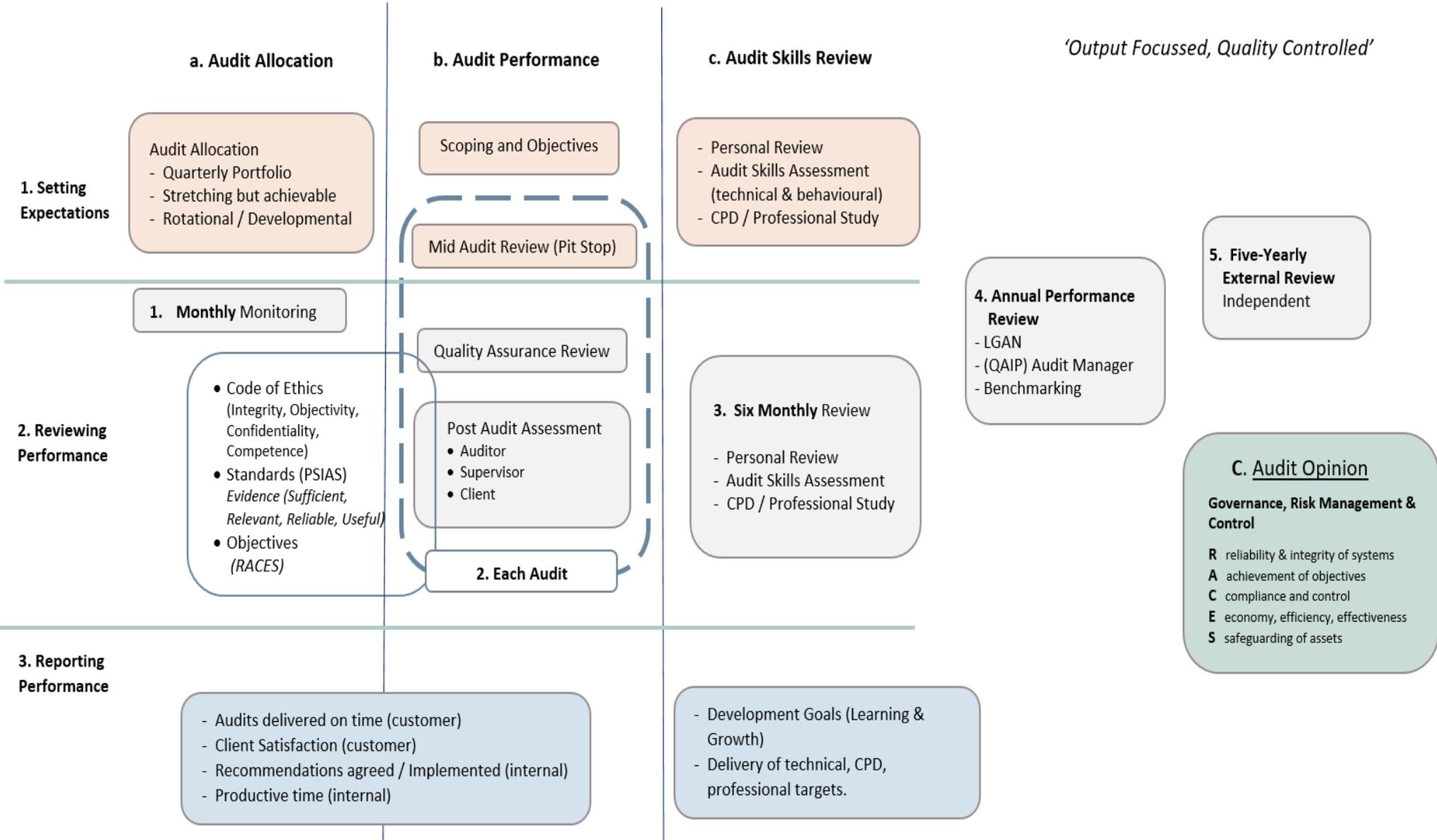
- ✓ **Monitoring** - Each auditor attends a monthly monitoring meeting, through which the delivery of their ‘Audit Allocation’ is reviewed, issues are identified and addressed.
- ✓ **Quality Assurance Review** - Each audit is subject to a quality assurance review by a member of the audit management team, to ensure high quality delivery in accordance with the Code of Ethics and the Standards. The review considers the quality of evidence to support the audit ‘Objectives’, and the delivery of actions resulting from the audit ‘Pit Stop’.
- ✓ **Post Audit Assessment** – Upon conclusion of each audit, the auditor, and a senior team member review the auditor’s performance against best practice technical and behavioural qualities. A client satisfaction survey is also used to identify the audit delivery and value from the client’s perspective. Any development needs are identified and progressed.
- ✓ **Six Monthly Personal Review** – Progress is measured against the objectives and targets in each Auditor’s ‘Personal Review’, taking account of the findings and outcomes from the activities in the ‘Reviewing Performance’ control stage. It can lead to new objectives, targets and support.

3. Reporting Performance - A range of performance measures are used for reporting and review.

- Core performance measures relate to the audits delivered on time, client satisfaction, recommendations agreed / implemented, productivity and the delivery of personal objectives.
- Performance information is regularly monitored by the Audit Manager and is considered by the Finance Management Team and the Audit Committee on a quarterly basis.
- On an annual basis, the Audit Manager reviews and reports on the application and findings of the performance management Framework that underpins the QAIP to the Audit Committee. An external assessment of conformance with the PSIAS is completed and reported at least every five years.

Quality Assurance and Improvement Programme – Operational Approach (Diagram)

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GOVERNANCE & AUDIT COMMITTEE: 20 July 2021

INTERNAL AUDIT & INVESTIGATION TEAM - PROGRESS REPORT**REPORT OF THE AUDIT MANAGER****AGENDA ITEM: 5.2**

Appendices D and E of the report are not for publication as they contain exempt information of the description in paragraphs 14 and 21 of Schedule 12A of the Local Government Act 1972

Reason for this Report

1. The Terms of Reference of the Governance and Audit Committee requires that Members:
 - Consider reports from the Audit Manager on Internal Audit's performance during the year;
 - Review the assessment of fraud risks and potential harm to the council from fraud and corruption;
 - Monitor the Counter-fraud strategy, actions and resources.
2. A progress report has been prepared to provide the Governance and Audit Committee with an update on the work and performance of the Internal Audit and Investigation Teams. This progress report covers the period from 1 March - 30 June 2020, and follows the updates provided in the last Committee meeting held on 23 March 2021.

Background

3. The Audit Committee (subsequently renamed as a Governance and Audit Committee) approved the Audit Charter and the risk-based Audit Plan 2021/22 on 23 March 2021 at which time the planned activity of the Investigation Team was also provided for consideration.
4. The Internal Audit Progress Report (**Annex 1**) sets out performance in relation to the Internal Audit Plan. It summarises the work performed, the priority recommendations raised, the critical findings, emerging trends, and relevant value for money findings across the Council for the assurance of the Governance and Audit Committee. It is positive to report that no 'unsatisfactory' audit opinions have been provided over the reporting period.
5. The Investigation Team Progress Reports (**Annex 2**) focuses on proactive and reactive fraud awareness, detection and investigation activities, including participation in initiatives, such as National Fraud Initiative (NFI) data matching exercises.
6. As part of progress updates, there is an opportunity to consider emerging risks, issues and sources of assurance, and to potentially refocus priorities. Prior to presenting to Committee, progress reports are discussed with the Corporate Director Resources.

7. The Internal Audit Section reports to the Audit Manager. To meet the provisions of PSIAS 1100 (Organisational Independence), the Audit Manager is not responsible for managing any functions beyond the Internal Audit and Investigation teams. The Audit Manager reports administratively to the Head of Finance and functionally to the Governance and Audit Committee for audit-related matters. There have been no impairments of independence or objectivity.

Issues

Conclusion of 2020/21

8. The appended progress reports contain sections in respect of the financial year 2020/21, which set out the work undertaken, the findings and outcomes of the Audit and Investigation Teams as at the financial year-end. A full account of the activities of the Internal Audit Team for the year is provided separately within the draft Internal Audit Annual Report 2020/21, for consideration by the Committee in agenda item 5.1. The draft Counter-Fraud Annual Report 2020/21 is scheduled for reporting to the Governance and Audit Committee in the September 2021 meeting, and will provide a full account of the activity of the Investigation Team during the year.
9. The pertinent year-end information in Annex 1 relating to Internal Audit activity, comprises the final position against the Audit Plan 2020/21 and the critical findings and emerging trends in March 2021. For the year overall there were 75 new audit engagements completed to at least draft output stage against an original plan of 137 audits (55%), and a further 32 draft outputs from the prior year were finalised. Seventy-three percent of audit opinions provided were of 'effective' or 'effective with opportunity for improvement' in the year overall.
10. In March 2021, six audit outputs were issued with draft audit opinions of 'insufficient with major improvement needed'. The details of these audit and the pertinent findings are outlined in detail within Annex 1, section 2.2 'Critical Findings or Emerging Trends (March 2021)'.
11. The Investigation Team Progress Report in Annex 2 contains the year-end position for 2020/21 in respect of the counter-fraud activity and impact. During 2020/21, in addition to COVID-19 related grants work, one hundred and ninety two business as usual cases were identified for investigation, and three hundred and forty four cases were concluded. With regards to the impact:
 - Thirty-seven Blue Badge investigations concluded and twenty-nine offenders received a criminal sanction.
 - One hundred and forty-six Council Tax Liability investigations concluded and identified £74,264 of under charged liability, to be recovered;
 - Forty-four Council Tax Reduction investigations concluded resulting in overpayments of £9,455 being identified for recovery;
 - Twenty-two employee investigations concluded, resulting in 2 cases of management action, 1 written warning, 1 resignation and 2 dismissals;
 - Twenty-seven Insurance claims were amended or withdrawn, saving £396,505;
 - Six tenancy investigations were completed, through which nothing untoward was found;
 - Sixty-two 'other' cases concluded, of which fifty-three were in respect of Social Services / Direct Payment data matching. The nine other cases included pension life check, residential parking, carer credentials and falsified claims, council tax exemption, and conflict of interest. In total £7,374 was identified for recovery, which related to a pension case.

Delivery 2021/22 (to date)

a) Audit

12. Annex 1 outlines how during quarter one the priorities and approach of the audit team were to deliver a combination of management support through consultation and engagement in high risk areas, and to commence the delivery of assurance engagements from the Audit Plan.
13. The Internal Audit Team has continued to provide advice and guidance on the design and implementation of effective controls in the administration of Welsh Government COVID-19 grants schemes to achieve compliance and control, and arrangements for the effective prevention and detection of fraud. After concluding the Audit Plan for 2020/21, a number of assurance audit engagements have also commenced, and this work continues to be undertaken predominantly on a desktop basis. Further details are provided within section 2.4. 'Current Activities'.
14. Section 2.5 'Resources, outlines that there has been a reduced capacity in the team during quarter one. One long-term sick case which began towards the end of quarter four 2020/21 has remained ongoing, and a Principal Auditor post was vacant for the majority of the quarter, until the new appointee started on 21 June 2021. The impact on the delivery of the Audit Plan has been broadly commensurate with above issues, which reduced the staff resources available during the quarter.
15. Section 2.6 'Annual Plan' provides details of the two audits targeted for delivery at the end of 2020/21 which were carried forward to the current Audit Plan, and information on the arrangement for the independent oversight of three Audit engagements linked to counter-fraud work.
16. In quarter one 2021/22, two audit outputs were issued with draft audit opinions of 'insufficient with major improvement' audit assurance. The findings of these audits are outlined within Annex 1, section 2.7 'Critical Findings or Emerging Trends (Q1 2021/22)'.
17. Proposed performance indicators are set to be realistic and stretching for the financial year within the ongoing environment, as detailed within section 3.2 'Performance'. Audits will be allocated on a basis that provides the greatest assurance and value, and mitigates any impairment to the annual opinion of the Audit Manager on the Council's control environment for 2021/22.
18. **Appendix A** shows a list of audits and their reporting status in the current year, as at 30 June 2021, in which fifteen new audit engagements have been completed to at least draft output stage. Outputs have been issued with an opinion of effective or effective with opportunity for improvement in 70% of the audit opinions provided in 2021/22, as at 30 June 2021. The current position for the full Audit Plan is shown in **Appendix B**.

a) Investigations

19. Annex 2 outlines the activities of the Investigation Team in quarter one. For the year as a whole there are four hundred and forty two chargeable days available based on current resources (2.5 fte), indicatively split between strategic (80 days) and operational activities (362 days).

20. Excluding the one off business grants work, in respect of all other quarter one casework:

- One hundred and nine cases were identified for investigation so far this year, compared to sixty for the same period last year;
- One hundred and forty three investigations are ongoing, compared to two hundred and sixty four for the same period last year;
- Sixty nine have concluded, compared to seventy six over the same period last year;
- £355,790 has been attributed concluded investigations, compared to £95,992 for the same period last year.

21. In addition to identifying and progressing investigation cases, the team has continued to provide targeted counter-fraud advice, guidance and checks to support the control environment and the prevention and detection of fraud and error in the administration of grants on behalf of the Welsh Government.

22. The Committee has been previously advised of the post-payment verification process in respect of business support grants, for which the application system opened and payments to eligible businesses commenced in March 2020. From the £69 million distributed by the Council, to date £780k has been identified as paid in error of which £461k has been recovered. Seventy-seven cases are subject to ongoing review.

23. Following the Council's participation in a Cabinet Office / Audit Wales National Fraud Initiative pilot exercise, post award verification matches have been rolled out to all Local Authorities. Work will continue on these matches throughout the next quarter.

24. The summary report in Annex 2 provides further details in respect of the above, in addition to outlining the current position in respect of the roll out of fraud awareness training.

Audit Recommendations

25. The recommendations and progress at the reporting date are provided in the following appendices.

Appendix C	Recommendations Summary
Appendix D	Contains the red & red / amber open recommendations
Appendix E	Contains the red and red / amber recommendations completed since the last Committee meeting in March 2021.

Legal Implications

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

Financial Implications

27. There are no direct financial implications arising from this report.

RECOMMENDATIONS

28. That the Governance and Audit Committee note and consider the contents of the:

- Internal Audit and Investigation Team Progress Reports.

CHRIS PYKE AUDIT MANAGER

The following are attached:

Annex 1 - Internal Audit Progress - Summary Report

- Appendix A** Report Status as at 30 June 2021
- Appendix B** Audit Plan
- Appendix C** Recommendations Summary
- Appendix D** Red & red / amber open recommendations
- Appendix E** Red & red / amber recommendations completed since last Committee

Annex 2 - Investigation Team Progress – Summary Report

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Resources Directorate Internal Audit Section



Internal Audit Progress Report (as at 20 July 2021)

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<u>Conclusion of 2020/21</u>	
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Critical Findings or Emerging Trends (<i>Q1 2021/22</i>)	12
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<u>AUDIT PERFORMANCE AND ADDED VALUE</u>	14
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Audit Plan Delivery	16
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<u>CONCLUSION</u>	17
Appendix A	Report Status as at 30 June 2021
Appendix B	Audit Plan
Appendix C	Recommendations Summary
Appendix D	Red & red / amber open recommendations
Appendix E	Red & red / amber recommendations completed since last Committee

Prepared by: Chris Pyke, Audit Manager

INTERNAL AUDIT PROGRESS REPORT

1. INTRODUCTION

1.1 Background

The Internal Audit Progress Report sets out performance in relation to the Internal Audit Plan. It summarises the work performed, the priority recommendations raised, the critical findings, emerging trends, and relevant value for money findings.

This progress report covers the period from 1 March – 30 June 2021, and follows the updates provided in the last Committee meeting held on 23 March 2021. This report is structured to provide a summary account of audit activities and outcomes in March 2021 to conclude reporting on 2020/21, followed by an outline of the audit activities and progress made against the Audit Plan 2021/22.

The Audit Plan 2020/21 was accepted by the Audit Committee (subsequently renamed a Governance and Audit Committee) through a period of consultation between 23 March – 3 April 2020, and received formal approval on 28 July 2020. The Audit Plan 2021/22 was approved on 23 March 2021. The Internal Audit Plan provides the framework for audit work each year and is aligned to the Council's corporate governance arrangements, whilst also being responsive to any changes to the risks faced by the Council during the year.

1.2 Independence and objectivity

The Internal Audit section reports to the Audit Manager. In line with the provisions of the Public Sector Internal Audit Standards (1100), organisational independence is maintained, as the Audit Manager is not responsible for managing any functions beyond the Internal Audit and Investigation teams. The Audit Manager reports administratively to the Head of Finance and functionally to the Governance and Audit Committee for audit-related matters. There have been no impairments of independence or objectivity.

1.3 Continuing Professional Development

Auditors have completed their year-end personal reviews, and formalised their objectives for 2021/22. Prior to discussing performance, auditors updated their skills assessment in application of the IIA Professional Competencies Framework.

The results of personal reviews and skills assessments informed the year-end Audit Manager’s review against the Quality Assurance and Improvement Programme (Standard 1300), from which a generally strong baseline of knowledge and skills were recognised across the audit team.

2. SUMMARY OF WORK PERFORMED

The following audit summary is separated into two sections. The first section covers the conclusion of the Audit Plan 2020/21, followed by a second section which covers the work programme for 2021/22, and the associated activities, resources, findings and measures of performance in quarter one 2021/22. It is positive to report that no ‘unsatisfactory’ audit opinions have been provided over the reporting period.

Conclusion of 2020/21

2.1 Audit Plan 2020/21

In March 2020/21, seventeen audit engagements were completed to at least draft report stage and a further six audits relating to the prior year were finalised, for which details are provided in the following table.

Figure 1. March 2021 audit outputs and opinions

No.	Assurance Audit Engagement	Audit Opinion
1.	Change and Patch Management Controls	Effective
2.	Risk Based Verification	
3.	Council Tax	Effective with opportunity for improvement
4.	Housing Benefit – Local Housing Allowance – Council Tax Reduction Scheme	
5.	Creditor Payments Testing (Mid-Year 2020-21)	
6.	Creditor Payments Testing (Year-End 2019-20)	
7.	Wellbeing of Future Generations	
8.	Norwegian Church Preservation Trust	Insufficient with major improvement needed
9.	Payment Card Industry (chip and pin devices)	
10.	Recycling in HWRCs	
11.	Contract Monitoring and Management	
12.	Children's Placements (including out of county)	

13.	St. Cuthbert's	
14.	Dominions Way	
<i>Audit Work with 'No Opinion'</i>		
15.	National Fraud Initiative 2020-21	Verifications, consultancy & guidance
16.	Waste Management Consultancy	
17.	Dominions Way Stores - Stock Check Observation	
<i>Concluded Reports from the prior year</i>		
18.	Counter-fraud arrangements - Willows	Effective
19.	Counter-fraud arrangements - Kitchener	Effective with opportunity for improvement
20.	Ethics and Values - Disclosures of Business and Personal Interests	
21.	ICT governance in schools - Ysgol Plasmawr	
22.	Music Service - follow up	Insufficient with major improv't needed
23.	Fleet Management	

The final position in respect of the Audit Plan 2020/21 and wider information and measures of the performance of the audit team are included in detail within the Internal Audit Annual Report 2020/21.

The summarised position is shown in the table below, whereby 75 new audit engagements were completed to at least draft output stage against an original plan of 137 audits (55%), and a further 32 draft outputs from the prior year were finalised. The audit plan is responsive to risk and, accordingly, some audits were added, deferred and cancelled during the financial year, at which point details were reported to the Audit Committee. The audits completed in 2020/21 and the assurance levels given are shown in the table below:

Figure 2. Audit outputs and opinions (2020/21)

Status	Number of audit outputs	Opinion				
		Effective	Effective with opportunity for improvement	Insufficient with major improvement needed	Unsatisfactory	No opinion given
Draft	28	3	15	10	0	0
Final	79	12	37	14	1	15
TOTAL	107	15	52	24	1	15
	75	New Audit Engagements Completed				
	32	Finalised Audit Engagements from 2019/20				

Within the Internal Audit Annual Report 2020/21, an Audit Manager opinion of 'Effective with opportunity for improvement' has been provided on the Council's control environment. Recognising that the Internal Audit Annual Report 2020/21 provides the substantive and detailed position in respect of the activities, performance and opinions of Internal Audit for the last financial year, this section of the Progress Report is limited to providing details of the critical findings or emerging trends, and value for money findings for March 2021, which follows the last progress report update to Committee on 23 March 2021.

2.2 Critical Findings or Emerging Trends (March 2021)

In March 2021, six audit outputs were issued with draft audit opinions of 'insufficient with major improvement' audit assurance. Four of the audit outputs referred to below are at a draft status, for which the findings will be discussed with management, and once the audits are finalised, the final opinions and recommendations will be reported to Governance and Audit Committee. An audit of the processes and procedures in place relating to the 'PCI-DSS - Payment Card Industry Standard for Chip and Pin Devices' provided an audit opinion of insufficient with major improvement needed. At the time of the audit, management were working through a project group using a prioritised approach to address gaps in PCI compliance, which has been collated through an independent externally commissioned assessment. There was a clear road map to incrementally strengthen the technical and procedural controls to achieve full compliance within a defined project-plan. The internal auditor considered that the approach and progress to date in addressing the areas for improvement were reasonable, but suggested that a front line user guidance document was advisable in advance of the Policy and training being rolled out. An advisory document example was prepared by audit, which the PCI Board have agreed to be circulated to front line users whilst other resources were being prepared. The existing level of assurance was well understood by management, and the assurance opinion was not a reflection of any particular gaps in an ongoing concerted and organised project-based effort to bring the Council into effective compliance with the PCI-DSS -Payment Card Industry Standard.

An audit of recycling systems provided an assurance opinion of insufficient with major improvement needed. The audit recognised assurance from other parties, namely an independent (WRAP) review of processes at Household Waste Recycling Centres (HWRCs), and the reviews of Natural Resources Wales in respect of waste management datasets submitted, through which no specific concerns had been raised. However, risks were noted associated with

a reliance on the role of one officer and a support officer to collate and report recycling and wider waste data. The data officer was responsible for reporting using a combination of system-based data i.e. from weighbridges, and receiving and relying on data for recycling received / collected by other methods (e.g. wider commercial waste data reporting). The audit recommended mechanisms to provide contingency staffing arrangements and training to address business continuity risks, to agree a format for supporting papers with arrangements for review and oversight of waste reporting submissions, and to seek to standardise the measurement and recording of all waste received, as far as is feasible. The report has been finalised and all recommendations have been addressed through a recycling strategy, management monitoring arrangements and provisions for resilience in the event of staff absence.

An audit of contract monitoring and management provided an audit opinion of insufficient with major improvement needed. The audit approach was, following discussions with officers from Commissioning & Procurement, to select a sample of contracts from seven different directorates and of varying size and complexity for review against the defined objectives of the audit. Documentation was reviewed and meetings were then held with relevant contract lead officers within the Directorates. The audit considered that the practices and evidence in place, in consideration of contract monitoring and management showed effective controls in some areas but a lack of consideration and performance in respect of others. It was considered that risk management needed to be better demonstrated in all contracts sampled, as none of the contracts sampled has a dedicated risk register, or plan setting out from the worst case scenario for contingency arrangements should the contract fail through the spectrum to the interventions necessary incrementally during operation of the contract. Further areas for improvement included cases where reporting and oversight at relevant management teams / boards was limited to an exception basis, the specification in some lesser value contracts reviewed for monitoring and management had scope to be more comprehensive. Separate action plans have been prepared for directorates, and the Commissioning and Procurement Team are working with audit colleagues to address the findings of this report in an enhanced risk-based approach to contract monitoring and management, across the Council.

An audit of Children's Residential Placements provided an audit opinion of insufficient with major improvement needed. The audit identified inconsistencies with documented processes for a sample prior to the pandemic mainly related to the residential placement finding, tender

and contract procedures. For a sample of cases reviewed in normal operating circumstances, prior to the pandemic, there were inconsistencies with documented processes in authorisations for direct purchasing of placements, contract authorisations, and authorisations for tender offer, referral and matching forms. During the pandemic, and in order to respond to the changing circumstances, weekly Admissions Panel meetings were replaced by daily Children's Management Team (CMT) meetings where placements were discussed. Placement decisions were emailed to the Senior Finance Officer in the Children's Placement Team on a daily basis; the officer recorded the information on the Placements Financial Projections spreadsheet. A primary recommendation was that, whilst it was appreciated that enhanced decision-making arrangements were invoked during the pandemic, general process monitoring and oversight arrangements need to be installed / strengthened.

An audit of St Cuthbert's R.C. Primary School provided an audit opinion of insufficient with major improvement needed. A number of key documents and processes required a level of review, update or development to support effective financial management and sufficient division of duties. Some declarations of interest had not been returned and there was a reliance on LFM Officers in Finance to support the school in ordering and payment processes on the SIMS system due to a training requirement, which had resulted in delays in processing official orders, and the evidence of their authorisation in advance. Income and contract records required enhancement and the school's Private Fund account audit was overdue.

An audit review of the system of stock management at the temporary store in Dominions Way provided an audit opinion of insufficient with major improvement needed. The establishment of the temporary stores facility required significant combined efforts across a range of Council functions in order to ensure vital PPE provisions were sourced and issued to where they were required. However, it was considered that aspects of the stock management system and record keeping required attention to provide a clear management trail of all relevant control activities, and to sufficiently address risks. Particular areas for attention related to the separation of Council-purchased and Welsh Government issued stock, the need to maintain clear records of stock checks completed which should be signed by the officers involved, the need to ensure the master stock record is consistently updated in lieu of stock checks, and the need to formalise processes to investigate discrepancies and make any required stock adjustments. It was arranged for internal audit to observe the year-end stock count process, and provide relevant advice guidance and support. Internal Audit was satisfied with the process observed in which

an overall variance of expected stock to actual stock of 7.95% was identified for which management review has been recommended.

2.3 Value for Money Findings (March 2021)

The vast majority of audits undertaken by the Internal Audit Team have objectives which cover value for money assurances, from which a general satisfactory level of assurance can be provided for the reporting period. However, within the audits of a lower assurance opinion, there were control gaps which need to be addressed to provide assurance that the objectives of these services are being run with proper attention to a combination of economy, efficiency and effectiveness.

Work Programme – 2021/22

2.4 Current Activities

During quarter one 2021/22, the priorities and approach of the audit team were to deliver a combination of management support through consultation and engagement in high risk areas, and to commence the delivery of assurance engagements from the Audit Plan.

The Internal Audit Team has continued to provide advice and guidance on the design and implementation of effective controls in the administration of Welsh Government COVID-19 grants schemes to achieve compliance and control, and arrangements for the effective prevention and detection of fraud.

In the financial year to date audit and counter-fraud consultancy has been provided in respect of the following Welsh Government grant schemes:

- Financial Recognition for Social Workers Scheme
- Economic Resilience Fund
- Wales Culture Recovery Fund (round 2) – Freelancer Support

After concluding the Audit Plan for 2020/21, a number of assurance audit engagements have also commenced, and this work continues to be undertaken predominantly on a desktop basis.

The table below shows a list of audits and their reporting status in the current year until 30 June 2021, whereby 15 new audit engagements were completed to at least draft output stage and 9 audit engagements from the prior year have been finalised. A summary of the audit outputs and opinions in the year to date is shown below.

Figure 4. Audit outputs and opinions (at 30 June 2021)

Status	Number of completed audits	Opinion				
		Effective	Effective with opportunity for improvement	Insufficient with major improvement needed	Unsatisfactory	No opinion given
Draft	10	2	6	2	0	0
Final	14	2	4	4	0	4
TOTAL	24	4	10	6	0	4
	15	<i>New Audit Engagements completed</i>				
	9	<i>Finalised Audit Engagements from 2020/21</i>				

Since the last reporting period, two draft audit outputs have been issued with opinions of insufficient with major improvement needed. Information on the findings of these audits is provided within Section 2.7 – Critical Findings or Emerging Trends.

Figure 5. 2021/22 Audit outputs and opinions (at 30 June 2021)

No.	Assurance Audit Engagement	Audit Opinion
1.	Fraud, Bribery and Corruption	Effective
2.	Housing Rents	
3.	Homelessness - Temporary Accommodation	
4.	Education - SOP - Review of Band B	Effective with opportunity for improvement
5.	PTE – Income and Debtors	
6.	Resources – Income and Debtors	
7.	Members' Remuneration and Allowances	
8.	Marlborough Primary School	
9.	Mary Immaculate High School	
10.	Establishment Reviews	Insufficient with major improvement needed
11.	Joint Equipment Service	
Audit Work with 'No Opinion'		
12.	Joint Committees - Prosiect Gwyrdd	Consultancy, certification, advice
13.	Joint Committees - Port Health Authority	

14.	Joint Committees - Glamorgan Archives	and guidance
15.	Service and Process Consultancy – Welsh Government Grants	
Concluded Audits from the Prior Year		
16.	Risk Based Verification	Effective
17.	Wellbeing of Future Generations	Effective with opportunity for improvement
18.	Audit of scrutiny functions	
19.	Follow-up audit - contracts in Waste Management	
20.	Norwegian Church Preservation Trust 2019/20	
21.	Gatehouse	Insufficient with major improvement needed
22.	Follow-up audit - fly tipping	
23.	Recycling in HWRCs	
24.	St. Cuthbert's RC Primary School	

Further to the table above, the outputs that were not been given an assurance opinion and the reasons for this were as follows:

Figure 6. Completed audits without an assurance opinion (at 30 June 2021)

Audit	Comments
Joint Committees - Prosiect Gwyrdd	Work to support completion of Statement of Accounts, 2019/20
Joint Committees - Port Health Authority	
Joint Committees - Glamorgan Archives	
Service and Process Consultancy – Welsh Government COVID-19 Grants	Compliance, control and counter-fraud guidance

The report status for the year to date is shown in **Appendix A**.

2.5 Resources

There has been a reduced capacity in the team during quarter one. One long-term sick case which began towards the end of quarter four 2020/21 has remained ongoing, and a Principal Auditor post was vacant for the majority of the quarter, until the new appointee started on 21 June 2021. The impact on the delivery of the Audit Plan has been broadly commensurate with above issues which reduced the staff resources available during the quarter.

As all operational auditors and the audit assistant record all actual time worked, there is useful management information available for planning, monitoring and reporting purposes. Timesheet

data contained 310 chargeable days in quarter one, against a pro-rata plan of 409 days. The plan was based on chargeable capacity at 72%, showing that the team has been operating at a chargeable capacity of circa 76% of planned. The primary reasons for the difference have been a vacant Principal Auditor post, a long-term sickness case, participation in additional year-end work for accountancy by a CIPFA trainee as part of their development, and further time coded in respect of development activities and general meetings than anticipated across the team, some of which related to participation in wellbeing initiatives.

One member of the team continues to be supported through a CIA qualification with the IIA and is working towards their third and final exam. One Auditor has received funding to study the Certified Information Systems Auditor (CISA) Qualification with ISACA. The audit team also contains a CIPFA trainee placement who has recently sat their final exams and, at the time of writing, is awaiting their final results.

2.6 Annual plan

The Committee approved the Audit Plan 2021/22 in its meeting in March 2021. At this time, it was advised of the position against the Audit Plan 2020/21 including the audit targets for the remainder of the quarter. Details were also provided on how assurance would be achieved for planned audit engagements that would not be completed from the Audit Plan 2020/21.

Two audits which were targeted for delivery at the end of 2020/21 were carried forward and are highlighted in green in Appendix B. These audits have been allocated time from a small provision included in the plan for carried forward / other work. Of these audits, the School Organisation Programme – Review of Band B has now been completed, but not all records have been received at this stage to complete the audit of Cardiff West Community High School.

The Audit Plan 2021/22 contains three Audit engagements which are linked to the counter-fraud work for which the Audit Manager and Investigation Team staff have responsibilities and involvement, namely audits of the 'Disciplinary Policy', 'Fraud, Bribery and Corruption' and 'Whistleblowing Processes'. In order to mitigate any risks to independence and objective assurance for these audits, the Audit Manager has arranged for an these audits to be overseen by a separate Operational Manager in Accountancy (OM - Budget Strategy & Financial Planning). Arrangements have been made for the audits to be reviewed by the Group Auditor who has no responsibilities for the audited areas.

Whilst set on an annual basis, the Audit Plan is adaptable and responsive and will be subject to ongoing risk assessment, prioritisation and review throughout the year to maximise assurance and management support. In-year changes may be introduced where appropriate, to respond to emerging risks and issues as the year progresses.

Delivery of the Audit Plan 2021/22 is proportionately lower than targeted in quarter one, for which the reasons primarily relate to resources as outlined in section 2.5. 'Resources' for which the position is shown is section 3.2 'performance'. It is also not uncommon for performance to be lower in quarter one, as a new portfolio of audit engagements are worked on, some of which are well progressed but have not been concluded at the quarter end.

At the end of the reporting period, the Principal Auditor post which has been vacant for much of quarter one is now filled and, whilst one long-term sickness case is ongoing, having a new postholder provides additional staff resources to target improved progress against the Plan in quarter two.

Audits will be allocated on a basis that provides the greatest assurance and value, and mitigates any impairment to the annual opinion of the Audit Manager on the Council's control environment for 2021/22.

2.7 Critical findings or emerging trends (Q1 2021/22)

During quarter one, two audit reports were issued with adverse audit opinions for which further details are provided in the paragraph below. The audits referred to below are at draft status, for which the findings will be discussed with management, and once the audits are finalised, the final opinion and recommendations will be reported to the Governance and Audit Committee.

An audit of Establishment Reviews provided a draft audit opinion of insufficient with major improvement needed. A DigiGOV module, which has been rolled out on a managed basis, requires line managers to complete a systematic verification of posts coded to and receiving salary and other employment payments and allowances under their span of control. Whilst the system provides an effective mechanism to support organisation-wide assurance on the above, the necessary assurance cannot be provided, as the level of line-management completion of this core verification exercise (at 56% in the May 2021 exercise) has been insufficient. The process is considered as essential to ensure establishment coding, post details and associated payroll and

allowances are bona fide. Whilst effective workflow arrangements were in place for DigiGOV through which establishment verifications were being processed in SAP, with exception reports and remedial actions in place in the event of anomalies, management are recommended to consider the completion of a periodic reconciliation between the two standalone systems.

An audit of the Joint Equipment Service (JES), which is a joint service between Cardiff Council, Vale of Glamorgan Council and Cardiff and Vale University Health Board (UHB), provided a draft audit opinion of insufficient with major improvement needed. The service is designed to support hospital discharges, avoid hospital admissions and breakdowns of care. JES operates under a Section 33 (S33) agreement, which specifies the contribution level and the roles and responsibilities assigned to each group member. Since a previous audit in the financial year 2019/20, a draft S33 had been created. It contains the budget contributions that have been in place for each member since April 2020. However, the S33 was unsigned and therefore should be addressed with relevant legal advice / input to mitigate any associated risk. The contract for outsourced cleaning and maintenance services had expired, and management considered that a signed S33 agreement was required for retendering purposes. It was also noted that there was no reconciliation process in place between Pro-Cloud (stock management) and the financial ledger (SAP) for assurance on the accuracy and completeness of transactions, and to ensure anomalies are promptly identified and addressed.

2.8 Value for Money findings (Q1 2021/22)

There were no value for money themed audits undertaken within the reporting period.

The vast majority of audits undertaken by the Internal Audit Team have objectives which cover value for money assurances, from which a general satisfactory level of assurance can be provided for the reporting period. However, within the audits of a lower assurance opinion, there were control gaps, which need to be addressed to provide assurance that the objectives of these services are being run with proper attention to a combination of economy, efficiency and effectiveness.

3. AUDIT PERFORMANCE AND ADDED VALUE

3.1 Added value

Relationship Manager meetings were held with Directors and their representatives during the development of the audit plan in quarter four 2020/21. Further Relationship Management meetings were then held in quarter one 2021/22, with particular focus given to understanding the priorities and risks within each management team, and the changes to systems or processes planned or underway, in order to direct audit advice and inform the planning of audit engagements.

Feedback from audit clients has been positive in the year to date, with satisfaction rates at 100% from clients who have responded, all of whom advised that their audit 'added value'.

In the audit outputs issued to date (as at 30 June 2021), there have been 56 recommendations made, all of which are presently being considered by audit clients through draft audit outputs. These are summarised below:

Figure 7. Recommendations raised and agreed

Rating	Recommendations made	Recommendations agreed	Recommendations being considered
Red	2	0	2
Red / amber	30	0	30
Amber / green	17	0	17
Green	7	0	7
TOTAL	56	0	56

3.2 Performance

As outlined in section 2.4 ('Current Activities'), the priorities and approach of the audit team during quarter one were to deliver a combination of management support through consultation and engagement in high risk areas, and to commence the delivery of assurance engagements from the Audit Plan. This has been achieved through early audit and counter-fraud consultancy in respect of the following Welsh Government grant schemes, and the commencement of the Audit Plan 2021/22.

It is considered that the audit performance indicators utilised in 2020/21 continue to provide an effective measure of the core components of delivering an effective audit service. However, it is

proposed that one indicator is strengthened, to measure the percentage of draft reports delivered in four weeks (the previous measure was six weeks). Figure 8 contains the proposed performance indicators and targets for 2021/22, together with the outcomes for 2020/21 for consideration and comment by the Governance and Audit Committee.

The primary reasons why the audit service is operating at a lower capacity during the quarter are outlined in 2.5 ('Resources'). At the outset of the year, a proposed target for delivery of the Audit Plan was set at 70% and integrated into audit planning and performance management processes. The target was considered to be stretching and achievable, for which the primary reasons for slippage against this measure during quarter one were a vacant post and a long-term sickness case. The proposed targets of audit productive days and audits per FTE are in alignment with the proposed audit plan target percentage, for which performance is below target due primarily to the same factors.

A number of audits has been finalised from last financial year, as is shown in figure 5, but the majority of the audits completed during quarter one are at draft stage. Once reports have been considered and responded to by management the number of finalised audits will increase, as will the measure of finalised audits per full time equivalent. Attention will be given to engaging managers with a view to concluding draft audits during quarter two.

The percentage of draft reports completed in four weeks was 93%. The target has been strengthened from last year, recognising the importance of prompt audit reporting and the good levels of performance achieved in this regards during last year, and the new target was achieved during quarter one.

Governance and Audit Committee Members have taken particular interest in performance against the percentage of audit recommendations implemented within the agreed timescale, which has been below target for a number of years. A target is proposed of 80% for 2021/22, which represents an ongoing expectation of the high delivery of agreed management actions, and an expected improvement of directorate performance from 2020/21. Quarter one performance, which allows for slippage of two working weeks from the target set for actions to be evidenced as complete, showed performance was comparable with 2020/21.

Figure 8. Performance against targets for 2021-2022 (to date)

Performance Indicator	2020/21 Outcome	2021/22 Target	Q1 Outcome
The percentage of the Audit Plan completed	55%	70%	13%
The average number of audit productive days per FTE	145	150	32.56
The average number of finalised audits per FTE	8.51	9	1.64
The percentage of draft audit outputs delivered within four weeks* <i>*indicator changed from within 'six weeks' from 2021/22</i>	97%	90%	93%
The percentage of audit recommendations implemented within the agreed timescale	69%	80%	69%

3.3 Audit Plan Delivery

In addition to monitoring and managing the numbers of audits delivered, audit engagements are allocated in order to ensure that there is a breadth of assurance by the financial year-end, upon which to provide a complete Audit Manager annual opinion.

As outlined in section 2.4 – Current Activities, there were fifteen audit engagements completed in quarter one 2021/22. The current position for the full Audit Plan 2020/21 is shown in **Appendix B** – Audit Plan.

3.4 Recommendations

A summary of the open audit actions is included within **Appendix C**, to support the Governance and Audit Committee to monitor and review the management response to recommendations raised.

Included within **Appendix D** are the red and red/amber open recommendations including the current management response for the information and monitoring of the Committee. **Appendix E** contains the red and red/amber recommendations, which have been completed since the last Committee meeting. Amber / green and green recommendations are provided to Committee via a separate route.

The table below shows the instances where implementation dates have been revised typically by audit clients, for audits which are not recognised as fully addressed by management (as at

30.06.21). The position against recommendations is reported, to monitor progress and target discussions on the effective management of risk, in relationship management meetings each quarter.

Figure 9. Revised recommendation implementation dates and status

Directorate / Audit Category	Number of recommendations with revised dates	Actions now implemented	Actions still open
Fundamental	12	8	4
Corporate	38	27	11
External and grants	8	4	4
Adults, Housing and Communities	17	2	15
Children' Services	2	0	2
Economic Development	26	24	2
Education and Lifelong Learning	45	28	17
Planning Transport and Environment	30	16	14
People and Communities	17	13	4
Resources	20	15	5
Governance and Legal Services	5	4	1
Waste Management	68	58	10
	288	199	89
Schools	193	147	46
TOTAL	481	346	135

NB - It should be noted that the table above represents the position as at 30 June 2021, whereas the recommendation tracker appendices show the detailed position against each recommendation at the closest possible date to each Committee meeting.

4. CONCLUSION

4.1 Summary

During quarter one 2021/22, the priorities and approach of the audit team were to deliver a combination of management support through consultation and engagement in high risk areas, and to commence the delivery of assurance engagements from the Audit Plan.

The Internal Audit Team has continued to provide advice and guidance on the design and implementation of effective controls in the administration of Welsh Government COVID-19 grants schemes to achieve compliance and control, and arrangements for the effective prevention and detection of fraud.

There has been a reduced capacity in the team during quarter one. One long-term sick case which began towards the end of quarter four 2020/21 has remained ongoing, and a Principal Auditor post was vacant for the majority of the quarter, until the new appointee started on 21 June 2021. The impact on the delivery of the Audit Plan has been broadly commensurate with above issues which reduced the staff resources available during the quarter.

There will be a focus on increasing the coverage of the Audit Plan in quarter two. Audits will be allocated on a basis that provides the greatest assurance and value, and mitigates any impairment to the annual opinion of the Audit Manager on the Council's control environment for 2021/22.

Report Status (as at 30 June 2021)

Audit Opinion	Audit Area	High Risk Recommendations		Status (If not Final)
		Proposed	Agreed	
Fundamental / High				
Effective	People and Communities – Commissioning & Procurement (cf. 2020/21)			Draft
	Fraud, Bribery and Corruption			Issued
	Risk Based Verification (cf. 2020/21)			
	Housing Rents			
Effective with opportunity for improvement	Resources - Health and Safety (cf. 2020/21)			Drafts
	Programme and Project Risk Management (cf. 2020/21)			Issued
	Directorate Risk Management (cf. 2020/21)			
	Social Services – Income and Debtors (cf. 2020/21)			
	IT Business Continuity (cf. 2020/21)			
	Council Tax (cf. 2020/21)			
	Housing Benefit – Local Housing Allowance – Council Tax Reduction Scheme (cf. 2020/21)			
	Creditor Payments in-Year Testing (cf. 2020/21)			
	Education - SOP - Review of Band B			
	PTE – Income and Debtors			
	Resources – Income and Debtors			
Wellbeing of Future Generations (cf. 2020/21)				
Insufficient with major improvement needed	Education – Asset Management (cf. 2020/21)	1		Drafts
	Mileage and Subsistence (cf. 2020/21)	1		Issued
	Payment Card Industry (chip and pin devices) (cf. 2020/21)			
	Contract Monitoring and Management (cf. 2020/21)			
	Establishment Reviews	1		
Medium				
Effective	Homelessness - Temporary Accommodation			Draft Issued
Effective with opportunity for improvement	Follow Up - St Peters R.C Primary (cf. 2020/21)	2		Draft
	Taxation (cf. 2020/21)			Issued

Audit Opinion	Audit Area	High Risk Recommendations		Status (If not Final)
		Proposed	Agreed	
improvement	Members' Remuneration and Allowances			
	Marlborough Primary School			
	Mary Immaculate High School			
	Follow Up - Contracts in Waste Management (cf. 2020/21)			
	Audit of Scrutiny Functions (cf. 2020/21)			
Insufficient with major improvement needed	Cardiff Bus – Governance (cf. 2020/21)	1		Drafts
	Children's Placements (cf. 2020/21)	1		Issued
	Dominions Way Temporary Stores (cf. 2020/21)	2		
	Joint Equipment Service	1		
	Gatehouse (cf. 2020/21)	2	2	
	Follow up – Fly Tipping (cf. 2020/21)	2	2	
	Recycling in HWRCs (cf. 2020/21)	1	1	
	St. Cuthberts (cf. 2020/21)	4	4	
Grants / Accounts / External Bodies				
No assurance opinion given	Joint Committees - Prosiect Gwyrdd	Statement of Accounts Reviews / Certification / Support		Draft Issued
	Joint Committees - Port Health Authority			
	Joint Committees - Glamorgan Archives			
Effective with opportunity for improvement	Education Improvement Grant 2019/20 (cf. 2020/21)			
	Norwegian Church 2019/20 (cf. 2020/21)			
Other assignments				
No assurance opinion given	Service and Process Consultancy – Welsh Government Grants	compliance, control and counter-fraud guidance		

AUDIT PLAN 2021/22

Audit Category	Risk	Engagement Type	CIPFA Classification	Audit Plan, 2020/21	Original Audit Plan 2021/22	Assignment	Days	Audit Scope	National Issue	Audit Output Status 30.06.2021	Audit Opinion
Fundamental Audits - S151 Assurance											
Purchasing and Payments	High	Assurance	Chargeable	55	50	CRSA	5	Purchases and Payments are compliant, authorised, accurate and timely			
						In-year testing	25				
						P Cards	20				
				0	Creditor Payments - In year testing 2020-21 (carried forward from 2020/21)	0	Purchases and Payments are compliant, authorised, accurate and timely	Draft Issued		Effective with opportunity for improvement	
Payroll & HR				60	50	CRSA	5	Recruitment processes are transparent and robust, leave processes are well governed, only bona fide, authorised and accurate payments are made, with effective prevention, detection and recovery of errors			
						In-year testing	15				
						Special Leave	15				
						Establishment Reviews	15				
NNDR				0	20	NNDR in-year testing	20	Business rate collection and control is working effectively and efficiently			
Treasury Management				0	20	Treasury Management	20	Effective treasury management strategy, governance, risk management and monitoring framework			
Main Accounting				0	20	Main Accounting	20	The main accounting system and processes are well controlled and operating effectively			
Income and Debtors				0	20	Income and Debtors	20	Operation of appropriate arrangements to record, monitor and recover sundry debts.			
Asset Management				0	20	Asset Management	20	Effective recording, monitoring, management and control of physical assets			
Housing Rents				0	10	Housing Rents	10	Effective control processes are in place for managing and recovering housing rents		Final Issued	Effective
Council Tax	20	0	Council Tax (carried forward from 2020/21)	0	Compliance and control, with effective and efficient processes.	Draft Issued	Effective with opportunity for improvement				
HB / LHA/ CTRS	20	0	Housing Benefit / Local Housing Allowances / Council Tax Reduction Scheme (carried forward from 2020/21)	0	Effective controls to ensure accurate processing of bona fide claims	Draft Issued	Effective with opportunity for improvement				
Total				155	210		210				
Corporate Audit				<i>Original audit plan, 2019/20</i>	<i>Original audit plan</i>	Assignment	Days				
Risk Management	High	Assurance	Chargeable	20	15	Directorate Risk Management	15	Risk management arrangements are effective and operated consistently			
					0	Directorate Risk Management (carried forward from 2020/21)	0	Risk management arrangements are effective and operated consistently	Draft Issued	Effective with opportunity for improvement	

		Consultation		0	Payment Card Industry (chip and pin devices) (carried forward from 2020/21)	0	Effective compliance and control.		Draft Issued	Insufficient with major improvement needed
National Fraud Initiative		Participation	10	10	National Fraud Initiative	10	Data matching counter-fraud exercise.			
Value for Money studies	Medium	Assurance	20	30	Value for money in Digital Initiatives	15	Assurance on value for money in digital initiatives			
	VFM in use of Council vehicles				15	Value for money in use of consultants				
Stores			10	10	Joint Equipment Service	10	Effective and efficient stores management, and stock / equipment control		Draft Issued	Insufficient with major improvement needed
					0	Dominions Way Temporary Stores (carried forward from 2020/21)	0	Effective and efficient stores management, and stock / equipment control		Draft Issued
Business Continuity			20	20	Business Continuity and Incident Management	20	Effective business recovery and incident management systems.	y		
Members' allowances			15	15	Members' allowances	15	Effective governance and management of Members' allowances		Draft Issued	Effective with opportunity for improvement
Education - School Organisation Programme	High		0	0	Education - SOP - Review of Band B cf	5	Delivery of objectives, with effective compliance and control		Draft Issued	Effective with opportunity for improvement
Partnership / Arm's-length Assurance			10	0	Cardiff Bus - governance (carried forward from 2020/21)	0	Section 151 Assurance on governance arrangements		Draft Issued	Insufficient with major improvement needed
Wellbeing of Future Generations			20	0	Wellbeing of Future Generations (carried forward from 2020/21)	0	Effective application of Wellbeing of Future Generations requirements.	y	Final Issued	Effective with opp for improvement
Pensions and Investments			0							
Insurance			15							
Fleet Management (pool cars, grey fleet, etc.)			0							
Governance Arrangements			20							
Performance Management			0							
Digital Services	Medium		0							
Scrutiny Functions			0							
Programmes and Projects			20							
System Development			30							
Total			367	400		405				
Service Specific Audit			Original audit plan, 2019/20	Original audit plan	Assignment	Days				

						School Health and Safety - Thematic	20	Schools health and safety compliance and risk management.			
						School Asset Management - Thematic	17	Schools asset management compliance and control.			
						Asset Management (carried forward from 2020/21)	0	Effective Directorate recording, monitoring, management and control of physical assets		Draft Issued	Insufficient with major improvement needed
	Medium					Llanedeyrn Primary	5	Audits of systems of governance and internal control within individual schools			
						Marlborough Primary	5			Draft Issued	Effective with opportunity for improvement
						Cantonian High School	7				
						primary school audit - tbc	5				
						primary school audit - tbc	5				
						St. Cuthbert's RC Primary School (carried forward from 2020/21)	0	Audits of systems of governance and internal control within individual schools		Final Issued	Insufficient with major improvement needed
						Follow-up audit - St. Peter's (carried forward from 2020/21)	0	Audits of systems of governance and internal control within individual schools		Draft Issued	Effective with opportunity for improvement
						Cardiff West Community High School cf	5	Audits of systems of governance and internal control within individual schools			
						Mary Immaculate	7			Draft Issued	Effective with opportunity for improvement
						secondary school audits - tbc	7				
						Schools with Surplus Balances - Thematic	12	Assurance on management and use of surplus balances in a sample of individual schools			
						British Council Grants - Follow up	15	Follow up audit			
						Catering in Opted out schools	15	Delivery of objectives, with effective compliance and control			
						School Admissions	15	Effective and well governed arrangements for school admissions			
						Cashless catering in secondary schools	10	Effective and controlled arrangements to receive, record and monitor income			
Planning, Transportation and Environment	High	Assurance		80	55	Performance Management	15	Performance management arrangements are effective, and operated consistently.			
						Pre-Contract Assurance	15	Relevant compliance and due diligence checks are undertaken			
						Income and Debtors cf	5	Operation of appropriate arrangements to record, monitor and recover sundry debts.		Draft Issued	Effective with opportunity for improvement
	Medium					S106 Agreements	10	Effective systems, compliance and control			
						Concessionary Travel	10				
Total				1,135	820		825				
External				Original audit plan, 2019/20	Original audit plan	Assignment	Days				
External clients	High	Assurance	Chargeable	30	35	City Deal 2020/21	10	Scope as per rolling SLA	y		

	Low	Certification				Cardiff Further Education Trust Fund -- tbc	2	Grant certification / statement of accounts work			
						Norwegian Church Preservation Trust - tbc	2				
						Norwegian Church Preservation Trust 2019/20 (carried forward from 2020/21)	0	Grant certification / statement of accounts work		Final Issued	Effective with opportunity for improvement
						Joint Committees	6	Grant certification / statement of accounts work		Final Issued	No Opinion
						Education Improvement Grant 2019/20 (carried forward from 2020/21)	0	Grant certification / statement of accounts work		Draft Issued	Effective with opportunity for improvement
						Education Improvement Grant - tbc	5	Grant certification / statement of accounts work			
						Rumourless Cities Grant - tbc	10				
Total				30	35		35				
Contingencies				<i>Original audit plan, 2019/20</i>	<i>Original audit plan</i>	Assignment	Days				
General Audit	TBC	TBC	Chargeable	30	10	General Audit (provision for carried forward audits / other work)	0	TBC			
Total				30	10		0				
Management				<i>Original audit plan, 2019/20</i>	<i>Original audit plan</i>	Assignment	Days				
Corporate work – Audit Committee, Audit Wales etc.	Medium	Management	Chargeable	50	50	Corporate work – Audit Committee, Audit Wales etc.	50	Internal Audit management, planning, guidance and support activities.			
Assurance mapping		Management	Chargeable	10	10	Assurance mapping	10				
CRSA development		Management	Chargeable	0	0	CRSA development	0				
Process development		Management	Chargeable	20	15	Process development	15				
Work for Audit Manager		Management	Chargeable	30	30	Work for Audit Manager	30				
Planning, monitoring & reporting		Management	Chargeable	30	30	Planning, monitoring & reporting	30				
Review of financial rules etc.		Management	Chargeable	20	15	Review of financial rules etc.	15				
General advice and guidance		Management	Chargeable	20	10	General advice and guidance	10				
Total				180	160		160				

Total chargeable days

1,897

1,635

1,635

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Recommendation Summary - ('Red' and 'Red / Amber' open recommendations)

Annex 1 - Appendix C

Directorate / Area	No. of Audits	No. of Red Recs	No. of Red/ Amber Recs	'open recommendations' - by audit assurance rating					'open recommendation' by status		
				No. of Recs Effective	No. of Recs Effective with Opportunity for Improvement	No. of Recs Insufficient with major improvement needed	No. of Recs Unsatisfactory	No. of Recs Limited	No. of Recs with Amended Action Date	No. of Recs where action date has passed	Current target date not yet due
Corporate Governance (Resources)	2	0	2		2				1	0	2
Economic Development	2	0	2		1	1			2	0	2
Economic Development - Waste /RNS	7	3	10		6	7			5	2	11
Education & Lifelong Learning - Schools	10	9	51		15	26	19		40	28	32
Education & Lifelong Learning	8	7	19		13	4	9		14	5	21
External and Grants (Resources)	1	0	4		4				4	4	0
Governance & Legal Services	1	0	1	1					0	0	1
Planning, Transport & Environment	4	1	6		3	4			6	0	7
Fundamental											
Other Assurance (Resources)	1	0	1			1			0	0	1
People and Communities	2	1	2			3			2	1	2
Resources	1	0	1		1				1	0	1
Resources (CTS)	1	0	2			2			2	0	2
Adult Services, Housing & Communities	5	2	12		3	11			9	5	9
Children's Services	1	0	1		1				1	1	0
Social Services - General											
TOTALS	46	23	114	1	49	59	28	0	87	46	91

2 actions where evidence requested to close action

19 overdue actions actions have been reviewed as part of a follow up audit, and will be superseded once the report is finalised (St Peter's). Management have advised 4 further overdue actions are complete and evidence has been requested to verify their completion prior to

Management have advised 4 overdue actions are complete and evidence has been requested to verify their completion prior to closure.

4 overdue actions are carried forward to 2021/22 audit, and will be updated/closed when final report issued

Management have advised 3 overdue actions are complete and evidence has been requested to verify their completion prior to closure

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

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

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Investigation Team Progress Report

(as at 30 June 2021)

2021/22

Planning & Resources



Further to the high level allocation of days reported to Committee on 26 January 2021, four hundred and forty two chargeable days are available based on current resources (2.5 fte), indicatively split between strategic (80 days) and operational activities (362 days), as summarised below, for awareness and comment:

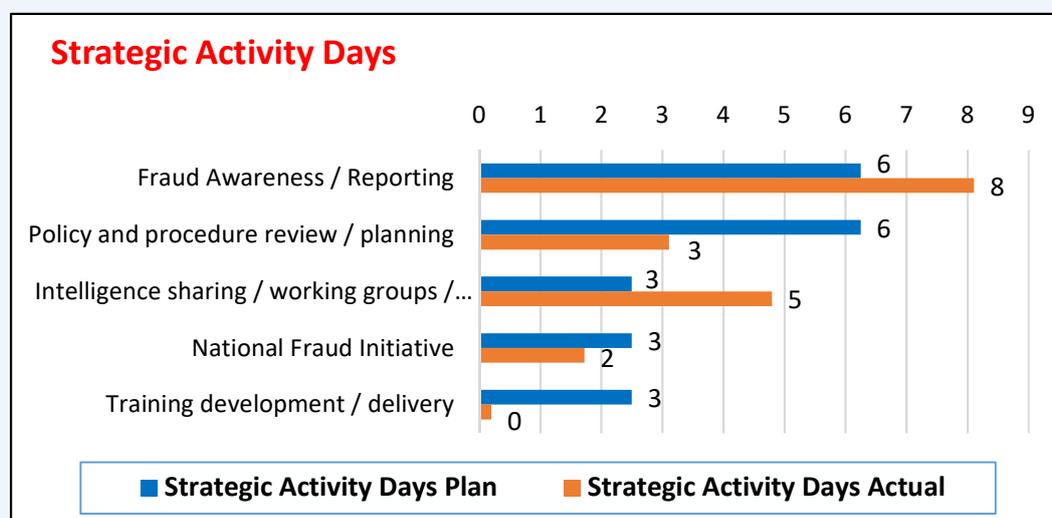
Strategic	Fraud awareness / reporting	25	Days
	Policy and procedure review / planning	25	
	Intelligence sharing / working groups / police liaison	10	
	National Fraud Initiative	10	
	Training development / delivery	10	

Operational	Council Tax Liability (CTL)	180	Days
	Council Tax Reduction (CTR)	50	
	Employee misconduct (disciplinary investigations)	40	
	Other fraud (Ad hoc and contingency)	37	
	Tenancy fraud	30	
	Grants	20	
	Advice and guidance	5	

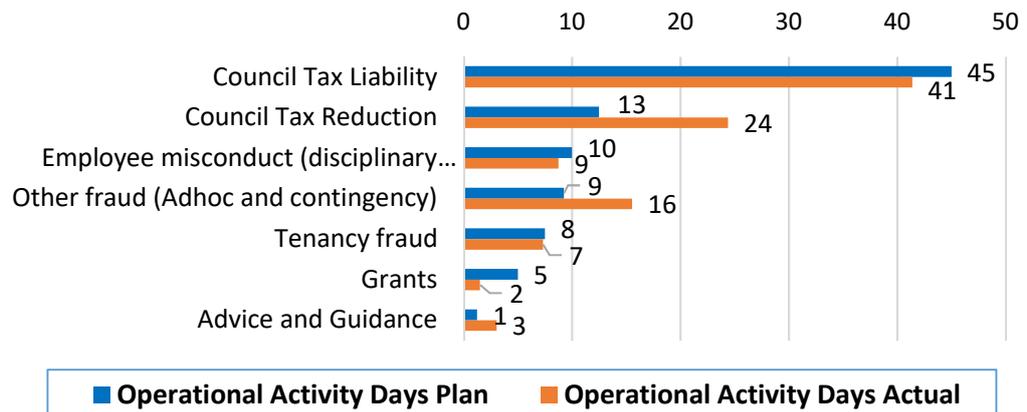
NB – Audit Manager time is not included within the above apportionment.

Activities

In the financial year to 30 June 2021, the team have applied 120 days as follows:



Operational Activity Days



COVID Grants and Schemes

The Audit and Investigation Teams, as directed by the Audit Manager, continue to provide counter-fraud advice, guidance and checks to support the control environment and the prevention and detection of fraud and error in the administration of grants on behalf of the Welsh Government.

The Committee has been previously advised of the post-payment verification process in respect of business support grants, for which the application system opened and payments to eligible businesses commenced in March 2020. From the £69 million distributed by the Council, to date £780k has been identified as paid in error of which £461k has been recovered. Seventy-seven cases are subject to ongoing review.

Following the Council's participation in a Cabinet Office / Audit Wales National Fraud Initiative pilot exercise, post award verification matches have been rolled out to all Local Authorities. Work will continue on these matches throughout the next quarter.

Training & Awareness

Mandatory fraud awareness training is available to all staff via an online eLearning module, and when circumstances allow, through face-to-face training sessions.

As at the 30 June, more than five thousand staff and school governors had completed the eLearning or attended a face-to-face session.

To support the Anti-Money Laundering Policy which was considered by the Committee prior to being approved by Cabinet in December 2020, the Senior Management Team discussed an associated eLearning module that had been developed by the Investigation Team, and identified the following groups as requiring training:

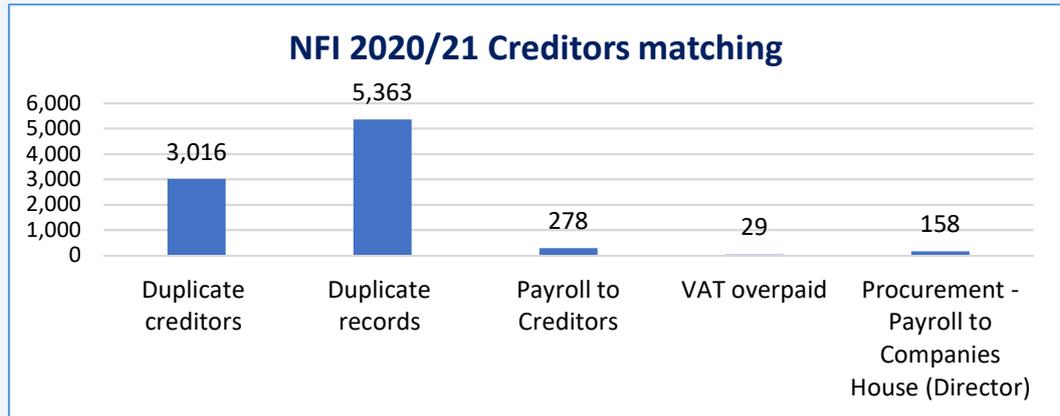
- All Staff who receive cash, monitor cash receipts or who manage staff in these areas;
- All solicitors;
- All Operational Managers*

*Having completed the training, Operational Managers are to use their knowledge to identify and direct any other relevant staff to complete the training.

Further work will be undertaken during the year to raise awareness and promote the completion of the Anti-Money Laundering eLearning module.

Data Matching

During June, eight thousand eight hundred and forty four matches were generated, as part of the current National Fraud Initiative – NFI 2020/21:



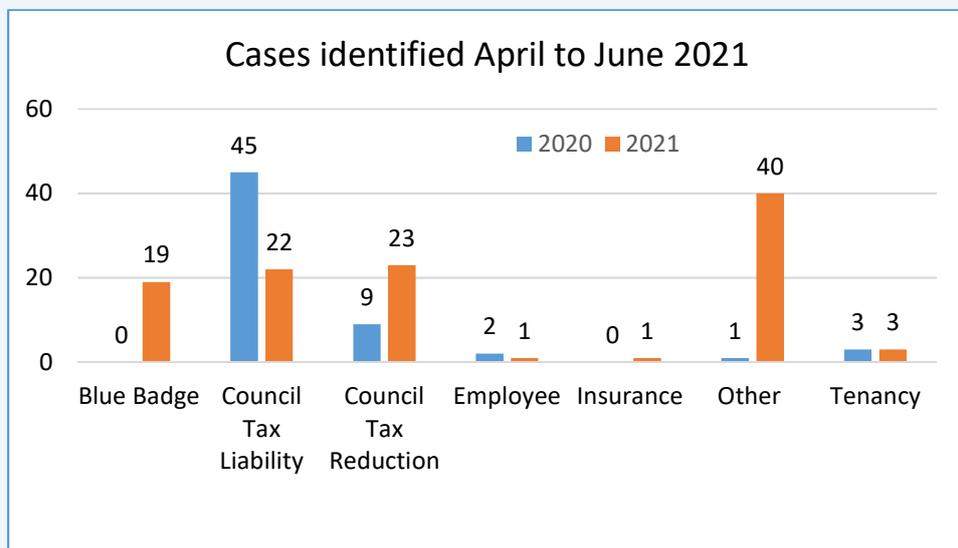
Data matching involves comparing sets of data electronically, such as the payroll or creditors records of a body, against other records held by the same or another body. Participating organisations receive the resulting data matches for consideration and investigation where appropriate.

The data matching identifies inconsistencies that require further investigation and allows potentially fraudulent claims and payments to be identified. No assumption can be made as to whether there is fraud, error or another explanation until the investigation process is completed.

A risk-based approach is applied in reviewing matches and higher risk output prioritised. The ‘Payroll to Creditors’ match detects instances where an employee and creditor are linked by the same bank account or address. Fifty-three matches were flagged as ‘high’ risk. Following the reporting period, many have been cleared and early indications are that there were legitimate reasons for the employees matched to receive a creditor payment. A further update will be provided in the next progress report.

‘General’ Cases Identified for Investigation

Excluding the stand alone Business Grants work, as detailed above, one hundred and nine cases were identified for investigation so far this year, compared to sixty for the same period last year:

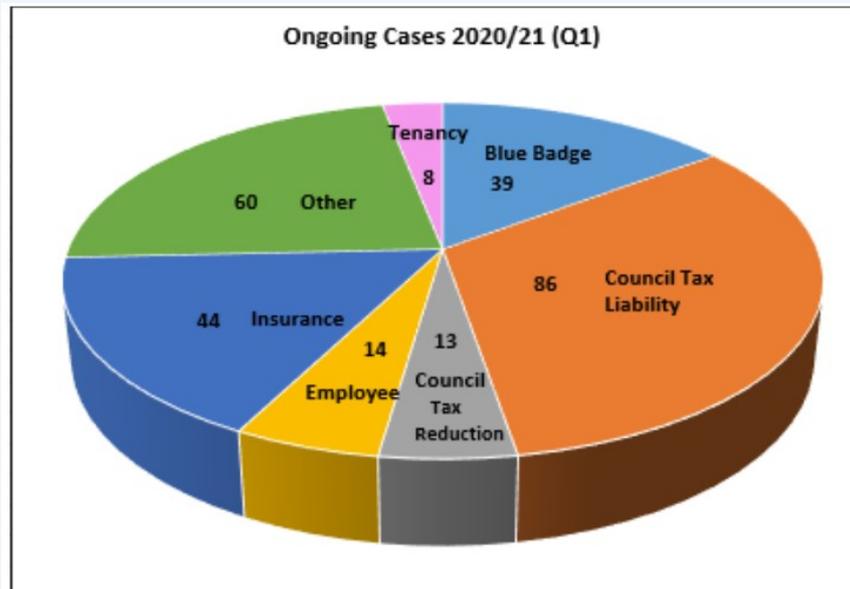
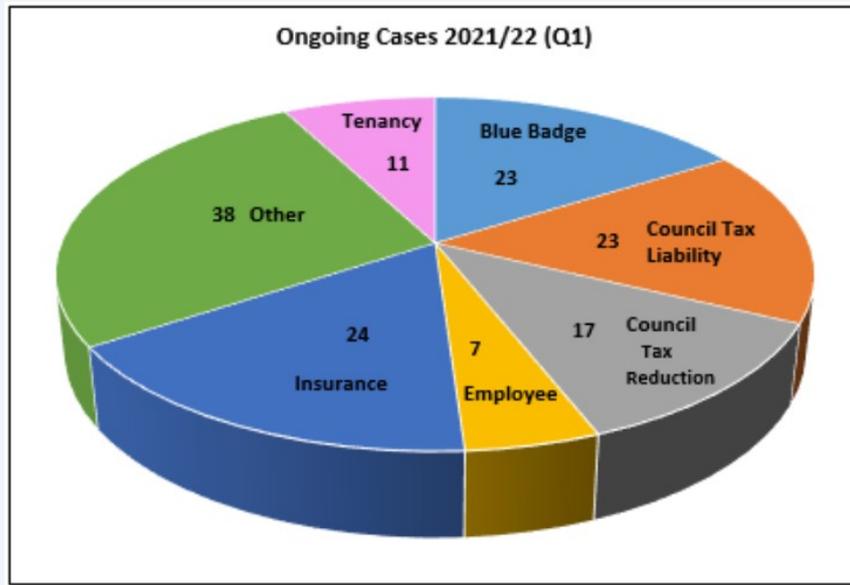


Thirty eight of the forty cases designated as Other, are referred to in the Data Matching section above, and relate to the National Fraud Initiative, Payroll to Creditors matches.

Proactive data matching referrals in the year to date have represented 52% of all cases identified for investigation, compared to 65% for the same period last year.

Ongoing Cases

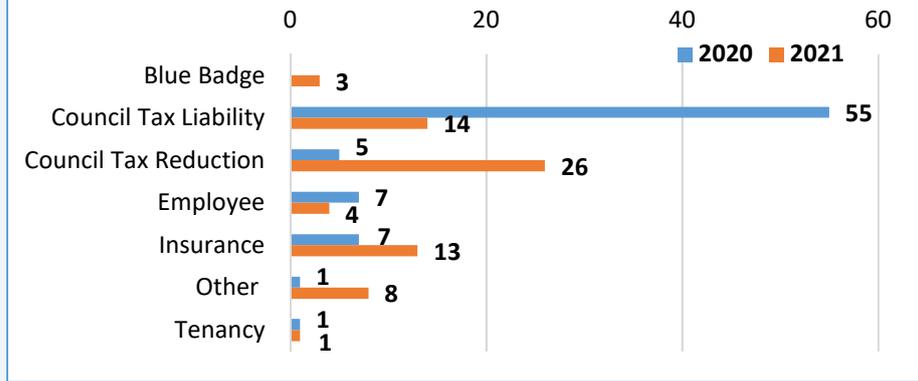
Excluding the stand alone Business Grants work, as detailed above, there are one hundred and forty three investigations ongoing, compared to two hundred and sixty four, for the same period last year:



Concluded Cases

Excluding the stand alone Business Grants work, as detailed above, sixty nine investigations were concluded between April and the end of June 2021, this compares to Seventy six over the same period in the prior:

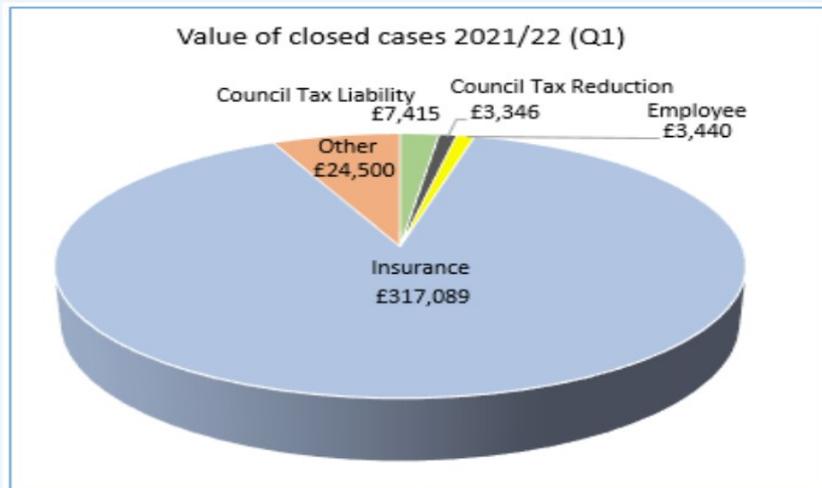
Investigations concluded April - June 2021



Insurance cases relate to contrived, exaggerated, fictitious misrepresented, and staged claims. Council Tax Liability investigations typically relate to false information provided in order to receive a discount, or failing to declare the occupation of a second adult, when in receipt of a single person discount. Council Tax Reduction investigations typically relate to those on low income, in receipt of a discount, failing to declare their income properly.

Financial Value

Excluding the stand alone Business Grants work, £355,790 has been attributed to concluded cases in the 2021/22 year to date, compared to £95,992 for the same period last year:



* Court imposed Blue Badge fines and costs, and any notional values are excluded from the above

Insurance and Investigation Officers are reviewing the insurance cases to consider if further actions / investigations are appropriate.

2020/21 – Year-end position

In advance of the Counter-Fraud Annual Report 2020/21, to be provided to the Governance and Audit Committee on 28 September 2021, the activity and outcomes for 2020/21 are shown below.

Activity

2020/21 – Activity

Business as usual cases

Excluding the stand alone Business Grants work, the substantive position of investigation cases identified and concluded in 2020/21 and compared to the prior year, are shown below:

Cases	2019/20		2020/21	
	Identified	Concluded	Identified	Concluded
Blue Badge	71	28	27	37
Council Tax Liability	145	73	67	146
Council Tax Reduction	36	31	54	44
Employee Misconduct	18	32	14	22
Insurance	43	47	12	27
Tenancy	19	15	9	6
Other Cases	66	12	9	62
Number of Cases	398	238	192	344

One hundred and ninety two business as usual (BAU) cases were identified in 2020/21, compared to three hundred and ninety eight the previous year. Three hundred and forty four BAU investigations were concluded during the year, compared to two hundred and thirty eight last year. The pertinent reasons of the differences in activity were as follows:

- Adapting to emerging risks associated with the pandemic, required a flexible approach to resource planning, tasking and case progression.
- A risk-based approach was adopted and priority was given to providing post Covid grants and awards payment verification.
- The proactive Blue Badge pilot exercise administered by the Planning Transport and Environment directorate continued, albeit with significant limitations imposed by restrictions.
- The lower level of Insurance and Blue Badge cases received relates in part to the restrictions on movement and activity of members of the public during the pandemic.
- In prioritising Covid-related work, less progress was made in reviewing Council Tax Liability data matches until after the financial year-end.
- Council Tax Reduction referrals were received from Housing & Communities.
- NFI work generated fifty-three of the cases closed, which were categorised as “other”. These related to Social Services matches.

COVID-19 Activities

The Business Grants scheme was administered by the Council on behalf of Welsh Government. Applications were open from 26 March until 30 June 2020.

Regular updates were provided to Committee during the year, which set out the guidance received from Welsh Government to local authorities, the terms of the scheme and the post payment verification approach adopted by Internal Audit and the Investigation Team.

As at 31 March 2021:

- Five thousand and eighty-eight applications were paid, with a total value of £69.037 million;
- One thousand and fifty applications (17%) were rejected due to ineligibility.

A multidisciplinary team of colleagues from Business Rates, Audit, Accounts Payable, IT and Information Governance worked closely together in order to ensure that up-front controls were robust, anomalies were investigated and payments were reviewed.

Post payment verification and assurance has included:

- Manual checks of entitlement / eligibility, using information submitted on the payment file, and open source information to confirm businesses were trading;
- Participation in two data matching exercises for wider verification.

One thousand one hundred and two priority matches were initially identified for review, as at 31 March 21.

As at 30 June 2021, seventy-seven cases are subject to ongoing review, which includes the priority matches and some further cases, which the Investigation Team considered merited review.

2020/21 – Impact

Business as usual cases

Blue Badges

Twenty-nine offenders received a criminal sanction during the year.

Blue Badge Sanctions	2019/20	2020/21
Caution	2	3
Prosecution	23	26

Council Tax Liability

Council Tax Liability	2019/20	2020/21
Investigations concluded	73	146
Overpayment Identified	£42,038	£74,264

Council Tax Liability investigations concluded during the year identified £74,264 of under charged liability, to be recovered.

Council Tax Reduction

Council Tax Reduction investigations resulted in overpayments of £9,455 to be recovered.

Council Tax Reduction	2019/20	2020/21
Investigations concluded	31	44
Overpayment Identified	£25,911	£9,455

Employee Investigations

Twenty-two employee investigations were concluded; this resulted in the following outcomes: 2 management action, 1 written warning, 1 resignation and 2 dismissals. Additional, corrective action, and a number of management recommendations were made, in order to improve systems and controls.

Insurance

The Insurance Team has worked with their claims handler to quantify the value of prevented insurance claims due to fraud or error.

Insurance	2019/20	2020/21
Investigations concluded	47	27
Prevented payments	£531,898	£396,505

In the majority of cases, the prevented payments are represented by claims which were either withdrawn by claimants, or were considered as exaggerated claims which were subsequently paid at a reduced rate.

Tenancy

Six tenancy investigations were completed, compared to 15 during the same period 2019/20.

Other

Of the sixty-two cases concluded, fifty-three were in respect of Social Services / Direct Payment data matching. The nine other cases included pension life check, residential parking, carer credentials and falsified claims, council tax exemption, and conflict of interest. In total £7,374 was identified for recovery, which related to a pension case.

COVID-19 Related Cases

As a result of Audit, Investigation and Business Rate colleagues interrogating systems, records, and data matching output, overpayments attributable to applicant error have been identified, with a total value of £780,000 subject to recovery action.

Post assurance manual and data matching checks and analysis have not identified material cases of fraud or error to date in the context of the value of payments, although a number of case reviews are ongoing and, through participation in the National Fraud Initiative further data matching output is expected to generate cases for investigation in 2021/22.

Business Grants



Governance and Audit Committee Financial Update 20th July 2021

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Gweithio dros Gaerdydd, gweithio gyda'n gilydd
Working for Cardiff, working together

CONFIDENTIAL - NO STATUS DRAFT



To Cover

- Current Year Issues
- The Update of the Medium Term Financial Plan 2022/23 to 2025/26
- Other Financial Resilience Issues



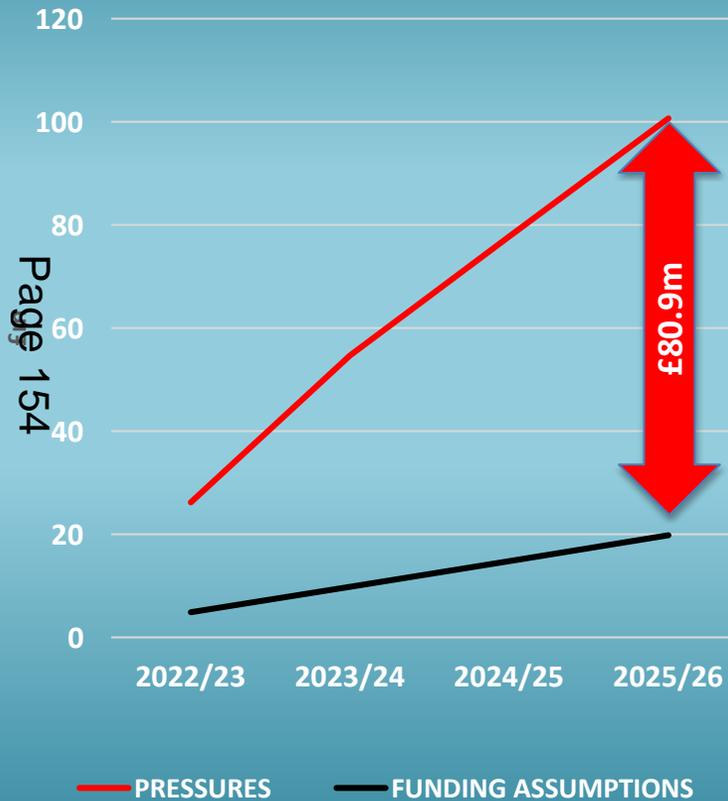
Current Year

- COVID Hardship Support funding - confirmed for first 6 months of year – i.e. to end of September 2021
- Recently completed a WLGA survey for the six months beyond that. For that period, this indicated:
 - Potential for ongoing COVID-19 associated expenditure of up to £13m
 - Potential income loss of between £8m and £12m
 - Ongoing risks are significant - need to manage these this year and into 2022/23
- Recent series of Budget Challenge sessions. Focussed on key financial issues with link through to performance. Covered:
 - Emerging in-year position
 - Budget Hotspots for each directorate
 - A forward look to 2022/23 savings proposals
 - Critical modelling work required for the medium term
 - Capital
- Next Steps
 - Month 3 position will be available shortly
 - Will need to be an early and continued focus on managing areas of key financial risk
 - Delivery of the in-year position is critical – for this year - but also to manage next year’s budget gap.
 - Unaddressed issues will increase the budget gap and 2022/23 savings requirements



Medium Term Financial Plan – Overview and Context

Modelling of Budget Gap 2022/23 - 2025/26



Economic Context

- Unprecedented UK debt from responding to the pandemic.
- How will this be addressed in future UK budget rounds?
- Business failures - may affect NDR yield and contributions to the All Wales Pool (which fund RSG)
- Means that funding assumptions are a risk

Unemployment

- Job Retention Scheme (JRS) due to end 30 Sept 21 - potential impact on unemployment rates
- Projections are more optimistic than previously, but rates expected to peak at end of 2021
- May impact demand for Council Tax Support and Free School Meals in particular, plus other services

Demand

- Lasting impact of C19 on demographics yet to be seen
- Adult Social Care (difficult to gage), increasing no's of Looked After Children, Pupil Numbers (Secondary, Special & SRB, reductions in Primary), LDP
- Potential for demand to be driven by increased unemployment (FSM, CTRS) as already noted above

Links to Capital Programme

- MTFP needs to take account of capital financing costs including re: investment in School Estate, interim support for Arena
- Supply and contract price increases on capital works cost and delivery - to be kept under review
- **Risks** - post-Covid Risks and Recovery, plus more general risk - outlined on later slide

Updated Medium Term Financial Plan

Gap	Medium Term Budget Gap				
	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	TOTAL £000
Employee Related	6,802	7,563	7,619	7,695	29,679
Prices	4,225	4,050	3,405	3,450	15,130
Commitments	42	762	(190)	445	1,059
Capital Financing	2,972	6,081	3,304	1,798	14,155
Demographic Pressures	8,862	7,034	5,939	6,520	28,355
Financial Pressures	3,286	3,000	3,000	3,000	12,286
Pending	(4,879)	(4,928)	(4,977)	(5,027)	(19,811)
Total	21,310	23,562	18,100	17,881	80,853

Strategy	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	Total £000
Council Tax *	6,300	6,552	6,814	7,086	26,752
Savings	15,010	17,010	11,286	10,795	54,101
Total	21,310	23,562	18,100	17,881	80,853

* Currently modelled at +4% but subject to ongoing review

Notes on Gap

- Updates since Feb - pay, pricing and some areas of demand - latter in particular will need ongoing review
- Funding - assumes +1% per annum. Each 0.5% change in RSG = £2.439m
- Council has a financial resilience mechanism - £3.8m
- See next slide for C-19 issues to monitor

Strategy

- Council Tax – modelling assumption at this stage - to be kept under review.

Savings

- Further breakdown of 2022/23 below:

Savings	£m
Directorate Efficiency Savings	5.606
Schools Efficiency Savings (1%)	2.566
Policy / Transformation Savings	2.788
Corporate Savings and Strategies	4.050
TOTAL	15.010

- Efficiencies of up to 2.5% - to be implemented in year where possible
- Schools growth of £2.8m (+1.1%) after efficiency
- Recovery period for income budgets - less scope than in previous years
- Quantum means policy / transformation proposals required
- EOI in VR – mindful of future shape of operations and business need
- Consultation – to commence with Ask Cardiff, plus consultation later in the year



COVID 19 Risk Assessment

Wider Issue	Potential Implications for Cardiff Council	Risk
Failure of businesses / Unemployment	<ul style="list-style-type: none"> • Free School Meals - any eligibility increase • Potential increase in Council Tax Reduction Scheme Demand • Potential need to increase Bad Debt Provisions • Vacancies in investment estate • Potential reduction in council tax collection rates • Business Rates yield - could affect funding assumptions 	R
		RA
Public Health Measures P156	<ul style="list-style-type: none"> • Longer term loss of income - venues etc. • School catering • Provider and Supplier viability / support • Any learning needs catch up (post schools closure) • The need for PPE requirements will be reviewed • Cleansing - schools and offices • School transport 	R
		R
		R
		R
		RA
		RA
Behavioural Shift	<ul style="list-style-type: none"> • New ways of working / transport - impact on Cardiff Bus • New ways of working / transport - impact on Parking & CPE income • New ways of working - Office and ICT requirements • Financial impact of any strategies developed for new normal • More emphasis on outside space - maintenance / cleansing • Waste - potential switch in streams. 	R
		A
		A
		A
		A
		A
Demographics	<ul style="list-style-type: none"> • Increased numbers of Looked After Children Placements • Difficulty predicting demand – particularly in Adult Social Care • Homelessness 	R
		RA
		A

COVID-19

- This table summarises some of the identified Covid-19 related risks from a financial perspective. The Report contains a fuller list.
- At present, Covid-19 hardship funding is only confirmed for the first half of 2021/22
- In these areas there will be a need to determine at the earliest opportunity, areas where Government support / directorate recovery plans are insufficient / unable to address ongoing issues.

Other Risks and Sensitivities

- The Report contains a number of other areas that will be monitored for their impact on the MTFP





DRAFT STATEMENT OF ACCOUNTS 2020/21

REPORT OF CORPORATE DIRECTOR RESOURCES

AGENDA ITEM: 6.2

Reason for this Report

1. The Governance and Audit Committee terms of reference set out the responsibility for reviewing the financial statements prepared by the authority and 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.
2. CIPFA Audit Committee Guidance (2018) sets out the details of core knowledge and application of knowledge.

Details of core knowledge	Area of application of knowledge
Understanding of good financial management principles	Reviewing the financial statements prior to publication
Role of the Chief Finance Officer (CFO)	Receiving the external audit report and opinion on the financial audit
Awareness of the financial statements that a local authority must produce and the principles it must follow to produce them	Reviewing both internal and external audit recommendations relating to financial management and controls
	Reviewing how the role of the CFO is met

3. This report has been prepared to provide Governance and Audit Committee Members with an opportunity to review and provide comments on the draft 2020/21 Statement of Accounts of:
 - Cardiff Council including; Cardiff Harbour Authority and Trust Funds
 - Cardiff and the Vale of Glamorgan Pension Fund
4. The accounts were signed by the Responsible Finance Officer on 15 June and 22 June respectively and are currently the subject of external audit and the public inspection period.

Background

5. The Local Government (Wales) Measure 2011 identifies the review of the Council's Statement of Accounts as a specific function of the Governance & Audit Committee.
6. The Statement of Accounts are complex and must meet a number of requirements. They are prepared in accordance with a Code of Practice developed by the Chartered Institute of Public Finance and Accountancy (CIPFA), legislative and Companies Act requirements where relevant.
7. Preparation and publication of the Statement of Accounts:
 - is a statutory requirement
 - aims to provide a true and fair view of the Council's financial position
 - provides accountability – Electors, tax and rent payers, pensioners, those charged with governance, funders, employees etc.
 - allows comparison / benchmarking across organisations
 - allows comparison across financial years
 - allows for consolidation for Whole of Government Accounts
 - allows interested parties to review and raise questions to Council and its auditor

Issues

8. At its meeting on 23 March 2021, the Committee received an introductory report on the financial statements for this year, including proposed timescales, draft accounting policies and changes in the 2020/21 Code of Practice. The committee also received the Draft Audit plan from Audit Wales.
9. The Council's statement of accounts includes:
 - 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.
10. Notes included in the Council's Statement of Accounts, either as a result of legislative or accounting requirements, include:
 - disclosures on financial instruments (financial assets and financial liabilities)
 - capital expenditure and financing
 - remuneration and
 - reserves and provisions.
11. Committee have previously been provided with a document prepared by CIPFA – Understanding Local Authority Financial Statements. This is a background paper which may assist members of the Governance and Audit Committee and other users to understand the format of the accounts.

12. It is recognised that these are complex documents and to support members in undertaking their scrutiny role, Governance and Audit Committee members have been provided with the opportunity of an extended period of time to review and comment on the statements.

Reason for Recommendations

13. To provide Governance and Audit Committee with the Draft Statement of Accounts for Cardiff Council including; Cardiff Harbour Authority and Trust Funds and the Cardiff and the Vale of Glamorgan Pension Fund

Legal Implications

14. No direct legal implications as a result of this report.

Financial Implications

15. No Direct Financial Implications arise from this report

Recommendations

That Governance and Audit Committee:

- i. Note the 2020/21 draft Statement of Accounts and highlight any queries and comments.
- ii. Note that the audited Statements for 2020/21 will, prior to being presented to Council, be reviewed by this Committee.

CHRISTOPHER LEE
CORPORATE DIRECTOR RESOURCES
20 JULY 2021

The following Appendices are attached:

- Appendix 1 – Unaudited Draft Statement of Accounts 2020/21 – Cardiff Council including, Cardiff Harbour Authority, Cardiff Port Health Authority and Trust Funds
Appendix 2 - Unaudited Draft Statement of Accounts 2020/21 Cardiff and Vale of Glamorgan Pension Fund

Background Paper – Understanding Local Authority Financial Statements (CIPFA – 2016)

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Draft Statement of Accounts 2020/21

The County Council of the City and County of Cardiff

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Narrative Report by Council's Statutory Finance Officer



Introduction

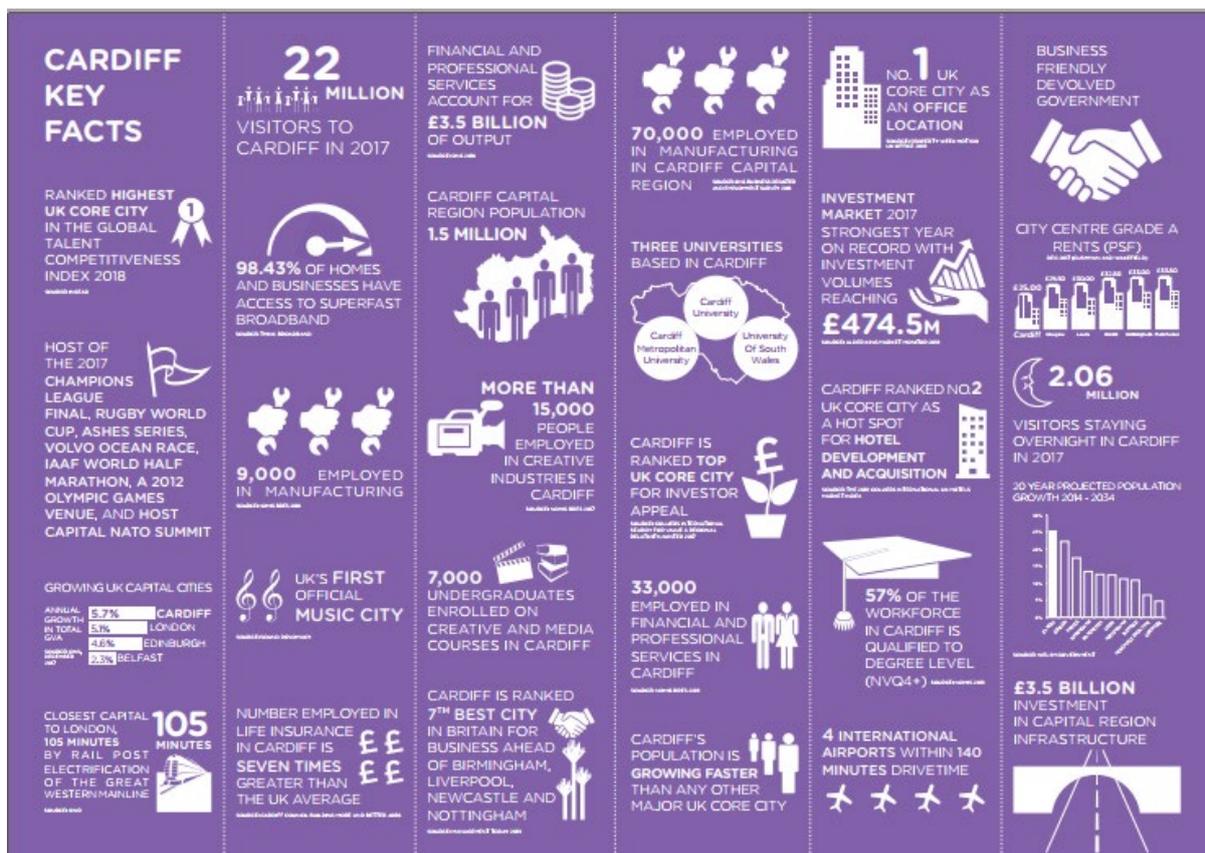
This report presents the 2020/21 Statement of Accounts for the County Council of the City and County of Cardiff (the Council). It sets out our financial performance for the past year and is prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.

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.

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 One Planet Cardiff strategy will set out an ambition for the Council's operations to be Carbon Neutral by 2030, and to work with city wide partners to develop a road map and action plan for a Carbon Neutral City by 2030.

Cabinet agreed a programme of short term action that would support the city economy's transition from lockdown and the short to medium term impact of the economic crisis created by the Covid-19 pandemic and also approved strategic reports addressing long-term city renewal, aligned to the strategic direction of Welsh and UK Governments. The pandemic will lead to changes in the economy, in the way in which people live, work and travel in and the way in which services are received and delivered. As part of the recovery and renewal programme that will support the future growth of Cardiff's economy, a focus will be on how the city should respond to the economic crisis and the long-term shifts caused by the pandemic in order to build a stronger, more inclusive and sustainable post-pandemic economy.

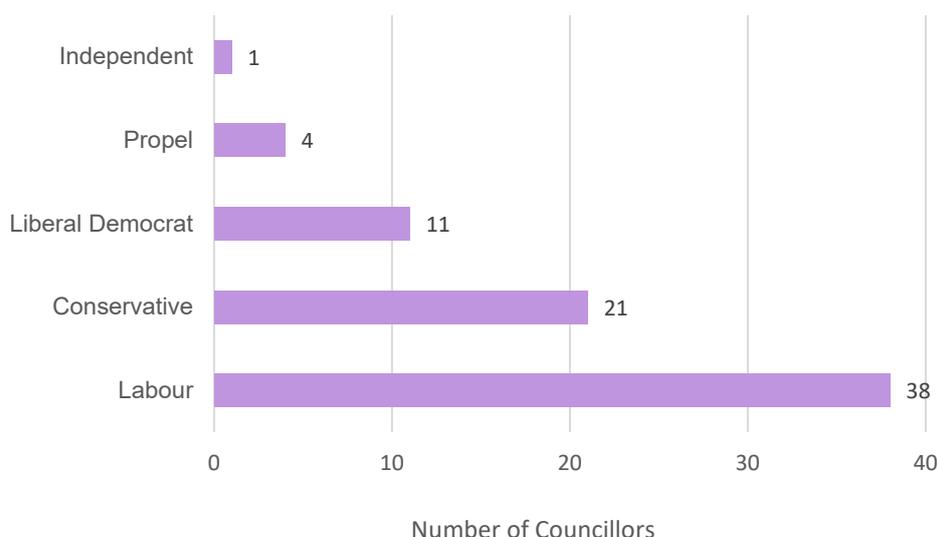


The City’s public services have been enduring a long period of financial austerity. During the past ten years, the Council has delivered almost a quarter of a billion pounds in cumulative savings and reduced the number of its non-school staff by 22%. Looking ahead, the Council must close a budget gap of £85m over the next four years. In the medium term, the amount of funding available for ‘non-statutory’ services like parks, libraries or elements of 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 and post pandemic world and the Council continues to deliver its agenda for the city

Our Democracy

The Council currently 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. The Council annually selects a Lord Mayor 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:

- provide leadership
- be responsible for most major decisions
- 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 the Governance and 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.

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

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.

Working for Cardiff

All our citizens can contribute to and benefit from the city's success

- 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

Working for Wales

A successful Wales needs a successful capital city

- A connected capital
- A business capital
- An inclusive capital
- A smarter capital
- A sporting and cultural capital

Working for Public Services

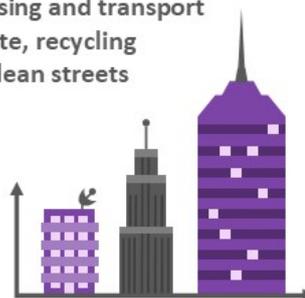
Making sure our public services are delivered efficiently, effectively and sustainably in the face of rising demand and reducing budgets

- Continued Digital First approach to customer services
- Development of skills and confidence across the workforce

Working for the Future

Managing the city's growth in a sustainable way

- Housing and transport
- Waste, recycling and clean streets



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](#).

Impact of Covid-19

The 23 March 2021 saw the one year anniversary of the first UK-wide lockdown, but also provided an important opportunity to remember loved ones, family members, friends and work colleagues who have lost their lives due to the virus. The Covid-19 pandemic had a major impact on all local authorities across Wales throughout 2020/21. A focus on essential services was necessary, adapted to current circumstances, but consistent with the principles to:

- Prevent the spread of infection;
- Ensure the health and safety of staff, service users and citizens;
- Prioritise key frontline services and support for vulnerable people; and
- Support the NHS.

The successful rollout of the mass vaccination programme in the city has been crucial and this has been implemented at scale and pace since January 2021 with the Council playing a key role in supporting the programme and the provision of Mass Vaccination Centres. The Council continues to work in close partnership with health colleagues to ensure that council services support the vaccination of vulnerable groups and that the Council's strong links to community leaders, networks and groups is utilised to increase levels of vaccination in all communities across the city.

Facing this uncertain financial environment, the Council took immediate action to ensure it had sufficient financial resources and liquidity to meet commitments. From a financial perspective, the response to the pandemic required the Council to incur additional expenditure, including, for example, spend relating to infection control measures, measures to safeguard the public and employees, support for vulnerable citizens and supplier relief. In addition, income losses have also been substantial, during the period where services have either been closed or have experienced significant reductions in demand or footfall. The Council also played a leading role in coordinating, on behalf of Welsh Government, financial support for local business and regional responses to the pandemic, such as the Track, Trace and Protect (TTP) programme and measures to respond to excess deaths in the region. As well as supporting local businesses, the Council has also had to consider its response to challenges experienced by its own traded services, including access to the UK Government's Job Retention Scheme. As part of its Group Structure, the Council is also the 100% shareholder of Cardiff City Transport Services Ltd. Similar to all public transport providers, the company, which relies significantly on fare paying passengers has seen income significantly reduced and has furloughed employees who were not required to deliver essential services.

In recognition of the pressures being experienced by local authorities, Welsh Government made various funding streams available, either through a Covid-19 general Hardship Fund or grants for specific purposes. £3.374 million of costs were reimbursed through the Job Retention Scheme and £47.704 million of additional expenditure and £38.155 million of lost income from the Hardship Fund. This left £2.114 million of Covid-19 related expenditure which was absorbed by the Council.

Further information of the financial impact and responses to Covid-19 on the Council's financial outturn position compared to the budget for 2020/21 can be found [here](#).

Our Performance

Cardiff is a great place to grow up	
<ul style="list-style-type: none"> 97.5% of primary school children and 92.3% of secondary school children secured their first three choices of school placement (96.6% and 85% in 2019-20) 97.6% of year 11 leavers made a successful transition from compulsory schooling to education, employment or training (all pupils) 	
Cardiff is a great place to grow old	
<ul style="list-style-type: none"> 93% of clients felt they were able to live independently in their homes following support from the Independent Living Service 	
Supporting people out of poverty	
<ul style="list-style-type: none"> The Council has supported 126 employers across Cardiff to become accredited Living Wage Employers, this has increased from 108 organisations in 2019-20 119 apprenticeships and traineeships were created by the Council during 2019-20 49,756 people accessed ‘Into Work’ advice to help citizens to develop skills and find employment opportunities 	
Safe, Confident and Empowered Communities	
<ul style="list-style-type: none"> In 2020/21 2,490,498 citizens used our libraries and hubs 98% of customers who 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 In 2020/21 993 children and adults in need of care and support using the Direct Payments Scheme, this has increased from 966 in 2018-19 	
A Capital City that Works for Wales	
<ul style="list-style-type: none"> In 2020/21 1,845 new and safeguarded jobs were supported across the City 	

Cardiff Grows in a Resilient Way

- 15.4% of people in Cardiff used cycling as a mode of transport to travel to work (13.7% in 2018 -19)
- 2.6% of principal A roads were in overall poor condition, this has improved from 3.3% in 2019-20
- 99.4% of reported fly tipping incidents were cleared in 5 working days
- £46 million was invested on improving or building new schools



Modernising and integrating Our Public Services

- Since its launch the Cardiff App has been downloaded 42,756 times, across both android and iOS devices
- This has seen an increase to 1,896,787 customers choosing to use digital channels to contact the Council on areas such as Council Tax, housing, planning and waste collection. (1,240,299 in 2019-20)
- The Council continues to see an increase in the number of customers choosing to interact via social media channels, with approx. 142,257 followers

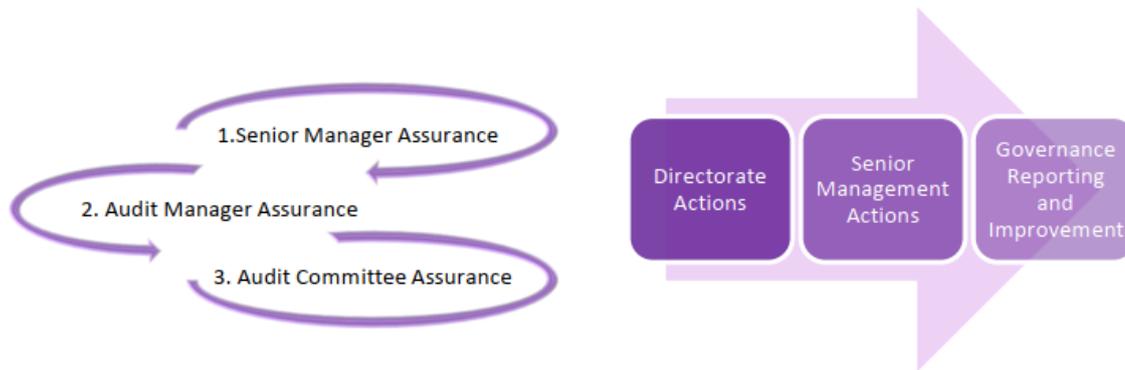


Our Governance, Risks and Financial Outlook

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 2021](#)

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 Governance and Audit Committee.



The Council has had to adapt its governance arrangements during 2020/21 as a result of the impact of Covid-19, with changes including:

- Adaptations to reflect new ways of working and emergency arrangements
- Changes to ‘business as usual’ activities, including cessation or reduced frequency or scale of activities
- Longer-term changes to priorities, programmes, strategies and plans as a result of the impact of the pandemic on the stakeholders of the Council and users of services

The AGS will set out how Covid-19 has impacted on governance and systems of internal control using a risk based and proportionate approach, particularly where some of the usual sources of assurance may be more limited than in previous years.

In addition 2020/21 is also a ‘shadow’ year for the implementation of CIPFA’s Financial Management (FM) Code. A key goal of the FM Code is to improve the financial resilience of organisations by embedding enhanced standards of financial management. Inevitably, the impact of Covid-19 has tested that financial resilience in 2020/21 and will continue to do so in coming years. As such, the annual review will include the outcome of the assessment undertaken during the year of the extent to which the Council’s financial management arrangements comply with the FM Code.

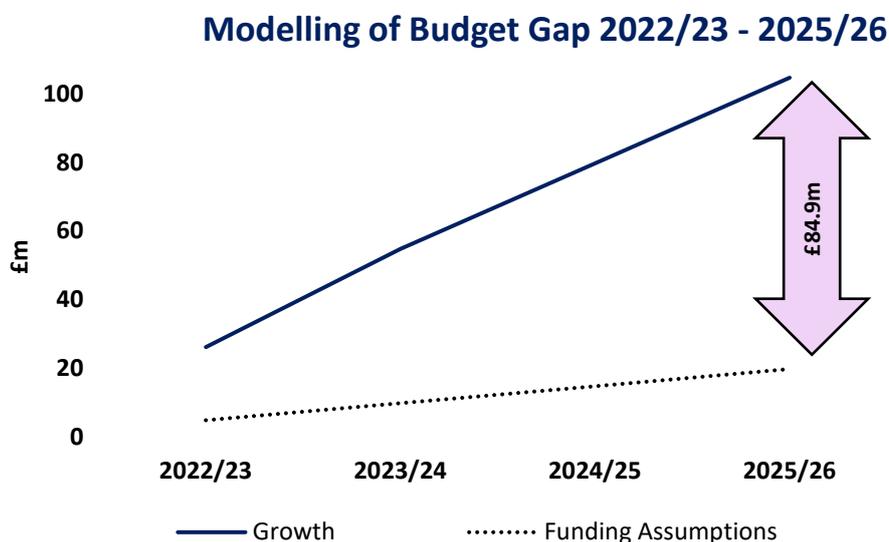
The Council’s risk management regime supports the identification, assessment, reporting and management of risks in directorate, corporate, programme and project activities. It involves quarterly risk assessments to support the timely identification and escalation of the Council’s most critical risks 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 2021, there are ten corporate risks at a ‘red’ residual risk status i.e. major or significant consequence is likely without further mitigation. Covid-19 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
The risk that air quality in Cardiff does not meet statutory requirements set by legislation and continues to have a detrimental impact on health for residents and visitors to the city.
Welfare Reform
The risk that the Council cannot meet its statutory obligations placed upon it by the Welfare Reform including Universal Credit, Benefit Cap reductions, and size restrictions for social tenants.
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.
Increase in Demand (Children's Services)
Failure to effectively manage demand (and respond to increasing demand due to Covid-19) resulting in an increase in the number of children requiring services and the financial pressures this presents
Cyber Security
Monitoring - 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. Secure Configuration – the increased risk from malware and ransomware. Corporate Cloud Security - risk of weaknesses in externally hosted services.

Funding 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 gap is a result of funding failing to keep pace with demand, inflation and other financial pressures. Despite a better than anticipated Local Government Settlement in 2021/22, future assumptions recognise the risk that public

finances could be tightened as a means of addressing the unprecedented levels of UK debt brought about by the pandemic. Even with a more positive outlook for funding received from Welsh Government, a budget gap of £85 million between 2022/23 and 2025/26 is forecast as part of the medium term financial plan approved in March 2021.



This is due to factors such as employee costs, price inflation, paying for capital projects and demographic pressures for adults and children.

A range of options have been considered in order to address budget gaps in 2021/22 and future years including continuing to review and challenge all directorate budgets for productivity savings; maximising opportunities for digital transformation and to work across directorates and in partnership with other organisations; maximising income streams and exploring the potential for new income streams, particularly where services are not universal; and considering the level at which it is affordable to continue to subsidise services of a more discretionary nature.

With increased levels of risk to the delivery of savings targets and demand likely to remain unpredictable as a result of the pandemic, 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 assets used in service delivery; 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 2021/22 and Medium Term are available on the Council's website [Budget Proposals 2021/2022](#) and include the key documents below:

- Medium Term Financial Plan (MTFP)
- Housing Revenue Account 2021/22 Budget and MTFP
- Capital Strategy 2021/22
- Treasury Management Strategy

- A financial resilience snapshot which sets out a number of financial indicators and ratios.

Financial Performance 2020/21

The Council's budget for 2020/21 was approved in February 2020 prior to the onset of the Covid-19 pandemic. The budget was set against a backdrop of financial uncertainty, significant challenges in funding services and increasing demand for our services. An overall funding gap of £32.597 million in 2020/21 was identified and addressed by a combination of savings measures, use of earmarked reserves, schools' contribution to meeting pressures and a 4.5% Council Tax increase. A net revenue budget of £656.186 million was approved for 2020/21 as well as a Medium Term Financial Plan based on a rolling four-year period from 2021/22 to 2024/25, ensuring that resources are aligned to outcomes in the Corporate Plan.

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 2020/21 net revenue budget of £656.186 million. Favourable 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	26,270	26,340	70
Economic Development	8,090	7,582	(508)
Economic Development - Recycling and Neighbourhood Services	30,467	30,467	0
Education and Lifelong Learning	287,258	287,533	275
People and Communities - Housing and Communities	46,526	46,241	(285)
People and Communities - Performance and Partnerships	3,047	2,868	(179)
People and Communities - Social Services	182,338	182,967	629
Planning, Transport and Environment	7,104	7,104	0
Resources - Governance and Legal Services	5,700	6,286	586
Resources	15,636	15,239	(397)
Directorate Outturn Subtotal	612,436	612,627	191
Capital Financing	30,936	31,354	418
General Contingency	3,000	0	(3,000)
Summary Revenue Account inc. Council Tax collection and NDR refunds and Discretionary Relief	9,814	12,205	2,391
Total Council Outturn	656,186	656,186	0

The final revenue position reflects an overall balanced position, that is, the Council has contained its spending within the £656.186 million budget approved for the year, after transfers to and from earmarked

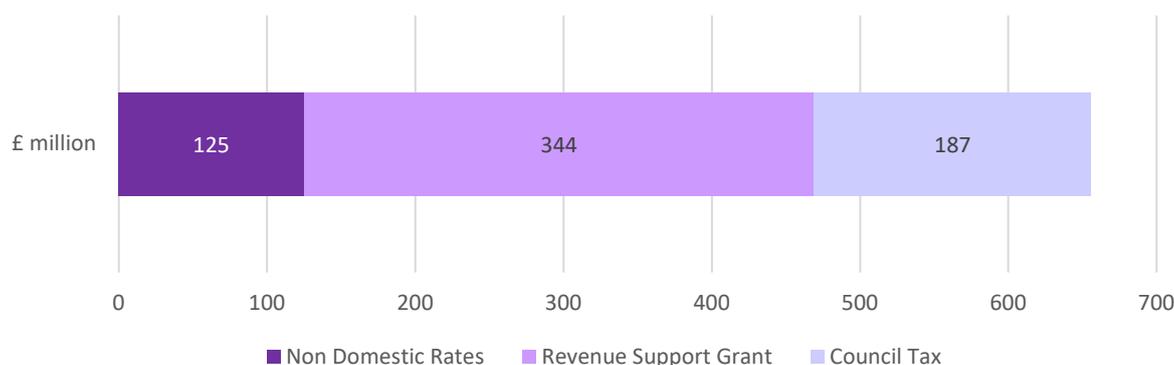
reserves. This position comprised a net directorate overspend of £191,000, a Capital Financing overspend of £418,000, a Council Tax surplus of £1.016 million and a net overspend of £3.407 million against the Summary Revenue Account, offset by the £3 million general contingency budget which was not required to be utilised. It should be noted that the overall position improved throughout the year, as greater clarity was gained in relation to the ongoing impact of the pandemic, but also as WG funding announcements were made.

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 2020/21 totalled £189.469 million of which Cardiff received £124.579 million after redistribution by Welsh Government. The in-year collection rate was 85.58% (96.12% in 2019/20).

Revenue Support Grant of £344.468 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 £187.406 million funds just over a quarter of the Council's net expenditure. The in-year collection rate was 96.06% (96.8% in 2019/20).

How the Revenue budget was paid for



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 13,737 dwellings as at 31 March 2021.
- The average weekly net rent for 2020/21 was £106.97.
- Income including rent and charges for services totalled £85.883 million.
- Revenue expenditure included £20.798 million on repairs and maintenance, £29.165 million on supervision and management and £28.490 million on capital financing costs, including interest, provision for the repayment of debt and towards capital expenditure.

Capital Expenditure and Funding by the Council

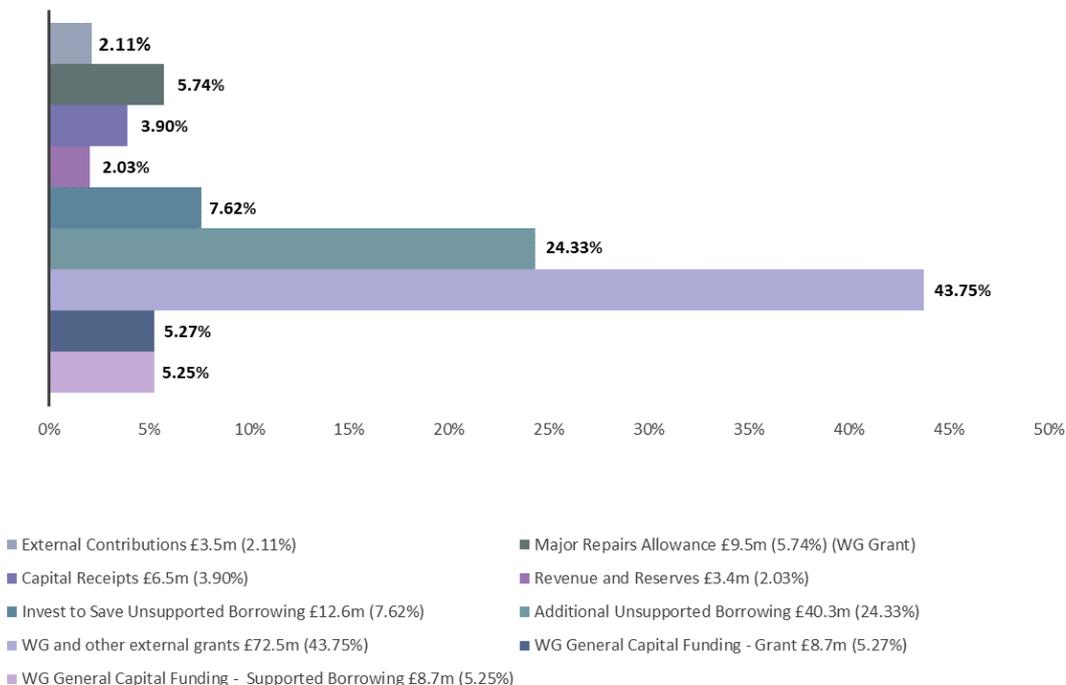
Capital investment forms a large part of our spending. The Council has an ambitious capital programme to deliver projects that are fundamental to the Council achieving its aspirations to re-shape how we deliver our services as well as helping to unlock revenue savings and efficiencies to secure our non-financial stability. Capital spending during the year totalled £165.7 million.

Schemes	Detail	£m
Business and City Development	Town Centre Loan and acquisition of regeneration sites in Butetown as well as to support the Atlantic Wharf Masterplan.	8.4
Parks, Leisure and Venues	Parks play areas and infrastructure, Leisure buildings maintenance; Play Opportunities and Green Recovery, castle lighting and museum of Cardiff equipment.	3.1
Recycling and Waste Management	Recycling glass waste containers, site and depot infrastructure including new control room and fleet car park and a range of grant funded circular economy schemes.	2.7
Education & Lifelong Learning	21 st Century schools band B including new Fitzalan High School and acquisition of site for replacement of Willows High; investment in the condition and suitability of school buildings; schemes for Welsh medium expansion; reducing infant class sizes and Schools ICT.	46.2
Neighbourhood Regeneration, Hubs and Private Housing	Disabled adaptation grants, allowing people to live independently in their homes; environmental improvements; Tudor street commercial improvements; Completion of Whitchurch and Rhydypennau Hubs, transfer of grant.	9.9
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.	24.5
Corporate	Contribution to City Deal projects, works to relinquish leased buildings and acquisition of equity in Cardiff Bus as part of a financial support package.	8.6
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.	53.6
Other	Modernising ICT to improve business process; harbour asset renewal; new burial site at Thornhill; completion of Lamby Way solar farm, property asset renewal works and vehicle replacement.	8.7
Total		165.7

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 (£61.6 million) and

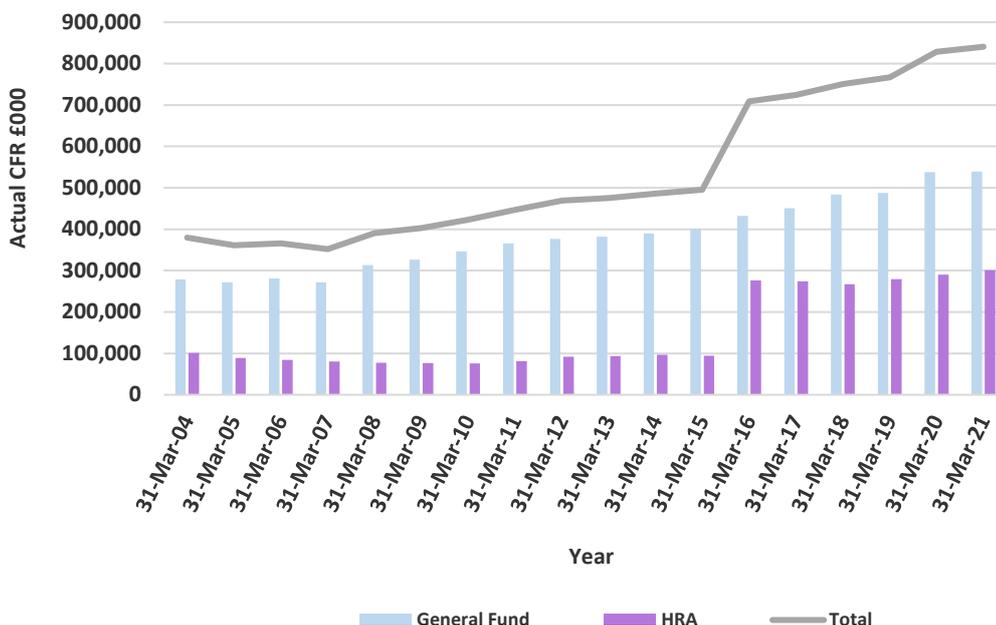
from grants, contributions, revenue budgets and sale of assets (£104.1 million). An analysis of the sources of capital funding is shown in the chart below:

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.

Capital Financing Requirement Trend

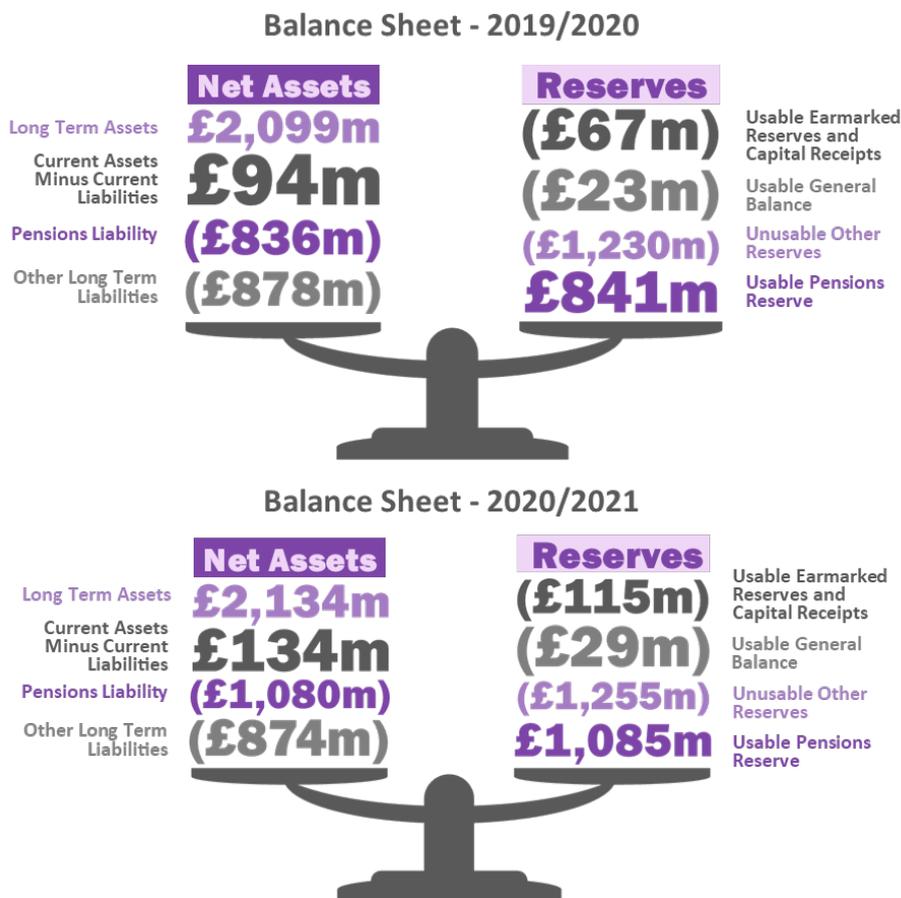


In 2015/16 additional borrowing was taken by the Council and paid to HM Treasury to exit the HRA subsidy system. The CFR and associated financing costs, interest and repayment, of capital investment continues to rise as a percentage of controllable budget. The Council’s Capital and Treasury Management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

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. The resulting savings have 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.

Financial Position

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 14 details movements in assets, capital expenditure and its financing:

- capital receipts from the disposal of property assets and similar income was £15.422 million
- as part of the Council’s rolling programme, revaluations took place during the year for council dwellings, investment properties and surplus 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 2020/21. Investments for treasury management purposes and cash is £133.332 million at 31 March 2021 and is primarily represented by temporary cash balances deposited with financial institutions. The average rate of interest earned for the year was 0.22%.

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 a decrease of £18.1 million. Note 14 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 2020/21, total provisions decreased by £134,000 to £30.083 million. Details of the movement of individual provisions are shown in note 21 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 13 of the accounts:

- The cost to the Council during the year for pension liabilities is £46.250 million.
- The Council's future liability in respect of pension benefits payable, compared to assets held, is £1.080 billion at 31 March 2021. This is based on the latest actuarial assumptions. This has increased by £244.160 million from 2019/20.
- 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.

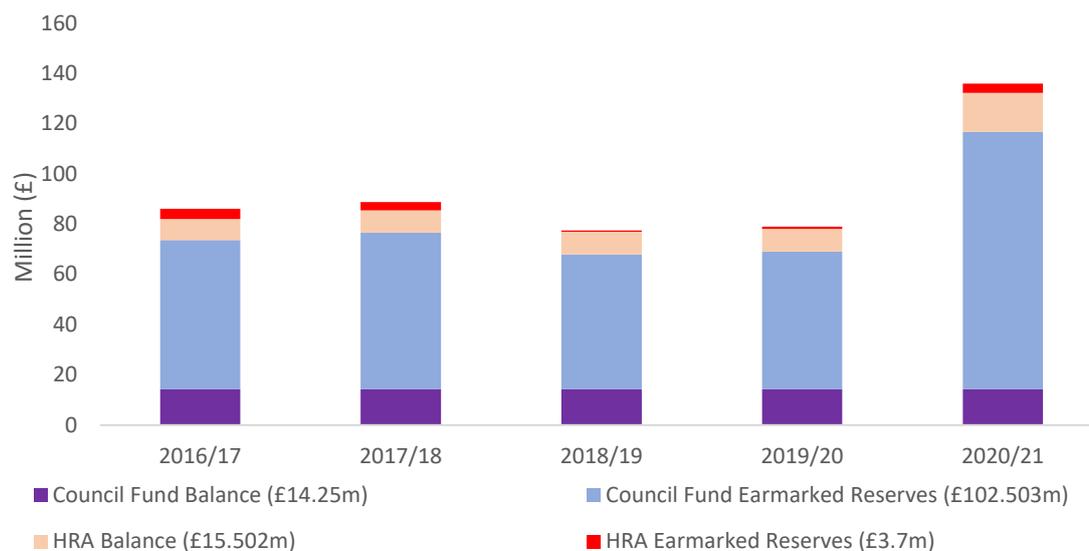
In October 2020, Council considered a report, as shareholder, to invest in the future of Cardiff City Transport Services Limited (trading as Cardiff Bus) and to secure the continuity of bus service provision in the city. It highlighted a range of measures to address the difficulties faced by Cardiff 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.

On 3 March 2021, the Council entered into an agreement with the Trustees of the Cardiff City Transport Services Limited Pension Scheme to become the statutory employer of the Cardiff Bus defined benefit pension fund. This means all future liabilities in respect to pension obligations of Cardiff Bus will fall to Cardiff Council in the event the company is unable to meet them. Details of the fund assets and liabilities as at 31 March 2021 are shown in note 13.

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. A favourable improvement in the net directorate position, plus the receipt of Welsh Government additional grant funding at the end of the financial year, provided an opportunity to increase the level of earmarked reserve balances and improve the Council's overall level of financial resilience. The historic level of usable reserves as a percentage of revenue expenditure has been one of the lowest in Wales. Earmarked revenue and other usable reserves are detailed in note 24 of the accounts whilst unusable reserves are shown in note 25.

Usable Revenue Reserves



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 'usable', 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 Council's 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.

Conclusions

The pandemic will have affected us all in different ways and will continue to do so. This year was set against the backdrop of an unprecedented period of uncertainty and risk and I would like to pay tribute to all those in public services working for the City and residents for the hard work and efforts to continue to deliver council services during what has been a very challenging period. Despite in year pressures, the Council was able to remain within its net revenue budget set for 2020/21 with support from the Welsh Government through various grants and Central Government through the Furlough Scheme. Demand for all Council services continues to increase and a continued negative future funding outlook for all local authorities remains a significant risk given the financial challenges the Council faces over the medium term. 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.

Looking beyond the immediate restart of services, the Council's focus is now firmly on working towards recovery and renewal. A series of 'Capital Ambition: Recovery and Renewal' Cabinet decisions have been taken, which deal specifically with the following four key policy themes:

- Organisational Recovery and Renewal – how the Council and local public services need to respond to the challenges and opportunities of the post-Covid-19 world.
- 'Greener, Fairer, Stronger' – a draft strategy for the recovery and renewal of the city's economy, including a series of 'missions', priorities and projects to consider.
- Delivering a Child Friendly Recovery – programmes of work across Council services to support children and young people, particularly those who are most vulnerable.
- One Planet Recovery – development of the One Planet Cardiff strategy and immediate actions the Council will take to tackle the climate emergency.

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 ensure processes are in place to support Covid-19 grant claims and initiatives. They have made possible the preparation of these financial statements and reporting of financial performance and position during these uncertain times. This is a requirement that will itself be more challenging in future years due to the ambitious change agenda, 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 2020/21 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 Rod McKerlich
Lord Mayor

Date:

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 2020/21 (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 2020/21 and financial position of the Council at 31 March 2021.



Christopher Lee
Corporate Director Resources

Date: 15 June 2021

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

This page is intentionally left blank and will be updated upon receipt of the Auditor General's opinion following the audit of the accounts.



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 2021 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 2020/21 (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 2022. 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 2021/22 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 contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- 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 Teachers' 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 civic regalia took place as at 31 March 2020.

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. Once intangible assets are fully amortised, they are reviewed in terms of materiality and if necessary, disposed of with the carrying value removed from the asset register.

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.

The balance of inventories that have been donated rather than purchased are held in the Donated Inventory Account.

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 most recent of which took place in 2020/21 and Jones Lang LaSalle were appointed for the task.

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 recognise 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 recognise 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. *Local Authority Maintained Schools*

The Code confirms that the balance of control for local authority maintained schools (i.e. those categories of school identified in the School Standards and Framework Act 1998, as amended) lies with the local authority. The Code also stipulates that those schools' assets, liabilities, reserves and cash flows are recognised in the local authority financial statements. Therefore schools' transactions, cash flows and balances are recognised in each of the financial statements of the authority as if they were the transactions, cash flows and balances of the authority.

20. *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.

Once assets have fully depreciated, they are reviewed in terms of materiality and if necessary, disposed of with the carrying value removed from the asset register.

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	2020/21	Savills	2022/23	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	2020/21	Jones Lang LaSalle	2021/22	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 £1.5 million at the end of the financial year

- significance of component. For individual assets meeting the above threshold, where services within a building (boilers / heating / lighting / ventilation etc.), or items of fixed equipment (kitchens / cupboards) is a material component of the cost of that asset (> 30%), then those services/equipment will be valued separately on a component basis
- difference in rate or method of depreciation compared to the overall asset. Only those elements that normally depreciate at a significantly different rate from the non-land element as a whole, or that require a different method of depreciation will be identified for componentisation.

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

21. 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.

22. 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.

23. 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.

24. 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 2021 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	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

Item	Uncertainty	Effect if Actual Results Differ from Assumptions
	e.g. valuations of the Council's shareholding in Cardiff City Transport Services Ltd. The fair value is deemed to be Net Worth.	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	<p>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 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>	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.
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>	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.



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).

2019/20					2020/21		
Gross Expenditure	Gross Income	Net Expenditure		Note	Gross Expenditure	Gross Income	Net Expenditure
£000	£000	£000			£000	£000	£000
19,663	(5,971)	13,692	Corporate Management		18,836	(14,507)	4,329
103,222	(53,376)	49,846	Economic Development		95,671	(49,083)	46,588
314,306	(77,419)	236,887	Education & Lifelong Learning		379,590	(92,688)	286,902
8,700	(2,223)	6,477	Governance & Legal Services		7,916	(1,244)	6,672
8,567	(5,724)	2,843	Harbour Authority		8,882	(5,916)	2,966
65,056	(81,412)	(16,356)	Housing Revenue Account		111,940	(85,884)	26,056
233,228	(184,087)	49,141	Housing and Communities		239,927	(187,301)	52,626
8,446	(5,499)	2,947	Performance and Partnerships		10,494	(7,281)	3,213
66,715	(39,245)	27,470	Planning, Transport and Environment		68,094	(44,161)	23,933
33,036	(11,365)	21,671	Resources		38,019	(18,415)	19,604
211,533	(30,628)	180,905	Social Services		250,526	(64,300)	186,226
2,870	(12,653)	(9,783)	Summary Revenue Account		4,967	(9,239)	(4,272)
1,075,342	(509,602)	565,740	Net Cost of Services		1,234,862	(580,019)	654,843
37,469	0	37,469	Police and Crime Commissioner for South Wales	3	40,165	0	40,165
397	0	397	Community Council Precepts		446	0	446
17,696	0	17,696	Levies & Contributions		18,244	0	18,244
4,642	(8,681)	(4,039)	(Gain)/loss on sale of non-current assets		13,260	(15,081)	(1,821)
60,204	(8,681)	51,523	Other Operating Expenditure		72,115	(15,081)	57,034
32,960	0	32,960	Interest Payable on debt	15	34,020	0	34,020
14,810	0	14,810	Interest on net defined benefit liability/(asset)	13	18,832	0	18,832
0	(1,129)	(1,129)	Interest & Investment Income	15	0	(394)	(394)
6,566	(2,475)	4,091	Change in fair value of Investment Properties	14	13,490	(3,286)	10,204
0	0	0	Movement in Financial Instruments	15	0	(148)	(148)
54,336	(3,604)	50,732	Financing and Investment Income & Expenditure		66,342	(3,828)	62,514
0	(41,333)	(41,333)	Recognised Capital Grants & Contributions	26	0	(87,562)	(87,562)
0	(328,126)	(328,126)	Revenue Support Grant		0	(344,468)	(344,468)
0	(116,504)	(116,504)	Non-Domestic Rates		0	(124,579)	(124,579)
(766)	(217,119)	(217,885)	Council Tax Income	5	2,135	(230,151)	(228,016)
0	0	0	Donated Inventories		0	(3,211)	(3,211)
129	0	129	Corporation Tax (CCRCDD)		0	(218)	(218)
(637)	(703,082)	(703,719)	Taxation & Non-Specific Grant Income		2,135	(790,189)	(788,054)
		(35,724)	(Surplus)/Deficit on Provision of Services				(13,663)

2019/20				2020/21			
Gross Expenditure	Gross Income	Net Expenditure		Note	Gross Expenditure	Gross Income	Net Expenditure
£000	£000	£000			£000	£000	£000
		(35,427)	Revaluation Gains	25			(25,878)
		11,958	Revaluation Losses				1,109
		2,357	Impairment losses on non-current assets charged to the Revaluation Reserve				233
		1,101	(Surplus)/Deficit on Financial Instrument Revaluation Reserve				5,768
		127,222	Actuarial (gains)/losses on pension assets/liabilities				198,203
		107,211	Other Comprehensive Income & Expenditure				179,435
		71,487	Total Comprehensive Income & Expenditure				165,772

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

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
Balance at 31 March 2019 carried forward	14,255	53,714	8,983	495	8,488	85,935	465,224	551,159
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)
Total Comprehensive Income and Expenditure	19,559	0	16,165	0	0	35,724	(107,211)	(71,487)
Adjustments between accounting basis & funding basis under regulations (note 1)	(18,379)	0	(15,782)	0	2,418	(31,743)	31,743	0
Net Increase/(Decrease) before Transfers to/(from) Earmarked Reserves	1,180	0	383	0	2,418	3,981	(75,468)	(71,487)
Transfers to/(from) Earmarked Reserves	(1,180)	1,180	(383)	383	0	0	0	0
Increase/(Decrease) in 2019/20	0	1,180	0	383	2,418	3,981	(75,468)	(71,487)
Balance at 31 March 2020 carried forward	14,255	54,894	8,983	878	10,906	89,916	389,756	479,672
Movement in Reserves during 2020/21								
Surplus or (deficit) on the provision of Services	27,427	0	(13,764)	0	0	13,663	0	13,663
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	(179,435)	(179,435)
Total Comprehensive Income and Expenditure	27,427	0	(13,764)	0	0	13,663	(179,435)	(165,772)
Adjustments between accounting basis & funding basis under regulations (note 1)	20,183	0	23,105	0	(2,233)	41,055	(41,055)	0
Net Increase/(Decrease) before Transfers to/(from) Earmarked Reserves	47,610	0	9,341	0	(2,233)	54,718	(220,490)	(165,772)
Transfers to/(from) Earmarked Reserves (note 24)	(47,610)	47,610	(2,822)	2,822	0	0	0	0
Increase/(Decrease) in 2020/21	0	47,610	6,519	2,822	(2,233)	54,718	(220,490)	(165,772)
Balance at 31 March 2021 carried forward	14,255	102,504	15,502	3,700	8,673	144,634	169,266	313,900

Balance Sheet

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

31 March 2020		Note	31 March 2021
£000			£000
1,841,584	Property, Plant & Equipment	14	1,898,189
58,616	Heritage Assets		58,682
178,521	Investment Properties		158,738
2,292	Intangible assets including AUC		1,711
9,723	Long-term Investments	15	11,307
8,701	Long-term Debtors		5,951
2,099,437	Total Long-Term Assets		2,134,578
76,106	Short-term Investments	15	98,882
1,860	Held for Sale assets	16	918
2,073	Inventories		5,764
132,643	Short-term Debtors	17	193,522
35,951	Cash and Cash Equivalents	18	34,450
248,633	Total Current Assets		333,536
(29,625)	Short-term Borrowing	15	(35,393)
(114,939)	Short-term Creditors	19	(154,105)
(1,496)	Pension Strain	22	(1,471)
(5,405)	Provisions	21	(4,999)
(3,214)	Deferred Liabilities	23	(3,453)
(154,679)	Total Current Liabilities		(199,421)
(807,540)	Long-term Borrowing	15	(783,666)
(24,812)	Provisions	21	(25,084)
(9,261)	Deferred Liabilities	23	(8,181)
(17,430)	Capital Contributions Receipts in Advance	26	(22,155)
(13,854)	Revenue Grants Receipts in Advance		(18,008)
(1,424)	Capital Grants Receipts in Advance		(13,797)
(3,688)	Pension Strain	22	(3,434)
(835,710)	Net Pensions Liability	13	(1,080,468)
(1,713,719)	Total Long-Term Liabilities		(1,954,793)
479,672	NET ASSETS		313,900
	Financed by:		
14,255	Council Fund Balance	24	14,255
54,894	Council Fund Earmarked Reserves		102,504
8,983	Housing Revenue Account Balance		15,502
878	Housing Revenue Account Earmarked Reserves		3,700
10,906	Capital Receipts Reserve		8,673
89,916	Usable Reserves		144,634
288,041	Revaluation Reserve	25	311,197
939,914	Capital Adjustment Account		949,422
5,008	Deferred Capital Receipts		5,003
9,267	Financial Instruments Revaluation Reserve		3,499
(840,894)	Pensions Reserve		(1,085,373)
(11,580)	Accumulated Absences Adjustment Account		(17,693)
0	Donated Inventories Account		3,211
389,756	Unusable Reserves		169,266
479,672	TOTAL RESERVES		313,900

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.

2019/20		Note	2020/21
£000			£000
(35,724)	Net (surplus) /deficit on the provision of services		(13,663)
(30,153)	Adjustments to net surplus or deficit on the provision of services for non-cash movements	28	(171,830)
51,307	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities		102,979
(14,570)	Net cash flows from operating activities		(82,514)
151,540	Purchase of property, plant and equipment, investment property and intangible assets		142,625
7,000	Purchase of short-term and long-term Investments		30,337
(3,624)	Other payments for investing activities		(17,098)
(9,974)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets		(15,422)
(36,798)	Capital Grants and Contributions		(102,085)
108,144	Net cash flows from investing activities		38,357
(111,060)	Cash receipts from short-term and long-term borrowing		(3,111)
(4,239)	Other receipts from financing activities		26,482
6,647	Repayments of short-term and long-term borrowing		22,287
(108,652)	Net cash flows from financing activities		45,658
(15,078)	Net (increase)/ decrease in cash and cash equivalents		1,501
20,873	Cash and cash equivalents at the beginning of the reporting period		35,951
35,951	Cash and cash equivalents at the end of the reporting period	18	34,450

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 2019/20				Movement in Unusable Reserves	Adjustments between Accounting and Funding Basis	Usable Reserves 2020/21			
Council Fund Balance	Housing Revenue Account	Capital Receipts Reserves				Council Fund Balance	Housing Revenue Account	Capital Receipts Reserves	Movement in Unusable Reserves
£000	£000	£000	£000	£000	£000	£000	£000	£000	
					Adjustments primarily involving the Capital Adjustment Account:				
					<u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</u>				
49,618	13,090	0	(62,708)	Charges for depreciation and impairment of Non-Current assets	50,823	11,933	0	(62,755)	
49,954	110	0	(50,064)	Revaluation losses of Non-Current Assets	347	48,354	0	(48,700)	
(106,823)	(27)	0	106,849	Reverse previous impairment on revaluation	(519)	(79)	0	598	
1,172	0	0	(1,172)	Amortisation of Intangible Assets	797	86	0	(884)	
4,090	1	0	(4,091)	Movements in the market value of Investment Properties	8,405	7	0	(8,413)	
0	0	0	0	Movement in the value of Held for Sale Assets	(17)	457	0	(440)	
(29,852)	(11,481)	0	41,333	Capital grants and contributions applied	(64,124)	(23,438)	0	87,562	
1,558	145	0	(1,703)	Revenue expenditure funded from capital under statute	4,294	104	0	(4,398)	
2,417	1,848	0	(4,265)	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	12,365	766	30	(13,161)	
0	0	0	0	Movement of Financial Instruments	1	0	320	(321)	
				<u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</u>					
(24,055)	(12,807)	0	36,862	Statutory provision for the financing of capital investment	(24,714)	(13,396)	0	38,110	

Usable Reserves 2019/20				Adjustments between Accounting and Funding Basis	Usable Reserves 2020/21			
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
(735)	(6,400)	0	7,135	Capital expenditure charged against the Council Fund and HRA balances	(973)	(2,400)	0	3,373
0	0	(5,538)	5,538	Use of the Capital Receipts Reserves to finance new capital expenditure	0	0	(6,455)	6,455
0	3	(3)	0	Credit for disposal costs that qualify to be met from the resulting capital receipts	0	0		0
24	0	(761)	737	Capital receipts set aside for the repayment of debt	0	0	(11,202)	11,202
				Adjustments involving the Revaluation Reserve				
(5,892)	(2,451)	8,720	(377)	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	(12,684)	(2,285)	15,068	(99)
				Adjustments involving the Pensions Reserve:				
82,847	6,191	0	(89,038)	Net retirement benefits as per IAS19	86,648	6,461	0	(93,109)
(46,102)	(4,138)	0	50,240	Employer's contributions to the Pension Scheme	(42,540)	(4,013)	0	46,553
751	104	0	(854)	Pension Strain Future Years	(142)	(138)	0	280
				Adjustments involving the Accumulated Absences Adjustment Account				
2,650	30	0	(2,679)	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.	5,426	687	0	(6,113)
				Adjustments involving the Deferred Capital Receipts Reserve				
0	0	0	0	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	6	(6)
				Transfer to Donated Inventories Account				
0	0	0	0	Transfer to Donated Inventories Account	(3,211)	0	0	3,211
(18,379)	(15,782)	2,418	31,743	Total Adjustments	20,183	23,105	(2,233)	(41,055)

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).

2019/20			Directorate	2020/21		
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
26,290	(12,598)	13,692	Corporate Management	26,340	(22,011)	4,329
37,374	12,472	49,846	Economic Development	38,049	8,539	46,588
272,812	(35,925)	236,887	Education and Lifelong Learning	287,533	(631)	286,902
6,136	341	6,477	Governance and Legal Services	6,285	387	6,672
0	2,843	2,843	Harbour Authority	0	2,966	2,966
0	(16,356)	(16,356)	Housing Revenue Account	0	26,056	26,056
44,528	4,613	49,141	Housing and Communities	46,241	6,385	52,626
2,616	331	2,947	Performance and Partnerships	2,868	345	3,213
8,126	19,344	27,470	Planning Transport and Environment	7,104	16,829	23,933
16,496	5,175	21,671	Resources	15,239	4,365	19,604
177,241	3,664	180,905	Social Services	182,967	3,259	186,226
31,970	(41,753)	(9,783)	Summary Revenue Account	43,560	(47,832)	(4,272)
623,589	(57,849)	565,740	Net Cost of Services	656,186	(1,343)	654,843
(575,055)	(26,409)	(601,464)	Other Income and Expenditure	(604,582)	(63,924)	(668,506)
48,534	(84,258)	(35,724)	(Surplus) or Deficit on Provision of Services	51,604	(65,267)	(13,663)
	Council Fund	HRA Balance			Council Fund	HRA Balance
	14,255	8,983	Opening Balance as at 1 April		14,255	8,983
	0	0	Surplus/(Deficit)		0	6,519
	14,255	8,983	Closing Balance as at 31 March		14,255	15,502

2.1 Note to the Expenditure and Funding Analysis

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

2019/20				Directorate	2020/21			
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
64	9,815	(22,477)	(12,598)	Corporate Management	537	708	(23,256)	(22,011)
8,077	3,747	648	12,472	Economic Development	6,871	4,082	(2,414)	8,539
(38,090)	5,027	(2,862)	(35,925)	Education and Lifelong Learning	18,604	6,704	(25,939)	(631)
5	350	(14)	341	Governance and Legal Services	3	450	(66)	387
2,751	110	(18)	2,843	Harbour Authority	2,673	266	27	2,966
13,322	2,157	(31,835)	(16,356)	Housing Revenue Account	60,855	2,310	(37,109)	26,056
1,059	2,421	1,133	4,613	Housing and Communities	4,858	2,778	(1,251)	6,385
0	291	40	331	Performance and Partnerships	0	322	23	345
18,912	1,511	(1,079)	19,344	Planning Transport and Environment	19,265	1,824	(4,260)	16,829
1,976	2,633	566	5,175	Resources	1,850	3,080	(565)	4,365
(69)	3,748	(15)	3,664	Social Services	377	3,936	(1,054)	3,259
0	6	(41,759)	(41,753)	Summary Revenue Account	0	0	(47,832)	(47,832)
8,007	31,816	(97,672)	(57,849)	Net Cost of Services	115,893	26,460	(143,696)	(1,343)
(41,282)	14,810	63	(26,409)	Other Income and Expenditure from the Expenditure and Funding Analysis	(79,327)	18,832	(3,429)	(63,924)
(33,275)	46,626	(97,609)	(84,258)	(Surplus) or Deficit on Provision of Services	36,566	45,292	(147,125)	(65,267)

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.

2019/20		2020/21
£000		£000
521,284	Employee Benefits Expenses	532,713
504,618	Other Service Expenses	659,327
63,750	Depreciation, Amortisation & Impairment	63,789
6,566	Change in Fair Value of Investment Properties	13,490
32,960	Interest Payments	34,020
55,562	Precepts & Levies	58,855
4,642	Loss on Sale of Non-Current Assets	13,260
1,189,382	Total Expenditure	1,375,454
(218,636)	Fees, Charges & Other Service Income	(181,450)
(2,475)	Change in Fair Value of Investment Properties	(3,286)
(1,129)	Interest and Investment Income	(394)
(333,623)	Income from Council Tax and Non-Domestic Rates	(354,730)
(660,562)	Grants and Contributions	(834,176)
(8,681)	Gain on Sale of Non-Current Assets	(15,081)
(1,225,106)	Total Income	(1,389,117)
(35,724)	Surplus & Deficit on the Provision of Services	(13,663)

3. Precepts and Levies

2019/20		2020/21
£000		£000
	Precepts	
37,469	Police and Crime Commissioner for South Wales	40,165
	Community Councils:	
39	- Llvane	45
155	- Pentyrch	175
124	- Radyr	126
21	- St Fagans	31
37	- Old St Mellons	46
21	- Tongwynlais	23
37,866	Total Precepts	40,611
	Levies & Contributions	
17,438	South Wales Fire and Rescue Service	17,986
139	Natural Resources Wales	139
114	Cardiff Port Health Authority	114
5	Newport Port Health Authority	5
17,696	Total Levies and Contributions	18,244

4. *Participation in Joint Committees*

During 2020/21 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.

2019/20	Committee	Purpose	Lead Authority	2020/21
£000				£000
258	Cardiff Capital Region City Deal (CCRC)	To co-ordinate and discharge Councils' obligations in relation to the City Deal	Cardiff Council	262
1,453	Central South Consortium Joint Education Service	To provide a regional approach to improvement in schools	Rhondda Cynon Taf Council	1,412
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
631	Regional Adoption Service	To share best practice, develop and improve adoption services	Vale of Glamorgan Council	673
4,911	Shared Regulatory Service	To provide environmental health services	Vale of Glamorgan Council	4,927
7,489		Total		7,510

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 2020/21 to include the contributions to each Joint Committee as outlined in table above, except for CCRC where the Council continues to show its share of transactions and balances in its accounting statements.

Capital contributions to CCRC in respect to the Wider Investment Fund are included in the core financial statements but not shown in the table above. A capital contribution of £474,000 was made in 2020/21 (£0 for 2019/20).

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 2020/21 was 147,277 (145,499 for 2019/20).

The amounts for a band D property in Cardiff during 2020/21 were as follows:

2019/20	Band D Council Tax:	2020/21
£		£
1,211	Cardiff Council	1,266
258	Police and Crime Commissioner for South Wales	272
1,469	Total	1,538

The above amount (£1,538) 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	2,053	12,738	25,142	30,639	29,202	26,477	15,082	5,071	3,062	149,470
Apply Collection rate										98.50%	147,228
Plus Class O (Ministry of Defence) dwellings											49
Council Tax Base											147,277

Analysis of the net proceeds from Council Tax:

2019/20		2020/21
£000		£000
(217,119)	Council Tax collectable	(230,151)
(766)	Impairment for non-payment of Council Tax	2,135
(217,885)	Net proceeds	(228,016)
	Represented by:	
37,866	Precepts	40,611
180,019	Council Tax attributable to the Council	187,405

The cumulative impairment for non-payment of Council Tax held at the 31 March 2021 is £8.189 million (£6.920 million at 31 March 2020).

Council Tax that is past due but not impaired:

31 March 2020		31 March 2021
£000		£000
3,184	Debts less than one year	5,143
1,258	Debts between two and 5 years	1,618
113	Debts over five years	116
4,555	Total Council Tax due but not impaired	6,877

6. Non-Domestic Rates (NDR)

The Welsh Government specifies an amount for the rate (53.5p in 2020/21 and 52.6p in 2019/20) 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 £457.012 million for 2020/21 (£460.510 million 2019/20). An analysis of the net proceeds from non-domestic rates is shown below:

2019/20		2020/21
£000		£000
200,116	Non-Domestic Rates collectable	189,469
(919)	Cost of collection allowance	(928)
(3,869)	Impairment for non-payment	(11,763)
195,328	Payment into national pool	176,778
(116,504)	Redistribution from national pool	(124,579)

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 £31.503 million at 31 March 2021 (£5.095 million at 31 March 2020) 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 2021 the Welsh Government had provided £2.736 million of funding, of which £634,000 is outstanding as loans provided. The balance available for new loans was £2.102 million (£1.977 million at 31 March 2020).
- Home Improvement loans – provide loans for home improvements. At 31 March 2021 the Welsh Government had provided £1.062 million of funding, of which £631,000 is outstanding as loans provided leaving a balance available for new loans of £431,000.
- Covid-19 Business Grants - the Council distributed grants to eligible business on behalf of the Welsh Government totaling £101.221 million in 2020/21 (£23.265 million in 2019/20)
- Other Welsh Government Covid-19 grants and financial support – there have also been a number of grants or areas of financial support that local authorities have been asked to administer on the Welsh Government’s behalf because they have the local knowledge and ability to put in place systems quickly to make payments. At 31 March 2021 Welsh Government had provided approx. £8.291million for this support.

South Wales Trunk Road Agency

The total reimbursement received by the Council was £341,000 in 2020/21 (£294,000 in 2019/20).

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 £968,000 in 2020/21 (£1.460 million in 2019/20).

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 £10.094 million in 2020/21 (£9.207 million in 2019/20) 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 2020/21 was 1:7 (1:7 in 2019/20). The median full time equivalent earnings for 2020/21 was £27,264 (£25,901 in 2019/20). 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	
2019/20			2020/21	
Non Schools	Schools		Non Schools	Schools
13	57	60,000-64,999	20	59
19	44	65,000-69,999	2	55
3	13	70,000-74,999	19	34
1	8	75,000-79,999	1	8
1	8	80,000-84,999	2	6
7	6	85,000-89,999	8	5
0	5	90,000-94,999	0	4
1	3	95,000-99,999	1	4
1	1	100,000-104,999	0	4

Number of Employees		Remuneration band £	Number of Employees	
2019/20			2020/21	
Non Schools	Schools		Non Schools	Schools
0	2	105,000-109,999	1	0
0	0	110,000-114,999	0	1
0	0	115,000-119,999	0	0
0	1	120,000-124,999	0	1
4	3	125,000-129,999	0	0
0	0	130,000-134,999	3	2
2	0	135,000-139,999	0	1
0	0	140,000-144,999	2	1
0	0	145,000-149,999	0	0
0	0	150,000-154,999	0	0
0	1	155,000-159,999	0	1
0	0	160,000-164,999	0	0
0	1	165,000-169,999	0	1
0	0	170,000-174,999	0	0
0	0	175,000-179,999	0	0
1	0	180,000-184,999	0	0
0	0	185,000-189,999	1	0
53	153	Total	60	187

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 2020/21 (£0 in 2019/20)

2019/20	2020/21		Salary, fees and allowances received	Taxable benefits	Compensation for loss of employment			Employers pension contribution (23.3% of salary)	Total remuneration including pension contributions	Explanatory notes
	Post title	Note			Received via payroll (taxable)	Received via payroll (non-taxable)	Enhancement of Retirement Benefits			
£			£	£	£	£	£	£		
222,822	Chief Executive - Paul Orders	(a)	185,385	0	0	0	0	38,375	223,760	
767	Corporate Director Resources & Section 151 Officer		141,764	0	0	0	0	29,345	171,109	
170,393	Corporate Director Resources & Section 151 Officer		0	0	0	0	0	0	0	Left the Council 02/04/2019.
170,393	Corporate Director People and Communities		141,764	0	0	0	0	29,345	171,109	
157,286	Director Planning, Transport & Environment		130,859	0	0	0	0	27,088	157,947	
157,286	Director Economic Development		130,859	0	0	0	0	27,088	157,947	
110,110	Director Education & Lifelong Learning		47,530	0	0	0	0	0	47,530	Reduced hours from 01/09/2019. Left the Council 31/10/2020. Annualised Salary £130,859.

2019/20	2020/21		Salary, fees and allowances received	Taxable benefits	Compensation for loss of employment			Employers pension contribution (23.3% of salary)	Total remuneration including pension contributions	Explanatory notes
Total remuneration including pension contributions	Post title	Note			Received via payroll (taxable)	Received via payroll (non-taxable)	Enhancement of Retirement Benefits			
£			£	£	£	£	£	£		
0	Director Education & Lifelong Learning		49,072	0	0	0	0	10,158	59,230	Commenced 16/11/2020. Annualised salary £130,859.
156,138	Director Governance & Legal Services & Monitoring Officer		130,859	0	0	0	0	26,049	156,908	
157,286	Director Social Services		64,917	0	0	0	0	13,242	78,159	Left the Council 30/09/2020. Annualised Salary £130,859.
0	Director Children's Services		3,518	0	0	0	0	728	4,246	Commenced 22/03/2021. Annualised salary £130,859.
0	Director Adults, Housing & Communities Services		24,272	0	0	0	0	5,139	29,411	Commenced 25/01/2021. Annualised salary £130,859.
126,266	Chief Digital Officer		105,052	0	0	0	0	21,746	126,798	
106,955	Assistant Director Adult Services		88,985	0	0	0	0	18,420	107,405	
0	Assistant Director County Estates		46,470	0	0	0	0	9,862	56,332	Commenced 23/09/2020. Annualised salary £88,985.
199,849	Assistant Director Children's Services - Deborah Driffield	(b)	221,186	0	0	0	0	0	221,186	Left role 21/03/2021. Annualised salary £88,985.
62,390	Assistant Director Education & Lifelong Learning		88,985	0	0	0	0	18,420	107,405	Commenced 01/09/2019. Annualised salary £88,985.
106,955	Assistant Director Housing & Communities		72,480	0	0	0	0	14,889	87,369	Left role 24/01/2021. Annualised salary £88,985.
106,955	Assistant Director Street Scene		88,985	0	0	0	0	18,420	107,405	
88,324	Programme Director - Schools Organisation Programme		88,985	0	0	0	0	18,420	107,405	Commenced 03/06/2019. Annualised salary £88,985.

2019/20	2020/21		Salary, fees and allowances received	Taxable benefits	Compensation for loss of employment			Employers pension contribution (23.3% of salary)	Total remuneration including pension contributions	Explanatory notes
Total remuneration including pension contributions	Post title	Note			Received via payroll (taxable)	Received via payroll (non-taxable)	Enhancement of Retirement Benefits			
£			£	£	£	£	£	£		
106,955	Chief Human Resources Officer		31,107	0	22,246	0	0	9,409	62,762	Left the Council 09/10/2020.
0	Chief Human Resources Officer		9,269	0	0	0	0	1,973	11,242	Commenced 22/02/2021. Annualised salary £88,985.
106,955	Head of Finance		88,985	0	0	0	0	18,420	107,405	
101,582	Head of Performance & Partnerships		87,152	0	0	0	0	18,440	105,592	Commenced 22/04/2019. Annualised salary £88,985.

- a) In addition to the remuneration fees detailed in the table above, the Chief Executive is the Council's nominated Returning Officer. Any subsequent fees owed in relation to this role have been waived.
- b) During 2020/21 agency invoices of £221,186 (£199,849 in 2019/20) were received for the service 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.

2019/20				Exit package cost band (including special payments)	2020/21			
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 £
64	85	149	1,052,522	0 - 20,000	31	41	72	470,590
11	46	57	1,469,225	20,001 – 40,000	2	15	17	450,315
3	7	10	478,119	40,001 – 60,000	2	13	15	733,154
1	5	6	426,406	60,001 – 80,000	0	2	2	137,929
0	4	4	354,718	80,001 – 100,000	0	0	0	0
0	3	3	355,610	100,001 – 150,000	0	3	3	402,130
0	3	3	491,430	150,001 – 200,000	0	1	1	185,359
79	153	232	4,628,030	Total	35	75	110	2,379,477

*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 2020/21 was £1.371 million (£1.340 million in 2019/20). 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 original agreement came into effect on 1 January 2012 and following a review, a new model of contributions was agreed by the partnership and implemented during 2020/21. The transactions are included in the Housing and 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 2020/21 financial year. Cardiff Council has acted as host authority during the three 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 2021 are as follows:

2019/20 £000			2020/21 £000	
Joint Equipment	Care Homes for older people		Joint Equipment	Care Homes for older people
		Expenditure		
1,735	0	Equipment	1,611	0
102	0	Contribution to Overheads	487	0
0	64,412	Care Home costs	0	65,661
1,837	64,412	Total Expenditure	2,098	65,661
		Funding		
(1,292)	(29,064)	Cardiff and Vale University Health Board	(1,258)	(25,118)
(337)	(24,771)	Cardiff Council	(550)	(24,655)
(208)	(10,577)	Vale of Glamorgan Council	(290)	(15,888)
(1,837)	(64,412)	Total Funding	(2,098)	(65,661)
0	0	(Surplus)/Deficit transferred to Reserve	0	0

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 2020/21 financial transactions with the Welsh Government totaled £764,000 of expenditure and approximately £403.475 million of income. At the year-end, in addition to financial instruments (Note 15) and expenditure incurred as an agent for Welsh Government (Note 7), no money was owed to Welsh Government and £1.011 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 2020/21 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 2020/21 goods and services totaling £1.621 million (£919,000 in 2019/20) 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 (£0 in 2019/20). The Authority provided goods and services to these organisations to the value of £154,000 and was owed £33,000 from these organisations. The largest payments were made to the Huggard Centre who received goods and services from the Authority of

£818,000, and the Authority provided goods and services of £66,000. The Council was owed £15,000 at the end of the year.

Organisations including Safer Wales and South Riverside Community received grants totaling £74,000 during the year. 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 2020/21, for organisations in which Senior Officers had an interest there were no goods or services commissioned (£0 in 2019/20). For goods and services provided, income of £150,000 was received in 2020/21 (£99,000 in 2019/20). Of this income, £65,000 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 20 to the Core Financial Statements.

Pension Fund contributions paid to the Fund are shown in note 13.

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 £139,000 to Police and Crime Commissioner for South Wales during 2020/21 (£78,000 in 2019/20).

11. External Audit Costs

2019/20		2020/21
£000		£000
382	Fees payable to Audit Wales for external audit services	382
50	Fees payable to Audit Wales for the certification of grant claims	50
20	Fees payable to Audit Wales for other financial audit work	20
452	Total	452

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 2020/21:

2019/20		2020/21
£000		£000
1,340	Property Leases	1,473
2,022	Other Leases	2,414
3,362		3,887

The Council was committed at 31 March 2021 to making payments of £13.805 million under operating leases (£13.989 million at 31 March 2020) comprising the following elements:

31 March 2020			31 March 2021	
Property Leases £000	Other Leases £000		Property Leases £000	Other Leases £000
		Minimum lease payments		
1,173	2,143	Not later than one year	375	2,076
1,019	2,833	Later than one year but not later than five years	1,084	3,084
6,791	30	Later than five years	7,136	50
8,983	5,006		8,595	5,210

Finance Leases

There were no finance leases recognised at 31 March 2021 (none in 2019/20) and there are currently 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 £8.343 million in 2020/21 (£7.235 million in 2019/20).

The Council was committed as at 31 March 2021 to receiving income of £477.722 million (£486.632 million as at 31 March 2020) under operating leases for Land & Buildings comprising the following elements:

31 March 2020 £000		31 March 2021 £000
	Minimum Income	
8,647	Not later than one year	8,615
29,385	Later than one year and not later than five years	27,612
448,600	Later than five years	441,495
486,632		477,722

Finance Leases

There were no finance leases recognised at 31 March 2021 (none in 2019/20).

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

13. 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 the following pension schemes both which provide members with benefits related to pay and service:

- Teachers' Pension Scheme
- Local Government Pension Scheme
- Cardiff City Transport Services Pension Schemes

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 2020/21 the Council paid £30.592 million in respect of teachers' pension costs, which represents 23.7% of teachers' pensionable pay for September to March (£25.973 million representing 16.5% of teachers' pensionable pay for April to August 2019/20 and 23.7% for September to March 2019/20). 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.

During 2020/21 the Council entered into a Deed of Agreement which confirms the subsumption of the Cardiff City Transport Services Ltd Local Government Pension Scheme (LGPS) liabilities as originally intended on the creation of the Company in 1986.

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.

2019/20				2020/21		
Funded scheme	Unfunded liabilities	Total		Funded scheme	Unfunded liabilities	Total
£000	£000	£000	£000	£000	£000	
			Comprehensive Income and Expenditure Statement (CIES)			
			Net Cost of Services			
70,650	0	70,650	Current Service Cost	71,580	0	71,580
10,550	0	10,550	Past Service Costs	1,410	0	1,410
			Financing & Investment Income and Expenditure			
13,680	1,130	14,810	Interest on net defined benefit liability/(asset)	17,850	980	18,830
94,880	1,130	96,010	Net charge to CIES	90,840	980	91,820
			Remeasurement of the net Defined Liability comprising			
168,680	0	168,680	Returns on Plan Assets excluding amounts included in net interest	(229,490)	0	(229,490)
(57,738)	(500)	(58,238)	Actuarial losses arising from changes in Financial assumptions	442,720	3,260	445,980
(28,360)	(1,890)	(30,250)	Actuarial gains arising from changes in demographic assumptions	0	0	0
47,260	(230)	47,030	Other experience and Actuarial adjustments	(17,280)	(620)	(17,900)
Have			Total Remeasurements recognised in Other Comprehensive Income	195,950	2,640	198,590
129,842	(2,620)	127,222				
224,722	(1,490)	223,232	Total charged to Comprehensive Income and Expenditure Statement	286,790	3,620	290,410

2019/20				2020/21		
Funded scheme £000	Unfunded liabilities £000	Total £000		Funded scheme £000	Unfunded liabilities £000	Total £000
			Movement in Reserves Statement			
(94,880)	(1,130)	(96,010)	Reversal of net charges made for retirement benefits in accordance with IAS19	(90,840)	(980)	(91,820)
			Actual amount charged against Council Tax in respect of pensions for the year			
47,130	0	47,130	Employers contributions payable to the scheme	43,230	0	43,230
0	3,110	3,110	Payments in respect of unfunded pensions liabilities *	0	3,020	3,020
47,130	3,110	50,240	Total	43,230	3,020	46,250

* 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. 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 for some time.

Reconciliation of funded status to Balance Sheet

31 March 2020				31 March 2021		
Funded scheme £000	Unfunded liabilities £000	Total £000		Funded scheme £000	Unfunded liabilities £000	Total £000
(1,931,978)	(48,720)	(1,980,698)	Opening present value of liabilities	(1,974,720)	(44,120)	(2,018,840)
(70,650)	0	(70,650)	Current service cost	(71,580)	0	(71,580)
(45,280)	(1,130)	(46,410)	Interest cost	(45,660)	(980)	(46,640)
(11,990)	0	(11,990)	Contributions by participants	(12,580)	0	(12,580)
38,838	2,620	41,458	Remeasurements in Other Comprehensive Income (OCI)	(425,440)	(2,640)	(428,080)
56,890	3,110	60,000	Net benefits paid out *	55,390	3,020	58,410
(10,550)	0	(10,550)	Past service cost	(1,410)	0	(1,410)
(1,974,720)	(44,120)	(2,018,840)	Closing present value of liabilities	(2,476,000)	(44,720)	(2,520,720)
1,317,980	0	1,317,980	Opening fair value of assets	1,183,130	0	1,183,130
31,600	0	31,600	Interest income on assets	27,810	0	27,810
(168,680)	0	(168,680)	Remeasurement gains/(losses) on assets	229,490	0	229,490
47,130	3,110	50,240	Contributions by employer	43,230	3,020	46,250
11,990	0	11,990	Contributions by participants	12,580	0	12,580
(56,890)	(3,110)	(60,000)	Net benefits paid out *	(55,390)	(3,020)	(58,410)
1,183,130	0	1,183,130	Closing fair value of assets	1,440,850	0	1,440,850
(791,590)	(44,120)	(835,710)	Net pension asset /(liability)*	(1,035,150)	(44,720)	(1,079,870)

*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.

It is important to note that this is a snap shot of the position as at 31 March 2021. 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.

There has been a significant increase in the pension liability at 31 March 2021 as compared to the previous year. This is primarily due to a change in the actuarial assumptions as shown in the table below which sets out the basis for estimating assets and liabilities.

Contributions for year ending 31 March 2022

Local Government Scheme - employer's regular contributions to the Fund for the accounting period ending 31 March 2022 are estimated to be £43.062 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 2022 the Council expects to pay £3.028 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 2020	Assumptions	31 March 2021
	Longevity at 45 for Current Pensioners (years)	
23.2	Men	23.3
26.0	Women	26.1
	Longevity at 65 for Current Pensioners (years)	
22.2	Men	22.3
24.6	Women	24.7
	Rates	
2.0%	Rate of Inflation - Consumer Price Index (CPI)	2.7%
3.0%	Rate of general increase in salaries	3.7%
2.0%	Rate of increase to pensions in payment	2.7%
2.0%	Rate of increase to deferred pensions	2.7%
2.3%	Discount rate for scheme liabilities	2.1%

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 2020				31 March 2021		
Quoted %	Unquoted %	Total %	Assets	Quoted %	Unquoted %	Total %
62.7	3.6	66.3	Equities	62.1	3.5	65.6
6.9	0.0	6.9	Property	6.6	0.0	6.6
9.5	0.0	9.5	Government Bonds	10.7	0.0	10.7
15.8	0.0	15.8	Corporate Bonds	15.7	0.0	15.7
1.4	0.0	1.4	Cash	1.4	0.0	1.4
0.1	0.0	0.1	Other*	0.0	0.0	0.0
96.4	3.6	100.0	Total	96.5	3.5	100.0

*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 2017	31 March 2018	31 March 2019	31 March 2020	31 March 2021
	£000	£000	£000	£000	£000
Fair value of assets	1,198,860	1,230,630	1,317,980	1,183,130	1,440,850
Present value of funded liabilities	(1,730,930)	(1,820,380)	(1,931,978)	(1,974,720)	(2,476,000)
Present value of unfunded liabilities	(47,490)	(46,520)	(48,720)	(44,120)	(44,720)
Surplus/(deficit)	(579,560)	(636,270)	(662,718)	(835,710)	(1,079,870)

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.

Funded Defined Benefit Obligation £2,476,000	+0.1% p.a		-0.1% p.a	
Change in Assumptions on Present value of the funded defined benefit obligations	£000	% Increase /Decrease to Employee Liability		£000
Adjustment to Discount rate	2,426,480	-2.0%	2.1%	2,528,000
Adjustment to Salary Increase rate	2,480,950	0.2%	-0.2%	2,471,050
Adjustment to Pension Increase rate	2,520,570	1.8%	-1.8%	2,431,430
Adjustment to Mortality rate	2,567,610	3.7%	-3.6%	2,386,860

Cardiff Bus Pension Schemes

In March 2021 the Council entered into a Flexible Apportionment Arrangement (FAA) in respect of the Cardiff City Transport Services Limited (Cardiff Bus) Pension Scheme. Under this arrangement, the company ceased to be the employer of the scheme and the Council became the Scheme's principal employer and the sole statutory employer of the scheme. This provided the Pension Scheme Trustees with further assurances around the strength of its covenant. The transfer relates to two defined benefit funded pension schemes administered by Trustees under a Deed and closed to any new entrants and future accrual. Assets held are invested in third party professionally managed funds. 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 and will be updated as part of the next triennial valuation as at 31 March 2021. The transfer also includes a defined contribution scheme which carries a guaranteed minimum return for its members, which is also closed to new members.

Reconciliation of funded status to Balance Sheet

31 March 2020 £000	Cardiff Bus Defined Contribution Pension Scheme	31 March 2021 £000
0	Opening present value of liabilities	(13,220)
0	Interest cost	(18)
0	Remeasurement (gains)/losses	100
0	Net benefits paid out	0
0	Closing present value of liabilities	(13,138)
0	Opening fair value of assets	11,933
0	Interest income on assets	16
0	Remeasurement gains/(losses) on assets	(58)
0	Net benefits paid out	0
0	Closing fair value of assets	11,891
0	Net pension asset /(liability)	(1,247)

31 March 2020 £000	Cardiff Bus Defined Benefit Pension Scheme	31 March 2021 £000
0	Opening present value of liabilities	(40,435)
0	Interest cost	(56)
0	Remeasurement (gains)/losses	309
0	Net benefits paid out	137
0	Closing present value of liabilities	(40,045)
0	Opening fair value of assets	40,739
0	Interest income on assets	56
0	Remeasurement gains/(losses) on assets	36
0	Net benefits paid out	(137)
0	Closing fair value of assets	40,694
0	Net pension asset /(liability)	649

31 March 2020	Cardiff Bus Defined Benefit Pension Scheme	31 March 2021
%	Assets	%
0.0	Diversified Growth Funds	23.1
0.0	Cash & Liability Driven Investments	23.7
0.0	Bonds	53.2
0.0	Total	100.0

14. 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
1 April 2019	604,789	779,870	41,212	649,358	19,806	38,199	27,944	2,161,178
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
31 March 2020	650,686	832,653	40,760	664,410	19,897	44,540	38,339	2,291,285
Additions	17,222	17,204	13,272	15,585	0	34,010	47,152	144,445
Revaluations Increases/(Decreases) recognised in the RR	25,562	172	0	0	0	(1,100)	0	24,634
Revaluations Increases/(Decreases) recognised in the SDPS	(68,495)	(697)	0	0	0	(192)	0	(69,384)
Impairment Losses/Reversals to RR	0	(233)	0	0	0	(2,874)	(1,483)	(4,590)
Impairment Losses/Reversals to SDPS	(166)	(23)	0	0	0	0	0	(189)
Derecognition - Disposals	(55)	(120)	(10,550)	(192,717)	0	(898)	0	(204,340)
Reclassified (to)/from Held for Sale	0	(23)	0	0	0	1,000	0	977
Other Reclassifications - Transfers	6,028	2,324	5,948	1,235	0	200	(17,154)	(1,419)
31 March 2021	630,782	851,257	49,430	488,513	19,897	74,686	66,854	2,181,419
Movements in Depreciation/Impairment								
1 April 2019	9,908	32,190	24,178	354,256	0	0	0	420,532
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)
31 March 2020	20,812	28,569	25,187	375,133	0	0	0	449,701
Depreciation Charge	9,324	22,123	6,325	20,415	0	0	0	58,187
Depreciation written out on Impairment	0	(25)	0	0	0	0	0	(25)
Depreciation written out to the RR	0	(9)	0	0	0	0	0	(9)
Depreciation written out to the SDPS	(20,811)	(409)	0	0	0	0	0	(21,220)
Derecognition - Disposals	0	(120)	(10,550)	(192,717)	0	0	0	(203,387)
Reclassifications - Transfers	0	(17)	0	0	0	0	0	(17)
31 March 2021	9,325	50,112	20,962	202,831	0	0	0	283,230
Net Book Value								
At 31 March 2020	629,874	804,084	15,573	289,277	19,897	44,540	38,339	1,841,584
At 31 March 2021	621,457	801,145	28,468	285,682	19,897	74,686	66,854	1,898,189

*RR = Revaluation Reserve

** SDPS = Surplus or deficit on Provision of Services

Heritage Assets

2019/20 £000		2020/21 £000
54,152	Balance at 1 April	58,616
231	Additions	66
4,233	Revaluation increases /(decreases) to RR	0
58,616	Balance at 31 March	58,682

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 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:

2019/20 £000		2020/21 £000
126,360	Balance at 1 April	178,521
58,624	Additions	1,015
(6,413)	Impairment	(26)
(2,393)	Disposals	(12,307)
0	Reclassified (to) / from Held for Sale	0
0	Other Reclassifications	1,418
0	Revaluation increases / (decreases) to RR*	0
2,343	Revaluation increases / (decreases) to SDPS**	(9,883)
178,521	Balance at 31 March	158,738

* Revaluation Reserve

** Surplus/Deficit on Provision of Services

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

2019/20 £000		2020/21 £000
(6,231)	Rental income from investment property	(11,059)
2,011	Direct operating expenses arising from investment property	4,439
(4,220)	Net (Gain) / Loss	(6,620)

Intangible Assets

Movements in intangible assets during 2020/21 are summarised as follows:

2019/20 Total £000		2020/21		
		Other Intangible Assets £000	Intangible AUC £000	Total £000
	Cost or Valuation			
9,317	Balance at 1 April	10,559	0	10,559
1,309	Additions	302	0	302
(67)	Write out of Joint Committees	0	0	0
0	Derecognition - Disposals	(6,443)	0	(6,443)
10,559	Balance at 31 March	4,418	0	4,418
	Amortisation			
7,095	Balance at 1 April	8,267	0	8,267
1,172	Amortisation	884	0	884
0	Derecognition - Disposals	(6,444)	0	(6,444)
8,267	Balance at 31 March	2,707	0	2,707
	Net Book Value:			
2,292	Balance at 31 March	1,711	0	1,711

Capital Expenditure and Capital Financing

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

2019/20		2020/21
£000		£000
788,558	Opening Capital Financing Requirement*	848,897
	Capital Expenditure:	
91,376	Property, Plant and Equipment	144,445
231	Heritage Assets	66
0	Assets Held for Sale	351
58,624	Investment Properties	1,015
1,309	Intangible Assets	302
132	Loans / Equity	7,985
12,744	Expenditure on REFCUS	12,132
	Sources of Finance:	
(5,497)	Capital Receipts	(6,455)
(52,574)	Government grants and other contributions	(95,296)
(7,135)	Direct revenue contributions and reserves	(3,373)
(38,871)	Prudent revenue and capital provision for loan repayment	(49,312)
0	Amendment for Reduction in Provision	(2,000)
848,897	Closing Capital Financing Requirement*	858,757
	Explanation of movements in year:	
2,659	Increase / (Decrease) in underlying need to borrow (supported by government financial assistance)	2,607
57,680	Increase / (Decrease) in underlying need to borrow (unsupported by government financial assistance)	7,253
60,339	Increase in Capital Financing Requirement	9,860

*This includes a notional amount in respect of Landfill provision of 2019/20 £18.368 million and 2020/21 £17.348 million.

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.

2019/20		2020/21
£000		£000
24,055	Council Fund revenue provision	24,714
12,807	Housing Revenue Account provision	13,396
36,862	Prudent revenue provision	38,110

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.

2019/20		2020/21
£000		£000
	Expenditure:	
4,843	Housing Improvement Grants	4,181
2,901	Buildings not owned by Cardiff Council	4,634
5,000	Grants awarded (not Housing Grants)	1,013
0	Repayment of Grant	2,304
12,744	Charged to Income and Expenditure Statement	12,132
	Funded by:	
(11,041)	Grants and Contributions	(7,734)
(1,703)	Borrowing, Receipts and other Capital Resources	(4,398)
(12,744)		(12,132)

Significant Capital Expenditure contractual commitments

At 31 March 2021, the significant capital expenditure commitments scheduled for completion in 2021/22 and future years is shown below (£11.779 million 2019/20):

Capital Scheme	£000
Fitzalan - New High School	43,620
Cardiff Living - Highfields	6,950
Street Lighting LED - Residential	5,080
Pre-Contract Service Agreement - Cardiff Arena	4,700
Grangetown Gasworks Temporary Modular	4,410
Adams Court Refurbishment	3,860
Cardiff Living - Croft Street	3,140
Central Square Public Realm Air Quality	3,040
Ty Gwyn School - Phase 2	2,610
Tudor Street - Green Infrastructure	2,600
Electric Waste Collection Vehicles	2,230
Millennium Walkway Replacement	1,910
Cardiff Living - Llandudno Road	1,620
Roundwood Estate Regeneration Scheme	1,400
Cardiff Living - Howardian	1,190
Pop Up Cycleways - Phase 2	1,000
Tudor Street - Commercial Improvement Scheme	930
Caldicot Road	850
Lower Llanrumney Estate Regeneration	730
Michaelston School Demolition	560
Crwys Road - Road Safety Improvements	510
Total	92,940

15. 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 2020				31 March 2021		
Long Term £000	Short Term £000	Total £000		Long Term £000	Short Term £000	Total £000
			Amortised Cost :			
0	76,000	76,000	Investments - Principal	0	98,862	98,862
0	106	106	Investments - Accrued Interest	0	20	20
0	35,922	35,922	Cash and Cash Equivalents	0	34,450	34,450
0	29	29	Cash and Cash Equivalents Accrued Interest	0	0	0
0	112,057	112,057	Total Investments at Amortised Cost Included in Investments	0	133,332	133,332
9,723	0	9,723	Total Investments at Fair Value through Other Comprehensive Income	11,307	0	11,307
577	784	1,361	Loans	1,285	786	2,071
8,124	136,056	144,180	Other Debtors	4,666	192,736	197,402
8,701	136,840	145,541	Total Debtors	5,951	193,522	199,473
18,424	248,897	267,321	Total Financial Assets	17,258	326,854	344,112
			Financial Liabilities at Amortised Cost			
(807,540)	(21,233)	(828,773)	Loans (Principal)	(783,666)	(27,013)	(810,679)
0	(8,392)	(8,392)	Loans Accrued Interest	0	(8,380)	(8,380)
(807,540)	(29,625)	(837,165)	Total Borrowings	(783,666)	(35,393)	(819,059)

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, technical accounting adjustments 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. During 2020/21, the Board of Cardiff Bus authorised the issue of additional shares and the Council agreed the acquisition of these shares at a value of £7 million as part of the implementation of a financial support package. The fair value of the investment at 31 March 2021 is estimated to be £10.574 million (£9.356 million in 2019/20)

- 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 2021. Interest payable for 2020/21 is £8.380 million (£8.392 million in 2019/20).

31 March 2020			Valuation Method - Level	31 March 2021	
Carrying amount £000	Fair value £000			Carrying amount £000	Fair value £000
(706,425)	(951,353)	Public Works Loan Board Loans (PWLB)	Level 2	(706,478)	(1,011,937)
(51,641)	(71,457)	Lender Option Borrower Option Loans	Level 2	(51,629)	(77,718)
(20,646)	(16,362)	Welsh Government	Level 2	(22,550)	(18,483)
(58,453)	(58,276)	Local Authorities and Other Loans	Level 2	(38,402)	(38,808)
(837,165)	(1,097,448)	Financial Liabilities		(819,059)	(1,146,946)

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 2021. An exit price fair value of £1.191 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
2019-20					2020-21			
£000					£000			
32,960	0	0	32,960	Interest Payable & Similar Charges	34,020	0	0	34,020
0	(966)	0	(966)	Interest and Investment Income	0	(376)	0	(376)
0	0	0	0	(Gain)/loss arising on Disposal / Derecognition of Financial Assets	0	0	(148)	(148)
0	0	1,101	1,101	(Gain)/loss arising on Revaluation or Disposal of Financial Assets	0	0	5,768	5,768
32,960	(966)	1,101	33,095	Net (gain) / loss for the year	34,020	(376)	5,620	39,264

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 2020 £000	Likelihood of Default	31 March 2021 £000
	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 2021, the expected credit loss calculated on a historic risk of default basis is 0.01% or £11,170. This is minimal, so no provision for expected credit loss is recognised.	
112,057	Deposits - Banks and Building societies	133,332
	Repayments are recovered directly from employees pay and indemnity insurance is a condition of the loan. Default experience is minimal.	
431	Car Loans	360
	Includes loans to SMEs and Town Centre schemes. Where there is deemed to be a risk of non-repayment a provision for impairment is considered.	
930	Loans to External bodies	1,711
	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 2020/21 was based on the adjusted age profile disclosed as following:	
25,769	Less than one year	13,031
1,518	1-2 years	1,445
352	2-3 years	442
223	3-4 years	301
181	4-5 years	115
299	Over 5 years	444
28,342	Customers	15,778
141,760	Total	151,181

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 2020	Loans Outstanding	31 March 2021
£000		£000
698,866	Public Works Loans Board	698,866
51,000	Market Lender Option Borrower Option (LOBO)	51,000
20,644	Welsh Government	22,550
58,263	Local Authorities and Other Loans	38,263
828,773	Total	810,679
21,234	Under 12 months	27,013
26,988	12 months and within 24 months	22,698
30,431	24 months and within 5 years	13,370
53,798	5 years and within 10 years	66,310
174,310	10 years and within 20 years	175,275
169,000	20 years and within 30 years	170,000
212,689	30 years and within 40 years	212,689
135,323	40 years and within 50 years	118,324
5,000	50 years and within 60 years	5,000
828,773	Total	810,679

Currently, £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. Details are shown in the following table:

£m	Potential Repayment Date	Option Frequency	Full Term Maturity
6	21/05/2021	6 months	21/11/2041
6	21/05/2021	6 months	21/11/2041
6	21/05/2021	6 months	23/05/2067
6	02/09/2021	6 months	23/05/2067
5	15/01/2023	5 years	17/01/2078
22	21/11/2025	5 years	23/11/2065

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 2020/21 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	134
Increase in interest receivable on investments	(828)
Impact on Income and Expenditure Account	(694)
Increase in interest transferred to other balances and accounts	204
Net (Income) / Expenditure	(490)

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.

Changes in Fair Value	£000
Change in Fair Value of Fixed Rate Investments	0
Decrease in Fair Value of Fixed Rate Borrowings	(286,438)

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 £45,000 (£31,000 in 2019/20) which are quoted on a recognised stock exchange at 31 March 2021.

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 £529,000 gain or loss being recognised in the Movement in Reserves Statement.

16. Held for Sale Assets

31 March 2020		31 March 2021
£000		£000
2,570	Balance at 1 April	1,860
0	Additions	351
(290)	De-recognition	0
0	Impairment	(36)
(420)	Reclassified to/(from) Held for Sale	(977)
0	Revaluation increases /(decreases) to RR*	125
0	Revaluation increases /(decreases) to SDPS**	(405)
1,860	Balance at 31 March	918

*Revaluation Reserve

** Surplus/Deficit on Provision of Services

17. Short Term Debtors

31 March 2020		31 March 2021
£000		£000
80,148	Central Government Bodies	100,372
22,690	Other Local Authorities & NHS Bodies	23,307
29,805	Other Entities and Individuals including Public Corporations	69,843
132,643	Total Short Term Debtors	193,522

18. Cash and Cash Equivalents

31 March 2020		31 March 2021
£000		£000
223	Cash	151
(15,900)	Bank (including cheque book schools)	(8,909)
51,628	Short-term deposit with banks and building societies	43,208
35,951	Total Cash and Cash Equivalents	34,450

In addition to the above, at 31 March 2021 the Council held £637,000 (£789,000 at 31 March 2020) 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.

19. Short Term Creditors

31 March 2020		31 March 2021
£000		£000
(11,773)	Central Government Bodies	(42,904)
(13,000)	Other Local Authorities & NHS Bodies	(14,380)
(90,166)	Other Entities and Individuals including Public Corporations	(96,822)
(114,939)	Total Short Term Creditors	(154,105)

20. Interests in Other Companies and Other Organisations

The Council has four 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 three 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 2020/21. The Council does not depend upon these three 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 continued to address a number of challenges in common with the entire public transport industry as a result of the Covid-19 pandemic. This has resulted in reductions in income and patronage, which will take time to recover, however actions taken during the year to support a transformation programme include:

- A focus on safety and essential services
- Use of the national Bus Emergency Scheme support and use of furlough
- A resizing exercise to support financial viability coupled with the strengthening of management team to focus on people and culture
- Beginning a process to invest in modern fleet to strengthen the balance sheet.

During 2020/21 there was 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, the Council agreed 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 became the statutory employer of the scheme on 3 March 2021.

The audited 2019/20 Statement of Accounts for Cardiff Bus were approved by the auditors and Company in March 2021 and submitted to Companies House thereafter. This included a technical adjustment in respect to valuation of assets as a result of the impact of the Covid-19 pandemic and further information is provided in the introduction to the Group Accounts section of this document.

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

31 March 2020		31 March 2021
£000		£000
(32,935)	Turnover and other income	(31,509)
32,557	Operating and other expenditure	28,795
(378)	Net (Profit) / Loss before Taxation	(2,714)
0	Taxation	0
(378)	(Profit) / Loss after Taxation	(2,714)

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

31 March 2020		31 March 2021
£000		£000
17,958	Bus and other operating assets	9,459
3,711	Current Assets	15,967
(4,901)	Less Current Liabilities	(5,436)
	Creditors: Amounts falling due after more than one year	
(3,839)	Provisions & Long term liabilities	(7,686)
(833)	Deferred Taxation	(1,767)
(2,740)	Pension Liability	37
9,356	Total Assets less Liabilities	10,574
	Represented by:	
4,618	Share Capital	11,618
1,589	Retained Earnings	(4,241)
3,149	Revaluation Reserve	3,197
9,356	Net Worth	10,574

The 2019/20 figures included in the table above have not been updated for Cardiff City Transport Services final accounts which were signed off after those of the Council, and remain as they were in the Council's Statement of Accounts 2019/20.

During 2020/21 the Council made payments totaling £18.207 million to Cardiff City Transport Services Ltd (£9.474 million in 2019/20), of which £9.229 million related to concessionary fares payments (£8.905 million

in 2019/20), £1 million for emergency financial support in June 2020 and £7 million in respect to acquisition of additional equity. The Council also received income of £89,000 (£169,000 in 2019/20).

At year-end, there is a balance due to Cardiff City Transport Services Ltd of £474,000 (£164,000 at March 2020) and no balance due from Cardiff City Transport Services Ltd (£5,000 at March 2020).

During 2019/20 and 2020/21, no dividend was paid to the Council.

The accounts for year ended 31 March 2021 are in draft status and are pending audit, prior to submission to Companies House at the end of December 2021. The company's auditors for 2020/21 accounts are Kilsby Williams.

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 2020		31 March 2021
£000		£000
(19)	Net (Profit) / Loss before Taxation	(24)
4	Less: Taxation	9
(15)	(Profit) / Loss after Taxation	(15)

31 March 2020		31 March 2021
£000		£000
765	Total assets less current liabilities	776
(39)	Provision for taxation	(36)
(11)	Pension Liability	(29)
715	Total Assets less Liabilities	711
	Represented by:	
337	Retained Profit	386
(11)	Pension Reserve	(29)
389	Revaluation Reserve	354
715	Net Worth	711

During 2020/21 the Council made payments of £326,000 to CBTC (£272,000 in 2019/20) and received nil income (£36,000 in 2019/20 from CBTC. At year end, there is a balance due to CBTC of £36,000 (£32,000 at 31 March 2020) 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 2020		31 March 2021
£000		£000
3	Net (Profit) / Loss before Taxation	(25)
0	Less: Taxation	4
3	(Profit) / Loss after Taxation	(21)

31 March 2020		31 March 2021
£000		£000
17	Total assets less current liabilities	34
(12)	Creditors: falling due after more than one year	(8)
5	Total Assets less Liabilities	26
	Represented by:	
5	Retained Profit	26
5	Net Worth	26

During 2020/21, the Council made no payments (£0 in 2019/20) to Atebion Solutions Ltd and received income of £94,732 (£50,215 in 2019/20) from Atebion Solutions Ltd. At year end, there is no balance due to Atebion Solutions Ltd (£0 at 31 March 2020) and a balance due of £85,256 from Atebion Solutions Ltd (£50,215 at March 2020).

The company's auditors are Azets.

Cardiff Heat Network Ltd (company number 13199235)

Cardiff Heat Network Limited is wholly owned by Cardiff Council and was incorporated on 12 February 2021. The company's principal activities are to develop and then run a sustainable heat network across the city which will supply heat to existing buildings owned/operated by the council and other public and private sector organisations in the area. Due to its recent incorporation there were no transactions between Cardiff Council and Cardiff Heat Network Limited for the financial year 2020/21.

21. Provisions

	Balance 31 March 2020	Utilised/ Released in year	Transfers to Provisions	Balance 31 March 2021	Not later than one year	Later than one year
	£000	£000	£000	£000	£000	£000
Insurance & MMI Scheme	(10,704)	3,203	(3,664)	(11,165)	(4,240)	(6,925)
Ferry Road Landfill	(8,152)	82	0	(8,070)	(322)	(7,748)
Lamby Way Landfill	(10,528)	412	0	(10,116)	(284)	(9,832)
City Deal	(343)	0	(150)	(493)	0	(493)
Other	(490)	399	(148)	(239)	(153)	(86)
Total	(30,217)	4,096	(3,962)	(30,083)	(4,999)	(25,084)

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 27.

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 (CCRCD) – primarily represents timing differences in relation to corporation tax.

22. 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 2020		31 March 2021
£000	Pension Strain	£000
(1,496)	Pension Strain due within 1 year	(1,471)
(3,688)	Pension Strain due later than 1 year	(3,434)
(5,184)	Total Pension Strain	(4,905)

23. Deferred Liabilities

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

	Balance 31 March 2020	Utilised/ Released in year	Transfers to Deferred Liabilities	Balance 31 March 2021	Not later than one year	Later than one year
	£000	£000	£000	£000	£000	£000
Commuted Maintenance Sums	(8,261)	583	(763)	(8,441)	(653)	(7,789)

Rent Smart Wales Income in Advance	(4,214)	2,526	(1,504)	(3,192)	(2,800)	(392)
Total Deferred Liabilities	(12,475)	3,109	(2,267)	(11,633)	(3,453)	(8,181)

24. 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.

24.1 Council Fund and HRA Balances

	Balance	Contributions		Balance
	31 March 2020 £000	From Revenue £000	To Revenue £000	31 March 2021 £000
COUNCIL FUND AND HRA BALANCES				
Council Fund Balance	14,255	0	0	14,255
Housing Revenue Account Balance	8,983	6,519	0	15,502
Total Council Fund and HRA Balances	23,238	6,519	0	29,757

24.2 Earmarked Reserves

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

	Balance	Contributions		Balance	Purpose of the Reserve
	31 March 2020 £000	From Revenue £000	To Revenue £000	31 March 2021 £000	
SCHOOLS BALANCES					
Schools Reserves	5,317	16,919	(522)	21,714	The net position on individual school balances, comprising surpluses, deficits and the overall deficit on the Mutual Supply Fund.
Cathays HS – Maintenance of Playing Field	3	0	0	3	To maintain path alongside Cathays High School
Primary/Special Schools Repairs	707	218	0	925	The overall balance held on the mutual scheme for repairs to school buildings.
	6,027	17,137	(522)	22,642	
SCHOOLS RESERVES					
Out of School Childcare	99	29	(10)	118	Surplus balances from each school operating an out of school childcare scheme. These can be drawn upon by each school to balance their in-year financial position.
Schools Catering	0	256	0	256	To be used to support the Schools Catering Service, including kitchen improvements, the implementation of a cashless transaction system.

	Balance	Contributions		Balance	Purpose of the Reserve
	31 March 2020 £000	From Revenue £000	To Revenue £000	31 March 2021 £000	
Schools Formula Funding	226	1,900	(35)	2,091	A contingency set aside to meet unplanned and unforeseen expenditure incurred by or on behalf of the delegated schools budgets.
Schools Organisational Plan	501	8,749	(8,090)	1,160	To be used to manage the cash flow implications of the Schools Organisational Plan financial model.
	826	10,934	(8,135)	3,625	
OTHER COUNCIL RESERVES					
Adults Social Care	0	1,182	0	1,182	To provide interim funding for service specific pressures during 2021/22 and to enhance Adult Service's resilience in the short term in light of the demographic and market uncertainty created by the pandemic.
Apprenticeships and Trainees	590	0	(77)	513	To support the Council's commitment to young people through funding for apprenticeships and trainees.
Bereavement Services	137	614	(404)	347	To fund a planned programme of refurbishment and improvement.
Building Control Regulations	85	0	(36)	49	Represents historic surpluses relating to the ring fenced building control account which will be used to smooth the effects of any future deficits.
Bute Park Match Funding	73	0	0	73	To provide match funding for grant funded initiatives in relation to Bute Park, as per Heritage Lottery Fund agreement.
Capital Ambition Delivery	250	0	(250)	0	To fund additional advice and support for the delivery of Capital Ambition projects.
Cardiff Academy Training	78	0	0	78	To support initiatives undertaken by the Academy.
Cardiff Capital Region City Deal	216	0	0	216	To provide funding towards the Council's contribution to the Joint Cabinet for the Cardiff Capital Region City Deal.
Cardiff Dogs Home Legacy	312	88	(148)	252	Donations left to Cardiff Dogs Home to be used for improvements to the home.
Cardiff Enterprise Zone	2,377	970	(983)	2,364	To fund expenditure on the Cardiff Enterprise Zone in future years.
Central Market Works	269	0	(22)	247	To fund works at Cardiff Central Market and as potential match funding for external grants.
Children's Services	0	950	0	950	To be used to enhance Children's Services resilience in the short term, including provision of funding temporary staffing for Reviewing/Screening Service, Intervention Hub and additional in house fostering support.
Central Transport Service	0	177	0	177	To fund costs relating to the CTS vehicle service in future years.
City Events and Recovery	0	1,000	0	1,000	To support the post pandemic recovery.

	Balance	Contributions		Balance	Purpose of the Reserve
	31 March 2020 £000	From Revenue £000	To Revenue £000	31 March 2021 £000	
City Wide Management and Initiatives	878	254	(386)	746	To fund city wide management and initiatives including supporting marketing and infrastructure.
Community Based Services Transition	169	0	(48)	121	To enable the better integration of community facilities across the public sector.
Community Initiatives	675	562	0	1,237	To fund initiatives arising from the legacy of the Community First Programme.
Connect to Cardiff Refurbishment	10	0	0	10	To fund expansion due to new and changing regulations.
Corporate Events and Cultural Services	829	339	(338)	830	To support feasibility studies and costs of major events and to offset future pressures arising from fluctuations in income within Venues and Cultural Services.
Corporate Landlord Function	136	500	0	636	To support the corporate landlord functions across the Council in order to provide a cohesive and commercial operating model.
Corporate Recovery Risk	0	2,250	0	2,250	To mitigate risk of transition post pandemic.
Council Tax Reduction Scheme	0	2,000	0	2,000	To manage pressure and volatility in CTRS expenditure over the medium term.
Digital Transformation	0	3,203	0	3,203	To support new ways of working.
Discretionary Rate Relief	100	0	0	100	To fund changes to the NDR discretionary rate relief scheme.
Emergency Management, Safeguarding & Prevent	139	0	0	139	To fund preventative measures in relation to safeguarding, the Prevent agenda and emergency management.
Employee Changes	8,690	603	(567)	8,726	To meet the costs associated with voluntary redundancy and other employee costs in future years.
Energy Conservation (One Planet Cardiff)	47	150	(47)	150	To fund initiatives in connection with energy conservation.
Energy Market Volatility	336	0	0	336	To provide funding for unexpected fluctuations in the cost of energy.
Family Guarantor	0	339	0	339	To enable the authority to adopt the role of guarantor for landlords and aid the transfer of families from temporary accommodation into permanent homes
Flatholm	0	7	0	7	To fund initiatives and repairs and renewals at Flatholm.
Fraud Detection	44	0	0	44	To supplement staffing and other costs associated with fraud detection.
Governance and Legal Services	185	0	0	185	To fund future Governance & Legal Services initiatives, including projects in connection with ICT upgrades.
Harbour Authority Project and Contingency Fund	63	63	0	126	To fund expenditure for the improvement and enhancement of infrastructure, assets, activities or services in or around Cardiff Bay.
Highways Section 278	410	0	(68)	342	To support highway investment.

	Balance	Contributions		Balance	Purpose of the Reserve
	31 March 2020 £000	From Revenue £000	To Revenue £000	31 March 2021 £000	
Homelessness	1,468	344	0	1,812	To be used to meet increases in homelessness pressures.
Housing Support	758	0	0	758	To improve sustainability by maintaining the independence of people in their own homes.
ICT Holding Account	716	0	0	716	To fund future business process improvement initiatives and other future ICT initiatives.
Inspectorate Support	208	800	0	1,008	To procure necessary consultancy for inspections and regulatory environment.
Insurance	6,175	1,274	0	7,449	To protect the Council from future potential insurance claims.
Invest to Save	261	0	0	261	To be used in connection with revenue invest to save schemes.
Joint Equipment Store	221	84	0	305	To be utilised to offset deficits or one off expenditure items in the pooled budget, in future years.
Local Development Plan	38	300	0	338	To support the cost of the Local Development Plan and any potential appeals or judicial reviews.
Major Projects	480	0	0	480	To contribute towards the cost of Major Projects.
Members Development	61	0	0	61	To support any additional Members' ICT software.
Municipal Election	572	225	0	797	To support the cost of local elections.
Municipal Mutual Insurance	786	149	0	935	To reflect the fact that the Council are liable to pay a percentage of claims previously settle by Municipal Mutual Insurance (MMI) and contribute to the cost of future settled claims.
Non-Domestic Rates Due Diligence	60	0	0	60	To fund the costs of NDR due diligence.
Parking and Enforcement	2,115	8,569	(6,148)	4,536	This represents surpluses to parking and enforcement schemes which, under the Road Traffic Act 1984, have to be reinvested in Road Traffic Schemes. Additional details provided in note below.
Projects, Design and Development	14	0	(14)	0	To cover unattributable anomalies in building design and construction and offset any annual trading deficits.
Property Asset Management	67	21	(72)	16	To be used by Strategic Estates, as a tool for managing timing and fluctuations of income from fees relating to the disposal of properties.
Red Dragon Centre	1,532	270	0	1,802	To support ongoing premises funding requirements.
Rentsmart	660	0	(202)	458	To reinvest in training and service delivery in respect of Rentsmart Wales.
Resources	843	1,468	(56)	2,255	To provide funding to a number of areas within the Resources Directorate, particularly where transition to new methods of operation are required.

	Balance	Contributions		Balance	Purpose of the Reserve
	31 March 2020 £000	From Revenue £000	To Revenue £000	31 March 2021 £000	
Roads Maintenance	0	1,033	0	1,033	To fund future road maintenance improvements.
Scrutiny Development and Training	118	0	0	118	To fund scrutiny member development and training.
Social Care Technology	655	0	0	655	To provide funding towards social care ICT developments.
South East Wales Construction Framework	535	440	0	975	Ring fenced revenue to fund future costs of the project. Remaining funding to be distributed amongst the participating authorities.
Strategic Budget	3,979	3,918	(750)	7,147	To support financial resilience and the future budget requirements of the Council over the three year budget period within the Medium Term Financial Plan.
Treasury Management	4,725	4,300	0	9,025	To assist with the management of risk in relation to major projects and to offer some protection and flexibility to the wider capital programme.
Wales Interpretation and Translation Service	351	0	(31)	320	To manage in-year fluctuations in funding and financial performance of the service.
Waste Management	0	311	0	311	To support additional waste management initiatives to achieve recycling targets and offset the impact of additional tonnage and associated waste management costs.
Welfare Reform	1,853	291	0	2,144	To mitigate pressures and reduced funding within the Housing Benefit Service following the transfer of services to DWP, as part of the rollout of the Universal Credit Scheme.
Youth and Community Education	178	609	0	787	To fund costs connected with the refurbishment of youth centres.
	46,527	39,657	(10,647)	75,537	
SHARE OF JOINT COMMITTEE RESERVES					
Cardiff Capital Region City Deal (CCRCD)	1,514	248	(1,062)	700	The Council's percentage share of the accumulated balances and earmarked usable reserves of Cardiff Capital Region City Deal.
	1,514	248	(1,062)	700	
Total Council Fund Reserves	54,894	67,976	(20,366)	102,504	
HRA RESERVES					
Housing Development Resilience	0	250	0	250	To mitigate against risk and improve resilience within the Housing Development Capital Programme
Housing Repairs and Building Maintenance	599	2,422	0	3,021	To fund costs of the housing repairs and to mitigate against risk within the construction industry.
Welfare Reform	279	150	0	429	To fund project costs and scheme development to address issues for council tenants due to benefit cap and universal credit.
Total HRA Reserves	878	2,822	0	3,700	

	Balance	Contributions		Balance	Purpose of the Reserve
	31 March 2020	From Revenue	To Revenue	31 March 2021	
	£000	£000	£000	£000	
TOTAL EARMARKED RESERVES	55,772	70,798	(20,366)	106,204	

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.

2019/20		2020/21
£000		£000
(5,024)	On-street pay car parking fees	(1,364)
(1,186)	Off-Street car parking fees	(272)
(386)	Residents parking permits	(366)
(2,229)	Penalty charge notices	(1,003)
(5,082)	Moving Traffic Offences	(2,417)
(366)	Camera Car	(115)
(200)	Traffic Enforcement Centre	(22)
(14)	Other income	(23)
(14,487)	Total Income	(5,582)
659	Operational costs / Parking and Permits	599
6,064	Enforcement service	5,481
6,723	Total Expenditure	6,080
(7,764)	Civil Parking Enforcement Net (Surplus)/Deficit	498
0	Covid-19 LG Hardship Fund/Job Retention Scheme	(9,067)
(7,764)	Revised Civil Parking Enforcement Net ((Surplus)/Deficit	(8,569)
	Appropriations to Parking Reserve:	
1,491	Balance 1 April	2,115
7,764	Contributions from CPE	8,569
(7,140)	Contributions to revenue*	(6,148)
2,115	Balance 31 March	4,536

* The reduction in income is as a result of Covid-19 and the trading surplus includes £9.067 million from Welsh Government Hardship Fund and the Coronavirus Job Retention Scheme. Eligible expenditure totalling £6.148 million was drawn down from the reserve leaving a balance of £4.536 million at 31 March 2021. The drawdown included a budgeted sum of £5.935 million to support 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.

24.3 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.

2019/20		2020/21
£000		£000
8,488	Balance as at 1 April	10,906
	Movements during Year:	
9,249	Sale of Land, Buildings and other assets	15,161
626	Sale of Council Dwellings	236
99	Recoupments of grant/other	25
9,974		15,422
(5,497)	Finance Capital Expenditure	(6,455)
(2,009)	Provide for Repayment of External Loans	(11,200)
(50)	Other	0
(7,556)		(17,655)
10,906	Balance as at 31 March	8,673

25. Unusable Reserves

25.1 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 realised.

The Reserves contain only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

2019/20		2020/21
£000		£000
268,598	Balance as at 1 April	288,041
35,426	Upward revaluation of assets	25,878
(14,316)	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(1,342)
21,110	Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	24,536
(1,290)	Difference between fair value depreciation and historical cost depreciation (charged to Capital Adjustment Account)	(1,280)
(377)	Accumulated gains on assets sold or scrapped	(100)
(1,667)	Amount written off to the Capital Adjustment Account	(1,380)
288,041	Balance as at 31 March	311,197

25.2 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.

2019/20		2020/21
£000		£000
864,171	Balance as at 1 April	939,914
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
(62,708)	Charges for depreciation and impairment of non-current assets	(62,755)
106,849	Reverse previous impairment on revaluation	597
(50,064)	Revaluation losses on Property, Plant and Equipment	(48,700)
(1,172)	Amortisation of intangible assets	(884)
0	Movement in Assets Held for Sale	(440)
(1,703)	Expenditure on REFCUS	(4,398)
(4,265)	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	(13,161)
(13,063)		(129,741)
1,290	Adjusting amounts written out of the Revaluation Reserve (historic cost adjustment)	1,281
(11,773)	Net written out amount of the cost of non-current assets consumed in the year	(128,460)
	Capital financing applied in the year:	
5,497	Capital Receipts	6,455
7,135	Direct Revenue Financing	3,373
41,333	Grants and contributions	87,562
36,862	Prudent Revenue Provision	38,110
2,009	Capital receipts to provide for repayment of external loans	11,202
(1,230)	Reduction in loan debtors	(321)
91,606		146,381
(4,090)	Movements in the value of Investment Properties	(8,413)
939,914	Balance as at 31 March	949,422

25.3 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.

2019/20		2020/21
£000		£000
5,008	Balance as at 1 April	5,008

0	Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0
0	Transfers to the Capital Receipts Reserve upon receipt of cash	(5)
5,008	Balance as at 31 March	5,003

The balance in 2020/21 relates primarily to the deferred payment from disposal of land at Central Square, due in the financial year 2021/22.

25.4 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.

2019/20		2020/21
£000		£000
10,368	Balance as at 1 April	9,267
(1,101)	(Downwards) / Upwards revaluation of investments not charged to the Surplus/Deficit on the Provision of Services	(5,768)
9,267	Balance as at 31 March	3,499

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.

25.5 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.

2019/20		2020/21
£000		£000

(674,020)	Balance as at 1 April	(840,894)
(127,222)	Actuarial gains or losses on pensions assets and liabilities	(198,203)
(89,038)	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	(93,109)
(854)	Reversal of amounts accrual in respect of pension strain for future years	280
50,240	Employer's pensions contributions and direct payments to pensioners payable in the year	46,553
(840,894)	Balance as at 31 March	(1,085,373)

25.6 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.

2019/20 £000		2020/21 £000
(8,901)	Balance as at 1 April	(11,580)
(2,679)	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	(6,113)
(11,580)	Balance as at 31 March	(17,693)

25.7 Donated Inventories Account

The Donated Inventories Account represents the value of donated inventories held as at 31 March 2021.

The Council received donated personal protective equipment (PPE) received from NHS Shared Services (NHSS), at nil cost, in order to fulfil its Social Care PPE responsibilities.

2019/20 £000		2020/21 £000
0	Balance as at 1 April	0
0	Movement in Donated Inventories Account	3,211
0	Balance as at 31 March	3,211

26. Grant Income

The Council credited the following grants and contributions to the Comprehensive Income and Expenditure Statement in 2020/21

2019/20 £000		2020/21 £000
	Credited to Taxation and Non Specific Grant Income	
(328,126)	Revenue Support Grant	(344,468)
(116,504)	Non-Domestic Rates	(124,579)
(39,599)	Capital Grants	(84,215)

(1,734)	Developers' Contributions	(3,347)
(485,963)	Total	(556,609)
	Credited to Services (Revenue Grants & Contributions)	
(263,502)	Central Government Bodies	(381,231)
(22,609)	Other Local Authorities & NHS Bodies	(22,822)
(4,553)	Other Entities and Individuals including Public Corporations	(3,247)
(290,664)	Total	(407,300)

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 2020	Revenue Grants and Contributions Receipts in Advance	31 March 2021
£000		£000
(13,067)	Central Government Bodies	(17,548)
0	Other Local Authorities & NHS Bodies	(15)
(787)	Other Entities and Individuals including Public Corporations	(446)
(13,854)	Total	(18,008)

31 March 2020	Capital Grants Receipts in Advance	31 March 2021
£000		£000
(1,424)	Central Government Bodies	(13,797)
0	Other Local Authorities & NHS Bodies	0
0	Other Entities and Individuals including Public Corporations	0
(1,424)	Total	(13,797)

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

31 March 2020	Capital Contributions Receipts in Advance	31 March 2021
£000		£000
(14,485)	Balance as at 1 April	(17,430)
(4,889)	Contributions received during the year	(8,558)
1,792	Contributions applied to expenditure during the year	3,495
152	Reclassification	338
(17,430)	Balance as at 31 March	(22,155)

27. 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 has 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 2021 is £6.610 million (£4.722 million at 31 March 2020).

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. Repayments commenced in 2019/20, with £98,000 repaid during the year. The club are committed to repay the loans in accordance with the contractual terms, however due to the current Covid-19 position, the Council's view is that risks of recovery still remain and the balance due of (£1.764 million) remains 100% impaired at 31 March 2021. 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 2021 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 £661,000 (£311,000 at 31 March 2020) 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 £2.536 million. The accounts reflect a provision of £144,000 and £935,000 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 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 £5.720 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.

During 2020/21, the Council as the sole shareholder, agreed a range of measures to address the difficulties faced by Cardiff City Transport Services Limited (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. On 3 March 2021, the Council entered into an agreement with the Trustees of the Cardiff City Transport Services Limited Pension Scheme meaning that all future liabilities in respect to pension obligations of Cardiff Bus will fall to Cardiff Council. This means that the Council became statutory employer of the Cardiff Bus pension funds and is responsible for paying contributions into the scheme towards addressing any identified deficit when assets and liabilities are projected as part of three yearly actuarial reviews. The schedule of contributions is currently £250,000 per annum until the finalisation of the next triennial valuation as at 31 March 2021. The Council is also responsible for scheme operating expenses, Pension Protection Fund levy and any other costs and expenses in respect to its obligations as Statutory and Principal employer. These costs are to be recovered from Cardiff Bus, however the Council is ultimately responsible for such costs in the event the company is unable to meet them. Details of the fund assets and liabilities as at 31 March 2021 are shown in note 13.

28. Notes to Cash Flow Statement

2019/20		2020/21
£000	Adjust net surplus or deficit on the provision of services for non-cash movements	£000
(8,325)	Depreciation, impairment & amortisation	(112,504)
(39,652)	Charges made for retirement benefits (IAS19) less employers contributions	(46,276)
(4,265)	Carrying amount of non-current assets sold or derecognised	(13,161)
(193)	Increase/(decrease) in stock	3,691
30,999	Increase/(decrease) in debtors	30,993
(5,157)	(Increase)/decrease in creditors	(26,185)
(3,560)	Other non-cash items affecting net surplus or deficit on provision of services	(8,388)
(30,153)		(171,830)

2019/20		2020/21
£000	Items in net surplus/ deficit on provision of services that are investing and financing activities	£000
9,974	Net gain/(loss) on sale of non-current assets	15,417
41,333	Capital grants/contributions recognised in CIES	87,562

51,307

102,979

29. Prior Period Adjustment

There are no prior period adjustments.

30. Exceptional Items

There are no exceptional items to disclose.

31. Events after the Reporting Period

There are no events after the reporting period to report.

32. Date of Authorisation of the Accounts for Issue

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

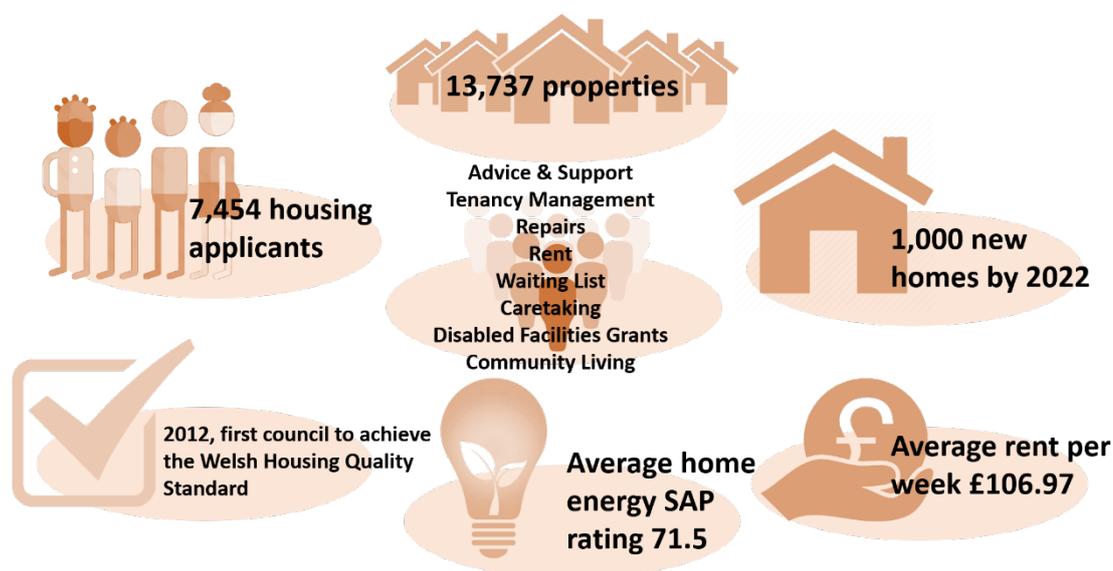


Housing Revenue Account



Introduction

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, performance and service information for the HRA. The plan aims to demonstrate the long term sustainability of the HRA and includes the approach to maintaining the Welsh Housing Quality Standards, energy efficiency, remodelling homes, estate regeneration, fire safety works and securing new affordable housing to meet need.

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.

The most recent tenant satisfaction survey showed:

- 83.0% of tenants were satisfied with the way we deal with repairs
- 83.2% 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.

Whilst in the short term, the 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.

Financial Performance 2020/21

The Housing Revenue Account reported a surplus position of £6.519 million for 2020/21 after a transfer to earmarked reserves of £2.822 million to meet future liabilities and commitments, including any additional repairs and works which may be required to properties particularly as a result of access restrictions in 2020/21 due to the pandemic. The overall position included a reduced spend on repairs and maintenance, lower capital financing costs reflecting the timing of capital investment and some delays to the programme. This included lower than planned expenditure on new build development schemes and delays to land appropriations.

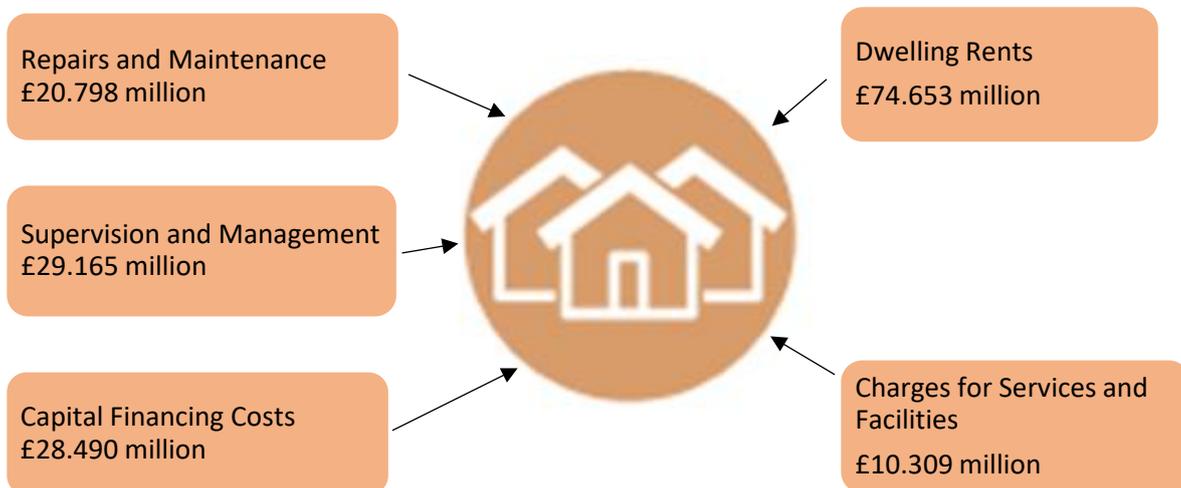
A reduction in rent and service charge income was offset by additional grant funding and by employee vacancy savings and other efficiencies. Void property levels were 1.29% as a percentage of overall stock (1.89% in 2019/20).

Earmarked reserves and the Housing Revenue Account General Balance are £3.7 million and £15.502 million respectively at 31 March 2021.

Revenue Expenditure and Funding

Expenditure

Income

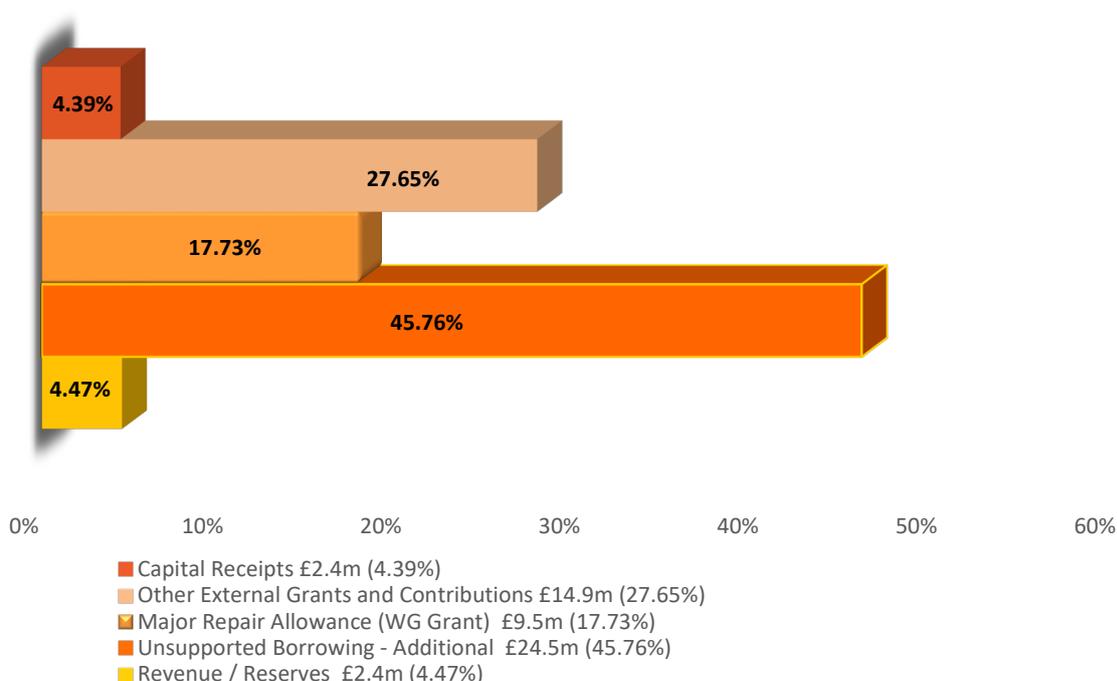


Our housing stock is valued in the accounts at £621,457 million. Dwellings were revalued in 2020/21 with the vacant possession value deemed to be £1.598 billion. In accordance with the valuation requirements, this was adjusted downwards, in our case by an adjustment factor of 38% in order to show the economic cost of providing social housing at less than market rent. The next valuation will take place in 2022/23.

Capital Expenditure and Funding

Capital expenditure represents money spent on improving, acquiring and enhancing assets. During the year we spent £53.631 million on estate regeneration, housing stock remodeling, and the fabric of dwellings, disabled adaptations and in the development of new Council Housing.

Funding of Capital Expenditure



The Capital Financing Requirement is a measure of debt in relation to the HRA. At 31 March 2021, this stands at £301.370 million; an increase of £11.138 million compared to the previous year. This is forecast to increase significantly over the next few years as set out in the 2021/22 HRA Revenue budget and MTFP approved by Council in March 2021. 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.

2019/20		Note	2020/21
£000			£000
	Management and maintenance comprising :		
23,069	Repairs and maintenance		20,798
27,303	Supervision and management		29,165
91	Rents, rates, taxes and other charges		245
1,232	Provision for bad and doubtful debts		(60)
13,173	Depreciation, impairment and revaluation losses of non-current assets	8	60,293
0	Movement in Held for Sale Assets		457
145	Sums directed by the Welsh Government that are expenditure in accordance with the Code	9	1,006
43	Debt management costs		36
65,056	Total Expenditure		111,940
(72,426)	Dwelling rents		(74,653)
(11)	Non-dwelling rents		(19)
(8,975)	Charges for services and facilities		(10,309)
0	Sums directed by the Welsh Government that are income in accordance with the Code		(902)
(81,412)	Total Income		(85,883)
(16,356)	Net Cost of HRA Services as included in the Income and Expenditure Statement		26,057
	HRA share of the operating income and expenditure included in the Comprehensive Income & Expenditure Statement:		
(603)	(Gain)/loss on sale of HRA non-current assets		(1,521)
12,275	Interest payable and similar charges		12,658
1	Changes in fair value of investment properties		7
(1)	Interest and Investment income		0
(11,481)	Capital grants and contributions applied		(23,438)
(16,165)	(Surplus)/Deficit for year on HRA Services		13,763

Movement on HRA Balance

2019/20		Note	2020/21
£000			£000
(8,983)	Balance on the HRA at the end of the previous year		(8,983)
(16,165)	(Surplus) or deficit for the year on the HRA Income and Expenditure Statement		13,763
15,782	Adjustments between accounting basis and funding basis under regulations	1	(23,104)
(383)	Net (increase)/decrease before transfers to or from reserves		(9,341)
383	Transfers to/(from) earmarked reserves		2,822
0	Increase or decrease in the year on the HRA		(6,519)
(8,983)	Balance on the HRA at the end of the current year		(15,502)

Notes to the Financial Statements

1. Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure, recognised by the 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.

2019/20		Note	2020/21
£000			£000
	Adjustments primarily involving the Capital Adjustment Account:		
	<u>Reversal of items debited or credited to the HRA Income and Expenditure Statement:</u>		
13,090	Charges for depreciation and impairment of non-current assets	8	11,933
110	Revaluation losses of non-current assets		48,353
(27)	Reverse previous impairment on revaluation		(79)
0	Amortisation of intangible assets		86
1	Movement in the market value of investment properties		7
0	Movement in Held for Sale Assets		457
(11,481)	Capital grants and contributions applied		(23,438)
145	Sums directed by Welsh Government		104
1,848	Non-current assets written off as part of the gain/loss on disposal to the HRA Income and Expenditure Statement		(1,519)
(12,807)	Prudent Provision for the financing of capital investment		(13,396)
(6,400)	Capital expenditure charged against the HRA		(2,400)
3	Credit for disposal costs that qualify to be met from the resulting capital receipts		0
	Adjustments involving the Revaluation Reserve:		
(2,451)	Non-current assets written off as part of the gain/loss on disposal to the HRA Income & Expenditure Account		0
	Adjustments involving the Pensions Reserve:		
6,191	Net Retirement Benefits per IAS19	4	6,461
(4,138)	Employers Contributions to pension schemes		(4,013)
104	Pension Strain Accrual – future years		(138)
	Adjustments involving the Accumulated Absences Account:		
30	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		687
(15,782)	Total Adjustments		23,105

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 (1.93% in 2019/20). Average rents were £106.97 per week (£104.53 in 2019/20) 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 2020			31 March 2021	
Arrears £000	Bad debt provision £000		Arrears £000	Bad debt provision £000
		Rent Arrears		
5,433	4,048	Dwellings	5,137	3,792
627	627	Hostels /Other accommodation	259	259
6,060	4,675	Total Rent Arrears	5,396	4,051
		Other		
95	57	Service charges	101	61
424	424	Tenant's recoverables	255	255
519	481	Total Other Arrears	356	316
6,579	5,156	Total	5,752	4,367

During 2020/21 debts totaling £584,000 were written off as irrecoverable (£386,000 in 2019/20).

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:

2019/20		2020/21
£000		£000
6,191	Current service cost	6,461
(4,138)	Cost of employer's contributions plus discretionary benefits	(4,013)
104	Pension Strain Accrual - Future Years	(138)
2,157	Net transfer to Pensions Reserve	2,310

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 2020		31 March 2021
7,301	Houses	7,341
630	Bungalows	633
5,185	Flats/Bedsits	5,240
169	Maisonettes	171
352	Retirement complexes	352
13,637	Total	13,737

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

31 March 2020		31 March 2021
23	Bed spaces in hostels	23
57	Flats in hostels	69
80	Total	92

6. Capital Expenditure and Capital Financing

2019/20		2020/21
£000		£000
279,245	Opening Capital Financing Requirement	290,232
	Capital Expenditure:	
41,375	Property, Plant and Equipment	52,625
0	Intangible assets including intangible AUC	0
0	Investment Properties	0
145	Expenditure on REFCUS	1,006
2,626	Appropriation of land	0
	Sources of Finance:	
(2,335)	Capital Receipts	(2,357)
(11,617)	Government grants and other contributions *	(24,340)
(6,400)	Direct revenue contributions and reserves	(2,400)
(12,807)	Prudent revenue and capital provision for loan repayment	(13,396)
290,232	Closing Capital Financing Requirement	301,370
	Explanation of movements in year:	
10,987	Increase / (Decrease) in underlying need to borrow (unsupported by government financial assistance)	11,138
10,987	Increase in Capital Financing Requirement	11,138

* £9.511 million (£9.500 million in 2019/20) of Major Repairs Allowance grant was received from Welsh Government and applied in the year.

7. Capital Receipts

Proceeds from the disposal of HRA Assets during 2020/21 were as follows:

- Council Dwellings and Home Purchase Contributions £236,000 (£626,000 in 2019/20)
- Land £2.142 million (£1.958 million in 2019/20)

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.

2019/20		2020/21
£000		£000
11,075	Council dwellings	9,490
1,537	Land and buildings	1,789
478	Vehicles, plant & equipment, intangibles and AUC	740
13,090	Total Depreciation, Amortisation and Impairment	12,019
0	Council dwellings	47,684
83	Land and buildings	590
0	Vehicles, plant & equipment, intangibles and AUC	0
83	Total Revaluation	48,274
13,173	Total	60,293

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

2019/20		2020/21
£000		£000
	Expenditure:	
145	Buildings not owned by Cardiff Council	1,006
145	Charged to Income and Expenditure Account	1,006
	Funded by:	
135	Grants and Contributions	902
10	Borrowing, Receipts and other Capital Resources	104
145		1,006



Group Accounts



Introduction

The group accounts that follow comply with the requirement of the 2020/21 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 2020/21 accounts for Cardiff Bus are in draft status.

The Council's 2019/20 audited accounts were based on the draft unaudited management accounts of Cardiff City Transport Services (Cardiff Bus). The final audited statements for Cardiff Bus can be found on the Companies House website and the link [here](#).

The audited financial statements for Cardiff Bus were signed and published in March 2021. These included a large technical adjustment not recognised in the draft figures previously disclosed in the Council's accounts in respect of vehicle impairment. This adjustment has not been actioned as a prior year change to the Council's accounts as this is deemed to be as a result of new information that wasn't previously available. The audited statements also included an audit view of material uncertainty related to going concern and an emphasis of matter in respect to material uncertainty related to the pension scheme.

In common with many businesses, post year end the company has been significantly impacted by the Covid-19 pandemic and the necessary measures put in place by government, which have affected travel patterns since March 2020. The company received £1 million of emergency financial support from the Council in June 2020 and is in receipt of Welsh Government Bus Emergency support grant along with all other bus operators. The company has continued to prioritise the safety and well-being of staff and our customers during this unprecedented period, and have taken decisive action to protect the long-term sustainability of the business including taking advantage of the UK Government Job Retention Scheme throughout 2020/21.

The large technical adjustment in 2019/20 related to the valuation of assets as at 31 March 2020, at the start of the Covid-19 pandemic. To comply with financial reporting requirements the company reviewed the carrying value of the assets for impairment under the value in use and fair value less cost to sell basis. Given there was no firm commitment from Welsh Government in respect to measures to support the bus industry until after 31 March 2020, there was deemed to be a significant impairment in the value of vehicle assets. The overall impairment was £11.860 million. There will be a reversal of some of the bus fleet impairment as the industry recovers from the pandemic and the value in use model demonstrates a higher valuation.

With the continued uncertainty in respect of the pandemic, it remains difficult to predict the likely return of passenger numbers over the foreseeable future. It is expected that there will be a lasting effect of the Covid-19 pandemic on travel patterns with an acceleration of increased working and shopping from home. To assess the ability of Cardiff City Transport Services Limited to continue as a going concern, the directors have prepared a business plan for the period to 31 March 2027 and a detailed cash flow forecast for the period to 31 March 2022 which, together, represent the directors' best estimates during these unprecedented times. The business plan has also formed the basis of the assessment of the investment required for the business going forward over the short to medium term to continue to provide the service required for the city of Cardiff.

In response to the challenges faced by the Group and Company as a result of the Covid-19 pandemic a detailed review was performed on the company's cost base. In October 2020 the Company, with oversight from its turnaround committee, performed a resizing exercise with 112 employees leaving the business as a result of a reduction in demand for the service provided and the Shareholder approved a package of

measures to support the viability of the company and address the Cardiff Bus Pension Fund concerns in partnership with the Trustees. In March 2021, the Company issued 7 million ordinary shares in return for £7 million in cash from the shareholder, who also took on responsibility as being the statutory and principal employer for the pension fund. The latter followed the entering of a Flexible Apportionment Agreement with company, trustees and Council on 3 March 2021.

The Turnaround Committee, established in 2018 continued to support the business during the year. The remit of the Turnaround Committee is to oversee the changes and actions necessary to sustain the company's healthy financial position and create an organisation that is able to meet future challenges.

The Council also has interests in the following subsidiaries: Cardiff Business Technology Centre (CBTC), Atebion Solutions Ltd and Cardiff Heat Network Ltd. The interests in these organisations are considered immaterial in terms of both the turnover and the net assets of the group. The Council does not depend upon these organisations for statutory service provision and it is not considered that they expose the Council to a material level of commercial risk. Therefore they have been excluded from the consolidation in 2020/21. Details of the Council's interests in these organisations are included in note 20 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. operated two defined benefit funded pension schemes which it accounts for in accordance with FRS102. From March 2021 the liabilities for the pension schemes are included with the Council's Statement of Accounts. 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

2019/20				2020/21		
Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
19,663	(5,971)	13,692	Corporate Management	18,836	(14,507)	4,329
103,222	(53,376)	49,846	Economic Development	95,671	(49,083)	46,588
314,268	(77,419)	236,849	Education & Lifelong Learning	379,551	(92,688)	286,863
8,699	(2,223)	6,476	Governance & Legal Services	7,915	(1,244)	6,671
8,567	(5,724)	2,843	Harbour Authority	8,882	(5,916)	2,966
65,056	(81,412)	(16,356)	Housing Revenue Account	111,940	(85,884)	26,056
233,228	(184,087)	49,141	Housing and Communities	239,927	(187,301)	52,626
8,446	(5,499)	2,947	Performance and Partnerships	10,494	(7,281)	3,213
89,709	(62,326)	27,383	Planning , Transport and Environment	86,876	(44,863)	42,013
33,036	(11,365)	21,671	Resources	38,019	(18,415)	19,604
211,023	(30,629)	180,394	Social Services	249,998	(64,300)	185,698
2,870	(12,653)	(9,783)	Summary Revenue Account	4,967	(9,239)	(4,272)
0	0	0	Other Income	0	(18,220)	(18,220)
0	0	0	Exceptional item	0	(2,380)	(2,380)
1,097,787	(532,684)	565,103	Net Cost of Services	1,253,076	(601,321)	651,755
37,469	0	37,469	Police and Crime Commissioner for South Wales	40,165	0	40,165
397	0	397	Community Council Precepts	446	0	446
17,696	0	17,696	Levies & Contributions	18,244	0	18,244
4,642	(8,685)	(4,043)	(Gain)/loss on sale of non-current assets	13,402	(15,081)	(1,679)
60,204	(8,685)	51,519	Other Operating Expenditure	72,257	(15,081)	57,176
33,124	0	33,124	Interest Payable on debt	34,115	0	34,115
36	0	36	Interest element of finance leases	56	0	56
14,872	0	14,872	Interest on net defined liability/(asset)	18,913	0	18,913
0	(1,129)	(1,129)	Interest & Investment Income	0	(394)	(394)
6,566	(2,475)	4,091	Change in fair value of Investment Properties	13,490	(3,286)	10,204
0	0	0	Movement in Financial Instruments	0	(148)	(148)
54,598	(3,604)	50,994	Financing and Investment Income & Expenditure	66,574	(3,828)	62,746
0	(41,333)	(41,333)	Recognised Capital Grants & Contributions	0	(87,562)	(87,562)
0	(328,126)	(328,126)	Revenue Support Grant	0	(344,468)	(344,468)
0	(116,504)	(116,504)	Non-Domestic Rates	0	(124,579)	(124,579)
(766)	(217,118)	(217,884)	Council Tax Income	2,135	(230,151)	(228,016)
0	0	0	Donated Inventories	0	(3,211)	(3,211)
(766)	(703,081)	(703,847)	Taxation & Non-Specific Grant Income	2,135	(789,971)	(787,836)
129	0	129	Tax expenses - Corporation Tax payable/(owing)	0	(218)	(218)

2019/20				2020/21		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
1,211,952	(1,248,054)	(36,102)	(Surplus)/Deficit on Provision of Services	1,394,042	(1,410,419)	(16,377)
		(35,427)	Revaluation Gains			(25,878)
		11,958	Revaluation Losses			1,109
		2,357	Impairment losses on non-current assets charged to the Revaluation Reserve			211
		(14)	(Surplus)/Deficit on Financial Instrument Revaluation Reserve			14
		127,276	Actuarial gains/losses on pension assets/liabilities			198,203
		0	Other gains/losses to be included in the Comprehensive Income and Expenditure			(3,155)
		1,439	Group entity adjustment			11,645
		107,589	Other Comprehensive Income & Expenditure			182,149
		71,487	Total Comprehensive Income & Expenditure			165,772

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
Balance at 31 March 2019 carried forward	14,255	53,714	8,983	495	8,488	85,935	459,722	5,502	551,159
Movement in Reserves during 2019/20									
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)	0	(106,096)
Group entity adjustment	0	0	0	0	0	0	0	(1,493)	(1,493)
Total Comprehensive Income and Expenditure	19,559	0	16,165	0	0	35,724	(106,096)	(1,115)	(71,487)
Adjustments between accounting basis & funding basis under regulations	(18,379)	0	(15,782)	0	2,418	(31,743)	31,743	0	0
Net Increase / (Decrease) before Transfers to/(from) Earmarked Reserves	1,180	0	383	0	2,418	3,981	(74,353)	(1,115)	(71,487)
Transfers to/(from) Earmarked Reserves	(1,180)	1,180	(383)	383	0	0	0	0	0
Increase / (Decrease) in 2019/20	0	1,180	0	383	2,418	3,981	(74,353)	(1,115)	(71,487)
Balance at 31 March 2020 carried forward	14,255	54,894	8,983	878	10,906	89,916	385,369	4,387	479,672
Movement in Reserves during 2020/21									
Surplus or (deficit) on the provision of Services	27,427	0	(13,763)	0	0	13,664	0	2,713	16,377
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	(170,498)	0	(170,498)
Group entity adjustment	0	0	0	0	0	0	0	(11,651)	(11,651)
Total Comprehensive Income and Expenditure	27,427	0	(13,763)	0	0	13,664	(170,498)	(8,938)	(165,772)
Adjustments between accounting basis & funding basis under regulations	20,182	0	23,105	0	(2,233)	41,054	(41,054)	0	0
Net Increase / (Decrease) before Transfers to/(from) Earmarked Reserves	47,609	0	9,342	0	(2,233)	54,718	(211,552)	(8,938)	(165,772)
Transfers to/(from) Earmarked Reserves	(47,609)	47,609	(2,822)	2,822	0	0	0	0	0
Increase / (Decrease) in 2020/21	0	47,609	6,520	2,822	(2,233)	54,718	(211,552)	(8,938)	(165,772)
Balance at 31 March 2021 carried forward	14,255	102,503	15,503	3,700	8,673	144,634	173,817	(4,551)	313,900

Group Balance Sheet

31 March 2020		31 March 2021
£000		£000
1,858,888	Property, Plant & Equipment:	1,905,386
58,616	Heritage Assets	58,682
178,521	Investment Properties	158,738
2,292	Intangible Non-Current Assets including AUC	1,711
367	Long-term Investments	733
8,701	Long-term Debtors	5,951
654	Deferred tax asset	1,767
2,108,039	Total Long-Term Assets	2,132,968
76,106	Short-term Investments	101,000
1,860	Assets held for Sale	918
2,515	Inventories	6,196
133,400	Short-term Debtors	194,056
38,294	Cash and Cash Equivalents	46,859
252,175	Total Current Assets	349,029
(29,625)	Short-term Borrowing	(35,393)
(117,772)	Short-term Creditors	(158,606)
(1,496)	Pension Strain	(1,471)
(5,957)	Provisions	(5,398)
(4,561)	Deferred Liabilities	(3,453)
(159,411)	Total Current Liabilities	(204,321)
(808,440)	Long Term Borrowing	(783,666)
(25,487)	Provisions	(25,572)
(11,525)	Deferred Liabilities	(9,249)
(17,430)	Capital Contributions Receipts in Advance	(22,155)
(13,854)	Revenue Grants Receipts in Advance	(18,008)
(1,424)	Capital Grants Receipts in Advance	(19,494)
(3,688)	Pension Strain	(3,434)
(838,450)	Net Pensions Liability	(1,080,431)
(833)	Deferred tax liability	(1,767)
(1,721,131)	Total Long-Term Liabilities	(1,963,776)
479,672	NET ASSETS	313,900
	Financed by:	
14,255	Council Fund Balance	14,255
54,894	Council Fund Earmarked Reserves	102,504
8,983	Housing Revenue Account Balance	15,502
878	Housing Revenue Account Earmarked Reserves	3,700
10,906	Capital Receipts Reserve	8,673
89,916	Usable Reserves	144,634
291,190	Revaluation Reserve	314,394
939,914	Capital Adjustment Account	949,422
5,008	Deferred Capital Receipts	5,003
4,529	Financial Instruments Revaluation Reserve	4,543
(848,114)	Pensions Reserve	(1,085,373)
(11,580)	Accumulated Absences Adjustment Account	(17,693)

31 March 2020		31 March 2021
£000		£000
0	Donated Inventories Account	3,211
8,809	Reserves (Group Entities)	(4,241)
389,756	Unusable Reserves	169,266
479,672	TOTAL RESERVES	313,900

Group Cash Flow

2019/20		2020/21
£000		£000
(36,102)	Net (Surplus) /Deficit on the provision of services	(16,377)
(32,067)	Adjustments to net surplus or deficit on the provision of services for non-cash movements	(169,960)
51,307	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	102,979
(16,862)	Net cash flows from operating activities	(83,358)
151,540	Purchase of property, plant and equipment, investment property and intangible assets	142,625
7,000	Purchase of short-term and long-term Investments	23,337
(3,575)	Other payments for investing activities	(17,098)
(9,974)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(15,422)
(36,798)	Capital Grants and Contributions	(102,085)
108,193	Net cash flows from investing activities	31,357
(111,060)	Cash receipts from short-term and long-term borrowing	(3,111)
(3,861)	Other receipts from financing activities	21,460
448	Cash payments for the reduction of outstanding liabilities relating to finance leases	2,800
6,647	Repayments of short-term and long-term borrowing	22,287
(107,826)	Net cash flows from financing activities	43,436
(16,495)	Net (increase)/ decrease in cash and cash equivalents	(8,565)
21,799	Cash and cash equivalents at the beginning of the reporting period	38,294
38,294	Cash and cash equivalents at the end of the reporting period	46,859

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
2019/20		2020/21
0	60,000-69,999	0
0	70,000-74,999	1
1	75,000-79,999	1
2	80,000-84,999	0
0	85,000-139,999	0
0	140,000-144,999	1
0	145,000-149,999	0
3	Total	3

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 Bus 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 included in the Group Accounts. However, the 2020/21 Cardiff Bus draft accounts may refer to exceptional items in respect of redundancy payments and an impairment adjustment to their non-current assets.

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 2020/21, 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.

Heath Public Recreation or Pleasure Ground (524135) – Land is held as a public recreation and pleasure ground. There are no balances or income and expenditure for this trust.

King George's Field the Heath (1140393) – Land to be used to provide a public playing field. There are no balances or income and expenditure for this trust.

Playing Field (524139) – Land is held for educational use. There are no balances or income and expenditure for this trust.

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 2021 have yet to be examined. This is to be undertaken during 2021 within the statutory deadlines.

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, where relevant, 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 2020 £	Income £	Expenditure £	Asset Revaluation £	Balance as at 31 March 2021 £
Funds for which the Council is sole Trustee					
Llandaff War Memorial Fund	1,429	0	(11)	0	1,418
Maindy Park Foundation	79,405	0	(11)	0	79,394
Norwegian Church Preservation Trust	(119,832)	49,291	(52,268)	0	(122,809)
Cardiff Further Education Trust/Craddock Wells	24,194,642	118,867	(100,358)	391,362	24,604,513
Total funds for which the Council is Sole Trustee	24,155,644	168,158	(152,648)	391,362	24,562,516
Funds administered by the Council					
R Fice Memorial Trust	51,805	1,917	(2,173)	11,134	62,683
The Howardian Trust	35,540	883	0	1,991	38,414
Total funds which are administered by the Council	87,345	2,800	(2,173)	13,125	101,097
Total	24,242,989	170,958	(154,821)	404,487	24,663,613

There will be differences in the income and expenditure figures quoted above compared to those 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 13 March 2020.

Review of the Financial Year

For the financial year 2020/21, the Council worked with Welsh Government to identify achievable efficiencies, service reductions and savings against the approved Fixed Costs budget and to agree on an appropriate budget arrangement for Asset Renewal. The Welsh Government agreed Fixed Costs funding of £4.961 million and Asset Renewal of £262,000, giving a total budget of £5.223 million, which is the same overall total as the 2019/20 financial year. In addition, in March 2021, an additional claim for £356,000 was approved in respect of agreed works for de-shoaling of the River Taff near the city centre and a 50% contribution to Associated British Ports dock feeder maintenance. This resulted in a total approved budget of £5.579 million.

The introduction of government restrictions as a result of the Covid-19 pandemic had a significant impact on income generation for the Harbour Authority in respect to car parking, the Water Activity Centre with the shortfall mitigated by managed underspends across other areas of expenditure.

The financial deficit after accounting adjustments for the year ended 31 March 2021 was £2.734 million (£2.278 million in 2019/20).

Total eligible Capital expenditure incurred during the year was £351,000 and of this, £232,000 was funded by Grant. This was a single year programme in 2020/21 for works at the harbour, barrage and surrounding environmental infrastructure. This included refurbishment works on Penarth marina railings and the acquisition of a barrage crawler crane.

Key Achievements

During 2020/21 Cardiff Harbour Authority continued to meet its statutory obligations. Despite the challenges faced through the Covid-19 restrictions. Achievements against the Harbour Authority action plan and performance indicators which form part of the Business Plan reported quarterly to the Welsh Government are:

- Retained Green Flag Status for the Barrage, Cardiff Bay Wetlands and Flat Holm
- Continued accreditation of the ISO14001 standard
- Effectively liaised with potential event organisers to plan for events on Alexandra Head for end of 2021/2022.
- High level compliance in maintaining statutory water quality standards
- 466 tonnes of litter removed from the rivers and bay
- Effectively dealt with anti-social behavior through adopting a multi-agency approach and attending weekly liaison meetings
- Delivered an online water safety project to school with Theatre Na Nog and Arts & Business
- 1,360,000 Barrage users which is the highest ever footfall recorded
- Bay Trail Wayfinding improvement project was completed
- 41,087 social media followers
- Crawler crane replacement on the Barrage
- Statutory buoyage maintenance
- 99% compliance on Dissolved Oxygen performance indicator for the bay
- Covid-19 land patrols during first lockdown
- Replaced castle water bus stop
- Skatepark improvements
- Effectively responded to all lockdown and easing of measures to ensure safe use of facilities for the public and staff

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 2020/21 and financial position of the Harbour Authority at 31 March 2021.



Christopher Lee
Corporate Director Resources

Date: 15 June 2021

The Independent Auditor's Report of the Auditor General for Wales to those charged with governance of Cardiff Harbour Authority

This page is intentionally left blank and will be updated upon receipt of the Auditor General's opinion following the audit of the accounts.

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 2020/21 financial year and its financial position at 31 March 2021. 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 Employees 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

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.

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.

Once assets have fully depreciated, they are disposed of and the carrying value is removed from the asset register.

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	7-12

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

Revaluations:

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

2019/20		2020/21
£000		£000
	Expenditure	
2,801	Employees	2,927
1,121	Premises	1,223
68	Transport	40
1,343	Supplies and Services	1,461
450	Support Services	436
4	Third Party Payments	2
2,780	Capital Charges	2,793
8,567	Total Expenditure	8,882
	Income	
(4,818)	Government Grants	(5,533)
(565)	Capital Grants Applied	(232)
(906)	Fees and Charges	(383)
(6,289)	Total Income	(6,148)
2,278	Net Expenditure for the Year	2,734

Balance Sheet

31 March 2020		Note	31 March 2021
£000			£000
160,626	Property, Plant and Equipment	2	158,122
56	Heritage Assets	2	56
0	Intangible Assets	2	63
160,682	Total Long Term Assets		158,241
352	Inventory	3	434
41	Debtors	4	69
276	Cash		209
669	Total Current Assets		712
(590)	Creditors	5	(926)
(590)	Total Current Liabilities		(926)
160,761	Net Assets		158,027
	Funded by:		
156,272	General Reserve	1	153,538
4,489	Revaluation Reserve	1	4,489
160,761	Total Reserves		158,027

Notes to the Financial Statements

1. Reserves

Held within the General Reserve is an earmarked amount reserved for project activities and contingencies. This amount is £126,000 as at 31 March 2021 (£63,000 as at 31 March 2020).

2019/20			2020/21	
General Reserve £000	Revaluation Reserve £000		General Reserve £000	Revaluation Reserve £000
158,550	4,489	Balance as at 1 April	156,272	4,489
(2,278)	0	Movements in Reserves	(2,734)	0
156,272	4,489	Balance as at 31 March	153,538	4,489

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 and Buildings	Vehicles, Plant and Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Investment Assets	Total Property, Plant and Equipment	Heritage Assets	Intangible Assets
Movements in Cost or Value	£000	£000	£000	£000	£000	£000	£000	£000	£000
1 April 2019	6,577	1,273	219,378	1,103	43	333	228,707	56	0
Additions	0	86	509	0	0	0	595	0	0
Derecognition - Disposals	0	0	0	0	0	0	0	0	0
At 31 March 2020	6,577	1,359	219,887	1,103	43	333	229,302	56	0
Additions	0	237	35	0	0	0	272	0	79
Derecognition - Disposals	0	(193)	(24,137)	0	0	0	(24,330)	0	0
At 31 March 2021	6,577	1,403	195,785	1,103	43	333	205,244	56	79
Movements in Depreciation/Impairment									
1 April 2019	73	623	65,200	0	0	0	65,896	0	0
Depreciation Charge	72	194	2,514	0	0	0	2,780	0	0
Derecognition - Disposals	0	0	0	0	0	0	0	0	0
At 31 March 2020	145	817	67,714	0	0	0	68,676	0	0
Depreciation Charge	71	188	2,517	0	0	0	2,776	0	16
Derecognition - Disposals	0	(193)	(24,137)	0	0	0	(24,330)	0	0
At 31 March 2021	216	812	46,094	0	0	0	47,122	0	16
Net Book Value:									
At 31 March 2020	6,432	542	152,173	1,103	43	333	160,626	56	0
At 31 March 2021	6,361	591	149,691	1,103	43	333	158,122	56	63

3. Inventory

31 March 2020		31 March 2021
£000		£000
352	Balance as at 1 April	352
0	Stock Adjustment	82
352	Balance as at 31 March	434

4. Debtors

31 March 2020		31 March 2021
£000		£000
0	Central Government Bodies	0
41	Trade Receivables	69
41	Total Debtors	69

5. Creditors

31 March 2020		31 March 2021
£000		£000
(29)	Central Government Bodies	(29)
(561)	Trade Payables	(897)
(590)	Total Creditors	(926)



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 an asset's market value or recoverability 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 hold temporary cash balances, receive income and/or make capital gain at a future time.

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 amounts set aside for future use (usable) or required for accounting purposes only (unusable). 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) maintained 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



Draft Statement of Accounts 2020/21

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Narrative Report

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.

Membership continued to increase over the year. There are now over 16,300 contributing employees and more than 12,100 pensioners and dependents receiving benefits from the Fund.

The Pension Fund's net assets rose by 24.2% during 2020/21, from £2.028 billion to £2.518 billion. Investment markets globally showed a strong recovery from the lows of March 2020 when the initial Covid-19 lockdowns were introduced. The extent of the increase underlines the market volatility experienced during 2020 but as a further pre-Covid-19 comparison the value of the Fund increased by 7.8% compared to the December 2019 valuation of £2.328 billion. Markets during 2020 continued to remain volatile due to the periodic re-introduction of economic lockdowns and the late agreement on the Brexit trade agreement. The return on investment for the year of 24% compared against a benchmark return of 20.3%.

The eight LGPS fund authorities in Wales continued to make progress during the year with the development of the Wales Pension Partnership (WPP). Following its establishment in 2017 three funds – the Global Growth Equity Fund, the Global Opportunities Fund and the UK Equities Opportunities Fund – had been launched prior to April 2020 with the Fund participating in the launch of the UK fund. The launch of the five WPP Fixed Income funds had been delayed by the adverse market conditions early in 2020. These Fixed income funds were launched in August 2020 with the Fund transferring c£620 million from its existing Fixed Income holding into three of the WPP fixed Income funds - Global Government Bond Fund, Global Credit Fund and the Multi-Asset Credit fund. The Pension Committee at its November 2020 meeting approved the recommendation to transfer the Fund's current Regional Equity holdings into the two WPP Global Equity sub-funds. At the end of the 2020/21 the procurement of a Transition Manager to oversee this transfer was underway with this transfer expected to be completed in July 2021.

The February 2021 meeting of the Pension Committee approved a further investment of c10% of the Fund's value into the BlackRock Low Carbon Tracker fund as a further demonstration of the Fund's commitment to respond to the concerns of its Employers and other Stakeholders in responding to Climate Change Risks. This transfer will be completed at the same time as the WPP Global Equity transfer.

The Fund's key objective continues to be to deliver an effective and efficient service to over 42,300 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 £5.7 million 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.

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

* 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:

	Men	Women
Current pensioners aged 65 at the valuation date	22.1	24.5
Current active members 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. The Administering Authority, in conjunction with the Actuary, monitors the funding position on a regular basis.

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 and reflected in the Funding Strategy Statement as appropriate, 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. On 23 March 2021, the Government published a response to its consultation on the longer term solution to achieve equalisation for GMPs as required by the High Court judgement in the Lloyds Bank case. The response sets out its proposed longer term solution, which is to extend the interim solution further to those reaching SPA after 5 April 2021.

The results of the 2019 valuation do not allow for the impact of this proposed longer term solution. 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 2016 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 was issued in July 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 details of the LGPS changes arising from the McCloud judgement and the 2016 cost management process have been agreed.

Work on the 2020 cost management process has now been started, and it is possible that further changes to benefits and/or contributions may ultimately be required under that process, although the outcome is not expected to be known for some time.

● **Goodwin:**

An Employment Tribunal ruling relating to the Teachers' Pension Scheme concluded that provisions for survivor's benefits of a female member in an opposite sex marriage are less favourable than for a female in a same sex marriage or civil partnership, and that treatment amounts to direct discrimination on grounds of sexual orientation. The chief secretary to the Treasury announced in a written ministerial statement on 20 July 2020 that he believed that changes would be required to other public service pension schemes with similar arrangements, although these changes are yet to be reflected in LGPS regulations. We expect the average additional liability to be less than 0.1%, however the impact will vary by employer depending on their membership profile.

10. This Statement has been prepared by the Actuary to the Fund, Aon, for inclusion in the accounts of the Fund. It 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.

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.

11. 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/wp-content/uploads/Cardiff-2019-actuarial-valuation-report-FINAL.pdf>

Aon Solutions UK Limited

May 2021

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 2020/21 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 Rod Mckerlich
Lord Mayor**

Date:

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 2020/21 (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 2020/21 and financial position at 31 March 2021.



**Christopher Lee
Corporate Director Resources**

Date: 22 June 2021

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

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Fund Account

2019/20		Note	2020/21
£000			£000
	Dealings with members, employers and others directly involved in the fund		
	Contributions		
(75,323)	From employers	8	(69,615)
(19,522)	From employees	8	(21,174)
(8,864)	Individual transfers from other schemes or funds		(3,510)
(3,452)	Other income (capitalised payments and interest on deficit funding)		(269)
(107,161)			(94,568)
	Benefits Payable		
70,038	Pensions	9	71,463
19,166	Lump sums, grants and other payments	9	12,941
	Payments to and on account of leavers		
274	Refunds of contributions		86
0	Group transfers to other schemes or funds		0
6,621	Individual transfers to other schemes or funds		3,817
96,099			88,307
(11,062)	Net (additions)/withdrawals from dealings with members of the Fund		(6,261)
8,429	Management expenses	10	8,189
(2,633)	Net (additions)/withdrawals including fund management expenses		1,928
	Returns on Investment		
(27,397)	Investment income	11	(9,762)
180,253	Change in market value of investments	12a	(482,698)
152,856	Net returns on investments		(492,460)
150,223	Net (increase)/decrease in the Fund during year		(490,532)
(2,177,828)	Opening net assets of the scheme		(2,027,605)
(2,027,605)	Closing net assets of the scheme		(2,518,137)

Net Assets Statement

2019/20		Note	2020/21
£000			£000
1,975,769	Investments at market value	12	2,464,573
38,457	Cash (including derivatives) and investment proceeds due	12	45,502
2,014,226	Total investments		2,510,075
71	UK & overseas tax		78
4,599	Contributions due from employers and deficit funding		4,499
839	Sundry debtors		633
1,642	Pension strain costs due within one year		1,380
7,151	Total current assets		6,590
4,654	Deficit funding (former employers)		2,359
3,688	Pension strain costs due after one year		2,327
8,342	Total non-current assets		4,686
(163)	Unpaid benefits		(267)
(1,214)	Sundry creditors		(1,893)
(1,377)	Total current liabilities		(2,160)
(737)	Provision - death grants	20	(1,054)
(737)	Total non-current liabilities		(1,054)
2,027,605	Net assets of the scheme		2,518,137

Notes to the Accounts

1. Description of Fund

The Cardiff and Vale of Glamorgan Pension Fund (the Fund) is part of the LGPS and is administered by Cardiff Council.

General

The scheme is governed by the Public Service Pensions Act 2013. The Fund is administered in accordance with the following secondary legislation:

- The Local Government Pension Scheme Regulations 2013 (as amended)
- The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended)
- The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016

It is a contributory defined benefit pension scheme administered by Cardiff Council to provide pensions and other benefits for pensionable employees of Cardiff Council and Vale of Glamorgan Council, except for teachers who have a separate scheme. Employees of a range of other scheduled and admitted bodies within the county area are also permitted to join the Fund. The Fund is overseen by the Cardiff and Vale of Glamorgan Pension Fund Committee, which is a committee of Cardiff Council.

Membership

Membership of the LGPS is automatic for all employees, who can then choose to remain in the scheme or make their own personal arrangements outside the scheme.

Organisations participating in the Cardiff and Vale of Glamorgan Pension Fund include the following:

- Scheduled bodies, which are automatically entitled to be members of the Fund
- Admitted bodies, which participate in the Fund by virtue of an admission agreement made between the Fund and the employer. Admitted bodies include, voluntary, charitable and similar not-for-profit organisations, or private contractors undertaking a local authority function following outsourcing to the private sector.

Funding

Benefits are funded by contributions and investment earnings. Contributions are made by active members of the fund in accordance with the Local Government Pension Scheme Regulations 2013 and ranged from 5.5% to 12.5% of pensionable pay for the financial year ending 31 March 2021. Employers' contributions are set based on triennial actuarial funding valuations. The last such valuation was at 31 March 2019. Currently, employer contribution rates range from 16.6% to 37.7% of pensionable pay with effect from 1st April 2020.

Benefits

Prior to 1 April 2014, pension benefits under the LGPS were based on final pensionable pay and length of pensionable service. From 1 April 2014, the scheme became a career average scheme, whereby members accrue benefits based on their pensionable pay in that year at an accrual rate of 1/49th. Accrued pension is updated annually in line with the Consumer Prices Index. A range of other benefits are also provided including early retirement, disability pensions and death benefits. For more details, please refer to the Cardiff and Vale of Glamorgan Pension Fund website <https://www.cardiffandvalepensionfund.org.uk/>

2. Basis of Preparation

The Statement of Accounts summarises the funds transactions for the 2020/21 financial year and its financial position at 31 March 2021. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21, which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector.

The accounts summarise the transactions of the Fund and report on the net assets available to pay pension benefits. They do not take account of obligations to pay pensions and benefits which fall due after the end of the financial year.

The accounts have been prepared on a going concern basis.

3. 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 14c.

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 in foreign currencies have been converted at WM/Reuters closing spot rates of exchange at the end of the reporting period.

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.

4. 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.

5. Assumptions made about the future and other major sources of estimation uncertainty

The Statement of Accounts contains estimated figures based on assumptions made taking into account historical experience, current trends and other factors. As balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

Item	Uncertainties	Effect if actual results differ from assumptions
Actual present value of promised retirement benefits	Estimations of the liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries increase, changes in mortality rates and expected returns on pension fund assets. The actuary provides the fund with advice regarding the assumptions to be used.	The effects on the net pension liability of changes in individual assumptions can be measured. For instance, an increase in the discount rate assumption would result in a decrease in the pension liability. An increase in assumed earnings inflation or assumed life expectancy would increase the value of the liabilities.
Private Equity Valuations	Private equity investments are valued at fair value in accordance with international accounting standards. These investments are not publicly listed and as such there is a degree of estimation involved in the valuation.	The total private equity investments in the financial statements are £91 million. There is a risk that this investment may be under, or overstated in the accounts.
Pooled Property Funds	Valuation techniques are used to determine the carrying amount of pooled property funds.	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.

6. 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 2021 by The Northern Trust Company for the benefit of the Council. Statements of holdings have been provided by Northern Trust.

7. Membership

Fund membership at 31 March 2021 is as follows:

2019/20		2020/21
48	Contributing employers	43
48	Total contributing employers	43
17,699	Contributors	16,392
11,945	Pensioners	12,190
13,608	Deferred pensioners	13,755
43,252	Total membership	42,337

8. Employing Bodies – Contributions

2020/21	No. of contributors at 31/03/2021	Employers	Employees	Total	Additional lump sum*
		£000	£000	£000	£000
Administering Body:					
Cardiff Council	10,124	(42,186)	(12,702)	(54,888)	0
Scheduled Bodies:					
Vale of Glamorgan Council	3,854	(14,631)	(4,644)	(19,275)	(8)
Town and Community Councils	54	(239)	(70)	(309)	0
Education Bodies	1,596	(6,831)	(2,537)	(9,368)	(16)
Other Scheduled Bodies **	6	922	(17)	905	10
Admitted Bodies:					
Admitted Bodies	758	(6,650)	(1,204)	(7,854)	(1,860)
Total	16,392	(69,615)	(21,174)	(90,789)	(1,874)

*Memorandum account; totals included within Employers total.

**Payment to Public Sector Ombudsmen for Wales calculated by actuary on exit of the fund.

2019/20	No. of contributors at 31/03/2020 ***	Employers	Employees	Total	Additional lump sum*
		£000	£000	£000	£000
Administering Body:					
Cardiff Council	11,040	(45,650)	(12,074)	(57,724)	0
Scheduled Bodies:					
Vale of Glamorgan Council	4,172	(15,102)	(3,787)	(18,889)	(6)
Town and Community Councils	59	(275)	(62)	(337)	0
Education Bodies	1,582	(6,487)	(2,437)	(8,924)	(951)
Other Scheduled Bodies	12	(78)	(24)	(102)	0
Admitted Bodies:					
Admitted Bodies	834	(7,731)	(1,138)	(8,869)	(3,844)
Total	17,699	(75,323)	(19,522)	(94,845)	(4,801)

*Memorandum account; totals included within Employers total.

*** 2019/20 contributors figure has been amended to reflect the number of contributors in Note 7.

Additional deficit funding

There was no additional deficit funding in 2020/21 (no additional deficit funding in 2019/20).

9. Employing Bodies - Benefits Payable

2020/21	Retirement Pensions	Lump Sums, Grants and Other Payments		
		Lump Sums on Retirement	Death Grants	Commutation Payments
	£000	£000	£000	£000
Administering Body:				
Cardiff Council	45,380	6,386	1,724	340
Scheduled Bodies:				
Vale of Glamorgan Council	13,923	2,235	381	102
Town and Community Councils	235	10	0	0
Education Bodies	3,387	400	89	61
Other Scheduled Bodies	2,667	165	34	1
Admitted Bodies:				
Admitted Bodies	5,871	818	185	10
Total	71,463	10,014	2,413	514

2019/20	Retirement Pensions	Lump Sums, Grants and Other Payments		
		Lump Sums on Retirement	Death Grants	Commutation Payments
	£000	£000	£000	£000
Administering Body:				
Cardiff Council	44,584	10,289	1,755	543
Scheduled Bodies:				
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
Admitted Bodies:				
Admitted Bodies	5,666	1,189	191	71
Total	70,038	15,409	2,983	774

10. Management Expenses

2019/20		2020/21
£000		£000
1,880	Administration costs	1,485
32	Audit fees	29
1,912	Total administration costs	1,514
805	Fixed Interest Securities	243
664	Equities	1,062
459	WPP UK equity fund	797
0	WPP government bond fund	393
0	WPP credit fund	318
0	WPP multi asset credit fund	410
2,748	Equity pooled fund	1,929
99	Pooled property investments	113
1,376	Private equity	1,123
70	Derivatives	0
6,221	Total Management Fees	6,388
151	Custody fees	182
6,372	Total investment management expenses	6,570
145	Oversight and governance costs	105
8,429	Total	8,189

11. Investment Income

2019/20		2020/21
£000		£000
(10,019)	UK fixed interest securities	(1,901)
(5,445)	Overseas equities	(3,845)
(4,830)	Overseas fixed interest securities	(1,192)
(4,209)	UK equities and private equity funds	(910)
(1,608)	Pooled investments	(1,202)
(948)	Pooled Property Unit Trust Income	(482)
(218)	Interest on UK cash	(230)
(120)	Securities lending	0
(27,397)	Total	(9,762)

12. Investments at Market Value

2019/20		2020/21
£000		£000
586,078	Total Fixed Interest Securities	0
164,067	Total equities	238,549
163,824	WPP UK equity fund	230,285
0	WPP government bond fund	252,534
0	WPP credit fund	226,063
0	WPP multi asset credit fund	154,266
163,824	Total WPP pooled funds	863,148
807,885	Equity pooled	1,105,648
971,709	Total pooled funds (incl WPP)	1,968,796
165,246	Pooled property investments	166,559
88,669	Private equity	90,669
1,975,769	Subtotal	2,464,573
3,212	Derivatives: Forward currency contracts	0
3,212	Total derivatives	0
6,730	Fund manager's cash	5,372
26,051	Internal/custodian cash	39,563
2,464	Net investment proceeds due	567
35,245	Total cash	45,502
2,014,226	Total investment assets	2,510,075

In 2019/20 the investments in UK quoted equities & convertibles were transferred to the WPP UK equity fund. During 2020/21 the investments in Fixed Interest Securities were transferred to the WPP government bond fund, WPP credit fund and WPP multi asset credit fund.

12a. Reconciliation in movement in investments

2020/21	Value at 31/03/20	Purchase at cost	Sale proceeds	Change in market value	Value at 31/03/21
	£000	£000	£000	£000	£000
Fixed interest securities	586,078	161,316	(720,282)	(27,112)	0
Equities	164,067	32,814	(28,340)	70,008	238,549
Pooled funds	971,709	628,700	0	368,387	1,968,796
Pooled property unit trusts	165,246	730	0	583	166,559
Private equity	88,669	8,810	(14,269)	7,459	90,669
Sub-total	1,975,769	832,370	(830,592)	419,325	2,464,573
Derivatives	3212	0	0	(3,212)	0
Total derivatives	3212	0	0	(3,212)	0
Managers' cash	6,730				5,372
Internal/custodian cash	26,051				39,563
Net investment proceeds due	2,464				567
Total cash	35,245				45,502
Sub-total	2,014,226			416,113	2,510,075
Net realised movement in cash				66,585	
Total	2,014,226			482,698	2,510,075

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
Sub-total	2,112,376	930,575	(830,592)	(236,590)	1,975,769
Derivatives	(1,243)	2,921,655	(2,914,474)	(2,726)	3,212
Total derivatives	(1,243)	2,921,655	(2,914,474)	(2,726)	3,212
Managers' cash	15,214				6,730
Internal/custodian cash	34,355				26,051
Net investment proceeds due	2,703				2,464
Total cash	52,272				35,245
Sub-total	2,163,405			(239,316)	2,014,226
Net realised movement in cash				59,063	
Total	2,163,405			(180,253)	2,014,226

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. Derivatives listed in 2019/2020 formed part of the Aberdeen investment that transferred to WPP, bringing the value to nil in the 2020/2021 accounts.

13. Summary of manager's portfolio values

2019/20		Fund Manager	2020/21	
£000	% of Fund		£000	% of Fund
592,189	29.4	Aberdeen Asset Management	0	0.0
80,398	4.0	Aberdeen Emerging Markets	126,759	5.0
503,671	25.0	Blackrock Investment Management	675,933	26.9
64,256	3.2	Invesco Perpetual	81,320	3.2
87,945	4.4	Nikko	119,533	4.8
82,417	4.1	Schroder Investment Managers	124,955	5.0
159,560	7.9	State Street Global Advisers (SSGA)	221,637	8.8
163,824	8.1	Wales Pension Partnership	863,148	34.4
58,499	2.9	CBRE	56,154	2.2
24,192	1.2	Blackrock - BPF - UK Property	25,282	1.0
28,671	1.4	Schroder UK Real Estate	29,357	1.2
29,702	1.5	Standard Life Property	30,784	1.2
24,182	1.2	UBS Triton Property Fund	24,982	1.0
23,415	1.2	Capital Dynamics	21,737	0.9
28,446	1.4	Harbourvest	32,022	1.3
36,808	1.8	Pantheon	36,910	1.5
2,543	0.1	Cash with custodian	2,678	0.1
23,508	1.2	Internally managed (Cash)	36,884	1.5
2,014,226	100.0	Total	2,510,075	100.0

13a. Investments exceeding 5% of net assets

The following investments represent more than 5% of the net assets available to pay benefits (in either 2019/20, 2020/21 or both years).

2019/20		Fund Manager	2020/21	
£000	% of net assets		£000	% of net assets
176,256	8.7	Aberdeen Corporate Bond Fund	0	0.0
112,789	5.5	Aberdeen Target Return Bond Fund	0	0.0
123,686	6.1	Aberdeen Global Government Bond Fund	0	0.0
106,332	5.2	Aberdeen UK Fixed Interest Gilts	0	0.0
209,032	10.3	BlackRock Aquila Life UK Equities Indexed Fund	265,805	10.6
99,171	4.9	BlackRock Aquila Life US Equities Indexed Fund	141,454	5.6
195,469	9.6	BlackRock Low Carbon Tracker Fund	268,675	10.7
159,560	7.9	SSGA MPF Europe ex UK Equities Active Fund	221,637	8.8
0	0.0	Wales Pension Partnership - Credit Fund	226,063	9.0
0	0.0	Wales Pension Partnership - Government Bond Fund	252,534	10.0
0	0.0	Wales Pension Partnership - Multi Asset Credit Fund	154,266	6.1
163,824	8.1	Wales Pension Partnership - UK Opportunities	230,285	9.1

14. Financial Instruments

14a. Classification of financial instruments

Value at 31/03/20				Value at 31/03/21		
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
586,078	0	0	Fixed interest securities	0	0	0
164,067	0	0	Equities	238,549	0	0
971,709	0	0	Pooled funds	1,968,796	0	0
165,246	0	0	Pooled property trusts	166,559	0	0
88,669	0	0	Private equity	90,669	0	0
130,993	0	0	Derivatives	0	0	0
0	35,245	0	Cash	0	45,502	0
0	20,230	0	Debtors	0	11,276	0
2,106,762	55,475	0	Total financial assets	2,464,573	56,778	0
(127,781)	0	0	Derivatives	0	0	0
0	0	(1,377)	Creditors	0	0	(2,160)
(127,781)	0	(1,377)	Total financial liabilities	0	0	(2,160)
1,978,981	55,475	(1,377)	Net financial assets	2,464,573	56,778	(2,160)

14b. Net gains and losses on financial instruments

31/03/20		31/03/21
£000		£000
(169,457)	Fair value through profit and loss	611,262
(169,457)	Total financial assets	611,262
(11,203)	Fair value through profit and loss	(127,781)
407	Amortised cost	(783)
(10,796)	Total financial liabilities	(128,564)
(180,253)	Net financial assets	482,698

14c. Fair Value – Basis of Valuation

Investment	Valuation Method	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Level 1 Quoted prices for similar instruments.			
Quoted Bonds (Fixed Interest Securities)	Market value based on current yields	Not required	Not required
Market Quoted Investments	Published bid market price at close of business on the final working day of the accounting period	Not required	Not required
Cash and cash equivalents	Carrying value is deemed to be fair value because of the short-term nature of these financial instruments	Not required	Not required
Level 2 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.			
Pooled Investments - Quoted Equity	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
Derivatives - Forward Currency Contracts	Market forward exchange rates at the year-end date	Exchange rate risk	Not required
Level 3 Inputs not based on observable market data			
Private Equity Funds	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
Pooled Investments - Property Funds	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

14d. 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 31/03/21	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	238,549	1,968,796	257,228	2,464,573
Amortised Cost	56,778	0	0	56,778
Total financial assets	295,327	1,968,796	257,228	2,521,351
Financial liabilities at fair value	0	0	0	0
Financial liabilities at amortised cost	(2,160)	0	0	(2,160)
Total financial liabilities	(2,160)	0	0	(2,160)
Net financial assets	293,167	1,968,796	257,228	2,519,191

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
Total financial assets	805,620	1,102,702	253,915	2,162,237
Financial liabilities at fair value	0	(127,781)	0	(127,781)
Financial liabilities at amortised cost	(1,377)	0	0	(1,377)
Total financial liabilities	(1,377)	(127,781)	0	(129,158)
Net financial assets	804,243	974,921	253,915	2,033,079

14e. Reconciliation of fair value measurements within Level 3

2020/21	Market Value at 31/03/20	Transfers into level 3	Transfers out of level 3	Purchases	Sales	Unrealised gains/(losses)	Realised gains/(losses)	Market Value at 31/03/21
	£000	£000	£000	£000	£000	£000	£000	£000
Private equity	88,669	0	0	8,810	(14,269)	7,459	0	90,669
Pooled property unit trusts	165,246	0	0	730	0	583	0	166,559
Total	253,915	0	0	9,540	(14,269)	8,042	0	257,228

14f. 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 31/03/21	Value on increase	Value on decrease
	(%)	£000	£000	£000
Private Equity	9.4	90,669	99,192	82,146
Pooled Property Trusts	4.2	166,559	173,554	159,564
Total		257,228	272,746	241,710

15. Nature and extent of risks arising from financial instruments

The Fund maintains positions in a variety of instruments, as dictated by the Investment Strategy Statement (ISS), 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 monitor 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 and diversify, the Fund holds three fixed interest sub funds managed by WPP.

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 31/03/21	Change to the net assets available to pay benefits	
		+ 100bps	- 100bps
	£000	£000	£000
Cash and cash equivalents	45,502	455	(455)
Fixed interest securities	0	0	0
Total	45,502	455	(455)

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)
Total	624,535	6,246	(6,246)

Currency risk is the risk to which the Pension Fund is exposed to fluctuations in foreign currency exchange rates. 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 8.36%. An 8.36% strengthening/weakening of the pound against the various currencies in which the fund holds investments would increase/decrease the net assets available to pay benefits as follows:

Currency exposure – asset type	Asset Value as at 31/03/21	Change to net assets available to pay benefits	
		+ 8.36%	- 8.36%
	£000	£000	£000
Overseas quoted equities	238,648	19,951	(19,951)
Overseas pooled funds	758,524	63,413	(63,413)
Overseas pooled property	56,155	4,695	(4,695)
Total change in assets available	1,053,327	88,059	(88,059)

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)
Total change in assets available	757,163	55,652	(55,652)

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 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 31/03/21	Percentage change	Value on increase	Value on Decrease
	£000	%	£000	£000
UK Equities	577,410	18.86	686,310	468,510
Overseas Equities	1,629,935	14.05	1,858,941	1,400,929
Fixed Interest (Bonds)	0	4.59	0	0
Cash and Cash Equivalents	45,502	0.20	45,593	45,411
Private Equity	90,669	9.35	99,147	82,191
Property	166,559	4.16	173,488	159,630
Total Assets	2,510,075	9.90	2,758,572	2,261,578

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
Total Assets	2,014,226	8.59	2,187,248	1,841,204

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 (closed October 2020) 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	31/03/20	31/03/21
		£000	£000
Money market funds			
Aberdeen Standard Liquidity - Sterling Fund	AAA	11,750	18,800
Blackrock ICS Sterling Liquidity Fund	AAA	11,230	18,120
Deutsche Global Liquidity - Sterling Fund	AAA	0	0
Bank current account			
Lloyds Bank	A	479	0
NatWest	A	49	-40
Total		23,508	36,880

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 resources 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.

16. 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. The actuary confirmed that no further adjustments were made to the valuation at this stage and any further adjustments will be made at the next triennial valuation (see Actuarial Statement on pages 3-6 of this document).

17. 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:

2019/20		2020/21
£000		£000
577	AVC paid during the year	*
3,724	Market Value of separately invested AVC's	*

*Information has not been received from all the Fund's AVC providers but the Fund has been informed that this information will be provided prior to completion of the audited accounts.

18. Contractual Commitments

As at 31 March 2021 the Fund had outstanding private equity commitments of a maximum of £38.683 million (£53.466 million at 31 March 2020).

19. Securities Lending

At the year end the value of quoted equities on loan was £37.335 million (£311.147 million at March 2020) in exchange for which the custodian held collateral of £40.253 million (£329.301 million at March 2020), the significant reduction is due to the transfer of Aberdeen fixed interest securities to WPP in 2020/21. For the year ending 31 March 2021, the Fund received income of £48,000 from the lending of stock (£120,000 in 2020/21).

20. 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 provision for £1,054,017 has been included in the accounts, which consists of £319,601.98 short term, £591,279 long term and £143,135 of estimated interest.

The Fund has no material contingent liabilities.

21. 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 13 Summary of manager's portfolio values
- Administration expenses charged to the Fund by the Council are shown in Note 10 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.

Two members of the Pension Fund Committee and four 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.

Contributing Employers

The active contributing employers as at 31 March 2021 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 2020/21.

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 xxx 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 liabilities 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.

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AUDIT COMMITTEE ANNUAL REPORT 2020/21

REPORT OF AUDIT MANAGER

AGENDA ITEM: 7.1

Reason

1. The Terms of Reference for the Committee sets out its responsibility:
 - 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.
2. Appendix 1 contains the draft Audit Committee Annual Report 2020/21, which has been prepared for Committee to consider in accordance with the above responsibilities.
3. Appendix 2 contains a draft Action Plan for the Committee to consider, which has been developed based on the feedback responses received from senior officers who attended Committee meetings during 2020/21.

Background

4. The Committee presents an Annual Report to Council as an open account of its work, performance in relation to its terms of reference and its effectiveness in meeting its purpose.
5. The Committee's Annual Report is typically presented to Full Council by the Chairperson in an autumn meeting following the end of each municipal year. In October 2020, due to the impact of the pandemic on Council business and proceedings, all Committee annual reports were received by Council as information items without an accompanying verbal presentation by the respective Chairperson.
6. The Governance and Audit Committee Chairperson is anticipating an invitation to attend a Full Council meeting this autumn to present the Audit Committee Annual Report 2020/21 on behalf of the Committee.

7. From the current municipal year, the Committee has been renamed as a Governance and Audit Committee in accordance with the provisions of the Local Government and Elections (Wales) Act 2021. The Annual Report for 2020/21 is in the name of the 'Audit Committee' as it represents an account of its activities, performance and effectiveness during the last municipal year.

Issues

8. The draft Audit Committee Annual Report 2020/21 has been prepared with the engagement of the Governance and Audit Committee Chair and Vice Chair. It contains:
 - A Chairperson foreword
 - Details of the role and work of the Audit Committee during 2020/21
 - Information on the Committee's self-assessment which took place in January 2021, and the resulting action plan
 - Key observations and the opinion of the Committee for 2020/21 on the Council's control environment relative to its terms of reference
 - Insight on the areas for particular Committee attention in the year ahead
 - Membership, attendance and contact information.
9. The Committee has received feedback from senior officers who attended Committee meetings with during the last municipal year. Feedback ratings were received in respect of 'performance', 'discussion and engagement' and 'assurance and influence'. The scores are contained within Annex 3 of the Audit Committee Annual Report 2020/21. Ratings of 'good' or 'excellent' were received across all areas reviewed by respondents.
10. Accompanying the feedback ratings were narrative comments, and these were reviewed by the Chair of the Governance and Audit Committee and the Audit Manager following the municipal year-end. A meeting was arranged with colleagues in Audit Wales to discuss their comments, and a draft action plan reflecting on all responses received has been prepared. The draft action plan is included in Appendix B for Committee consideration.

Legal Implications

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

Financial Implications

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

Recommendations

13. To consider and agree the Audit Committee Annual Report 2020/21 and the draft actions from Committee feedback.

CHRIS PYKE
AUDIT MANAGER



Audit Committee Annual Report 2020/21

Cardiff Council



Gweithio dros Gaerdydd, gweithio gyda'n gilydd
Working for Cardiff, working together

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1. Foreword by David Hugh Thomas (Chairperson of the Audit Committee)

There can be no doubt that 2020/21 has been a very challenging year for Cardiff Council, both as elected Members and Officers, not forgetting the people of the communities whom they seek to serve. In delivering our Work Programme during the municipal year, the Audit Committee has been mindful of the wide range of financial, economic, and social risks associated with the pandemic, and the importance of seeking assurance on all items that come before us.

Over the course of the year, Senior Officers have reported to us on the co-ordinated approach employed by them in tackling the important challenges associated with the pandemic; these have included

- The Chief Executive on the incident management arrangements invoked since the onset of the pandemic
- The Corporate Director Resources (Section 151 Officer) has kept us fully informed on financial resilience and management challenges, and
- The Audit Manager has briefed the Committee on the design of effective systems and counter-fraud checks in the Council's administration of Welsh Government relief funding
- Internal Audit Reports have provided assurance that overall adequate arrangements were in place to deliver good governance, risk management and control.

It would be remiss of me if I did not record at this point my thanks to all Elected Members of the Committee, and the Independent Lay Members (whose detailed profiles are set out in Annex 4 of this Report) for serving on this Committee. I believe that a strong sense of teamwork has been engendered, and the meetings have generally been well attended, having regard to the demands on Elected Members' time fulfilling their other roles and responsibilities. To support any new Member, induction training has been provided prior to their attending their first meeting.

Currently, the Committee has one vacancy, for an Independent Lay Member, arising from the decision taken in March 2021 by former Chairperson, Ian Arundale, to tender his resignation with regret, and immediate effect. Since November 2019, he had been on Council approved leave of absence, but having been asked by the Home Office to extend his short term contract to the end of 2022, Ian considered that resigning was the honourable thing to do from the view of clarity, resilience, and leadership of the Committee, at a time when it was assuming new Statutory responsibilities. An appropriate letter of appreciation, on behalf of the Committee, has been sent to Ian, expressing thanks for his years of valued service. All Elected Member seats are filled at this time. Annex 4 also sets out details of members of the Committee "Who Left in-Year", whose contribution to the Committee was also much appreciated and valued.

Throughout the year, the Audit Committee has benefited from the highly professional support of

- Accountancy
- External Audit (Audit Wales)
- Risk Management, and
- Treasury Management

Concerns raised by Committee members, or identified through various Committee Reports (such as those from Internal and External Audit) have often resulted in the accountable Officers being invited to attend a Committee Meeting.

The Committee has also continued to receive reports from members of the Senior Management Team (SMT) on the Council's Directorate Control Environments, encompassing governance, risk Management, and internal control/assurance arrangements. This has given the Audit Committee a good opportunity to engage with members of SMT individually, and to seek relevant assurance in their respective areas of responsibility.

The All Wales Audit Committees' Chairs' Forum has proven to be a very useful forum to discuss issues of common interest, receive updates, and share experiences and best practice in the presence of expert advice. The event in November 2020 was held by video link, and sponsored by the Welsh Local Government Association (WLGA); their support resulted in items from CIPFA and Audit Wales on a range of relevant topics. A similar event is planned for the year ahead.

The Audit Committee Work Programme is received at each Committee meeting, facilitating changing risks and priorities to be given due consideration, whether they are put forward by Elected Members, Officers, External Stakeholders, or other Committees of the Council. The importance of our role to a range of stakeholders is recognised. We have reflected on the effectiveness of governance, risk management and control in providing overall assurance opinion and informing the Council's Annual Governance Statement 2020/21.

We continue to promote awareness of our work through the publication of a Committee Newsletter, twice a year, and have done so since October 2018, supporting the Council's culture of accountability and assurance.

We have also taken the time to review our performance, so as to give confidence to those relying on our work. In January 2021, we held a self-assessment workshop against the best practice CIPFA Framework. This involved reflection on the feedback we receive from those attending Committee meetings.

Looking forward, the implications of The Local Government & Elections (Wales) Act, 2021, has been a particularly important area of focus, not least because of the re-designation of the Audit Committee as the Council's "Governance and Audit Committee", widening its role to include additional responsibilities commencing on dates in 2021/22. The present Committee has taken a number of preparatory steps in readiness for its new role, including:-

- (i) Considering the provisions of the Original Bill
- (ii) Reviewing the Welsh Local Government Association's co-ordinated response to the Bill.
- (iii) Participation in a discussion at the All Wales Audit Chairs' Network Forum, where we were supported by the expert advice described earlier
- (iv) Participation in the consultation on the statutory guidance for the Bill which received Royal Assent in January 2021.

Cardiff Council have updated and aligned the Terms of Reference and the Work Programme of the re-designated Committee to meet all new responsibilities, details of which are outlined within the body of this Annual Report.

Looking forward to 2021/22, in my opinion, the financial, economic and social challenges facing the Council, public services, and the community will still be significant. In the context of an ongoing COVID-19 pandemic, a challenging financial environment is inevitable, coupled with increasing demand for public services and ever improving performance.

I am in no doubt whatsoever that our widened role as a Governance and Audit Committee in the year ahead will bring with it expectations, but the importance of assurance and oversight will remain critical ingredients in discharging our responsibilities.

D. H. Thomas. Chairperson



2. The Role of the Audit Committee

The Audit Committee has delivered an important role 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 has required the Council 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 has required Independent Lay Member representation on the Audit Committee. The Council determined that the membership of its Audit Committee would be twelve Members (eight Elected Members and four Independent Lay Members), which meets the requirement of the Measure and the recently introduced Local Government and Elections (Wales) Act 2021.

The Terms of Reference of the Audit Committee for 2020/21 is included within Annex 1 from which an overview of its role is summarised in the following statement of purpose:

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, and its wider citizens and stakeholders, on 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.

3. Our Work in 2020/21

The Audit Committee received regular reports in relation to standard agenda themes and received reports of interest based on risk, governance and internal control matters during 2020/21. Details are provided 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.

The 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 2020/21, including:

- Draft Statement of Accounts 2019/20 and Audit Report
- Draft Annual Governance Statement 2019/20
- Cardiff & Vale of Glamorgan Pension Fund Statement of Accounts 2019/20 and Audit Report
- Treasury Management reports, independent review, and updates
- Financial Resilience updates

The Audit Committee considered the unaudited draft Statement of Accounts 2019/20 of Cardiff Council including Cardiff Harbour Authority, and the Cardiff and the Vale of Glamorgan Pension Fund in September 2020. This followed our participation in a 4-week consultation process, which enabled questions to be raised with, and received from, lead finance officers. At the time of the September meeting, the external Audit was ongoing whilst the statutory deadline for the Accounts to be audited and published had been extended from 15 September 2020 to 30 November 2020.

A special subsequent Audit Committee meeting was arranged to consider and discuss the audit reports for the annual accounts in October 2020 with external audit (Audit Wales). The Cardiff Harbour Authority audit report provided a qualified audit opinion, and were advised by Audit Wales that this was a technical requirement as due to the pandemic there had not been a year-end stock check. Audit Wales stressed that this was not uncommon in local authorities in that year. Following further discussion with management, we received a briefing to provide further details, which provided an assurance that there were no issues with regards to stock figures upon stock count.

The pandemic has provided substantial financial challenges, and the Committee has taken particular interest in the information and updates provided by the (Corporate Director Resources (Section 151 Officer)) in each Committee meeting. Through these updates, we have been kept informed about matters of budget strategy and performance, Welsh Government relief claims and funding received and overall financial resilience. We will continue to closely monitor arrangements in place during the period of recovery from the pandemic.

3.2 Governance and Risk Management

The 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 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 2019/20 in July 2020. The Audit Committee will review the AGS 2020/21 following the financial year-end, in which the ‘Opinion of the Committee for 2020/21’ (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
July 2020	<ul style="list-style-type: none">▪ Draft Annual Governance Statement 2019/20▪ Corporate Risk Management (Q4 Update) 2019/20
November 2020	<ul style="list-style-type: none">▪ Corporate Risk Management (Q2 Update) 2020/21
January 2021	<ul style="list-style-type: none">▪ Senior Management Assurance Statement Mid-Year 2020/21
March 2021	<ul style="list-style-type: none">▪ Corporate Risk Management (Q3 Update) 2020/21

Within the Council’s Code of Corporate Governance, the Senior Management Assurance Statement (SMAS) process is a core mechanism for senior management self-review and provides an open disclosure of the application of good governance. The Committee welcomes 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 noted that there was a deviation from the normal senior management assurance process following the 2019/20 year end, as outlined in the Annual Governance Statement for that year due to the onset of the pandemic, following which the normal process resumed. We have continued to review the Senior Management Assurance Statements 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.

There have been changes to operational governance arrangements during the year, as incident management arrangements were invoked. Governance arrangements were subject to a review by Internal Audit this year and received an effective assurance opinion, and the Chief Executive provided an overview of the incident management arrangement applied this year, when he attended a Committee meeting in March 2021.

We have received regular risk management updates from lead officers throughout the year, and have discussed risk management at corporate and directorate levels with the senior officers who have attended Committee meetings during the year. Further information is provided in sections ‘3.6 - Control environment Reviews’, and ‘3.7 - Areas of Particular Focus’ of this report.

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 2019/20, Mid-Year Report 2020/21 and the Treasury Management Strategy 2021/22.

Through the treasury management reports and updates in Committee meetings, 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.

Treasury Management is subject to regular Internal Audit, and during 2019, it was subject to a review commissioned with the Council's treasury management advisors. This review 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.

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
- External Audit Recommendation Tracker
- National and Council Reports
- Annual Audit Summary 2020
- Audit of Accounts Reports 2019/20

The Audit Committee has received regular updates from Audit Wales, led by Ann-Marie Harkin with responsibilities now transferred to Derwyn Owen (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 received a number of other national and regional study updates from Audit Wales, with the key findings and messages communicated.

Recommendations

The Committee considered an External Audit Recommendation Tracker item, which had been collated as a corporate document and reported for the first time to a Committee meeting in January 2021. The item provided an opportunity to comment on and consider the progress the Council is making in addressing recommendations made by Audit Wales. There is a commitment to using the tracker to reinforce accountability for addressing recommendations. The tracker will be considered

by the Committee twice a year, extended to include wider regulatory, inspectorate and external assurance reports, and supplemented with details of which Committees of the Council or Boards the various reports have been reported to for information and assurance.

Reports

In the September 2020 Audit Committee meeting, we considered the latest counter-fraud report of the Auditor General for Wales, 'Raising Our Game' Tackling Fraud in Wales. The audit was designed to answer the question: 'Are the arrangements for preventing and detecting fraud in the Welsh public sector effective?' The report considered that all public bodies in Wales should focus on raising their game to tackle fraud more effectively through considering fifteen recommendations across seven themes. Members received a presentation from Audit Wales, and the Audit Manager presented Cardiff Council's management response to the national recommendations. Through discussion with Audit Wales and the Audit Manager, we were advised that many of the national recommendations either were in place, or were being actively worked upon, in Cardiff Council. Members recognised that the Council has a small counter-fraud specialist team, and although capacity is limited, a number of Welsh local Authorities do not have this provision. We receive regular updates on counter-fraud activities and outcomes in Committee meetings, through which we will continue to monitor and discuss the Council's important work in this area.

In the November 2020 Audit Committee meeting, we considered:

- A national report on financial sustainability in local government as a result of the COVID-19 Pandemic for information, and a Financial Sustainability Assessment of Cardiff Council accompanied by a management response in November 2020. Whilst Audit Wales reported no major concerns about the Council's financial resilience, significant challenges were noted over the medium term given the savings required. We have been advised that further work is being undertaken, and we await further reports with keen interest.
- A national Audit Wales report on commercialisation in Local Government. The report had recently been received and it was recognised that any actions taken in respect of the report would need to be in accordance with the policy direction of the current administration. Audit Wales advised that the report was not prescriptive in its definition of 'commercialisation' for which there was a broad spectrum of approaches that could be applied. Officers agreed to consider the forum and approach for considering the report.

Wider Reports

We received the Annual Audit Summary 2020 from Audit Wales in January 2021, which reported an outline of the work undertaken in 2019/20 and the findings, an overview of reports published by other regulatory bodies, and an overview of planned work for 2020/21.

The Audit Committee's review of the Audit of Accounts Reports and Audit Certificates 2019/20 is outlined in 'Section 3.1 – Finance'.

3.5 Internal Audit & Investigation Teams

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 on a quarterly basis, which includes audit opinions, critical findings and progress against the audit plan, together with wider performance measures and audit recommendation tracking information.

The Audit Manager has had a functional reporting role to the Audit Committee and reports managerially 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).

After a period of consultation, the Internal Audit Charter and the Internal Audit Plan 2020/21 were accepted by the Audit Committee, and formal approval was provided in the first Committee meeting of the municipal year, on 28 July 2020. At this time, the Audit Committee also considered the Audit Strategy.

The Committee has been kept informed of the impact of the pandemic on the capacity of audit staff and clients this year. The approach followed by the Team was to provide advice and support to management as the Council adapted services and established new systems in response to the pandemic at the start of the year, followed by focussed delivery of the assurance audit plan from quarter two, when services commenced a formal and managed restart.

A substantial provision was included in the Audit Plan for COVID-19 related audit consultancy work, and a prioritised approach was followed for substantial coverage audit coverage of fundamental systems and corporate governance, and a targeted spread of wider assurance work across directorates. The Internal audit Team achieved 55% of Audit Plan this year against a target of 60% (the previous year's achievement was 70%). During the year, we received a technical advisory note from CIPFA, which had informed the approach to prioritising the audits to be delivered in order to sufficiently cover the full control environment of the Council with the resources available.

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 2020/21 included audits of a thematic nature to gain assurance in each directorate across the Council. The thematic work substantially concluded within the year related to 'Commissioning and Procurement' and 'Income and Debtors', whilst a number thematic 'Asset Management' audits from the previous year were also concluded.

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 has received and had an opportunity to monitor all audit recommendations and the associated management responses and updates until the point of implementation.

The number of audit recommendations implemented within agreed timescales is improving, but requires further management attention, with performance at 69% against a target of 80%. 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.

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 2020/21 is presented in our first Committee Meeting of 2021/22. This report will provide the Audit Manager's opinion on the Council's overall position in relation to risk, governance and control and an annual review and assurance statement on conformance with the PSIAS.

On a quarterly basis, the Audit Committee received an overview of the activities and outcomes of the work of the corporate Investigation Team. Committee also received details of wider counter-fraud work, initiatives, and counter-fraud training developed and attended across the Council. The Audit Committee has considered the Council's 'Anti-Money Laundering Policy', and the 'Authorisation and Protocol Requirements for Review of Work Activities' ahead of Cabinet approval in December 2020 and March 2021 respectively. Committee also received information this year on the Council's participation in International Fraud Awareness week in November 2020 and its participation in, and the outcomes of, the CIPFA Fraud and Corruption Tracker 2020 exercise.

The Committee has been advised of the risk of fraud and error associated with administering a range of emergency and relief payments on behalf of Welsh Governments at pace this year. Over the year, the Council distributed more than £100 million to local businesses, and the Internal Audit and Investigation Teams advised management on the design of systems and counter-fraud checks in accordance with scheme requirements as part of a multidisciplinary team. We have been advised of the data matching and manual checks completed, the outcomes, and the planned participation in a further National Fraud Initiative data matching exercise in 2021/22 for further post award assurance.

One-off Items

The Audit Committee has 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 legislation and matters of good governance, risk management and control this year with particular focus and details are provided below.

3.6 Control Environment Reviews

a. Council Control Environment

In March 2021, we welcomed Paul Orders, Chief Executive to attend our Committee and provide an overview of the Council's control environment comprising an outline of, and assurance on, the Council's overall arrangements for governance, risk management and internal control. The

Committee recognises the challenging financial environment facing the authority, and the Chief Executive continues to emphasise the important role of the Section 151 Officer, and SMT in making the interventions necessary to effectively to manage Council finances.

The Committee was provided with:

- An outline of the incident management arrangements invoked during the pandemic and the mechanisms which have been used for briefings, decision-making, reporting and risk management.
- Details of the preparations that were put in place in November 2020, for both the UK's departure from the EU and anticipated winter pressures.
- The recovery priorities for the year ahead from the Council's new Corporate Plan, and the programme of city renewal to be published in May 2021.
- An update and insight on the framework and activities relating to corporate risk management, senior management assurance, internal audit and wider assurance.

We raised questions and had discussions on elements of risk management, partnership arrangements and UK funding.

b. Directorate Control Environment Reviews

One Corporate Directors and three further Directors attended Audit Committee meetings in 2020/21 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:

Social Services

Sarah McGill, the Corporate Director responsible for Social Services attended a Committee meeting in January 2021 to provide a control environment update. We received an overview of the Directorate structure and were asked to note the services and significant budgets being managed, for which the Corporate Director recognised that robust monitoring arrangements are crucial. An outline was provided of key risks, the results of a senior management assurance self-assessment exercise, and the arrangements for oversight and review of directorate risks and Internal Audit actions.

The Committee received details of progress in responding to Internal Audit reports, at which point in time there were no overdue actions, but a number of actions still needed to be completed. We commented on the relatively high number of 'insufficient' Internal Audit opinion reports and were advised that these reports covered a wide range of issues and were being responded to via the design of processes, compliance, considering skills and accountability, and through addressing any structural issues.

We noted the high number of senior management assurance statement responses for which aspects of good governance application were self-assessed as 'mixed' and needed improvement. We also received the position against recently received inspection reports, including an inspection of the Youth Offending Service that provided an adverse assurance opinion. We were advised that steps

have been taken to learn from the experience and to ensure demonstrable improvements that can be reported on.

Education and Lifelong Learning

Melanie Godfrey, Director of Education of Lifelong Learning attended a Committee meeting in March 2021, four months after appointment, to provide an overview of the directorate control environment. The Committee received a report covering risk management, the response to Internal Audit actions, the results of a senior management assurance self-assessment, governance details in respect of the Schools Organisational Programme, an update on the work of Estyn and value for money information.

Over a number of years, we have sought regular reports from senior management in the Education and Lifelong Learning directorate, following concerns raised through Internal Audit reports on good financial management in school-traded services and on school governance. We have also sought ongoing assurance on the arrangements to manage school balances, and to address audit recommendations. In advance of the meeting, the Director received a letter from the Audit Committee Chairperson requesting an update on the position in respect of addressing Internal Audit recommendations both in schools and within the wider directorate. A written response was provided and messages were reinforced through the Director's report and presentation to Committee.

During the March meeting, we were advised of the arrangements that the new Director is putting in place to enhance existing arrangements, including assigning new staff resources and responsibilities to support coordination and oversight of improvements.

Economic Development

Neil Hanratty, Director of Economic Development attended a Committee meeting in March 2021 to provide an update on the directorate control environment and to address how management are responding to a recent Audit Wales 'Review of Leisure Services' report. In advance of the meeting, the Director received a letter from the Audit Committee Chairperson requesting an update on the position in respect of addressing Internal Audit recommendations, and a detailed response was received.

During the meeting, we received a presentation, which contained the outturn budget position, information on the management structure and background details on the Leisure contract to supplement the Committee papers we had received. Audit Committee papers provided details of the approach to engaging with and responding to Internal Audit, and analysis of the position in respect of audit actions. We also received information on the wider control environment, including risk management arrangements, the results of a senior management assurance self-assessment, a summary of major project governance, external assurance details, and certain examples of value for money.

We discussed the general matters of directorate governance, risk management and control, and we gave particular focus to the Audit Wales review of Leisure Services. Details of the discussion on the Audit Wales review are provided in the following section (3.7).

3.7 Areas of Particular Focus

In addition to our standard areas of work, the Audit Committee considered certain legislation, and matters of good governance, risk management and control this year with particular focus. A brief account of our reviews of these areas is included below.

Local Government and Elections (Wales) Act 2021

The Local Government and Elections (Wales) Act has been a particularly important area of focus, as it changes the name of the Audit Committee to a Governance and Audit Committee, and it widens its role to include additional responsibilities commencing in 2021/22, requiring us to:

- Review the Council's draft Self-Assessment Report 2021/22 and each year thereafter, and make appropriate recommendations for changes.
- Consider and make recommendations in response to the Council's Panel Assessment Report when received.
- Review and assess the Council's ability to handle complaints effectively.
- Review the Council's draft response to any Auditor General recommendations arising from a 'special inspection' in respect of the Council's performance requirements, and make any appropriate recommendations for changes.

The Act also requires a third of Committee Members to be Independent Lay Members, and for one of whom to be Chairperson. This requirement was already met by the existing composition of the Council's Audit Committee (eight Elected Councillors and four Independent Lay Members (with one Independent Lay Member being the Chairperson)).

The Committee has taken a number of steps to understand and prepare for its new role as a Governance and Audit Committee. Further information is provided below.

In January 2020, we received an overview of the full Bill in a Committee meeting and we raised a range of comments. We subsequently received details of the WLGA's coordinated response to the Bill, which reinforced a number of the points we felt required further clarity.

In November 2020, through our All Wales Audit Committee Chairs' Network, Audit Wales provided a guidance and information session to the Chairs of the Audit Committees across Welsh Local Authorities on the Bill. As part of the day, which was sponsored by the WLGA and delivered via a remote video session, we also received expert guidance and contributions to discussion from Diana Melville, the Governance Advisor for CIPFA. The discussion was very useful at a time when we were starting to consider how to deliver our responsibilities in practice for the year ahead.

During December 2020 and early January 2021, we considered a consultation on the Statutory Guidance for the Bill. The Bill received Royal Assent in January 2021.

In March 2021, we agreed our Terms of Reference for the year ahead includes our new responsibilities and was developed through a technical review by lead Council officers, informed by peer group discussions with the Welsh Chief Auditors Group and in consultation with the WLGA. Our Terms of Reference was approved by Council in May 2021.

We have added a performance section to our work programme through which we will cover items related to our new areas of responsibility.

Education and Lifelong Learning Assurance

As referred to in section 3.6, the Audit Committee has continued to raise concerns about governance and compliance matters in schools and school-traded services, which are regularly responsible for a greater proportion of audit reports giving concern. We were keen to have early engagement with the new Director of Education, to discuss this position and the arrangements for oversight and assurance going forward. The Director promptly attended an Audit Committee meeting in March 2021.

We are encouraged by the coordinated response the Director provided to both a letter that we wrote requesting an account and assurance of the Directorate response to Internal Audit Recommendations, and to the report we received on the Directorate control environment for the March 2021 Committee meeting. We were advised that actions had been taken with new staff resources and responsibilities assigned to support coordination and improvements. We will monitor the position through the information and assurance we receive from Internal Audit, and we look forward to ongoing engagement with the new Director.

We note that the Internal Audit Team has completed fewer individual school audits this year, but it has engaged all schools in a Control Risk Self-Assessment (CRSA) exercise. Through this exercise, schools responded to a detailed set of questions on governance, risk, compliance and control and submitted a portfolio of evidence to support the assertions made. Given the operational adjustments that schools have needed to make throughout 2020/21 the approach to auditing schools has been pragmatic, whilst we welcome the outcomes of a range of school audits that are arranged for 2021/22.

Waste Management Assurance

There have been ongoing concerns about the robustness of controls in relation to the Waste Management function. Notably, in recent years, a wide-scale investigation into allegations of fraud was completed and disciplinary proceedings have concluded, whilst Police liaison is ongoing. In relation to this investigation, Committee has:

- Received a confidential briefing following the financial year-end (as at 31 May 2021) containing summary information on the disciplinary cases and outcomes, and details of the targeted work of Internal Audit in areas of the Waste Management Service where there have been allegations or concerns.
- Requested an opportunity to consider the terms of reference for a post investigation review to be completed at the appropriate time, to ensure lessons are learned.

Targeted work has been completed by Internal Audit to verify the operation of key controls, the management of risk and the overall control environment in areas where there have been concerns or allegations of fraud and financial impropriety. There has been a gradual improvement in the assurance opinions received from Internal Audit, although ongoing assurance is required.

In March 2021, Audit Committee met with the Director of Economic Development, who has taken responsibility for Waste Management. In advance of the meeting, a letter was written to the Director requesting by the Committee's Chairperson requesting an update and assurance on the position in addressing audit recommendations, and a detailed response was received. We will continue to maintain a close eye on the delivery of improvements required.

Review of Leisure Services

As part of the update from the Director of Economic Development to Audit Committee in March 2021, we received information on the response to a recent Audit Wales 'Review of Leisure Services' report. We had reviewed the initial management response to the report's recommendations when we considered the External Audit Recommendation tracker in January 2021, and we invited the Director to provide a more detailed update to Committee in March.

Matters of contract specification and governance that were raised in the Audit Wales report for which the Committee has requested further information and assurance. In considering the report and its recommendations, we raised comments on:

- The importance of contingency arrangements to mitigate any current or future contract issues.
- The proposal for the social value tool to be reviewed to ensure it is effective and that there is assurance in its measurement and use.
- Our interest in a follow up report planned by Audit Wales, and an audit of Governance in Leisure Contracts planned by Internal Audit.

Management acknowledged our comments and advised that there will be a comprehensive review, following the decisions to date on the contract and provision, encompassing affordability and long-term sustainability.

The Committee recognises the challenging environment that leisure services are operating within, which has been exacerbated by the ongoing pandemic, and in this setting will keep a keen eye on the respective assurance received from the reports of Audit Wales and Internal Audit in the year ahead.

4. Audit Committee Self-Assessment

Context and approach

In January 2021, the Audit Committee held a Self-Assessment Workshop, to review its performance against a best practice CIPFA framework. Following the process introduced in previous years' assessments, 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.

To further inform and supplement the self-assessment workshop the Committee also reflected on the feedback from those attending Audit Committee meetings on the performance and the value they gained from their attendance.

Self-Assessment

Individual Assessments were completed by five of the ten 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 2021, the results were as follows.

Through our review of good practice, Audit Committee self-assessed:

- Twenty three areas were assessed as ‘fully in place’
- Two 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:

- When reflecting on our assessment against the CIPFA Core Knowledge and Skills Framework - We have reasonable awareness of our training needs, through Individual Assessments against the Framework, but we acknowledge that with a partial completion rate (50%) the action should not be considered complete;
- When reflecting on the recommendations we raise and the extent to which they are acted on - Whilst actions / recommendations are raised as part of Committee meetings, and subsequently monitored, we considered the Committee could more proactively review their status and consider follow on actions within Committee meetings. A mechanism has been agreed as an action to support this.

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:

- Three were assessed at point 5, with clear evidence from a number of sources that the Committee is actively supporting improvements;
- Three areas were assessed at point 4, with clear evidence from some sources of the effective support for improvements;
- Two areas were assessed at point 3, as having mixed experience and evidence of Audit Committee support.
- One area was assessed as 3.5 (midway between point 3 and 4).

The three areas scored as ‘mixed’:

- In respect of ‘helping to ensure appropriate governance, risk and control arrangements’, the Committee considered it was discharging an effective role through the items it receives and its engagement with senior officers. However, it considered there was a need to review major projects and programmes to provide clear evidence of effective support for improvements. Accordingly, the Committee arranged to receive reports governance arrangements in the Schools Organisational Programme and Major Project Governance from the respective Directors in its March 2021 meeting.
- In respect of ‘supporting the development of robust arrangements for ensuring value for money’, the Committee considered that, there was a carry forward action from last year to

receive measures of value for money in reports from senior officers. This requirement and expectation was communicated to the senior officers who attended the March 2021 Committee meeting, and greater detail was provided to assist Committee in its value for money considerations.

- In respect of 'promoting effective public reporting to the authority's stakeholders and local community and measures to improve transparency and accountability', Members considered that good engagement and communications were in place, whilst further Committee attention will be targeted in respect of partnership arrangements.

The Action Plan and feedback information from those attending Audit Committee are included in Annex 2 and Annex 3 of this report respectively.

5. Key Observations 2020/21

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 effective arrangement 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 reviews of particular matters of good governance, risk management and control, through inviting senior officers to Committee meetings to provide 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 2020/21 and areas of particular interest going forward are documented in the following section.

6. Opinion of the Committee for 2020/21

Based on the evidence presented to the Audit Committee during 2020/21, it is the considered view of the Audit Committee (subsequently renamed Governance and Audit 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 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 2021/22, include:

6.1 Budget Management

The 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 control improvements are needed, and management attention and actions are required in directorates to achieve budget savings proposals put forward. Budget management is particularly pertinent at this time given the pressures facing local authorities as they respond to the ongoing pandemic. This unprecedented environment follows a number of years in which the financial parameters within which the Council operates have been constrained.

Welsh Government support has been received this year to mitigate the impact of the pandemic on budgets, and there has been considerable officer attention and effort to record, verify and submit claims to recover eligible expenditure that has increased, and eligible income that has been lost during the crisis. The Committee is keen to observe effective arrangements for budget management and control once this funding ends. The Committee will carefully scrutinise budget management arrangements over the year to come, through observing the use of appropriate management controls and interventions, and continuing to reinforce expectations for delivery.

6.2 Internal Control

Assurance on compliance and control is essential. For a number of years there have been continued constraints on resources, together with a growing population and greater demand for public services. As the Council faces significant challenges in how it delivers services, it remains essential that internal controls are not neglected or impaired, and that strong controls operate throughout reformed processes and systems. Additionally, the pandemic has necessitated the adaptation of systems, and in some cases the design of new systems, in order to respond to new priorities. We have been advised of the substantial level of consultation, advice and guidance provided by the Internal Audit and Investigation Teams to support management to design and uphold robust controls as they navigated new priorities and responsibilities. The Committee has noted the inherent risks associated with the Council's requirement to administer and distribute a significant amount of Welsh Government emergency funding at pace this year. It has been important for the Committee to receive relevant assurances during the year, and we have received briefings on the arrangements for up-front controls, post award assurance checks and the progression and outcomes of cases identified for investigation.

The Committee has invited senior officers to attend its meetings this year, to account for their delivery of good governance, risk management and control. In addition, the 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, but whilst the number of unsatisfactory Internal Audit opinions remain low, management must maintain sound systems of internal control and promptly address identified weaknesses.

There have been ongoing concerns about the robustness of controls in relation to the Waste Management function. In recent years, a wide-scale investigation into allegations of fraud was completed and disciplinary proceedings have concluded, whilst Police liaison is ongoing. We have received a confidential briefing following the financial year-end (as at 31 May 2021) referring to the disciplinary cases and outcomes, which links to the targeted work completed by Internal Audit to verify the operation of key controls, the management of risk and the overall control environment.

There has been a gradual and generally sustained improvement in the assurance opinions of Internal Audit in Waste Management over the financial year, although continued management attention and assurance are required. To support the importance of addressing audit reports we wrote to the Director of Economic Development who provided an account for the delivery of audit recommendations. We will consider the terms of reference for a post investigation review in the year ahead, to ensure lessons are learned.

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 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 Committee has considered the Internal Audit Plan for 2021/22, 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 Committee will continue its consideration of the framework for financial decisions. The Committee has received updates on financial resilience as part of the finance updates and, in recent years has welcomed the independent assurance of the Council Treasury Management activities, by the Council's Treasury Management advisors.

The Governance and 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 Committee has and will continue to seek assurance that the levels and profiles of investments and borrowing are appropriate and in line with the Treasury Management Practices, Strategy and Reports presented.

6.4 Schools Governance & Compliance

The Committee has raised concerns about governance and compliance matters in schools and school-traded services for some time, which are regularly responsible for a greater proportion of audit reports giving concern. Through overseeing the work of internal audit, we have observed 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, we arranged early engagement with the incoming Director of Education and Lifelong Learning after their appointment this year, and we discussed the arrangements for monitoring controls and progress of governance improvements in schools. We were advised that actions had been taken with new staff resources and responsibilities assigned to support coordination and improvements. We will monitor the position through the information and assurance we receive from Internal Audit, and we look forward to ongoing engagement with the new Director. This is with the understanding that the Governance and 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 sufficient.

The Internal Audit Team adapted its approach to school audits this year. Fewer individual school audits were completed than usual, but all schools were engaged with through a Control Risk Self-Assessment (CRSA) exercise. Through this exercise, schools responded to a detailed set of questions on governance, risk, compliance and control and submitted a portfolio of evidence to support their

assertions. We are advised that the Internal Audit team sampled 25% of Cardiff schools, through a desktop review, to provide a broad level of baseline assurance. Given the operational adjustments that schools needed to make throughout 2020/21, the approach to auditing schools has been pragmatic, and we welcome the outcomes of a range of individual school audits arranged for 2021/22.

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 Committee and we continue to support the production and use of best practice guidance in schools to strengthen financial stewardship and control.

7. Looking ahead to 2021/22

During the forthcoming municipal year, we will continue to be guided by the professional advice of our Corporate Director Resources, Audit Manager and the Internal and External Audit teams.

Our work programme has been expanded and agenda items are being arranged to cover our full range of responsibilities in accordance with the Local Government and Elections (Wales) Act 2021, of our renamed Governance and Audit Committee. Our programme of work will include monitoring the management of the existing matters highlighted in section 6 of this report (the 'Opinion of the Committee for 2020/21') as well any new issues, which require our attention.

We will continue to deliver our responsibilities with the necessary level of flexibility to deliver our role comprehensively, through relevant engagement and consultation with relevant officers and stakeholders both within and outside of formal Committee meetings.

8. Committee Membership 2020/21

The Committee consists of four Independent Lay Members and eight Councillors, elected by Council (detailed in Annex 4). Independent members are appointed for no more than two administrative terms with Council Members reappointed annually. Prior to the municipal year-end, one Independent Lay Member had resigned and arrangements were being put in place for a new recruitment exercise.

The Committee has been serviced by Council Officers, principally the Corporate Director Resources (Section 151 Officer), and the Audit Manager. Representatives from Audit Wales have also attended Committee meetings.

The Audit Committee met on 6 occasions throughout the municipal period 2020/21 on the following dates: 28 July 2020; 8 September 2020; 20 October 2020; 17 November 2020; 26 January 2021 and 23 March 2021. Due to COVID-19 restrictions, the meeting planned for 23 June 2020 was cancelled.

9. Attendance in 2020/21

Committee Meeting Attendance

Attendance 2020/21	Possible	Actual
Independent Lay Members		
Hugh Thomas (Chairperson)	6	6
Gavin McArthur (Deputy Chairperson)	6	5
David Price	6	6
Ian Arundale (stood down on 23.03.21) (period of agreed leave of absence 28.11.19 – 23.03.21)	0	0
Non-Executive Councillors		
Councillor Jayne Cowan (appointed 26.11.20)	2	2
Councillor Stephen Cunnah	6	5
Councillor Russell Goodway (appointed 23.07.20)	6	3
Councillor Nigel Howells	6	6
Councillor Keith Jones (appointed 18.03.21)	1	0
Councillor Ashley Lister (stood down on 14.12.20)	4	2
Councillor McKerlich (stood down 08.10.20)	2	2
Councillor Elaine Simmons	6	0
Councillor Kanaya Singh	6	1
Councillor Joel Williams	6	6

All Committee Members received induction training prior to attending Audit Committee meetings.

10. Contacts

David Hugh Thomas Chairperson of the Governance and Audit Committee	<i>Please contact via the Audit Manager</i>
Christopher Lee Corporate Director Resources	029 2087 2300 Christopher.lee@cardiff.gov.uk
Chris Pyke Audit Manager	029 2087 3455 cpyke@cardiff.gov.uk
Derwyn Owen Engagement Director (Financial Audit), Audit Wales	07909 882609 Derwyn.Owen@audit.wales
Phil Pugh Audit Manager (Financial Audit), Audit Wales	07964 118615 phil.pugh@audit.wales
Sara-Jane Byrne Audit Manager (Performance Audit), Audit Wales	07786 111385 sara-jane.byrne@audit.wales

Audit Committee Terms of Reference 2020/21

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, and its wider citizens and stakeholders, on 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.

Self-Assessment Action Plan

January 2021

	Action	Status / Target
1.	All Committee Members to ensure they have completed an Individual Assessment (against the CIPFA knowledge and skills framework).	Ongoing Activity Targeted completion 31 March 2021
2.	For tracking and reporting purposes, in any cases where the Committee raises recommendations, these will be recorded on a recommendation tracker, to be monitored separately from the actions log and reported to each Committee meeting.	Ongoing Activity Commencing March 2021
3.	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: <ul style="list-style-type: none"> • A greater focus on directorate-level risks and governance • Evidence or further detail of external assurance reports and findings • Measures of directorate value for money 	To be in place as appropriate for any future senior officer Committee attendance.
4.	Relevant Senior Officers to be asked to provide information to future Committee meetings on the governance and control arrangements in place for major projects e.g. Leisure Services and the Schools Organisational Programme.	

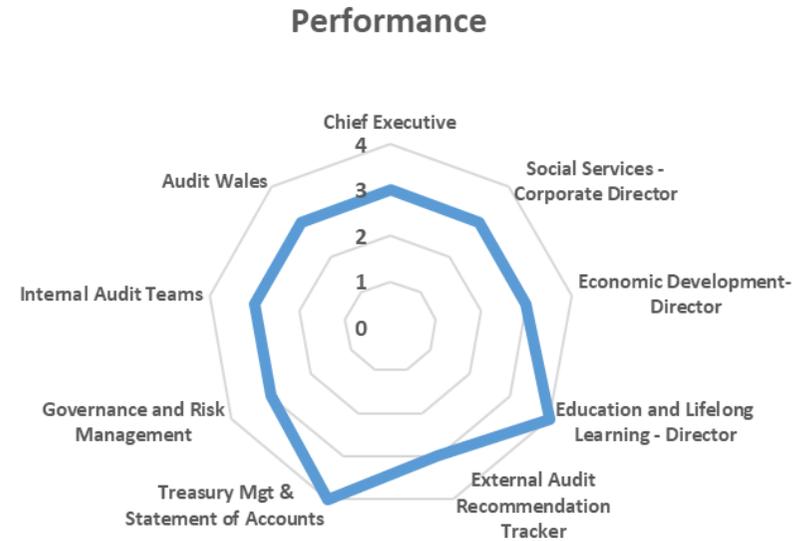
Committee Attendee Feedback

Annex 3

The Committee requested feedback from those it engaged with in Committee meetings in respect of 'performance', 'assurance and influence' and 'discussion and engagement'.

The results for 2020/21 were as follows

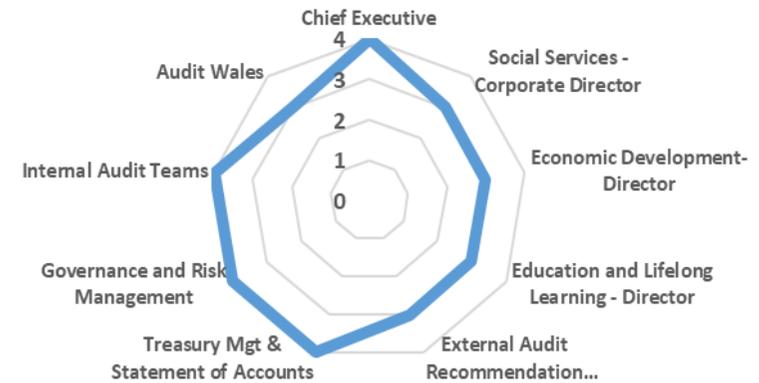
Key	Score
1	Poor
2	Satisfactory
3	Good
4	Excellent



Discussion and Engagement



Assurance and Influence (value)



Current Membership

 <p>Hugh Thomas (Chairperson) (Independent Lay Member)</p>	<p>Hugh Thomas, a retired Solicitor, pursued a Local Government career for forty years culminating in his being Chief Executive of Mid Glamorgan County Council (the largest local authority in Wales) for fifteen years. During this time, he served as Clerk to the South Wales Police Authority and Honorary Secretary of the Assembly of Welsh Counties. He retired in 1995.</p> <p>He has since chaired a number of public bodies and national voluntary organisations including those in the health and higher education sectors. He was Vice Chairman and Chair of the Audit Committee of the Wales Centre for Health.</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>He has served a term of fifteen years as a Trustee 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 (Deputy Chair) (Independent Lay Member)</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. He has also worked in internal audit for a FTSE 250 company.</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 Governance and Audit Committee of Cardiff Council in January 2020, and is Vice Chair of the Warwickshire Police Joint Audit and Standards 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 & 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 (Independent Lay Member)</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>Cllr Jayne Cowan (Welsh Conservatives)</p> <p><i>(joined Audit Committee 26.11.20)</i></p>	<p>Serving the Rhiwbina Ward</p> <p>Terms of Office: 06/05/1999 - 10/06/2004 10/06/2004 - 01/05/2008 01/05/2008 - 03/05/2012 03/05/2012 - 04/05/2017 04/05/2017 -</p> <p>Serving on the following Committees: Appointments Committee - Recruitment of Glamorgan Archivist Cardiff Council Council Glamorgan Archives Joint Committee Cardiff Council Governance and Audit Committee Policy Review and Performance Scrutiny Committee</p> <p>Outside Bodies: South Wales Police and Crime Panel</p>
 <p>Cllr Stephen Cunnah (Welsh Labour)</p>	<p>Serving the Canton Ward</p> <p>Terms of Office: 04/05/2017 -</p> <p>Serving on the following Committees: Children and Young People Scrutiny Committee Council Glamorgan Archives Joint Committee Cardiff Council Governance and Audit Committee Standards & Ethics Committee</p> <p>Outside Bodies: Chapter (Cardiff) Limited</p>
 <p>Cllr Russell Goodway (Welsh Labour)</p> <p><i>(joined Audit Committee 23.07.20)</i></p>	<p>Serving the Ely Ward</p> <p>Terms of Office: 04/05/1995 - 06/05/1999 06/05/1999 - 10/06/2004 10/06/2004 - 01/05/2008 01/05/2008 - 03/05/2012 03/05/2012 - 04/05/2017 04/05/2017 -</p> <p>Serving on the following Committees: Appointments Committee - Assistant Director, County Estates Appointments Committee - Programme Director, School Organisation Programme Cabinet Cabinet Member for Investment & Development Constitution Committee (Chair) Council Democratic Services Committee Governance and Audit Committee</p> <p>Outside Bodies: Cardiff Airport Consultative Committee Cardiff Business Technology Centre (CBTC) Consortium of Local Authorities in Wales (CLAW) WLGA</p>

 <p>Cllr Nigel Howells (Welsh Liberal Democrats)</p>	<p>Serving the Adamsdown Ward</p> <p>Terms of Office: 06/05/1999 - 10/06/2004 10/06/2004 - 01/05/2008 01/05/2008 - 03/05/2012 03/05/2012 - 04/05/2017 04/05/2017 -</p> <p>Serving on the following Committees: Council COVID-19 Scrutiny Panel Economy & Culture Scrutiny Committee (Chair) Governance and Audit Committee Pensions Committee</p>
 <p>Cllr Keith Jones (Welsh Labour)</p> <p><i>(joined Audit Committee 18.03.21)</i></p>	<p>Serving the Llanrumney Ward</p> <p>Terms of Office: 03/05/2012 - 04/05/2017 04/05/2017 -</p> <p>Serving on the following Committees: Appointment Committee - Head of Planning Constitution Committee Council Glamorgan Archives Joint Committee Cardiff Council Governance and Audit Committee Planning Committee (Chair)</p> <p>Outside Bodies: Cymric Building Preservation Trust Flat Holm Consultative Group</p>
 <p>Cllr Elaine Simmons (Welsh Labour)</p>	<p>Serving the Caerau Ward</p> <p>Terms of Office: 03/05/2012 - 04/05/2017 04/05/2017 -</p> <p>Serving on the following Committees: Council Governance and Audit Committee</p>
 <p>Cllr Kanaya Singh (Welsh Labour)</p>	<p>Serving the Riverside Ward</p> <p>Terms of Office: 04/05/2017 -</p> <p>Serving on the following Committees: Children and Young People Scrutiny Committee Council Governance and Audit Committee</p> <p>Outside Bodies: Cardiff Bus</p>



Cllr Joel Williams
(Welsh Conservatives)

Serving the **Pontprenau & Old St Mellons** Ward

Terms of Office: 04/05/2017 -

Serving on the following Committees:

- [Appointments Committee - Assistant Director, Adult Services](#)
- [Appointments Committee - Assistant Director, Children's Services](#)
- [Appointments Committee - Assistant Director, Education & Lifelong Learning](#)
- [Appointments Committee - Chief Human Resources Officer](#)
- [Appointments Committee - Director Education & Lifelong Learning](#)
- [Appointments Committee - Principal Lawyer Litigation](#)
- [Appointments Committee - Programme Director, Schools Organisational Planning Council](#)
- [Council Appeals Committee](#)
- [Governance and Audit Committee](#)
- [Standards & Ethics Committee](#)

Outside Bodies:

- [Cardiff University Court](#)
- [South Wales Fire & Rescue Authority](#)

Members who left In-Year



Ian Arundale
(Chair)
(Independent Lay Member)

Approved leave of absence commencing 28/11/19

(stood down 23.03.21)

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.

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.

He works internationally and has recently assisted police forces and organisations in the far east, USA and New Zealand.

Ian holds a diploma in Applied Criminology from Cambridge University, an MSc (Econ) degree in Criminology and Criminal Justice from Cardiff University and a BA (Hons) degree in Police Studies. He is a Fulbright Fellow and a graduate of the Prime Ministers 'Top Management' programme.

In addition to his role with work with Cardiff Council, he is also 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.



Cllr Ashley Lister
(Welsh Labour)

(stood down 14.12.20)

Serving the **Grangetown** Ward

Terms of Office: 04/05/2017 –

Serving on the following Committees:

[Appointments Committee - Assistant Director, Children's Services](#)
[Appointments Committee - Assistant Director, Education & Lifelong Learning](#)
[Community & Adult Services Scrutiny Committee](#)
[Constitution Committee](#)
[Corporate Parenting Advisory Committee](#)
[Council](#)
[Local Authority Governor Panel](#)
[Policy Review and Performance Scrutiny Committee](#)

Outside Bodies:

[South Wales Fire & Rescue Authority](#)



Cllr Rod McKerlich
(Welsh Conservatives)

(stood down 08.10.20)
appointed Lord Mayor

Serving the **Radyr & Morganstown** Ward

Terms of Office: 01/05/2008 - 03/05/2012
03/05/2012 - 04/05/2017
04/05/2017 -

Serving on the following Committees:

[Appointments Committee - Assistant Director, Adult Services](#)
[Council](#) (Lord Mayor)

Audit Committee Feedback 2020/21

Committee Actions

1. Particular points of attention and direction are to be provided to senior officers on the ground the Committee would like to be covered in the presentations and reports it receives.
2. Senior Officers will be asked to appraise the Governance and Audit Committee of new strategies and reforms as part of governance updates from senior officers.
3. To assist the Chair in ensuring all Members have the opportunity to speak, if a Member wishes to indicate their intentions for particular agenda items, they can do so in advance and the Chair will invite them to speak during the relevant item.
4. The Governance and Audit Committee will be provided with briefings and training, with particular attention given to the Committee's new responsibilities resulting from the Local Government and Elections (Wales) Act 2021.
5. Where feasible, any Committee items of a verbal nature will be accompanied by a set of slides or a summary paper, to be issued as part of the reports pack.

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**GOVERNANCE & AUDIT COMMITTEE 20 JULY 2021**

DRAFT ANNUAL GOVERNANCE STATEMENT 2020/21
(INCLUDING YEAR-END SENIOR MANAGEMENT ASSURANCE STATEMENTS)**REPORT OF CORPORATE DIRECTOR RESOURCES AGENDA ITEM: 7.2**

Reason for Report

1. The Governance and Audit Committee's Terms of Reference requires Members to review the Annual Governance Statement (AGS) 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.
2. Specific components of the AGS reported individually to the Governance and Audit Committee are the biannual Senior Management Assurance Statements (SMAS) and the AGS Action Plan of significant governance issues, following approval by the Senior Management Team. This report provides members of the Governance and Audit Committee with the full AGS for 2020/21 that will sit alongside the Council's Statement of Accounts.

Background

3. Senior Management Assurance Statements (SMAS) are used to assess governance maturity in application of the 'Delivering Good Governance in Local Government' framework, developed by CIPFA / SOLACE.
4. Through the SMAS, each Director responds to 25 good governance statements using a 5-point maturity scale for their areas of responsibility ranging from 'not in place', 'limited application', 'mixed application', 'strong application' to 'embedded'. Prior to submitting their returns, each Director is required to obtain underlying assurances from their management teams to support a directorate-wide response to each statement.
5. The Committee received a verbal update on 26 January 2021 and the draft AGS for the financial year 2020/21 is attached to this report.

Issues**Senior Management Assurance Statements**

6. The 2020/21 process required a more comprehensive evidence base to support the assessment of the assurance level. The pandemic caused the Council's response to be a combination of crisis and recovery management given the varying incidences and severity of Covid 19 cases during the year. The increasing demand on some Council services, the need to change the service operating model combined with the need to

close some services for part or the whole of the year required a multi layered approach to governance and assurance.

7. The attention of Senior Officers has been firmly focussed on effective communication, decision making and control whilst operating in an environment which fluctuated and changed throughout the year. The 2020/21 assurance process therefore needed to consider the way services were delivered during the year and identify any associated changes in the level of assurance as a result of those changes.
8. The delivery of a Test, Track, Trace, Protect Service, the logistics of procuring and issuing PPE Equipment and the need to prioritise the delivery of services to the most vulnerable are some of the major examples of the impact that the pandemic has had on this Council.
9. Whilst there were pressing challenges throughout the year, the Senior Management Team was able to re-engage with the previous senior management assurance process in full. Each directorate undertook a Half-yearly self-assessment in November 2020 and a final assessment in May 2021. The Chief Executive held Challenge Sessions with each directorate in order to consider the merits of the self-assessment, the progress made and identify any areas of concern.
10. The end-year 2020/21 self-assessment level for each Directorate and Assurance category is set out in the following two tables;

Directorate / Service	Self-Assurance Level
Economic Development	Strong (lower range of assessment)
Education	Mixed (higher range of assessment)
Governance and Legal Services	Strong (lower range of assessment)
People and Communities	Strong (lower range of assessment)
Planning, Transport and Environment	Strong (lower range of assessment)
Resources	Strong (middle range of assessment)
Street Scene	Mixed (high range of assessment)

Category	Assessments challenged
Risk Management	Strong (lower range of assessment)
Future Generations Act and Collaboration	Mixed (higher range of assessment)
Compliance	Mixed (middle range of assessment)
Programme and Project Assurance	Strong (lower range of assessment)
Budget Monitoring	Strong (lower range of assessment)
Planning and Decision Making	Strong (lower range of assessment)
Internal Control Environment	Strong (lower range of assessment)
Fraud & Financial Impropriety	Strong (lower range of assessment)
Performance Measurement & Management	Mixed (higher range of assessment)

11. The AGS includes Statements from the Audit Manager, Governance and Audit Committee and Senior Management respectively. The Senior Management Team has in its considerations determined that none of the six recommendations need to be taken forward and are replaced with three new recommendations for the year 2021/22. The progress on the 2020/21 actions can be found in the accompanying draft AGS. The three actions taken forward are in respect of compliance, performance reviews and Future Generations and can be found in the accompanying draft AGS. Progress on the Action Plan and Assurance Statements will be reported to the Governance and Audit Committee later in the Calendar year.

Reason for Recommendation

12. To enable the Governance and Audit Committee to review and comment upon the self-assessed elements of the AGS.

Legal Implications

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

Financial Implications

14. There are no direct financial implications arising from this report.

Recommendation

15. The Governance and Audit Committee to review and comment upon the Annual Governance Statement, namely, the resulting overall 'Senior Management Statement' and 'Action Plan of Significant Governance Issues'.

Christopher Lee
Corporate Director Resources
July 2021

The following Appendices are attached:

Appendix A - Annual Governance Statement 2020/21

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Cardiff Council Draft Annual Governance Statement 2020/21



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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 2020/21, 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 Governance and Audit Committee (the 'Audit Committee' was renamed 'Governance and Audit Committee' following the financial year-end in accordance with the provisions of the Local Government and Elections (Wales) Act 2021. Its opinion was provided following the financial year-end)
 - 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 the

Governance 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. The assessment exercise has considered the impact of the pandemic on the areas of governance which has seen as a response more frequent meetings of Senior Management Team. The early onset of the year followed an incident management regime with Senior management team meeting on a daily basis. By July, the SMT meetings were reduced to three times a week with a focus on business activities as well as incident management of the latter part of the year saw the meetings reduce to two times a week but with the flexibility to meet as and when required. The focus of these meetings throughout the year has been to consider the Council’s

response to the crisis, ensure resources are used appropriately, outcomes delivered and controls remain in place or amended to reflect the environment of the time.

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. The pandemic has impacted on services with some having to seek different means to deliver services whilst some services have had to shut down for most of the year. Health and Safety has been the main priority for both those who deliver and receive services from the Council.
16. The Senior Management Team has engaged with the self-assessment assurance process for 2020/21. The Senior Management Team took the opportunity to review the 2020/21 half yearly and end of year returns, and considered the body of work delivered over the last six months, including a reflection on the continued response of the Council to the pandemic.
17. The Senior Management Team considers that the 2020/21 end of year Senior Management Assurance Statement offers a true and fair reflection of the governance maturity of the Council for the year overall. This end of 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 performance and compliance whilst recognising the improved guidance on partnerships 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 that whilst it is faced with very uncertain times there continues to be a need to prioritise actions for enhancement to enable strong evidence of application across all areas going forward.
18. In relation to the work of the Senior Management Team in 2020/21 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.
19. The Chief Executive continues to emphasise that areas of weakness need to be addressed. The last year has been one of great challenges and uncertainty and this will continue for the forthcoming months 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 2021/22.

Audit Manager Statement and Annual Opinion 2020/21

20. The Public Sector Internal Audit Standards (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.
21. This opinion has been prepared by the Audit Manager (Chief Audit Executive for the purpose of the PSIAS), based on the provisions of the PSIAS. In preparing and forming this opinion, a number of sources of information, assurance and insight have been taken into account, including:
- **Assurance Audit Engagements** – The risk-based annual audit plan has been delivered through an approach 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, monitoring of Council activity, strategy, risks, and wider assurance sources. The assurance audit plan included audits of new systems established as a result of the pandemic, and for all audits current risks, pressures and priorities informed the audit scope and the testing completed.
 - **Consultancy Audit Engagements** - In the context of the ongoing pandemic, consultation and engagement was provided in cases where there was a need for fundamental process change, a risk to resilience, the need to respond to a significant obligation or challenge as a result of the crisis, or a particular fraud or control risk. The majority of audit consultancy related to the design and application of sound controls in administration of Welsh Government grant and relief payments.
 - **Discussion with Senior Managers** – There has been quarterly relationship manager meetings with Directors or their representatives, regular Audit Manager attendance at Senior Management Team meetings where assurance items are considered, and regular meetings with the Chief Executive and Corporate Director Resources (Section 151 Officer).
 - **Risk & Governance Reviews** – Risk Registers and Senior Management Assurance Statements which underpin the Council's Annual Governance Statement are subject to regular audit review, and assurance audit engagements. Changes were reviewed, such as the governance regime applied as incident management arrangements were invoked in response to the pandemic.

22. Based on the programme of audit work undertaken to assess the framework and application of governance, risk management and control, the annual opinion for 2020/21 is **effective with opportunity for improvement**. This opinion is based on the delivery of a sufficient Audit Plan, and with an acknowledgment of the significant pressure on resources in the context of an ongoing pandemic in both demand and budgets, which has been managed through a resilient performance culture.
23. The audit opinion comprises assessments of governance, risk management and control, and includes an evaluation of the adequacy and effectiveness of controls in responding to risks within the governance, operations and information systems. In what has been an extraordinary year:
24. The normal governance regime changed during the pandemic as incident management arrangements were invoked. The new process was audited and allocated an 'effective' audit opinion, whereby an extended Senior Management Team operated as a Strategic Coordination Group, a command and control approach for cascading communications and decisions was applied, and processes for coherent and strategic reporting, decision-making, recording, and engagement were established.
25. The standard systems for corporate and directorate risk management were maintained during the year, but with COVID-19 specific risks additionally recorded, monitored and reported.
26. A number of new systems, processes and therefore controls needed to be established for the first time during 2020/21 in response to the crisis. Audit assurance and consultancy services targeted these areas during the year to provide a combination of advice, guidance, assurance and insight.
27. The Council was required to administer emergency relief and grant payments on behalf of the Welsh Government at pace. Over the year, the Council distributed a significant amount of grant and relief funding, and the Internal Audit and Investigation Teams advised management on the design of systems and counter-fraud checks in accordance with scheme requirements as part of a multidisciplinary team. Post assurance manual and data matching checks and analysis have not identified material cases of fraud or error to date in the context of the value of payments, although a number of case reviews are ongoing and, through participation in the National Fraud Initiative further data matching output is expected to generate cases for investigation in 2021/22.
28. The control environment for core financial systems, and for the majority of audits overall (73%), was considered as adequate, and allocated an opinion of 'effective' or 'effective with opportunity for improvement'. Twenty four audits have been given an audit opinion of 'insufficient with major improvement needed' recognising the need for attention to achieve sound controls, and one audit was given an 'unsatisfactory' opinion in respect of the control arrangements in administering British Council Grants.

29. Waste Management has been an area where a greater proportion of adverse audit opinions have been allocated in recent years. Through follow up audits this year the position is recognised to be gradually improving. Audit assurance and support continues to target and follow up on high risk areas.

Governance and Audit Committee Statement

30. Based on the evidence presented to the Audit Committee during 2020/21, it is the considered view of the Audit Committee (subsequently renamed Governance and Audit 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 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 2021/22, include:

Budget Management

31. The 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 control improvements are needed, and management attention and actions are required in directorates to achieve budget savings proposals put forward. Budget management is particularly pertinent at this time given the pressures facing local authorities as they respond to the ongoing pandemic. This unprecedented environment follows a number of years in which the financial parameters within which the Council operates have been constrained.
32. Welsh Government support has been received this year to mitigate the impact of the pandemic on budgets, and there has been considerable officer attention and effort to record, verify and submit claims to recover eligible expenditure that has increased, and eligible income that has been lost during the crisis. The Committee is keen to observe effective arrangements for budget management and control once this funding ends. The Committee will carefully scrutinise budget management arrangements over the year to come, through observing the use of appropriate management controls and interventions, and continuing to reinforce expectations for delivery.

Internal Control

33. Assurance on compliance and control is essential. For a number of years there have been continued constraints on resources, together with a growing population and greater demand for public services. As the Council faces significant challenges in how it delivers services, it remains essential that internal controls are not neglected or impaired, and that strong controls operate throughout reformed processes and systems. Additionally, the pandemic has necessitated the adaptation of systems, and in some cases the design of new systems, in order to respond to new priorities. We have been advised of the substantial level of consultation, advice and guidance

provided by the Internal Audit and Investigation Teams to support management to design and uphold robust controls as they navigated new priorities and responsibilities. The Committee has noted the inherent risks associated with the Council's requirement to administer and distribute a significant amount of Welsh Government emergency funding at pace this year. It has been important for the Committee to receive relevant assurances during the year, and we have received briefings on the arrangements for up-front controls, post award assurance checks and the progression and outcomes of cases identified for investigation.

34. The Committee has invited senior officers to attend its meetings this year, to account for their delivery of good governance, risk management and control. In addition, the 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, but whilst the number of unsatisfactory Internal Audit opinions remain low, management must maintain sound systems of internal control and promptly address identified weaknesses.
35. There have been ongoing concerns about the robustness of controls in relation to the Waste Management function. In recent years, a wide-scale investigation into allegations of fraud was completed and disciplinary proceedings have concluded, whilst Police liaison is ongoing. We have received a confidential briefing following the financial year-end (as at 31 May 2021) referring to the disciplinary cases and outcomes, which links to the targeted work completed by Internal Audit to verify the operation of key controls, the management of risk and the overall control environment.
36. There has been a gradual and generally sustained improvement in the assurance opinions of Internal Audit in Waste Management over the financial year, although continued management attention and assurance are required. To support the importance of addressing audit reports we wrote to the Director of Economic Development who provided an account for the delivery of audit recommendations. We will consider the terms of reference for a post investigation review in the year ahead, to ensure lessons are learned.
37. 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 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 Committee has considered the Internal Audit Plan for 2021/22, and will closely monitor its progress and findings over the year ahead.

Financial Resilience (including Treasury Management)

38. In a position of constrained finances, the Committee will continue its consideration of the framework for financial decisions. The Committee has received updates on financial resilience as part of the finance updates and, in recent years has welcomed the independent assurance of the Council Treasury Management activities, by the Council's Treasury Management advisors.
39. The Governance and 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 Committee has and will continue to seek assurance that the levels and profiles of investments and borrowing are appropriate and in line with the Treasury Management Practices, Strategy and Reports presented.

Schools Governance & Compliance

40. The Committee has raised concerns about governance and compliance matters in schools and school-traded services for some time, which are regularly responsible for a greater proportion of audit reports giving concern. Through overseeing the work of internal audit, we have observed that certain schools have not achieved a satisfactory level of stewardship and internal control.
41. In view of an ongoing need for regular school governance assurance, we arranged early engagement with the incoming Director of Education and Lifelong Learning after their appointment this year, and we discussed the arrangements for monitoring controls and progress of governance improvements in schools. We were advised that actions had been taken with new staff resources and responsibilities assigned to support coordination and improvements. We will monitor the position through the information and assurance we receive from Internal Audit, and we look forward to ongoing engagement with the new Director. This is with the understanding that the Governance and 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 sufficient.
42. The Internal Audit Team adapted its approach to school audits this year. Fewer individual school audits were completed than usual, but all schools were engaged with through a Control Risk Self-Assessment (CRSA) exercise. Through this exercise, schools responded to a detailed set of questions on governance, risk, compliance and control and submitted a portfolio of evidence to support their assertions. We are advised that the Internal Audit team sampled 25% of Cardiff schools, through a desktop review, to provide a broad level of baseline assurance. Given the operational adjustments that schools needed to make throughout 2020/21, the approach to auditing schools has been pragmatic, and we welcome the outcomes of a range of individual school audits arranged for 2021/22.

43. 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 Committee and we continue to support the production and use of best practice guidance in schools to strengthen financial stewardship and control.
44. **ii) Governance Framework - Supporting Information**
- A. **Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.**
45. 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
46. 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.
47. 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.
48. In 2019/20, the Monitoring Officer was notified of a total of thirteen complaints relating to Member conduct. The Public Services Ombudsman has considered eleven of the complaints and determined that there was no evidence of a breach of the Code, so there would be no further investigation. The Council is awaiting the determination of the remaining complaint. One complaint was dealt with under the Local Resolution Protocol, and was resolved informally by the Monitoring Officer.
49. The Chair of the Standards and Ethics Committee presented the Committee's Annual Report 2019/20 to full Council in 28 January 2021 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.

50. 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.
51. 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.
52. 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
53. 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
 - Anti-Money Laundering Policy
 - ICT Security Policy
 - Data Protection Policy & Procedure
 - HR policies regarding investigation and discipline of staff

54. 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 the region of 5000 staff and school governors have undertaken the course or attended face-to-face training / workshops. 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.
55. During 2020/21, the Council has administered a significant amount of grant assistance associated with the pandemic on behalf of Welsh Government. A multidisciplinary team of colleagues from Business Rates, Audit, Accounts Payable, IT and Information Governance worked closely together in order to ensure that up-front controls were robust, anomalies were investigated and payments were reviewed. Post payment verification and assurance has included:
- Manual checks of entitlement / eligibility, using information submitted on the payment file, and open source information to confirm businesses were trading;
 - Participation in two data matching exercises for wider verification.
56. 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 2020/21 a total of two whistleblowing cases have been reported to the Monitoring Officer.
57. 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 Role of the Chief Financial Officer in Local Government) which is set out in the CIPFA Financial Management Code.(2020).

B. Ensuring openness and comprehensive stakeholder engagement.

58. 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.
59. The pandemic has led to all meetings being held remotely (virtually). Meetings have remained open to the public to attend except where confidential or exempt information is being discussed, as defined by the law. Full Council meetings continued to include a facility for public questions, and the Council’s Scrutiny Committees have virtually invited stakeholder contributions to their scrutiny programme, both through research and consultation exercises and through

direct access to Committees. During 2020/21, the number and types of Council and Committee meetings increased compared to 2019/20.

Webcasting Data			
Year	2018-19	2019-20	2020-21
Number of Meetings webcast	37	54	105
Number of Committees (Types) webcast	8	10	21
Total Hours Webcast	95:15:44	126:50:24	202:36:54
Live views	1674	1960	4594
Archive Views	3376	6909	10963
Total Views	5050	8869	15557

60. 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.
61. There has been 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 internal and external auditors, 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 2020/21.
62. 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.
63. 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.

64. Regular meetings are held with institutional stakeholders to whom the Council is accountable, which include the Welsh Government and the Council's External Auditors (Audit Wales). 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.
65. 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 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 pandemic, 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 was considered by the Cardiff PSB in September 2021.

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

66. 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.
67. 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.
68. 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

69. 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.
70. The Corporate Plan is a rolling three-year plan which is refreshed annually. The latest refresh was approved by Council in February 2021, informed by the consultation on budget proposals for 2021/22.
71. 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.
72. An early draft of the Corporate Plan is considered by the PRAP Scrutiny Committee to help shape corporate policy.
73. 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.
74. 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.

75. Consultation on the Council's 2020/21 budget proposals "Changes for Cardiff" ran from 19th December 2020 to 31st January 2021. The impact of the pandemic led to delays in Budget settlement from Welsh Government and the budget consultation for 2021/22 budget proposals was for the period 13 January 2021 to 10 February 2021. It is anticipated that the consultation timescale will be back to the pre-pandemic timeline in future budget settlements. 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.
76. 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 £84.9 million gap for the period 2022/23 to 2025/26. The outlook over the short term looks very challenging as services look to recover from the impact of the pandemic both in managing the increase in demand for some services and recovering lost income levels in other areas such as cultural venues and school catering. Looking further forward, the medium term is also a matter of concern and the Budget Report 2021/22 detailed the challenges in respect of the pandemic and other continued financial pressures with 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 the pandemic 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.

77. 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.
78. 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 ongoing consideration of the sustainable development principle a focus has been placed 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.

79. The Council uses a number of sources of information to self-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 the Governance and Audit Committee** – The Council responds to the issues raised and recommendations made by 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.

80. By utilising this information, the Council can monitor progress but also identify areas where of improvement. The Council also has in place a robust performance and accountability regime which involves the wider political governance of the Council. In developing the self-assessment of performance, the following steps have been undertaken to ensure a full and balanced assessment:
- Directorate Analysis of Performance
 - Assurance Sessions convened by the Chief Executive with each Director
 - Assurance Sessions, convened by Cabinet, with the Chief Executive and the Council's Senior Management Team
 - Performance Panel Review, convened by the Chair of the Policy Review and Performance Committee, and involving the Chair of each of the Council's Scrutiny Committees.
 - Consideration by the Policy Review and Performance Scrutiny Committee
81. 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.
82. There was an increase in the communication to staff from the Chief Executive during 2020/21 to ensure that staff were aware of the latest developments as the impact of the pandemic ebbed and flowed throughout the year. To ensure staff were consulted, and involved in decision making, various channels of communication were used including the Chief Executive's Update, Core Brief, Staff Information messages, the Staff App, and DigiGov (the Council's HR system).
83. 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.
84. 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 2021/22 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 pandemic has impacted on the success of any income generation proposals and work will be undertaken to implement alternative strategies.

85. 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. At its meeting of 28 January 2021, the council agreed that the two Independent Non-Executive Director appointments should be further extended for a 20-month period until October 2022 following the next council elections in May 2022 to enable both individuals to continue to contribute their respective skills and expertise to the work of the Board and Company during the continuing Covid-19 pandemic.
86. The Council has worked with the Company, Welsh Government and Trustees of the Pension scheme in order to provide resolutions to the challenges facing the company (i.e. Pension Scheme, long term business sustainability, Covid 19). At its meeting in October 2020 a package of financial viability support was agreed including injection of equity and becoming statutory employer for the Company pension scheme. It is recognised that the company board and new management team are making significant progress in light of significant impacts on the bus industry across Wales. As part of a review of governance of subsidiaries, an internal audit report has also been commissioned during 2021/22.

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

87. 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.
88. 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.
89. The senior management structure of the Council was amended during 2020/21. This resulted in the creation of Two Director posts for Housing, Adults and Communities and Children's Services with the deletion of the Director of Social Services post and the deletion of two Assistant director posts for Adults and Children's Services respectively. The statutory responsibility for social Services was delegated to the Corporate Director of People and communities.

90. 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.
91. 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 has developed a number of learning and development programmes and courses which can be accessed and delivered remotely.
92. 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.
93. The Council will publish the next Annual Wellbeing Report in July 2021, if approved by Council, in accordance with the requirements of the Wellbeing of Future Generations (Wales) Act. This provides a retrospective summary evaluation of performance for 2020/21 and identifies areas of focus moving forward.
94. Following its publication, the Audit Wales 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.

95. 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 2020/21 to provide a transparent representation of the status of corporate risks and to support a proportionate management response.
96. 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.
97. The Council's five standing Scrutiny Committees are designed to support the Cabinet in providing accessible, efficient and effective services for citizens. For the year 2020/21, the Scrutiny Committees were unable to meet for the period between April 2021 and June 2021. In order to maintain a level of scrutiny, a Covid 19 Scrutiny Panel was established comprising of the five Scrutiny Chairpersons. The Panel was responsible for scrutinising Council's functions as well as the work undertaken by the Cardiff Public Services Board and its impact on the local community. The Panel was put in place until 30 September 2021. This panel met three times between June and July and considered 10 items ranging from the response of the pandemic in respect to services such as homelessness and operational matters such as Schools Programme and Procurement frameworks.
98. All five Scrutiny Committees met in September 2021 with one committee trialling the remote meeting format at the end of July 2021. All meetings for the rest of the year were held remotely and there were 34 remote Scrutiny meetings held between September and March 2021.
99. Scrutiny Committees 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.

100. The Council has robust arrangements for internal control which are set out within the three statements contained within this report from the Audit manager, Governance and Audit Committee and Senior Management respectively.
101. The pandemic led to a more frequent engagement on Health and Safety between appointed Elected Members, Union Representatives and relevant Council Officers. The focus of the Health and Safety forum was ensuring the most up to date guidance was available and implemented appropriately for each of the different services the Council delivers.

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

102. 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.
103. 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.
104. 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).
105. 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.
106. The pandemic crisis has had an impact on service delivery and this has been taken into account in the determination of the Senior Management Assurance Statements (SMAS). 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 for 2020/21 and 2021/22 are both included in the following section.
107. The Council continued to be able to meet (albeit remotely) in May 2021 in order 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.

108. 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.
109. 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.

2020/21 AGS Action Plan – Significant Governance Issues

110. 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 that the two issues (comprising of six actions) brought forward could be closed but three new actions will be added.
111. The 2020/21 Plan 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.
112. The Two issues and the corresponding proposed actions are set out below;

a) 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.

Progress

Technical Advice Meetings held to consider financial and legal implications prior to finalising reports.

Oversight groups set up on Major Projects, Schools Organisation Programme, Information Governance and VAT in order to provide early insight into development of reports.

Regular updates of a range of compliance information is reported to Directorates and SMT

The Partnership and Collaborative Governance Framework has been used by Directorates in undertaking their duties and considering their level of assurance.

Further guidance was issued for end of year with a view to implementing a targeted set of questions that address the Future Generations principle and five ways of working.

b) 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

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.

Progress

The areas of priority for compliance have been built into Senior Management Team Work Programme

Half Yearly meetings held with each member of Senior Management Team where the Chief Executive and Corporate Director (Resources) discuss Performance and Assurance and test self –assessments

Actions

Extend and deepen the areas of SMT investigation in respect to compliance, risk and outcomes.

Extend the assurance on the quality of performance reviews through evidence gathering at Directorate level.

Embed into the self- assessment on Assurance the Five ways of Working in respect to the Future Generations Act.

113. **Significant Issues – The Cardiff and Vale of Glamorgan Pension Fund (The Pension Fund).**

During 2020/21 the Pension Fund continued with the transfer of assets into the Wales Pension Partnership (WPP) sub-funds with an investment of £620m in three of the WPP Fixed Income sub-funds in August 2020. As was the case with the UK Equity Opportunities Fund these Fixed Income sub-funds are included in the 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 provided 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.

The November 2020 meeting of the Pension Committee approved the recommendation that the Pension Fund should transfer its existing Regional Equity holdings of c£700m into the WPP Global Equity sub-funds. In addition the February 2021 meeting of the Pension Committee approved the transfer of a further £250m into the BlackRock Global Equity Low Carbon Tracker fund with a corresponding reduction in UK and US Equity holdings. Both of these transfer are expected to be completed in July 2021. Moving forward the impact of Environmental, Social and Governance (ESG) issues will be an increasingly significant influence on the Pension Fund investment decisions.

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

<i>Significant Issue</i>	<i>Year End Position 2020/21</i>	<i>Responsible Officer</i>
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<p>Wales Pension Partnership – Wales Investment Pool.</p> <p><i>Completion of the transfers to the WPP Global Equity sub-funds and Low Carbon Equity Fund referred to in previous paragraph.</i></p> <p><i>Creation of the WPP pooled funds for Emerging Market (EM) Equity during 2021/22.</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>
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Certification by the Leader of the Council and the Chief Executive

Councillor Huw Thomas, Leader of Cardiff Council
Date:

Paul Orders, Chief Executive
Date:

**GOVERNANCE & AUDIT COMMITTEE:
20 JULY 2021**

CORPORATE RISK MANAGEMENT - QUARTER FOUR 2020/21**REPORT OF CORPORATE DIRECTOR RESOURCES AGENDA ITEM: 7.3**

Reason for this Report

1. To update the Governance and Audit Committee on the risk management position at quarter four 2020/21 and to highlight any changes from the quarter three 2020/21 report.
2. The Governance and Audit Committee's Terms of Reference sets out their responsibility:
 - To monitor and scrutinise the effective development and operation of the risk management arrangements within the Council, and;
 - To oversee progress in addressing risk-related issues reported to the Committee, such as the Corporate Risk Register (CRR).

Background

3. The Committee receives a risk management update each financial quarter with the opportunity to make comments. The last Committee review was on 23rd March 2021, at which time the risk management position at quarter three 2020/21 was presented.
4. Each Directorate holds a Directorate Risk Register (DRR) and the Senior Management Team (SMT) collectively own a Corporate Risk Register (CRR). The CRR records the main risks to the delivery of corporate objectives and priorities, whilst the DRRs record the key risks to the delivery of Directorate functions and priorities.
5. A risk escalation process is in place, whereby each Director is required to take ownership of all residual (current) risks rated as 'red/amber' and above on their DRR and, at a minimum, to escalate all 'red' residual risks to SMT for collective ownership and review.
6. This reporting process allows SMT to determine if any changes are required to the CRR each quarter. The remaining escalated risks continue to be held on DRRs and are reviewed by SMT each quarter until it is agreed that mitigation is sufficient for risk ownership to transfer back to the Directorate.

Issues

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

Directorate Risks

9. At the quarter four position, 276 risks were reported from DRRs. All escalated risks and requests for de-escalation were discussed and approved in SMT on 10th June 2021.
10. It was agreed that seven directorate risks would be carried forward as SMT escalated risks at quarter four. Also included in the figure of 276 directorate risks are 78 Covid-19 specific risks that have been identified and are being managed within directorates as at the end of quarter four.

Directorate	Directorate Risks	Of which:	
		Risks at SMT Escalation Point	Covid-19 Specific Risks
Economic Development (inc Waste)	31	2	13*
Education	21	0	9
Housing & Communities	63	2	22
Performance & Partnerships	2	0	0
Social Services	37	3 (1 Shared)	19
Planning, Transport & Environment	26	0	3*
Resources	83	0	8
Governance & Legal Services	13	1 (Shared)	5
Total	276	7	78

* Includes 1 shared

Corporate Risks

11. SMT collectively reviewed the escalated directorate risks and corporate risk updates at the end of quarter four.
12. As reported at quarter three, the “ICT Platforms (Unsuitable/Outdated)” risk has been removed from the Corporate Risk register at the end of quarter 4. The established Risk Management process allows re-escalation into Senior Management if/when it were determined in the future that a corporate response is required in terms of action or resources.

13. At quarter four the Senior Management Team considered and accepted a suggested revision of the “Education – Consortium & Attainment” risk in respect of both the title and risk description. The pandemic has had a significant impact in terms of cancellation of data collections and lost learning following closure of schools. It has therefore been agreed that the risk of not delivering school improvement and increased attainment, should not be as narrowly focussed on Central South Consortium performance as the previous description suggested, but should take account of wider factors, particularly at the present time.
14. As such, the risk title has been changed to “School Improvement & Attainment” and the description is now “The risk that school improvement is not delivered as planned, in light of changing accountability and assessment arrangements and National Reforms (Curriculum and Additional Learning Needs).”

Coronavirus (COVID-19)

15. The impact of Covid-19 on existing risks continues to feature as part of quarter four reporting arrangements and this is likely to continue into 2021/22. Directorates have also considered Covid-specific risks as set out in the previous table.
16. The Council’s response to the pandemic and its risk management is not restricted to delivering its own services, and there are clear links with Welsh Government and Health partners.
17. The Senior Management Team has kept an oversight on preparations and actions of directorates in order to ensure that there is a level of business continuity and resilience built into service delivery plans. This robustness is supported by the existing Emergency Management processes in place and reliance is placed in this as an escalation mechanism.

UK’s Exit of the European Union

18. The Council continues to monitor the impact of Brexit through the Directorate Risk Register, Corporate Risk Register and dedicated Brexit Risk log, which is supported by lead officers across the Council. Work is ongoing to respond to specific risks, including the identification of vulnerable adults and children looked after who need to apply to the EU Settlement Scheme. Whilst it remains too early to fully quantify the impact of Brexit, issues such as price inflation, availability of materials and recruitment are being closely monitored, whilst preparation for accessing the successor funding scheme to EU structural funds are underway.

Reason for Recommendation

19. To enable the Governance and Audit Committee to monitor risk management activity, and consider the Risk Management Review – quarter four 2020/21.

Legal Implications

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

Financial Implications

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

RECOMMENDATIONS

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

Chris Lee
Corporate Director Resources

The following Appendices are attached:

Appendix A - Corporate Risk Register Summary Snapshot – Q4 2020/21

Appendix B - Detailed Corporate Risk Register – Q4 2020/21

The following background papers have been taken into account:

- *Directorate Risk Registers Q4 2020/21*

Corporate Risk Register Summary Snapshot Quarter 4 2020/21

Appendix A

Number of Risks by Inherent Risk Rating

Likelihood	A	A1 11	A2 1	A3	A4
	B	B1 6	B2 4	B3	B4
	C	C1	C2	C3	C4
	D	D1	D2	D3	D4
	E	E1	E2	E3	E4
		1	2	3	4
		Impact			

Number of Risks by Residual Risk Rating

Likelihood	A	A1 1	A2	A3	A4
	B	B1 1	B2 6	B3 1	B4
	C	C1 2	C2 6	C3	C4
	D	D1 3	D2 2	D3	D4
	E	E1	E2	E3	E4
		1	2	3	4
		Impact			

Number of Risks by Target Risk Rating

Likelihood	A	A1	A2	A3	A4
	B	B1 1	B2 2	B3 1	B4
	C	C1	C2 4	C3 2	C4 1
	D	D1 4	D2 4	D3 3	D4
	E	E1	E2	E3	E4
		1	2	3	4
		Impact			

Inherent Risk Rating	Corporate Risk Title	Residual Risk		Target Risk	
		Rating	Movement from Q3	Rating	Movement from Q3
A1	Climate Change	A1	↔	B2	↔
	City Security	B1	↔	B1	↔
	Brexit		↔	B3	↔
	Financial Resilience	B2	↔	C2	↔
	Air Quality & Clean Air Strategy		↔	C3	↔
	Cyber Security	C1	↔	D1	↔
	Budget Monitoring (Control)		↔	D2	↔
	Schools Organisation Programme (Band B)	C2	↔	C3	↔
	Health and Safety		↔	D3	↔
	Non-completion of Stat Building Eqpt Maintenance		↔		↔
A2	Information Governance	D1	↔	D2	↔
	Welfare Reform	B2	↔	B2	↔
B1	Coastal Erosion	B2	↔	C2	↔
	Waste Management		↔		↔
	Increase in Demand (Children's Services)	C1	↔	D1	↔
	Education – Schools Delegated Budgets	C2	↔	D2	↔
	Business Continuity	D1	↔	D1	↔
Safeguarding	↔			↔	
B2	Education Consortium & Attainment	B3	↔	C4	↔
	Legal Compliance	C2	↔	C2	↔
	Performance Management	D2	↔	D2	↔
	Fraud, Bribery and Corruption		↔	D3	↔

Corporate Risks - Target Reduction Date



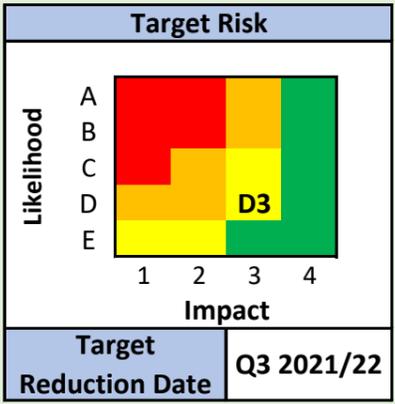
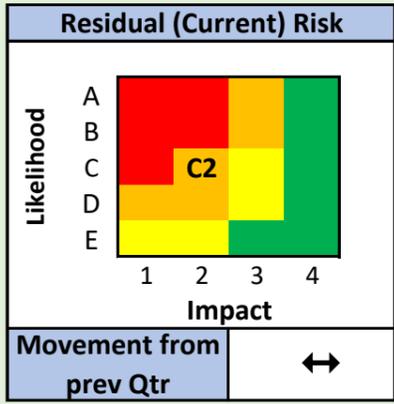
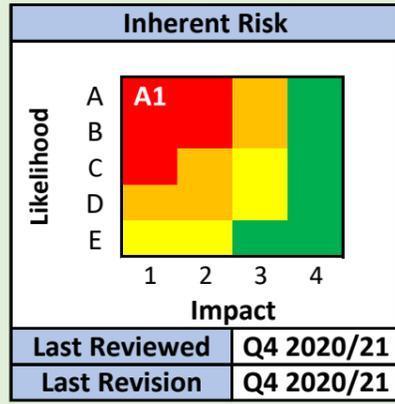
Key

High (Red)	Medium (Red-Amber)
Medium (Amber-Green)	Low (Green)
↓ Decrease from previous quarter	
↔ No change from previous quarter	
↑ Increase from previous quarter	

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Non-completion of Statutory Building Equipment Maintenance

Description
 Non completion of cyclical statutory inspections or the remedial works arising out of the inspections, required to maintain the premises and related installations in a safe and legally compliant condition.



Risk Owner(s)

Neil Hanratty (Donna Jones) Councillor Russell Goodway Investment & Development

What we've done/are currently doing to achieve the Residual Risk Rating

Contractor

- Building Services have appointed a competent contractor to undertake Statutory Planned Preventative Maintenance (PPM) for which it is responsible. Consequential remedial work identified on test certificates.
- Improved statutory maintenance contracting arrangements in place from Q1 2019/20 inc. use of SFG 20 as specification for statutory obligations testing and new risk based specification for legionella management supported by RAMIS.
- FM competent person(s) review all test certificates, remedial work captured and communicated to client as necessary/applicable
- Statutory Obligations Team has been established within Building Services to improve monitoring and supervision of statutory obligations contractor. Contractors have been trained in the use of RAMIS in order for test certs to be uploaded directly to the system by contractors.

RAMIS IT Software

- RAMIS implemented across the Council with bi-monthly reporting on statistics to SMT;
- 500 Building Managers have received training in their responsibilities and use for the RAMIS system, including schools estates staff and Headteachers.
- Full time officer Administrating RAMIS, providing training and issuing reports from the system to all service areas to push compliance ratings up to a minimum of 80% set by SMT.
- Condition surveys have been completed which represents an extensive piece of work to improve our understanding and knowledge base of all the Council's land and property holdings.

Corporate Landlord Programme

- County Estates senior management structure established supporting - Strategic Asset Management, Capital Delivery and Property Services, to manage and deliver all the Council's non-domestic property functions within one portfolio. County Estates - Assistant Director appointed October 2020.
- The occupancy agreement (Memorandum of Agreement) for Schools was issued with the Schools Handbook and 'one front door' established to assist implementation. An occupancy agreement for non-schools properties has been drafted and circulated to relevant OM's for comment. The document is being finalised in conjunction with the completion of the One Planet Strategy by end of Qtr1 21/22 ahead of the Strategy being considered by Cabinet in Qtr2.
- The 'One Front Door' approach was rolled out across the corporate estate by end of Q4 19/20.

Statutory Obligation Compliance

- Continue to commission work to undertake required compliance testing (and works required) where Building Services has responsibility to do so, as defined on RAMIS.

COVID-19

- Following initial restrictions on the type of statutory compliance testing being done in Council buildings, full testing resumed in Qtr 3 (save PAT testing in schools in the latter stages on Qtr3 as requested by H&S) although there have been issues in gaining access to some schools.

What we plan to do to meet target

Statutory Obligation Compliance

- Continue to commission investigations / work to complete required compliance testing (and works required) in respect of 'gaps' in compliance identified by reports from RAMIS.
- Review the arrangements for the undertaking of statutory obligations testing across the non-domestic corporate estate.

Landlord / Occupancy Agreement

- Roll out Landlord/Occupancy Agreement as part of the Property Strategy across Corporate Estate in Q2 2021/22 (delayed from 2019/20 due to COVID-19). This will set out principle occupant and landlord permissions responsibilities and Permission for Works arrangements required.
- Landlord occupancy principles established and reviewed for inclusion in non-schools Buildings Handbook which has been circulated to relevant OM's for comment and is now available for reference through the One Front Door portal.
- This document will be subject to a further review following Cabinets consideration of the Property Strategy in Qtr 2 21/22.

COVID-19

- As the WG restrictions are lifted and building re-open statutory obligation contractor to resume statutory obligations testing.
- Further WG restrictions on construction and / or building maintenance work could delay statutory obligations testing and remedial works.
- Schools imposing access restrictions as a result of COVID-19 has caused some delays and additional costs.

Potential Impact(s)

Potential consequences of non-compliance with statutory maintenance:

- Fatalities or serious injuries
- Closure of part or whole of facilities with major disruption to service delivery
- HSE interventions and consequential actions including fines and prosecution;
- Significant additional expenditure requiring realignment of Corporate budgets;
- Temporary relocation of staff
- Temporary loss of operational service
- Invalidation of insurance policy
- Serious adverse impact on reputation
- Damage to fabric of building or other equipment

Type(s) of Impact

<ul style="list-style-type: none"> Service Delivery Reputational Legal Financial 	<ul style="list-style-type: none"> Health & Safety Partnership Community & Environment Stakeholder
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Linked Risks

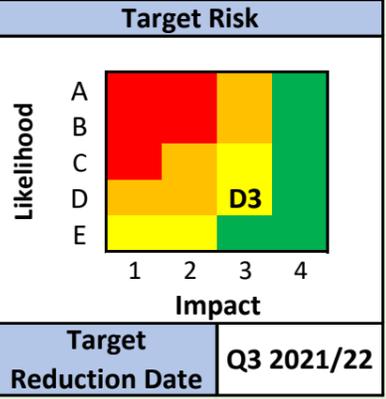
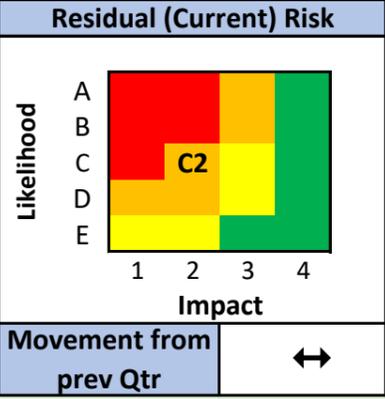
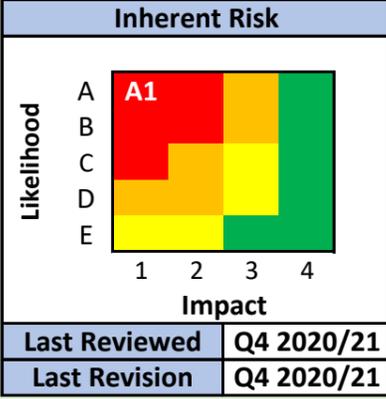
Health & Safety

Key Indicators / Measures used to monitor the risk

Compliance stats from the Corporate Health & Safety Team.

Health & Safety

Description
 Non Compliance with corporate health and safety arrangements to control key risks across the Council in line with statutory requirements.



Risk Owner(s)

Neil Hanratty
 (Donna Jones)

Councillor Chris Weaver
 Finance, Modernisation and Performance

What we've done/are currently doing to achieve the Residual Risk Rating

- RAMIS - reporting recommenced using the new platform, reports submitted to Corporate Health & Safety Forum and Senior Management Team.
- Condition Surveys School Buildings - Complete Dissemination of Condition Survey information to schools as and when COVID-19 restrictions permit.
- Continue Asbestos Training - online and face to face in line with COVID-19 Safety measures.
- Due to the continued pandemic H&S and OH resources will continue to be repurposed to support the workforce and limit the transmission of the virus in Council workplaces, as well as setting policy and guidance in relation to infection control and mental health and wellbeing support.
- HSE visited 10 Cardiff Schools to review COVID-19 arrangements went well with positive feedback provided and no corrective actions required
- Procedures to support the safe operation of the fire suppression system in Lamby Way MRF completed and Fire Risk Assessment updated, closing out insurance fire safety improvements.
- Training webinars for building management for community organisations operating Council premises completed, to roll out when COVID-19 restrictions permit.
- Continuation of Asbestos Training - online and face to face in line with COVID-19 Safety measures.

What we plan to do to meet target

- RAMIS - recommence full reporting using the new platform with focus on improvement of compliance on high risk inspections and fault rectification, which have been impacted by the pandemic.
- Condition Surveys School Buildings - Complete Dissemination of Condition Survey information to schools as and when COVID-19 restrictions permit.
- Continue Asbestos Training - online and face to face in line with COVID-19 Safety measures.
- Due to the continued pandemic H&S and OH resources will continue to be repurposed to support the workforce and limit the transmission of the virus in Council workplaces, as well as setting policy and guidance in relation to infection control and mental health and wellbeing support.

Potential Impact(s)

- Fatalities
- Serious injuries
- Prosecution – fines for corporate body and/or fines/prisonment for individual
- Civil Claims
- Negative Publicity

Type(s) of Impact

- Service Delivery
- Reputational
- Legal
- Financial

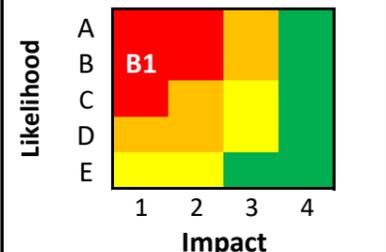
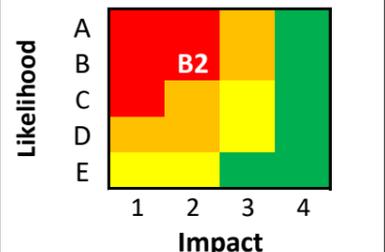
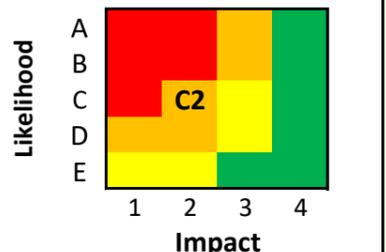
Linked Risks

Non-completion of Statutory Building Equipment Maintenance

Key Indicators / Measures used to monitor the risk

RAMIS is used to monitor statutory risk in relation to premises safety, bi-monthly reporting to SMT, quarterly reporting to Health and Safety Forum.
 Compliance against annual Corporate H&S Objectives, used to monitor improvement secured in Service Areas, reported to Health and Safety Forum.

Waste Management

Description	Inherent Risk	Residual (Current) Risk	Target Risk	Risk Owner(s)
Failure to deliver cost effective compliance with waste legislation including statutory recycling targets.	 <p style="text-align: center;">Likelihood</p> <p style="text-align: center;">Impact</p> <p style="text-align: center;">Last Reviewed Q4 2020/21 Last Revision Q4 2020/21</p>	 <p style="text-align: center;">Likelihood</p> <p style="text-align: center;">Impact</p> <p style="text-align: center;">Movement from prev Qtr ↔</p>	 <p style="text-align: center;">Likelihood</p> <p style="text-align: center;">Impact</p> <p style="text-align: center;">Target Reduction Date 2022/23</p>	<p style="text-align: center;">Neil Hanratty (Matt Wakelam)</p> <p style="text-align: center;">Councillor Michael Michael Clean Streets, Recycling and Environment</p>

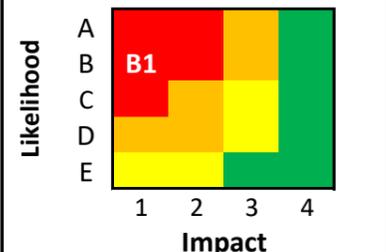
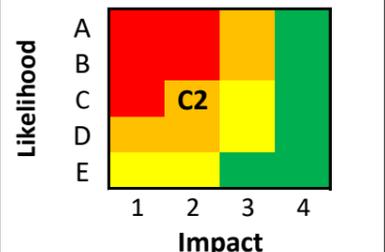
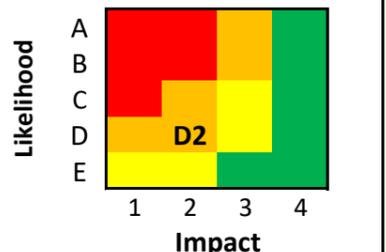
Potential Impact(s)	What we've done/are currently doing to achieve the Residual Risk Rating	What we plan to do to meet target
<p>Financial</p> <ul style="list-style-type: none"> Penalties and loss of grant support Continuing financial costs to service <p>Legal & Regulatory</p> <ul style="list-style-type: none"> Failure to comply with EU recycling waste directive, leading to sanctions, penalties or interventions <p>Strategic/ Reputational</p> <p>Reputational consequence with citizens and key stakeholders</p>	<p>Progress discussions with Welsh Government on operational programme of improvements and recycling in Cardiff to demonstrate how Cardiff will be proceeding to meet statutory targets.</p> <p>Wider Governance & Compliance</p> <ul style="list-style-type: none"> Targeted internal audits identifying and improving governance and control across the service area Cardiff Council working in partnership with Welsh Government, WRAP and WLGA to develop a new Recycling Service Strategy and Implementation Plan. Formal Programme Board to commence in May 2021 to review the action plan and to scrutinise business cases relating to improvements. Robust analysis and review of business cases relating to the following waste collection & disposal operations: <ul style="list-style-type: none"> Bottle and Glass expansion across the City (complete and supplemented by modelling work with WG, WRAP and WLGA) Hygiene (Absorbent Hygiene Products) from Municipal Solid Waste to Recycling (ongoing project with WG) Trade Waste (ongoing) <p>Development of recycling plan for optimising resources including considerations of statutory fines.</p> <ul style="list-style-type: none"> Reviewing and benchmarking tonnages / recycling levels / costs of disposal for Cardiff compared to Welsh Authorities and United Kingdom, to identify areas requiring further review to support the opportunity to improve recycling levels (completed) Media and communications taking place across Cardiff with focus on key areas for recycling improvement (ongoing) Commencement of new education and enforcement programme to reduce contamination in recycling and garden waste (ongoing) <p>Recycling Development</p> <ul style="list-style-type: none"> The Council's draft Recycling Strategy and action plan being reviewed by Senior Management prior to going informally to Cabinet Circular Economy Funding achieved for:- <ul style="list-style-type: none"> Trials in flats (co-mingled, re-useable sacks (aperture bins)) Segregation of litter from community litter picks (split caged transits, provision of dual hoop litter picking equipment) Providing support to Bentyg, and Llanrumney Hall, on re-use and repair projects, including community fridge- reduction of waste to Energy From Waste, but will not be claimable tonnage Tetra Pak recycling- again, not claimable but reduction of contamination in comingled recycling /reduced material to Energy from Waste Recycling Centres are being managed via a booking system, and the replacement of residual waste and recycling waste skips with a non-recycling skip, supported by new procedures, has meant recycling performance at centres has increased from 70% to 90%. <p>On 26 November, the final validated 2019-20 Local Authority Recovery Target (LART) showed Cardiff achieved a recycling performance of 58.14%</p>	<ul style="list-style-type: none"> Targeted and tailored intervention to deal with contamination in hot spot areas across the City (ongoing) Further develop the new Recycling Strategy for Cardiff. This will set out the Council's long-term objectives over the next 10 years and consider economic, social and environmental aspirations, in order to ensure Cardiff is one of the leading cities in the world for recycling. (ongoing) Develop a draft Waste Strategy in 2021 for consultation <p>Wider Governance & Compliance</p> <ul style="list-style-type: none"> Senior Management to have ongoing regular engagement and discussions with WG on Cardiff's Recycling Strategy and compliance with the WG Blueprint. A further phase of work is required working with Welsh Government to look at the impacts on recycling performance in relation to: <ul style="list-style-type: none"> Trade waste and new legislation Flats Recycling Centres Outcome will be to deliver a road map supported by Welsh Government on improving Cardiff's recycling performance <p>A meeting took place on 25th January with the Minister. Subsequent to this, further information was requested to be provided to the Minister and Welsh Government by the end of April 2021.</p>

Type(s) of Impact	Linked Risks	Key Indicators / Measures used to monitor the risk
<ul style="list-style-type: none"> Reputational Legal & Regulatory Financial 		<ul style="list-style-type: none"> Monthly monitoring recycling % from waste data flow Monthly tonnage monitoring Monthly financial monitoring in each area of waste

Schools Organisation Programme (Band B)

Description	Inherent Risk	Residual (Current) Risk	Target Risk	Risk Owner(s)									
<p>Failure to deliver on aspects of the School Organisation Programme, which is significant in value and complex. The programme consists of Band B (£284m) 21st Century Schools, asset management improvement work, ICT and sufficiency projects. The programme of work spans across a number of directorates, requires significant capacity and has significant capital spend.</p>				Mel Godfrey (Richard Portas)	Councillor Sarah Merry Deputy Leader & Education, Employment & Skills								
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	What we've done/are currently doing to achieve the Residual Risk Rating			What we plan to do to meet target									
	<ul style="list-style-type: none"> 21st Century Schools Band B funding bid was submitted to Welsh Government in July 2017 and the Strategic Outline Case for £284m was approved in November 2017. Two Cabinet Reports in October and December 2018 outlined the priorities for this second phase of funding. SOP reports for Fitzalan, Doyle Avenue, Cathays and St Mary the Virgin have been considered by Cabinet under Band B. Progression of these schemes was delayed as a result of COVID-19 but are now under way. A review of Band B has been completed and identified the priority projects to progress. Further work is required to establish Band C priorities. Successfully negotiated COVID-19 clauses with contractors for ongoing projects such as Fitzalan. Work is ongoing to make sure that all learners have access to digital devices, network and infrastructure to support mobile and distance learning. Robust governance model, in line with Corporate Landlord approach is in place and is supporting consistent decision making. Finance have re-profiled the capital and revenue budgets to assess the required budgets for each scheme. There are ongoing discussions with Welsh Government to assess the affordability of the programme in light of the current programme. The Council is considering additional asset funding in light of the pressing needs. Developing more robust management and monitoring processes for the asset improvement programme, including the three "D" category High Schools, Fitzalan, Cantonian and Willows. Procurement is underway for ICT infrastructure and devices that will support teaching and learning. Starting to develop the WESP for the Council to meet the policy requirements. A draft strategic plan for ALN provision is under development, to be submitted to Cabinet June or July 2022. 			<ul style="list-style-type: none"> Develop a high level SOP Strategy that outlines the short/ medium and long term aims of the whole programme. The SOP Strategy will be underpinned by the ongoing Band B review. Strengthening of the capacity of the SOP team critical to ensuring effective delivery of the different elements of the programme. The SOP team are overseeing Hub childcare provision that was put in place following closure of schools and supporting Admissions Appeals. Developing capacity includes ensuring that corporate colleagues in departments including legal, strategic estates, capital projects, ICT, planning and highways and transportation are available. Ensure that SOP reports are progressed as planned so that consultation and engagement can progress ahead of the pre-election period. Continued active dialogue with Welsh Government and other professional parties to support progress and development. Prioritise population data development to underpin accurate projections and forecasts for existing resident populations and to support effective s106 negotiations going forward. Ensure consistent monitoring and reporting of all risks to Schools Programme Board. Continue to move forward with digital projects to support distance and mobile learning and embed into a long term and sustainable model. 									
Potential Impact(s)	<ul style="list-style-type: none"> Opportunities to enhance the school estate, and transform education will be missed Insufficient secondary places in some central and north east areas of the city Insufficient places in ALN settings across the city, leading to costly placement in out of county & private settings School buildings that are not suitable for teaching and learning Further degeneration of school buildings & rise in asset management backlog Project cost and time overruns Risk that school ICT infrastructure fails in the short to medium term and does not support the new curriculum Risk that in the current situation, learners do not have access to ICT equipment to support distance learning 												
Type(s) of Impact	Linked Risks			Key Indicators / Measures used to monitor the risk									
<ul style="list-style-type: none"> Reputational Legal Financial Social 	<ul style="list-style-type: none"> Health & Safety Stakeholder Health and Wellbeing Sustainability 			<ul style="list-style-type: none"> Proportion of Priority 1a Schools Asset Improvement works completed in financial year, in accordance with the responsibilities of schools and corporate landlord (Corporate Plan). Timelines to deliver projects within the SOP programme. New key performance measures which are being developed as part of the overarching SOP Strategy. 									

Education - Schools' Delegated Budgets

Description	Inherent Risk	Residual (Current) Risk	Target Risk	Risk Owner(s)									
<p>The number of schools with deficit budgets and/or the overall value of deficit budgets increases, or that those schools (particularly in the Secondary sector) with existing deficit budgets do not deliver agreed deficit recovery plans.</p>				<p>Mel Godfrey (Neil Hardee)</p>	<p>Councillor Sarah Merry Deputy Leader & Education, Employment & Skills</p>								
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	What we've done/are currently doing to achieve the Residual Risk Rating			What we plan to do to meet target									
	<ul style="list-style-type: none"> As at 31st March 2021, two schools have a deficit balance. Both schools have long term plans to emerge from deficit. For the 2020/21 financial year, seven schools set deficit budgets. A significant amount of grant funding was issued to schools at year-end. When excluding the impact of these grants, there are 8 schools with deficit balances, four of these are minor. Of the 8, three of these schools set a deficit budget for the year. In the process of agreeing budgets for the 2021/22 financial year. It is anticipated that there will be a low number of deficit budgets, mainly because of the grant funding which has been carried forward from the 2020/21 financial year. Officers from Education and Financial Services work with individual schools through Headteachers and Governing Bodies to formulate Medium Term Financial Plans (MTFP) to seek to either balance individual school deficits within four financial years or to ensure that the accumulated deficits were frozen or slowed as much as possible. Officers continue to monitor and challenge those schools in deficit before allowing any additional financial commitments, both staffing and other expenditure. For each school in deficit, the Council has identified a monitoring officer to provide an independent challenge to the school. This is in addition to the LFM Officer currently supporting that school. A working group has been established to examine the impact of the recent budget settlement for schools, with the aim of reviewing the formula used to distribute school funding and the assumptions underpinning the medium term financial planning process. 			<ul style="list-style-type: none"> Officers exercise the statutory powers of intervention on a school or schools in deficit who are unable to provide a medium term financial plan. This may involve removing delegation from a Governing Body. Officers explore through the School Organisation Planning process how different organisational arrangements for schools would affect the supply of pupils to schools thus affecting their delegated budgets. This will include an understanding of the long term impact of any unused school supply places on the funding formula. Working with CSC to ensure that maximising value from constituent parts of Education Improvement Grant is secured and that there is clarity of allocation mechanism Improve individual school risk assessment processes in order to provide an early indication of those schools who may be at risk of entering a deficit position 									
Potential Impact(s)	<ul style="list-style-type: none"> An overall deficit arising from schools budgets would count against the funding available for the Council Schools with deficit budgets may struggle to adequately fund the resources required to achieve the desired levels of educational attainment Schools with deficit budgets may struggle to adequately fund maintenance of school buildings creating an issue for other budgets, eg Capital/SOP Band B Schools that continually fail to address deficit budgets may ultimately require LA intervention, with a corresponding increase required in centralised resources 												
Type(s) of Impact	Linked Risks			Key Indicators / Measures used to monitor the risk									
<ul style="list-style-type: none"> Reputational Legal Financial 	Linked risk to Covid 19 issues particularly with regard to decrease in income, impact on grants and inability to manage staffing changes.			<ul style="list-style-type: none"> School budget monitoring position Number of schools setting deficit budgets Final budget balances 									

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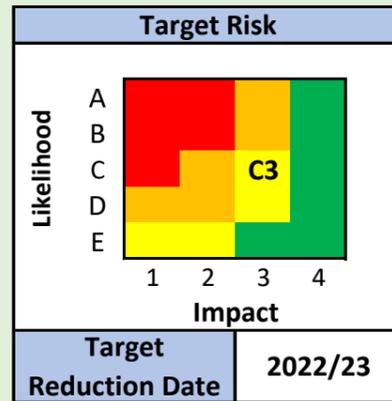
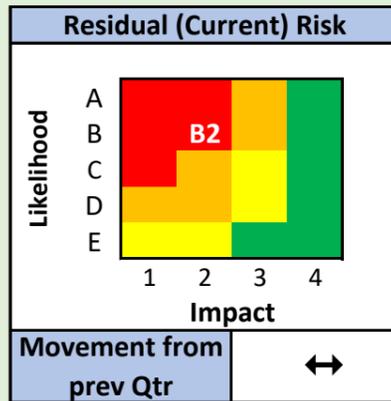
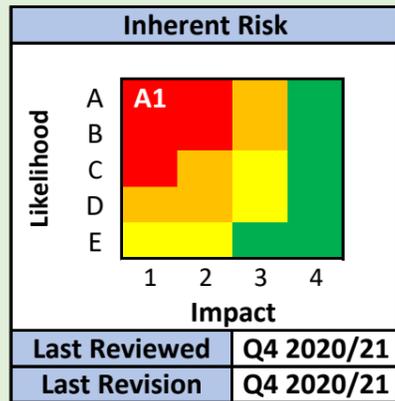
Education - School Improvement & Attainment

Description	Inherent Risk	Residual (Current) Risk	Target Risk	Risk Owner(s)									
<p>The risk that school improvement is not delivered as planned, in light of changing accountability and assessment arrangements and National Reforms (Curriculum and Additional Learning Needs).</p>				Mel Godfrey (Mike Tate)	Councillor Sarah Merry Deputy Leader & Education, Employment & Skills								
	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Last Reviewed</td> <td>Q4 2020/21</td> </tr> <tr> <td>Last Revision</td> <td>Q4 2020/21</td> </tr> </table>	Last Reviewed	Q4 2020/21	Last Revision	Q4 2020/21	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Movement from prev Qtr</td> <td style="text-align: center;">↔</td> </tr> </table>	Movement from prev Qtr	↔	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Target Reduction Date</td> <td>Q3 2021/22</td> </tr> </table>	Target Reduction Date	Q3 2021/22		
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	What we've done/are currently doing to achieve the Residual Risk Rating			What we plan to do to meet target									
	<ul style="list-style-type: none"> Ensuring the safe reopening of schools to all learners and re-engaging pupils; maintaining access to learning and building the well-being of children and young people has been a priority for the Council as lockdown restrictions are eased. All schools have maintained learning through blended learning options and now that pupils are back in the classroom, targeted support and intervention is being provided to enable pupils to progress their education and prioritise aspects of the curriculum as required. Welsh Government has advised that learning should include: <ul style="list-style-type: none"> Health and well-being Literacy, numeracy and digital competence Broad and balanced learning experiences that span the curriculum. There will continue to be a dependency on a blended learning offer as schools manage instances of pupil isolations when positive COVID-19 cases are reported, and ensure readiness for any future waves. Consortium Improvement Partners are continuing to support schools to develop and enhance approaches to blended learning. Learners undertaking GCSE, AS and A levels approved by Qualifications Wales will have their qualifications awarded through a Centre Determined Grade model in 2021 as in 2020. The Council will continue to work towards its target of equipping every learner with a digital device and connectivity. Since March 2020, 20,017 end user devices and 2,500 4G mobile broadband devices have been distributed to schools for their learners. A further 6,800 Chromebooks will be supplied over the next few weeks. 			<ul style="list-style-type: none"> Support schools through appeals processes following 2021 Centre Determined Grades. There is also some concern regarding the available options for learners who do not achieve the grades that they were capable of this summer due to the extended disruption of the pandemic since March 2020. There will be no resits for Centre Determined Grades as the process was not examination led. Options are being explored with Welsh Government to ensure that progression routes are available for all learners. Schools will be supported and encouraged to ensure that the progression of all their learners is used as a measure of success in their School Improvement Plans in line with the expectations of the emerging new Accountability and Assessment Framework from Welsh Government. The Improvement Partners at the Consortium will challenge and support schools in this respect and provide join up with the Youth Service as required to support the summer transition programme. Ensure that learning is co-constructed with parents, carers and learners building upon the progress seen during the pandemic. Focus on <ul style="list-style-type: none"> Health and well-being Literacy, numeracy and digital competence Broad and balanced learning experiences that span the curriculum. Continue to work towards Curriculum for Wales 2022. 									
Potential Impact(s) <ul style="list-style-type: none"> Learners do not reach their full potential Schools are not supported to improve Schools are not able to deliver the new curriculum Educational performance does not improve Impact on Estyn judgements Value for money - CSC													
Type(s) of Impact <ul style="list-style-type: none"> Reputational Legal Financial 	Linked Risks		Key Indicators / Measures used to monitor the risk										
			KS4 2018/19 School Performance, Outcomes from Estyn Inspections up to 2020.										

Air Quality & Clean Air Strategy

Description

Air quality in Cardiff does not meet statutory requirements set by legislation and continues to have a detrimental impact on health for residents and visitors to Cardiff.



Risk Owner(s)

Andrew Gregory
(Jason Bale)

Councillor Caro Wild
Strategic Planning & Transport

What we've done/are currently doing to achieve the Residual Risk Rating

Monitoring – Update 2020, increased the non-automatic monitoring sites in Cardiff which monitor levels of nitrogen dioxide (NO2) to 111 locations. Included in this data are 15 schools across the City, plus TRO projects at schools to monitor impact of pilot projects on air quality around schools.

There are two live monitoring stations:

- Cardiff Frederick Street: Monitors 24/7 measuring levels of NO2, PM10 & PM2.5, SO2, CO and O3
- Richard’s Terrace, Newport Road: Monitors 24/7 measuring levels of NO2 & PM10

The primary source of the pollution is road transport emissions, particularly diesel vehicle emissions. Cardiff has 4 existing declared Air Quality Management Areas (AQMA’s) all as a result of elevated NO2 concentrations resulting from road traffic emissions. Local modelling indicates that Castle Street will not be compliant with the NO2 limit value if no additional interventions are implemented to reduce pollution levels. Air Quality has seen a significant improvement as a direct impact from COVID 19 and the strict lock down measures in the early part of the outbreak, Ongoing recovery measures such as the closure of Castle Street has enabled the maintenance of the reduced air quality concentrations. In other areas levels have increased, but still remain below pre COVID concentrations. However it must be noted that there are numerous factors which will influence the results especially meteorological conditions.

- Bus Retrofit scheme grants awarded to Cardiff Bus and Stagecoach, to retrofit 49 buses with latest emission reducing technology. Project expenditure will carry forward into Q1/Q2 of 2021/22, owing to the timescales for delivery and installation. Projected that all buses will be completed by the end of August.
- Ph1 City Centre West scheme (Wood St & Central Square) is ongoing.
- Revised modelling for Castle Street, showed further significant air quality benefits from Bus Gate Scheme compared to initial Clean Air Scheme. This would further improve level of compliance on Castle Street. Results did not show any significant negative displacement impacts in terms of NO2 concentrations. Further full scale VDM runs of the model are being undertaken to provide further data and confidence of the revised scheme. These results will account for mode shift and journey cancellations etc. Further review of longer term impacts of COVID will also be considered in the updated assessment.
- Welsh Government provided confirmation on the revised Taxi Scheme which consists of two distinct elements. 1) Up to an amount of £6,000 to support the purchase price of full electric vehicles ONLY (Saloon or WAV); and 2) a ringfenced amount to support a WAV lease scheme. These WAV vehicles will be full electric only. The amount will be used to purchase and manage 15 vehicles. As stated by Welsh Government “These vehicles will be procured in batches of 5 ensuring that interest can be tested prior to full roll-out (and paused if it becomes apparent that less than 15 vehicles would be adequate). Work is ongoing to confirm legal requirements to establish both schemes with a view they are launched early summer 2021.

What we plan to do to meet target

- 'Implement Clean Air Plan - Implement package of measures detailed in Final Plan, as per agreed plan and programme, following successful WG funding award.
- Further assessment on Castle Street to undertake more detailed modelling on revised scheme. Decision on timeframes of this will need to be made as could impact on completion date.
- Finalisation of Evaluation Plan following comments from expert panel on existing proposals.
- Work with Public Health Wales to quantify future health benefits and improvements from reduced emissions/ NO2 concentrations
- Clean Air Strategy and Action Plan - In developing the Clean Air Plan the Council has further developed a wider Clean Air Strategy and Action Plan to satisfy the requirements of LAQM. The strategy includes measures that will likely provide further AQ improvements including AQMAs. The roll out of these measures have been delayed by COVID and are dependent on additional funding sources being available through any appropriate grant bidding etc.
- Pilot project for implementation of Non Idling Zones, targeted around schools.
- Living Walls and other Green Infrastructure
- Progression of EV Infrastructure and Council Fleet working with CTS.
- Air Quality Planning Guidance
- Schools Active Travel
- Behavioural Change Promotion, Car Free Day, Clean Air Day etc.
- Bid for One Planet Cardiff funding to initiate Phase 1 of Clean Air Cardiff Monitoring Network, with a view of establishing 10 near realtime monitors across city. these will compliment existing network of monitors already installed as a part of the initial Clean Air Plan.

Potential Impact(s)

Health & Safety

- No improvement to health
- Increased burden on health care
- Further deterioration of related health conditions

Legal & Regulatory / Financial

- Breach of legal / statutory requirements
- Potential significant financial penalty

Type(s) of Impact

- Health
- Regulatory
- Financial
- Strategic
- Reputational

Linked Risks

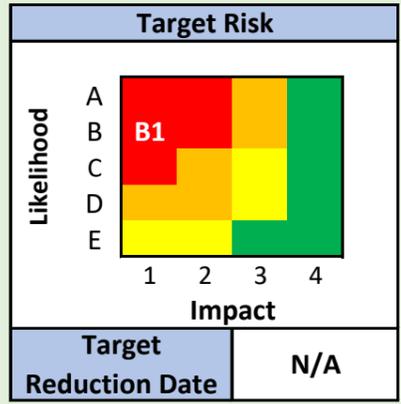
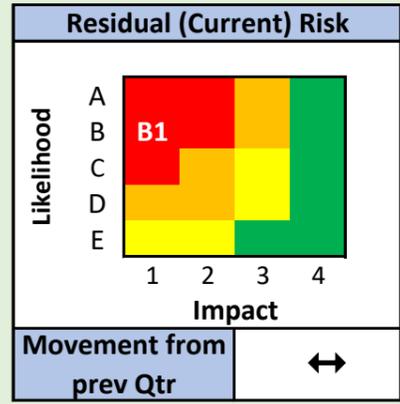
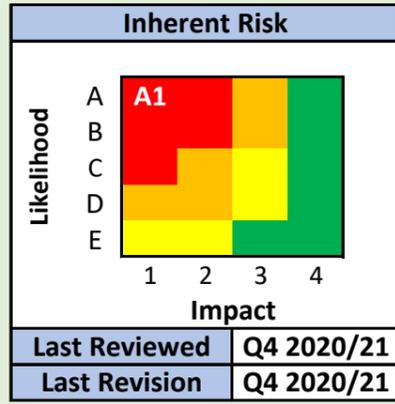
Key Indicators / Measures used to monitor the risk

- Implementation Plan for measures (funding dependent)
- Monitoring and Evaluation Plan for Clean Air Plan
- Ongoing monitoring and reporting under LAQM

City Security

Description

Major security-related incident in 'crowded places' as a result of international or domestic terrorism.



Risk Owner(s)

Chris Lee
(Gavin Macho)

Andrew Gregory

Councillor Huw Thomas
Leader

What we've done/are currently doing to achieve the Residual Risk Rating

- All existing identified high-risk, crowded places have been formally assessed
- Some crowded places have an extremely limited and in some cases 'third party managed' access control process to operate them; providing little/no challenge
- CONTEST Protect/Prepare Task & Finish Group maintains the City Gateways Public Realm Enhancement Scheme, with agreed options for suitable PAS 68/69 mitigation for appropriate boundary locations; referred to as 'gateways'
- The work done in the city to address security concerns has been predominantly focused on the provision of physical assets to mitigate against the threat of hostile vehicles
- Areas protected against the threat of hostile vehicles include the Principality Stadium, St Mary Street, Queen Street, St David's Dewi Sant and Cardiff Bay.
- The Cardiff City Centre Access Control Protocol is currently operating at the heightened response level, reflecting the UK National Threat Level; permitting vehicles onto the pedestrianised areas within Cardiff City Centre using strict parameters
- Cardiff has led the way in Wales in relation to adopting comprehensive security measures for its City centre. This has been recognised in the development of new Welsh national structures, the Protective Security Preparedness Group (PSPG), which follows our historic Protect Group.
- The Cardiff PSPG is chaired by the Chief Executive and meets every 3 months. It has commissioned a major strategic review of all City Centre Security matters with reference to how existing arrangements will fit into the new developments coming online.
- The development of the PSPG has constituted in a CONTEST Board review which with new governance is providing security a growing focus.

What we plan to do to meet target

- The PSPG Chair has commissioned a Director led review across all relevant Service areas to assess current operational and tactical arrangements for City Security to see if they are effective. All opportunities for improvement to captured and costed.
- The PSPG is broadening its remit by taking on a more comprehensive portfolio of security issues inclusive of Cyber Security, Insider threat and personal security. Training and development being planned, projects managed at director level.
- Consideration to be given to incorporating structured and strategic conversations about security and counter terrorism into pre application stage of major developments.
- The PSPG will try to engage with Government to find funding to improve and develop Cardiff's security arrangement. Shovel ready projects ready to go.
- The Cardiff PSPG to reach out to Swansea and Newport so the 3 cities can support each other in the development of best practice.

Potential Impact(s)

Immediate / Short-Term

- Large numbers of fatalities, injuries to public
- Extensive structural damage and/or collapse of buildings
- Closure of roads having impact on transport network and access businesses and properties.
- Damage/disruption to utilities (gas, electricity, water etc.)
- Immediate impact to core business, retail and sporting district in the centre of Cardiff

Ongoing / Longer Term

- Reputational risk due to a public perception Cardiff is an unsafe place
- Area viewed as a risk for potential future business investment.
- Inability to attract major future national and international events (political, sporting etc.)
- Increase in demand for Council services/support for all affected.
- Current economic climate to reduce the effectiveness of any recovery/regeneration of the area.

Type(s) of Impact

<ul style="list-style-type: none"> Service Delivery Reputational Legal Financial 	<ul style="list-style-type: none"> Health & Safety Partnership Community & Environment Stakeholder
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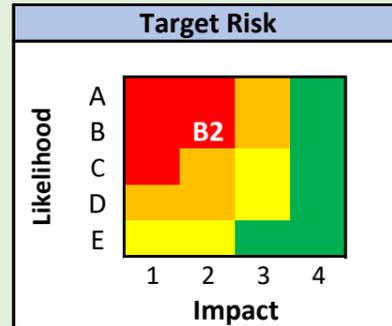
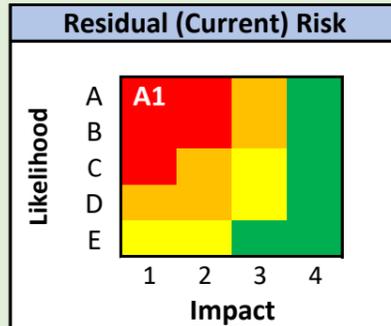
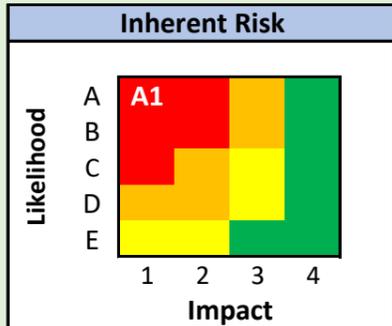
Linked Risks

Key Indicators / Measures used to monitor the risk

- National Threat Level and period at level
- No of 'Crowded Places' not protected to PAS 68/69 level

Climate Change & Energy Security

Description
Cardiff is not able 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.



Risk Owner(s)

Andrew Gregory

Councillor Michael Michael
Clean Streets, Recycling and Environment

Last Reviewed Q4 2020/21
Last Revision Q4 2020/21

Movement from prev Qtr ↔

Target Reduction Date 2022/23

Potential Impact(s)

- Flood & Storm**
- Loss of life and risk to life
 - Direct damage to property, utilities and critical infrastructure
 - Blight of Land and Development
 - Disruption to service delivery
 - Contamination and disease from flood and sewer water and flood on contaminated land
 - Increase in health issues
 - Break up of community and social cohesion
 - Increase cost of insurance
 - Migration of ecosystems
 - Inconsistent energy supply
 - Increased costs
 - Inability to deliver public services
 - Decrease in economic output
 - Disruption to the supply of utilities
 - Increased fuel poverty

What we've done/are currently doing to achieve the Residual Risk Rating

The Council has declared a Climate Emergency and instigated a One Planet Cardiff Strategy as its strategic response to this.

The following specific risk areas have been identified:

- COASTAL EROSION (see separate tab for details)
- FLOODING
- EXTREME WEATHER
- ENERGY SECURITY & DECARBONISATION
- BIODIVERSITY

What we plan to do to meet target

- Develop strategic response to the Climate Emergency Declaration to incorporate carbon neutral target.
- See separate tabs for details
- COASTAL EROSION
- FLOODING
- EXTREME WEATHER
- ENERGY SECURITY & DECARBONISATION
- BIODIVERSITY

- Type(s) of Impact**
- Service Delivery
 - Reputational
 - Legal
 - Financial
 - Health & Safety
 - Partnership
 - Community & Environment
 - Stakeholder

- Linked Risks**
- Coastal Erosion
 - Air Quality
 - Business Continuity

- Linked Documents**
- <https://www.evaccardiff.co.uk/>
 - <https://www.cdp.net/en>

- Key Indicators / Measures used to monitor the risk**
- Storm Events that meet silver & gold emergency intervention
 - Annual number of flooded properties and severity (statutory reporting)
 - Energy use / renewable energy production of Cardiff Council

Climate Change - Biodiversity

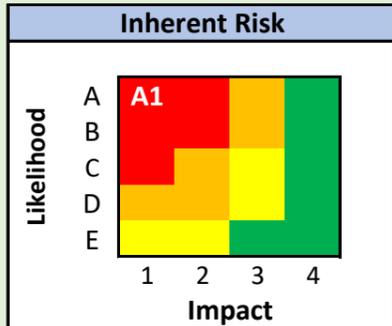
Description
Cardiff is not able to manage the effects of climate change and energy security due to lack of future proofing for key (social and civil) infrastructure and business development.

Potential Impact(s)

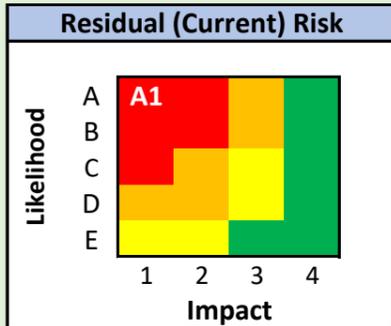
- Loss of biodiversity leads to reduction in ecosystem resilience, and reduction in ecosystem resilience will compromise the provision of ecosystem services. These are the services or benefits which we gain from the natural environment.
- Ecosystem services include climate change mitigation and adaptation.
- Climate change mitigation includes the sequestration and storage of carbon by plants, especially long-lived species such as trees. Reduction of this ecosystem service makes it harder to reduce net carbon emissions. Annually Cardiff's trees (not including other aspects of green infrastructure) provide ecosystem services worth £3.31 million, of which £1.9 million is in carbon storage and sequestration (iTree Study, Sept 2018).
- Climate change adaptation services include storm water attenuation by vegetation and reduction of surface water volume through evapotranspiration
- Trees, green walls and green roofs allow cooling and shading, thereby mitigating the urban heat island effect which may become more prevalent with a warmer climate.
- Hotter summers also increase risk of aerial pollution through air stagnation, and green infrastructure can remove certain pollutants from the air as well as having a cooling effect.
- The National Priorities of the WG Natural Resources Policy include 'Delivering Nature-based Solutions'. Failure to ensure protection of biodiversity and ecosystem resilience risks failure to deliver these nature-based solutions, which include climate change mitigation and adaptation.

Type(s) of Impact

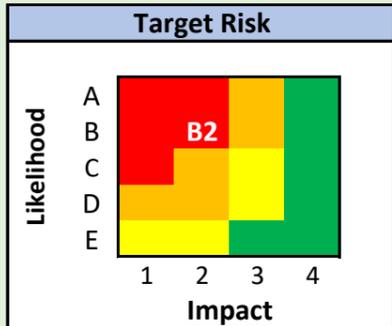
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|--|--|



Last Reviewed Q4 2020/21
Last Revision Q4 2020/21



Movement from prev Qtr ↔



Target Reduction Date 2022/23

What we've done/are currently doing to achieve the Residual Risk Rating

- Launch of One Planet Cardiff: October 2020
- Developed a Biodiversity and Resilience of Ecosystems Duty Forward Plan, to implement the statutory duty to seek to maintain and enhance biodiversity and in doing so to promote ecosystem resilience.
- Undertaken an 'iTree-Eco' study to look at the value of trees in terms of the ecosystem services that they provide.
- Working with neighbouring Local Authorities through the Local Nature Partnership Cymru project to share ideas and best practise for enhancing biodiversity across the City and identifying opportunities for cross-boundary projects to improve habitat and species connectivity and increase ecosystem resilience.
- Contributed to the Central South Wales Area Statement recently published by Natural Resources Wales.
- Response to Environmental Scrutiny Task and Finish on Biodiversity Reported for Cabinet November 2020

Risk Owner(s)

<p>Andrew Gregory (James Clemence/ Simon Gilbert/ Matthew Harris/ Jon Maidment)</p>	<p>Councillor Michael Michael Clean Streets, Recycling and Environment</p>
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What we plan to do to meet target

- Develop Coed Caerdydd Strategy to maximise tree canopy cover within Cardiff - awaiting funding confirmation
- Report every three years on the Biodiversity and Resilience of Ecosystems Duty Forward Plan, and continue to improve the plan as necessary
- Seek opportunities for partnership working under the 5 main themes of the South Wales Area Statement (building resilient ecosystems, working with water, connecting people with nature, improving our health, improving our air quality).

Linked Risks

- Coastal Erosion
- Air Quality
- Business Continuity
- Energy decarbonisation

Linked Documents

- <https://www.evaccardiff.co.uk/>
- <https://www.cdp.net/en>

Key Indicators / Measures used to monitor the risk

Extent of Green Infrastructure in the City.

Climate Change - Energy Security & Decarbonisation

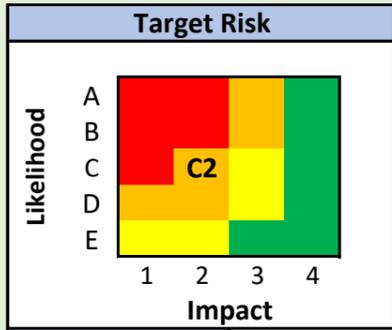
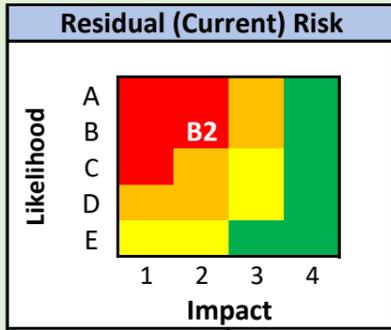
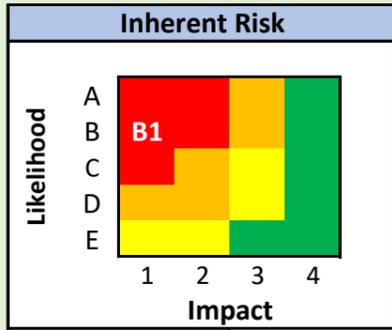
Description
Cardiff is not able to manage the effects of climate change and energy security due to lack of future proofing for key (social and civil) infrastructure and business development.

Potential Impact(s)

Energy security (energy efficiency & decarbonisation of supply)

- Inconsistent energy supply
- Increased costs
- Inability to deliver public services
- Decrease in economic output
- Disruption to the supply of utilities
- Increased transport costs
- Increased costs for heating / providing services to buildings
- Increased fuel poverty

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Last Reviewed Q4 2020/21
Last Revision Q4 2020/21

Movement from prev Qtr ↔

Target Reduction Date 2022/23

Risk Owner(s)

Andrew Gregory
(Gareth Harcombe/ Liz Lambert)

Councillor Michael Michael
Clean Streets, Recycling and Environment

What we've done/are currently doing to achieve the Residual Risk Rating

Energy security (energy efficiency & decarbonisation of supply)

- Climate Emergency Declared by Council
- Council approved "One Planet Cardiff" Strategy on October 15th 2020 which addresses the Climate emergency and sets a pathway to a carbon neutral Council by 2030.
- Full consultation process on the One Planet Cardiff Strategy complete.
- Established internal and external partnership and governance boards to steer our response to the climate emergency.
- Energy efficiency measures being installed through Re-Fit and Salix projects - Now managed by FM
- Phase 2 of Re-Fit project finalised and going through due diligence with Salix funding organisations - Schools focus for this tranche
- NPS Consortium approach to purchasing energy to secure best prices - continuing by Economic Development
- Lamby Way solar farm complete.
- District Heat Network - Funding in place, contractor appointed and Special Purpose Vehicle for delivery established - construction planned to start in Autumn 2021
- Carbon baselining and impact modelling process being undertaken to assess progress against One Planet Cardiff Objectives
- Scoping additional carbon reduction projects for future action as part of the One Planet Cardiff project
- Delivering Low Emission Transport Strategy - approved April 2018 and implementation of action plan underway
- Scope out and implement additional energy efficiency schemes in residential properties in the city
- Supporting enhancement of public's own resilience through advice and guidance available from EVAC Cardiff Website, to help them work to reduce their carbon outputs and support carbon capture initiatives
- Reporting on citywide and Council (scope 1 and 2) carbon emissions via the Carbon Disclosure Project to fulfil our Compact of Mayors commitment

What we plan to do to meet target

Energy security (energy efficiency & decarbonisation of supply)

- Approve a final One Planet Cardiff Strategy with carbon reduction targets and associated action plan for delivery over the to 2030
- Approve "Mission Statements" to secure low/zero carbon development and retrofit in the Council's Estate
- Approve a policy position to guide new private sector development in the city
- Implement the Cardiff District Heat Network
- Deliver a Private Wire connection from the Lamby Way Solar Farm to the Welsh Water treatment works nearby to help decarbonise the city's waste water processing activities
- Work with WG Energy Services advisors to assess future renewable generation and carbon reduction schemes - ongoing as part of the One Planet Cardiff Project.
- Seek ways to accelerate housing energy efficiency and retrofit schemes across the city and possibly the region as part of the One Planet Cardiff project.
- Electric Vehicle strategy - first tranche of residential chargers delivered and second tranche now finalised. Proposals to convert council fleet to electric being finalised but now subject to funding issue due to Covid-19 (was to be CPE funded) - funding bids to be submitted and discussion with Central Finance on options

Type(s) of Impact

- | | |
|--|--|
| <ul style="list-style-type: none"> • Service Delivery • Reputational • Legal • Financial | <ul style="list-style-type: none"> • Health & Safety • Partnership • Community & Environment • Stakeholder |
|--|--|

Linked Risks

- Coastal Erosion
- Air Quality
- Business Continuity

Linked Documents

- <https://www.evaccardiff.co.uk/>
- <https://www.cdp.net/en>

Key Indicators / Measures used to monitor the risk

Energy use / renewable energy production of Cardiff Council

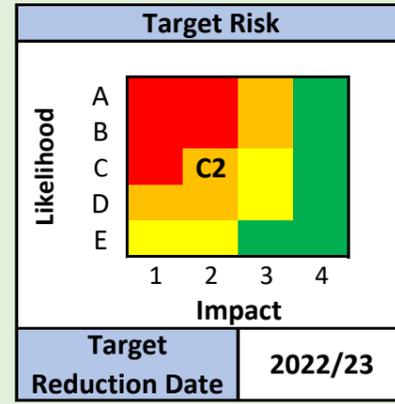
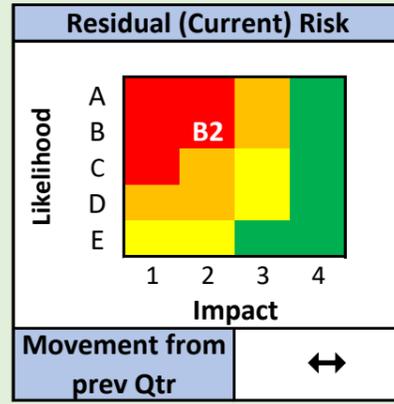
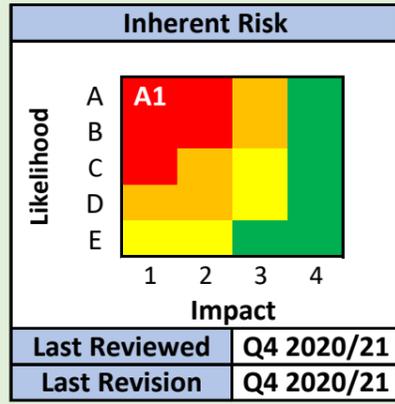
Climate Change - Extreme Weather

Description
Cardiff is not able 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.

- Potential Impact(s)**
- Loss of life and risk to life
 - Damage to infrastructure & utilities
 - Service delivery
 - Increase in health related issues including air quality
 - Blight of development
 - Migration of ecosystems

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- Type(s) of Impact**
- | | |
|--------------------|---------------------------|
| • Service Delivery | • Health & Safety |
| • Reputational | • Partnership |
| • Legal | • Community & Environment |
| • Financial | • Stakeholder |



Risk Owner(s)

Andrew Gregory (EMU/Gary Brown)	Councillor Michael Michael Clean Streets, Recycling and Environment
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What we've done/are currently doing to achieve the Residual Risk Rating

The Council has declared a Climate Emergency

Extreme Heat

- Working with Partners in the LRF to warn them of anticipated heatwave impacts upon vulnerable groups and support response to such a risk
- Supporting the enhancement of the public's own resilience through advice and guidance available from the EVAC Cardiff Website

Extreme Cold/ Snow

- Implementation of Council's Cold Weather Response Plans
- Winter Service review undertaken to consider the potential impact of Covid-19
- Due to the challenges of Covid 19, the concentration has been on building resilience into the Winter Service. Covid 19 represents a high risk to staff resource due to illness and the requirements of isolation. Although the required training and staff rotas have been put in place, further work is ongoing to provide resilience should resources be severely hit by the pandemic. However, it must be recognised that there is a limited available resource with the required skillsets within the authority and although investigations as to whether external assistance can be utilised/is available is ongoing, the potential for service disruption cannot be ruled out. The winter so far has been demanding due to long periods of sub zero road temperatures but the winter service has continued to be delivered despite the adverse effects of Covid 19 on resources. The risk however remains for disruption to the service as detailed above.

The position for Q4 remained the same as Q3, challenging weather conditions and resource pressures but the service was delivered in line with statutory requirements. The winter service was extended by 2 weeks to the 18/4/21 due to unseasonably cold overnight temperatures.

What we plan to do to meet target

Extreme Heat

- Develop a 20 year heat mitigation strategy for the city. Working with partner agencies and commercial stakeholders to support development of heat reduction programmes.
- Engage with Welsh Government within WLGA, and PSB to ensure consistent support in managing this risk ensuring the planning process works for all stakeholders to ensure we develop sustainable planning strategy's for future developments, planning the management of this risk

Extreme Cold/ Snow

- Investigate further whether external assistance can be utilised/is available to build future resilience.

- Linked Risks**
- Coastal Erosion
 - Air Quality
 - Business Continuity

- Linked Documents**
- <https://www.evaccardiff.co.uk/>
 - <https://www.cdp.net/en>

Key Indicators / Measures used to monitor the risk

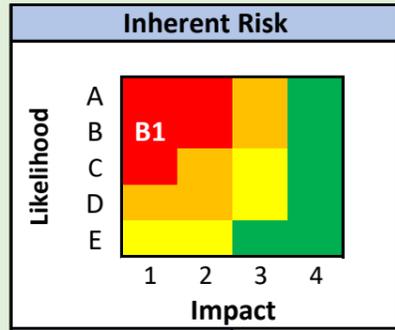
Climate Change - Flooding

Description
Cardiff is not able 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.

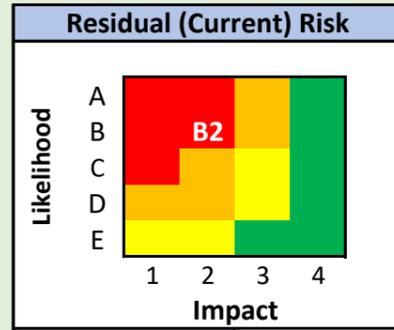
Potential Impact(s)

- Flood & Storm**
- Loss of life and risk to life
 - Direct damage to property, utilities and critical infrastructure
 - Blight of Land and Development
 - Disruption to service delivery
 - Contamination and disease from flood and sewer water and flood on contaminated land
 - Increase in health issues
 - Break up of community and social cohesion
 - Increase cost of insurance
 - Migration of ecosystems

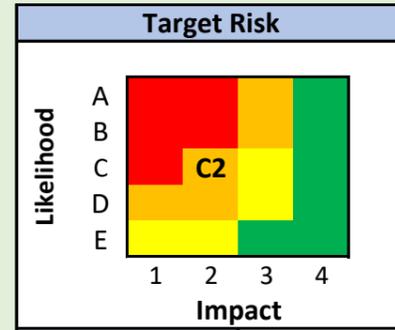
Type(s) of Impact	
<ul style="list-style-type: none"> • Service Delivery • Reputational • Legal • Financial 	<ul style="list-style-type: none"> • Health & Safety • Partnership • Community & Environment • Stakeholder



Last Reviewed Q4 2020/21
Last Revision Q4 2020/21



Movement from prev Qtr ↔



Target Reduction Date 2022/23

What we've done/are currently doing to achieve the Residual Risk Rating

The Council has declared a Climate Emergency

Flood & Storm

- Working with partners within the Local Resilience Forum (LRF) to support the management of this risk including supporting the emergency response to this risk
- Supporting the enhancement of the public's own resilience through advice and guidance available from the EVAC Cardiff Website
- Implementation of Schedule 3 of the Flood and Water Management Act 2010 requires all new development over 100m2 to implement sustainable drainage, resilient to flooding
- Development of Flood Risk Management Strategy
- Currently introducing Flood Incident Management software to provide better understanding of spatial distribution of flood events filtered by source, and determine priority areas for future flood alleviation schemes to be implemented (subject to WG funding bid opportunities). Funding bids have been submitted and grant funding now awarded for 20/21 for Business Justification Cases for a number of these schemes.
- Applications to WG have been successful for further grant funding in year and in 2021/22 to support studies and implementation of localised flood prevention schemes.

Linked Risks

- Coastal Erosion
- Air Quality
- Business Continuity

Linked Documents

- <https://www.evaccardiff.co.uk/>
- <https://www.cdp.net/en>

Risk Owner(s)

<p>Andrew Gregory (Gary Brown/ David Brain James Clemence/ Stuart Williams)</p>	<p>Councillor Michael Michael Clean Streets, Recycling and Environment</p>
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What we plan to do to meet target

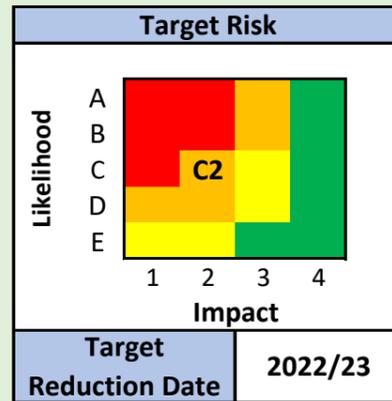
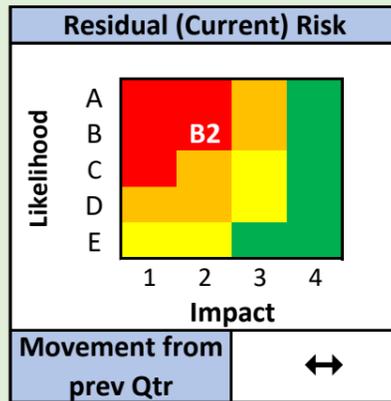
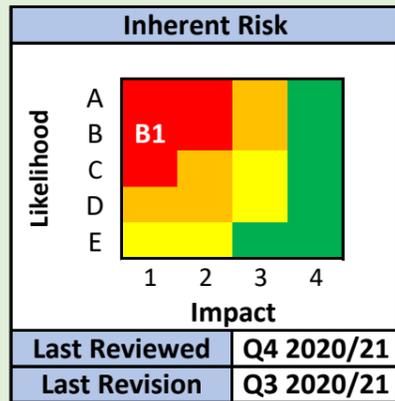
- Flood & Storm**
- The following actions are ongoing:
- Develop new iteration of the Local Flood Management Strategy
 - Develop new iteration of the Flood Risk Management Plan
 - Develop enhanced engagement programme with partners supporting the public in enhancing their own resilience
 - Improve communication on what to do in a flood and raise awareness of risk
 - Improve the service provided by the SuDS Approval Body (SAB)
 - Deliver guidance to increase standards and ease of development
 - Asset management - Delivery of Flood Management and Coastal Improvement Schemes and rationalise/ prioritise gully maintenance schedule based on the outputs of the Flood Incident Management software. Ongoing CCTV and asset capture work taking place in drainage networks to review high risk areas.

Key Indicators / Measures used to monitor the risk

- Storm Events that meet silver & gold emergency intervention
- Annual number of flooded properties and severity (statutory reporting)
- Energy use / renewable energy production of Cardiff Council

Coastal Erosion

Description
Breach of current defences resulting in widespread flooding (current defences are ad hoc and are in a very poor condition)



Risk Owner(s)

Andrew Gregory
(Gary Brown/ David Brain)

Councillor Michael Michael
Clean Streets, Recycling and Environment

What we've done/are currently doing to achieve the Residual Risk Rating

- Incident management arrangements are in place, which whilst not preventative, represent a level of emergency management for a flood and coastal erosion risk event occurring in a significant storm event.

Coastal Defence Scheme:

- The Flood Risk Management Team are undertaking detailed design for the coastal defence scheme.
- The necessary works are holistic and cannot be phased. Therefore the residual risk rating cannot be lowered until the completed construction of the coastal defence scheme in its entirety.
- The inundation risk will be improved by implementing the coastal defence scheme. The scheme will provide defence for a 1 in 200 year severe weather event, plus an allowance for climate change influence of 40%.
- The total costs associated with the Design, Early Contractor Engagement and Construction phases have been estimated at £10.9m (Welsh Government 75% funding = £8.2m and CCC 25% funding = £2.7m)
- Formal application has been submitted to Welsh Government (WG) under the WG Coastal Risk Management Programme and development of the Detailed Design and Full Business Case (FBC) for the coastal defence scheme was programmed for completion in May 2020, however this has been impacted by Covid-19.
- Ground Investigation commenced February 2020. Due to Covid 19 restrictions, ground investigations were postponed during March 2020.
- Work ongoing with Emergency Management to formulate interim measures.

What we plan to do to meet target

We will be designing & delivering an effective coastal flood protection scheme as a matter of priority.

Detailed design and full business case ongoing

Keysteps:

- Completion date for detailed design and Full Business Case (FBC) anticipated late 2021 (TBC following review of the Ground Investigation and the delays related to Covid 19).
- Full Business Case to be submitted to Welsh Government for approval & funding confirmation. Detailed design has commenced following completion of the GI.
- Tender scheme promptly following support from Welsh Government. Contract will be developed as part of detailed design process to support tender process.

Extensions for timescales due to Covid 19 delays, and complexities of the ground conditions and therefore design, have been agreed with WG - funding for FBC has been increased to cover additional costs (plus WG grant % increase) and extended to 16 March 2022.

- Anticipated construction starting 2022, subject to the above, with completion 2024.

Potential Impact(s)

- Continued coastal erosion along the coast threatening the Rover Way Traveller site and critical infrastructure including Rover Way and the Rover Way/Lamby Way roundabout
- Erosion to two decommissioned landfill sites, with risk of releasing landfill material into the Severn Estuary and having significant environmental impacts
- Flood risk to 1,116 residential and 72 non-residential properties over 100 years, including risk to life, property, infrastructure and services
- N.B. the predicted rates of erosion threaten the Rover Way Travellers Site and the adjacent electrical substation within 5 years, and further release of large volumes of unknown tip material from the Frag Tip into the Severn Estuary.

Type(s) of Impact

<ul style="list-style-type: none"> Health & Safety Health Reputational Financial 	<ul style="list-style-type: none"> Strategic Service Delivery
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Linked Risks

Climate Change risks

Key Indicators / Measures used to monitor the risk

- Award of contract for detailed design and Full Business Case - achieved
- Completion of detailed design and Full Business Case by May 2020 & submitted to WG
- Delivery programme of coastal protection scheme

Brexit

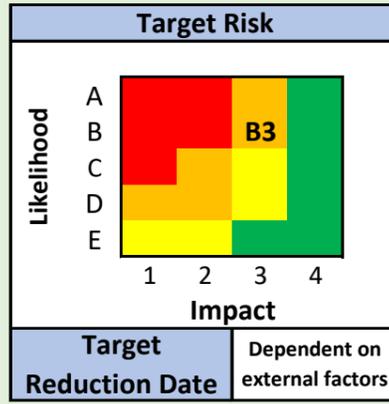
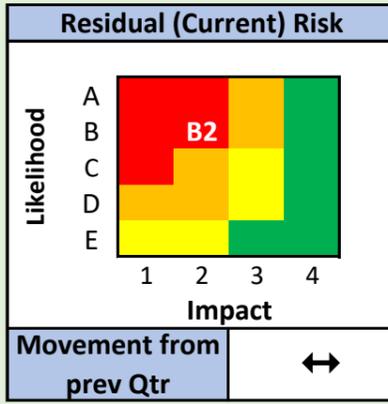
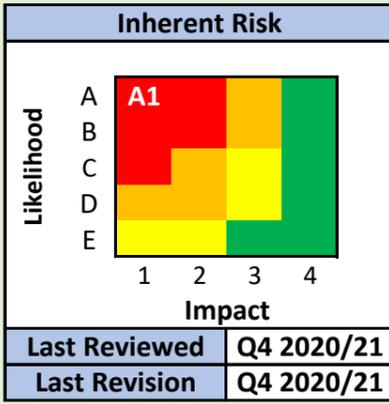
Description

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.

From 11pm on 31 January 2020, the UK legally ceased to be a member of the EU, with the Withdrawal Agreement entered into force and a transition period commenced up until the end of December 2020. The UK formally left the 11-month transition period on 31 December 2020, to begin trading on the terms outlined in the agreed Trade and Cooperation Agreement (TCA). This represents a significant change for the UK.

Despite a deal being finalised, the UK's departure from the EU will bring change for organisations of every size and sector, and uncertainty remains regarding its impact. No major member state has ever left the EU before; there is little precedent for the situation in which we find ourselves and therefore it is important that we keep in place our relevant plans and mitigations for the foreseeable future.

The Council will need to prepare for regulatory adjustment and economic disruption, as changes are phased in over time, which will impact how we do business, future growth and development and ultimately the role of the Council in meeting local need.



Risk Owner(s)

Paul Orders
(Senior Management Team)

Councillor Huw Thomas
Leader
(Brexit)

What we've done/are currently doing to achieve the Residual Risk Rating

General Activity:
On 23 July 2020, the Council's Resilience Unit coordinated a Council-wide exercise to update the Council's Brexit Issues Register. Each Directorate reviewed its wider Brexit preparedness, noting the impact of COVID-19, along with refreshed mitigative actions. A particular focus was given to supply chains/ ensuring continuity of supply.

Additionally, on 18 November 2020, the Council's Resilience Unit held a council-wide briefing, to alert all Silver Officers to the challenges of the upcoming winter, and encourage a further review of Business Continuity Plans. In order to stay ahead of emerging issues such as Brexit, each Directorate's Duty Silver Officer is currently required to complete a report each day, by 6pm, to note any issues and ensure an appropriate/ timely response. This reporting began on 23 November 2020 and will continue for the foreseeable future.

As the details of the trade deal are analysed, the Brexit Issues Register will be amended to reflect its implications; the issues will continue to be monitored and mitigations updated.

Each Directorate has a Brexit Liaison Officer who is responsible for monitoring Brexit/ the Brexit Issues Register in their area. A Cardiff Council Brexit Bulletin is provided to Brexit Liaison Officers every 2 weeks, to ensure that they are aware of the latest information and updates. Furthermore, regular meetings are held between the Council's Resilience Unit and Brexit Liaison Officers, to ensure any issues are raised.

EU Settlement Scheme:
A programme of engagement in Cardiff has seen good uptake of the EU Settlement Scheme (EUSS). 19,790 applications have been made to the EUSS as of 31 December 2020. Based on our original estimates of 21,000-25,000 EU Nationals, an estimated 79.16 - 94.24% of eligible Cardiff residents have therefore now applied to the EUSS, with six months remaining before the closing date.

An internal review has identified Children Looked After who need to apply to the EUSS and cases are being progressed with legal advice and the support of named Social Workers. Cases are tracked through a case register managed by Policy & Partnerships, to ensure compliance with statutory responsibilities in relation to the scheme. A register of adults supported by Adult Services who may need to apply to the EUSS has also been completed and a case management approach will be implemented to ensure the progression of EUSS applications across this cohort as required.

What we plan to do to meet target

Moving forward, work will be undertaken to understand the implications of the UK-EU Trade and Cooperation Agreement. Brexit issues will continue to be monitored and mitigations updated, ensuring that the Council is alert and ready to respond to new arrangements/ any potential disruption.

To report real-time Brexit disruption requiring an immediate response, Duty Silver Officers have been asked to use the command and control system already in place, as outlined in the Council's Major Incident Plan. The Council will continue to monitor the major developments and focus on areas where local action may be required:

Citizens and Community Cohesion
The Council will continue to promote the EU Settlement Scheme in communities with high levels of EU migrants, as well as progress the applications of both Children Looked After and Adults within Social Care. Engagement is ongoing with Welsh and UK Governments to ensure an alignment of messaging and of advice on support pathways available.

Support for Local Businesses
The UK's departure from the EU will bring change for organisations of every size and sector, regardless of a 'deal' being agreed. Businesses need to take action if they: import or export; transfer personal data; provide services or operate in the EU; are involved with intellectual property or copyright; and/or employ EU citizen staff. In order to support businesses, the Council is implementing a three tiered communications approach (national, regional and local), alongside continuing to push a signposting service, including to UK Government/ Welsh Government support and guidance.

Potential Impact(s)

Matching Brief Required:
Impact on Council supply chains (including delays and price increases)
Citizens and Community Cohesion
- Increases of tension/ hate crime
• Emergency Management
- Responding to civil contingencies/ major disruption (potential for food shortages, disruption to water supply (infrastructure) and fuel shortages)
- Shortage/ loss of key supplies
• Preparedness of local businesses for changes to trade (of both goods and services) with the EU/ economic disruption

Short-term Issues Identified:
• Citizens and Community Cohesion
- Implementing the EU Settlement Scheme (the deadline to apply to the scheme is 30 June 2021)

Medium to Long-term Issues Identified:
• Regulatory adjustment
• Labour Market and Council Staff
• Impact on Public Finances – Central Government and Welsh Government Analysis suggests that as a result of Brexit, the economy in Wales is likely to be up to around 10% smaller than otherwise over the long-term.
• The future of regional funding (the future UK Shared Prosperity Fund)
• Investment, Trade and Industrial Strategies

Type(s) of Impact

• Service Delivery	• Health & Safety
• Reputational	• Partnership
• Legal	• Community & Environment
• Financial	• Stakeholder

Linked Risks

Business Continuity

Key Indicators / Measures used to monitor the risk

- High level economic indicators - GDP, GVA
- Unemployment levels, particularly in key services/sectors
- Hate Crime statistics
- Numbers enrolled in settlement scheme

Performance Management

Description

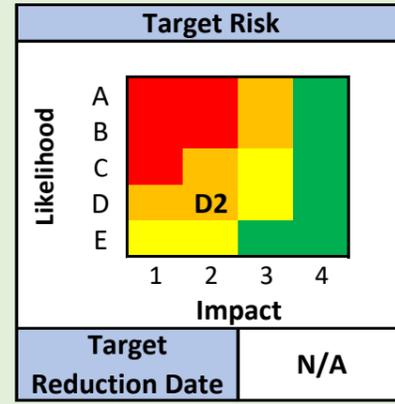
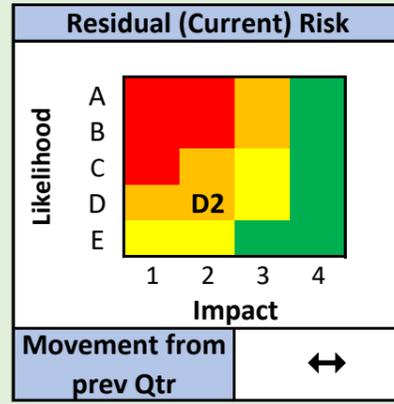
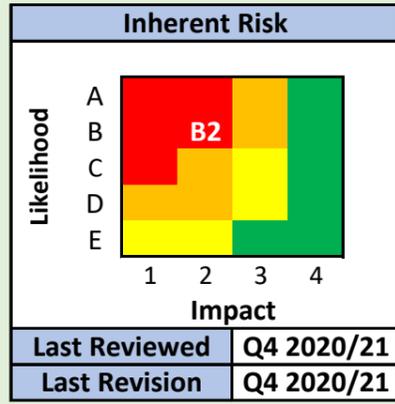
The risk that the Council's Performance Management arrangements do not achieve their stated purpose.

Performance Management arrangements are essential for discharging statutory requirements, delivering the administration's priorities and ensuring Council core business is delivered effectively. Weak corporate performance management arrangements heighten the risk of poor performance, service failure, financial overspend or legal non-compliance going unidentified, unchallenged and unresolved.

The Council must therefore maintain a focus on the Key Performance Indicators it has identified within the Corporate Plan as a pointer to overall organisational success. The Council must also ensure that more granular indicators of performance- the Council's Core Data which is managed by individual Directorates- are established and monitored to provide more detailed insight into the drivers of corporate performance.

Changes to the Statutory Performance Requirements have been set out in Local Government Bill and work is being undertaken to ensure the requirements are embedded in the Council's performance regime.

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Risk Owner(s)

Sarah McGill
(Gareth Newell)

Councillor Chris Weaver
Finance, Modernisation and Performance

What we've done/are currently doing to achieve the Residual Risk Rating

- The Corporate Plan for 2021/24 has been published following detailed engagement sessions with Cabinet and SMT, chaired by the Leader. The approach included an enhanced data visualisation process, to more effectively present key organisational performance data. A weekly Covid Management Dashboard has also been developed to monitor key data sets relating to pandemic management, which is accessible to Cabinet Member and the Council's Senior Management Team.
- An internal audit of compliance with the Future Generations Act provided an assessment of "effective with opportunity for improvement". This follows on from the internal audit of performance management which also provided an "effective with opportunity for improvement" assurance assessment, and the recommendations will be responded to as part of a revised performance management framework being developed in response to the new performance requirements of the Local Government and Elections Act.

What we plan to do to meet target

- Publish an end of year performance review by July 2021 and develop an updated Planning and Delivery Framework that responds to the new requirements set out in the Local Government and Elections Bill and the recommendations of the internal audit work.

Potential Impact(s)

- The strategic and corporate level changes do not have the intended impact because they are not fully embedded in operational practices
- Council unable to accelerate performance improvement as planned/desired

Type(s) of Impact

- Service Delivery
- Reputational
- Stakeholder

Linked Risks

Key Indicators / Measures used to monitor the risk

Quarterly monitoring of corporate plan indicators (108) provide a pointer to organisational health and corporate performance. Corporate Plan indicators are also risk assessed as part of the performance monitoring process.

Budget Monitoring (Control)

Description	Inherent Risk	Residual (Current) Risk	Target Risk	Risk Owner(s)									
<p>Failure to achieve the budget set, inclusive of budgeted spend and savings across Directorates, with increased use of emergency finance measures and the unplanned drawdown of reserves.</p>				<p>Chris Lee (Ian Allwood)</p>	<p>Councillor Chris Weaver Finance, Modernisation and Performance</p>								
	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="background-color: #d9e1f2;">Last Reviewed</td><td>Q4 2020/21</td></tr> <tr><td style="background-color: #d9e1f2;">Last Revision</td><td>Q4 2020/21</td></tr> </table>	Last Reviewed	Q4 2020/21	Last Revision	Q4 2020/21	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="background-color: #d9e1f2;">Movement from prev Qtr</td><td style="text-align: center;">↔</td></tr> </table>	Movement from prev Qtr	↔	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="background-color: #d9e1f2;">Target Reduction Date</td><td>Q4 2021/22</td></tr> </table>	Target Reduction Date	Q4 2021/22		
Last Reviewed	Q4 2020/21												
Last Revision	Q4 2020/21												
Movement from prev Qtr	↔												
Target Reduction Date	Q4 2021/22												
	What we've done/are currently doing to achieve the Residual Risk Rating			What we plan to do to meet target									
	<ul style="list-style-type: none"> Clear financial procedure rules setting out roles and responsibilities for budget management are in place. Due diligence has been undertaken in claiming to the Hardship Fund. The support from Welsh Government in the form of Local Authority Hardship Claims has equated to circa £51m for the full year, Additional Costs, and circa £40m for lost income for the full year. Claim Process on a quarterly basis and a sign off process is in place to mitigate against the risk of any payback requirement at a future point. Claims for loss of income are adjusted for those costs that can be avoided. Claims are also reviewed to ensure they reflect the reality of the time claimed and where applicable adjustments to pay back are made in a timely fashion. As the year progresses the uncertainty of amounts has diminished but the need for evidenced forecasts remain. The Directorate Position is likely to improve as more certainty of support from Welsh Government is received. The Corporate Director of Resources, Chief Executive and Cabinet Members have held challenge meetings throughout the year 2020/21 to ensure there is a focus on understanding any impending financial matters and any mitigations needed to be put in place in order to improve / maintain the respective Directorate financial position where appropriate. This is with a view to gaining an understanding of the likely financial position and the matters that require addressing. Full financial monitoring process is in place for month 3 to 11 of the financial year including achievement of budget savings. 			<p>2021/22 and the Medium Term</p> <ul style="list-style-type: none"> Put in place a risk assessed report on Capital Spend and timescale of completion Maintain an appropriate level of due diligence in respect to Hardship Grant Claims in order to reduce the risk of significant under / over claiming Ensure all Directorate Risk Registers capture the key financial risks and they are reported through as part of the financial monitoring process. 									
Potential Impact(s)													
<ul style="list-style-type: none"> Inability to balance spend against budget, for the financial year Requirement to implement emergency measures to reduce spending during the financial year thus adversely impacting on ability to meet Corporate Plan objectives Requirement to draw down from General Reserves at the year end 													
Type(s) of Impact	Linked Risks			Key Indicators / Measures used to monitor the risk									
<ul style="list-style-type: none"> Service Delivery Reputational Legal Financial 	<ul style="list-style-type: none"> Stakeholder <p>Financial Resilience</p>			<ul style="list-style-type: none"> Monthly Directorate Monitoring reports detailing likely outturn position and performance against savings accepted Review of use of earmarked reserves and balances - Half Yearly Amount of Hardship Support claimed successfully 									

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Financial Resilience

Description

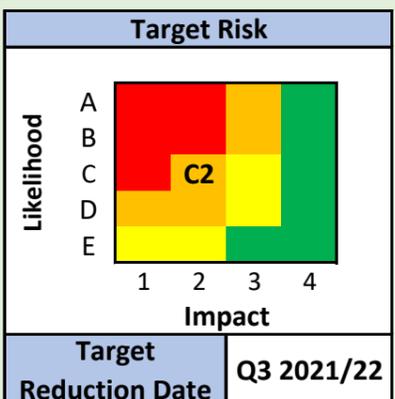
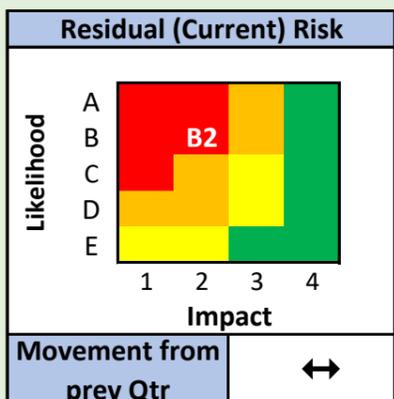
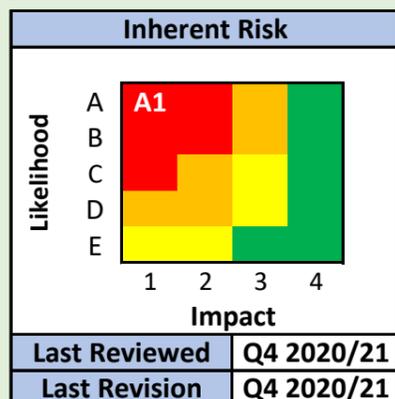
- Failure to deliver a balanced annual budget and a fully informed Medium Term Financial Plan.
- Lack of appropriate mechanisms to identify and manage unexpected financial liabilities.
- The current outlook is that there is a Budget Gap of £85 million for the period 2022/24 to 2025/26.

Potential Impact(s)

- Failing to meet statutory obligations and potential for service delivery to be adversely affected.
- Reaching the point where a s114 notice is required to be issued by the S151 Officer.
- Reputational damage to the Council.
- Needing to draw down significant unplanned amounts from reserves.
- Levels of borrowing become unsustainable.
- Inability to progress policy initiatives.
- Inability to manage adverse external factors - e.g. adverse settlements, WG rent policy etc.
- Financial constraints and budget proposals result in unintended consequences such as increased instances of non-compliance and financial impropriety.
- Requirement for significant savings at short notice that are therefore not identified in a coherent, strategic way and which impact on service delivery.
- Level of borrowing limits the ability of future generations to take forward new priorities.

Type(s) of Impact

<ul style="list-style-type: none"> • Service Delivery • Reputational • Legal • Financial 	<ul style="list-style-type: none"> • Stakeholder
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Risk Owner(s)

<p>Chris Lee (Ian Allwood)</p>	<p>Councillor Chris Weaver Finance, Modernisation and Performance</p>
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What we've done/are currently doing to achieve the Residual Risk Rating

2021/22 and Medium Term

- Regular monitoring to understand the in-year position and gain early insight into emerging risks that need to be factored into the MTFP work.
- Engaging and working in partnership with directorates during the budget process to ensure that budget proposals and services are deliverable within timescales and quantum (revenue and capital)
- Mechanisms in place such as Treasury Management Reserve and Financial Resilience Mechanism in order to dampen the impact of a worse than anticipated financial climate / settlements.
- Preparation of Prudential Indicators and a local affordability indicator to help assess the affordability, prudence and sustainability of the capital programme and associated levels of borrowing
- Close alignment with Corporate Plan objectives, to ensure resources are allocated appropriately, and that longer term financial savings are developed in enough time to be realised.
- Regular review of contingent assets and liabilities, and provisions to ensure the Council has adequate cover for emerging liabilities.
- Robust monitoring of the impact of C19 to ensure all eligible items have been claimed in- year.
- An approved TM Strategy to mitigate risk - incorporates borrowing at fixed rates to reduce exposure to future interest rate fluctuations
- A Major Projects accountancy function supporting the identification of key risks / financial issues in relation to large schemes.
- Maintaining approach to robust financial control mechanisms and strengthening complex / areas of risk through training e.g. VAT.

What we plan to do to meet target

2021/22 and the Medium Term

- Continue work on establishing the financial implications to services both in the short, medium and long term because of the impact of the Covid 19 crisis.
- Continue to refresh assumptions at key stages as relevant information becomes available.
- Consider and take any opportunities to increase earmarked reserves in order to provide first line of defence against financial shocks.
- Review corporate approach to business case development, approval and post project monitoring to ensure expenditure assumed to pay for itself can do so over its expected life.
- Strengthening links between financial planning and asset management strategies, which consider the current condition of assets and future requirements.
- Identify clear, detailed plans and timescale for delivery of capital receipts targets.
- Enhance focus on a multi-year position (recognising limitations where settlement information is for one year only.)
- Review approach to governance and financial monitoring of special purpose vehicles to ensure liabilities and any financial guarantees are understood and are appropriate.
- Undertake Self-Assessment against the CIPFA FM code and Balance Sheet Review and implement any findings or recommendations, which provide further financial resilience.
- Confirm approach and reporting of commercial investments as part of standard monitoring processes and reports.

Linked Risks

Budget Monitoring (Control)

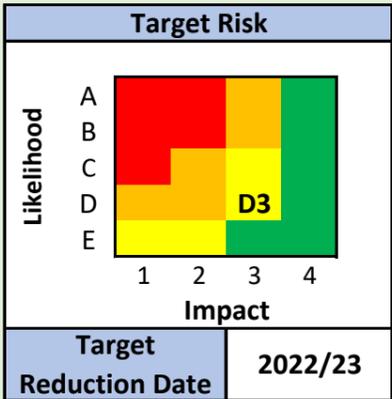
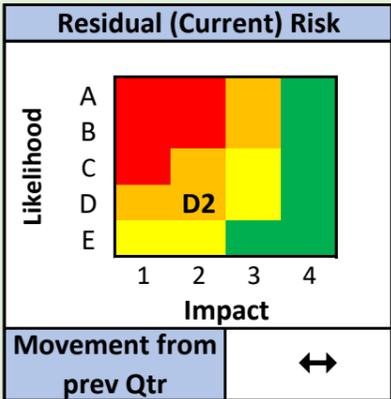
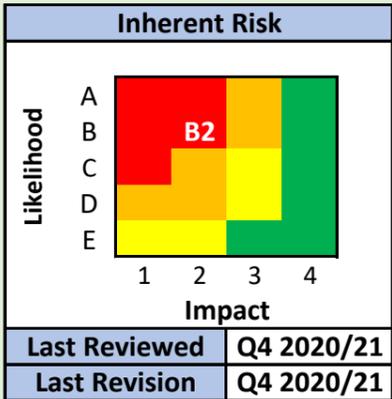
Key Indicators / Measures used to monitor the risk

- Financial Snapshot which highlights historical & current performance with regards budget monitoring, achievability of savings, levels of borrowing, and financial ratios.
- Outturn vs Budget: Main budget lines under or overspend as a % of budgeted expenditure.
- Delivery of planned savings: Total (£) unachieved planned savings as a % of total (£) planned savings.
- Use of reserves: 1) Ratio of useable reserves to Net Revenue Budget (NRB), 2) Amount of useable reserves used to balance budget as % of NRB.
- Council tax: 1) Council tax and other income as % of NRB, 2) Council tax collection rates (in-year actual).
- Borrowing: 1) Total commercial investment income as % of total net general fund budget, 2) Total (£) commercial investments and (£ plus%) amount funded from borrowing, 3) Borrowing related to commercial investments as % of General Fund total borrowing, 4) Capital interest costs and MRP as a proportion of NRB.
- Performance against Budget Timetable.
- Frequency / timeliness of engagement with SMT/Cabinet.
- Proportion of Savings Proposals in Realised or at Delivering stage.
- Section 151 Officer Statement in respect of capital strategy, adequacy of reserves and other statutory commentary.

Fraud, Bribery & Corruption

Description

Fraud, financial impropriety or improper business practices increase as internal controls are weakened as resources become severely stretched.



Risk Owner(s)

Chris Lee
(Ian Allwood)

Councillor Chris Weaver
Finance, Modernisation and Performance

What we've done/are currently doing to achieve the Residual Risk Rating

- The Council communicates a zero tolerance approach to fraud, bribery and corruption.
- Regular review of relevant policies and procedures e.g. the Fraud, Bribery and Corruption Policy, Anti-Money Laundering Policy and Disciplinary Policy.
- Financial Procedure Rules and Contract Standing Orders and Procurement Rules and training.
- National Fraud Initiative data matching exercises in collaboration with the Cabinet Office and Audit Wales.
- Receipt and dissemination of fraud intelligence alerts from law enforcement agencies.
- Regular reports to the Section 151 Officer, Governance and Audit Committee, Portfolio Cabinet Member and the Chief Executive.
- Governance and Audit Committee review of the risk management, internal control and corporate governance arrangements of the authority.
- Independent assurance from Internal and External Audit on the effectiveness of governance, risk and control.
- Briefings developed and disseminated to Schools on fraud and control risks.
- Provision of disciplinary management information on DigiGOV.
- Mandatory disciplinary e-learning module for all managers to complete and a programme of mandatory e-learning modules and training for Disciplinary Hearing Chairs, Investigating Officers and Presenting Officers.
- Fraud Publicity Strategy, to publicise the Council's approach to counter fraud work / sanction activity and explain the roles and responsibilities of key parties.
- Counter-Fraud and Corruption Strategy approved by Cabinet in July 2019, with associated Fraud Awareness eLearning rolled out to all pc users commencing.
- Face-to-Face Fraud Awareness training delivered to officers and headteachers in quarter 3 and school governors in quarter 4 2019/20.
- Participation in International Fraud Awareness week commenced in November 2019, undertaken annually thereafter.
- Investigation Team participation in SMAS triangulation exercise, commenced in quarter 3 2019/20.
- Investigation Team provision of investigation and counter-fraud advice, guidance and support to Directorates as required.
- SMT participation in fraud tracker and assessment commenced January 2020, with commitment to full exercise at least annually.
- Revised 'Anti-Money Laundering Policy' approved by Cabinet in Q3 2020/21 and eLearning rolled out to officers with key roles and those working in high-risk areas.
- 'Authorisation and Protocol Requirements for Review of Work Activities' approved by Cabinet in Q4 2020/21.

What we plan to do to meet target

- Development of an Internet Investigation Procedure.
- Review the suite of Counter-Fraud Operational Policies alongside the review of the Council's Disciplinary Policy commencing 2021/22.
- Monitoring and reporting completion rates of mandatory fraud awareness training and anti-money laundering training.

Potential Impact(s)

- Increase in frauds and losses to the Council
- Reputational risk as more frauds are reported
- Increased time investigating suspected fraud cases impacting on capacity

Key Indicators / Measures used to monitor the risk

- Mandatory Fraud Awareness eLearning completion and face-to-face attendance rates
- Anti-Money Laundering eLearning completion rates
- Delivery of Fraud Awareness week campaign annually
- Delivery of Policy updates in accordance with associated targets
- Delivery of mandatory investigating officer training and the note taker training
- Timely completion of casework and investigations
- Provision of timely investigation and counter-fraud advice, guidance and support to Directorates
- Adherence to the NFI Security Policy and annual completion of compliance forms

Type(s) of Impact

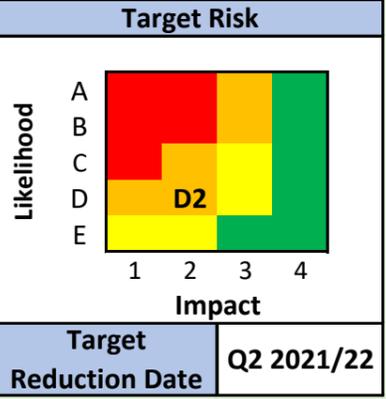
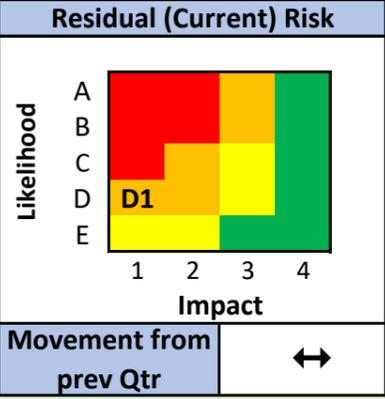
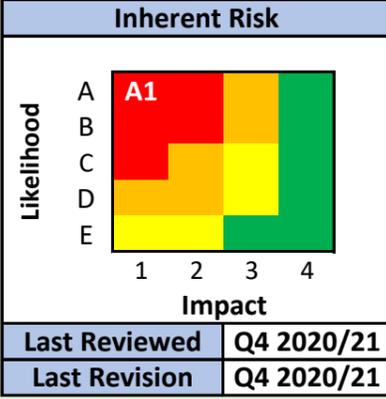
- Service Delivery
- Reputational
- Legal
- Financial
- Stakeholder

Linked Risks

Information Governance

Description

Information handled inappropriately leaves the Council exposed to intervention and financial penalties issued by the Information Commissioner (ICO). This includes information held by Cardiff Schools.



Risk Owner(s)

Chris Lee
(Dean Thomas)

Councillor
Chris Weaver
Finance, Modernisation and Performance

What we've done/are currently doing to achieve the Residual Risk Rating

- Annual updating of Information Governance Processes, Policies and Strategies with a focus on communication of content in order to mitigate risk of data breaches / transgressions occurring due to lack of knowledge.
- Gold level assurance achieved through the annual Cyber Security Plus ISAME Accreditation in order to mitigate likelihood of cyber security breaches due to out dated knowledge.
- Processes established through procurement and ICT acquisition processes to ensure Data Protection Impact Assessments are completed if personal data is being processed, including Data Processing Agreement with third party contractors. This helps to reduce the incidence of cases that arise after procurement and implementation
- A corporate Information Asset Register, details personal data assets held by each Council directorate and enables. This enables the Council to respond to requests for information or enquiries in a more timely manner.
- Service Level Agreements in place where Cardiff Council is the Data Controller for regional services, including Rent Smart Wales, National Adoption Service and Cardiff Capital City Deal to ensure clear steps in dealing with multi agency requests.
- Information Governance Maturity Model established to monitor risks against areas of information governance to feed into corporate risk status.
- The Digitalisation of Paper Records Strategy and associated business process changes is in place with alternative delivery contracts in place to support increased paper storage demands.
- Data Protection e-learning training released with an extended period for completion during 2020/21 and compliance reports are regularly issued.
- An Information Governance Champions Group has been established and received monitoring reports and provides a means for escalation of issues to improve compliance. The Group of IG Champions will be responsible for monitoring and reporting IG compliance into the Information Governance & Security Board

What we plan to do to meet target

- Conduct a review of all directorates Information Asset Registers to ensure that these are accurate and up to date which will reduce the impact or likelihood of a data transgression.
- Further staff awareness sessions on Information Governance communicating the need to comply with policies and highlighting the responsibilities of staff and managers.
- Build on the work initiated with Information Governance Champions and implement a set of activities over 2021/22 with a particular focus on high likelihood risks.
- Initiate a review of the Council's Publication Scheme to determine next steps for continued assurance and ensuring material is up to date and fit for purpose against the risks.

Potential Impact(s)

Leads to the Information Commissioner issuing notices of non-compliance

These could consist of:

- A "Stop Now" Order which would mean that no personal data could be processed by the Council in its entirety
- An Information Notice which would mean that a service would have to provide information in a very limited period thereby impacting on service delivery
- A Decision Notice could be issued as a result of non compliance with an FOI/EIR request which would require information disclosure
- Undertaking which requires an Action Plan of Remedial Measures which would be subject to ICO Audit
- Enforcement Notice requires immediate improvement action to be put in place
- Financial Penalty up to £17.5 million for Higher Level Tier and £8 million for Lower Level Tier breaches of the Data Protection Act.
- Compensation unlimited liability claims for damages as a result of a data breach from individuals.

Type(s) of Impact

- Service Delivery
- Reputational
- Legal
- Financial
- Stakeholder

Linked Risks

Key Indicators / Measures used to monitor the risk

- Suite of IG Indicators
- No. of ICO correspondence
- No. of FOI / SAR Requests
- No. of individuals trained on GDPR modules

Cyber Security

Description

There are 11 areas of potential risk within the National Cyber Security Centre cyber risk model. Of these, nine are assessed as well controlled within the Council

Three of the eleven areas of a Cyber Security assessment underpinning the corporate risk have been identified as high risk as follows:

Monitoring - the volumes of systems, applications and audit logs do not lend themselves to easily assess how and when systems are being used, leading to an ineffective response to deliberate attacks or accidental user activity

Secure Configuration - Increased risk from malware and ransomware.

Corporate Cloud Security - 2018 Internal Audit identified contract, SLA and service management weaknesses in externally hosted services

Potential Impact(s)

The intent of cyber attackers includes, but is not limited to:

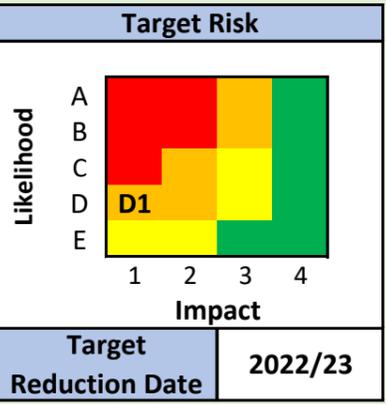
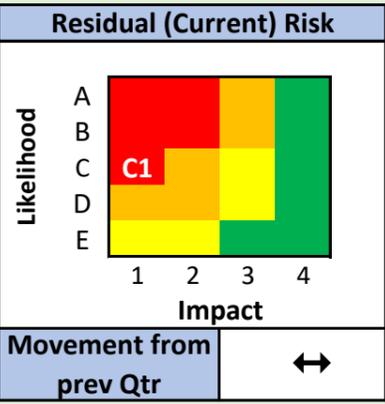
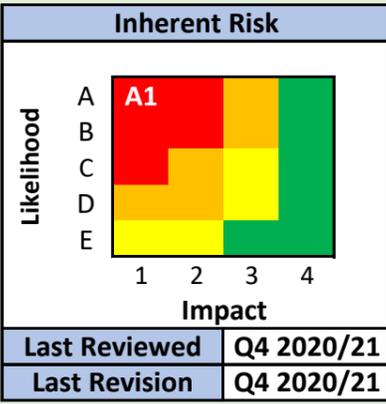
- Financial fraud;
- Information theft or misuse,
- Activist causes to render computer systems intolerable and to disrupt critical infrastructure and vital services.

The impact of a cyber-attack / incident has the potential to involve the realisation of the risks associated with:

- An information governance breach (i.e. Stop Now Order, Information Notice, Enforcement Notice, Financial Penalty etc.)
- A business continuity incident – with a potential for major loss of service and legal, health and safety and financial implications.
- A financial / fraud related attack.

A malicious attack could result in loss of confidence from those transacting with the Council (reputation), as well as legal, asset, system, operational and financial implications.

- Type(s) of Impact**
- | | |
|--|--|
| <ul style="list-style-type: none"> • Service Delivery • Reputational • Legal • Financial | <ul style="list-style-type: none"> • Health & Safety • Stakeholder |
|--|--|



Risk Owner(s)

<p>Chris Lee (Phil Bear)</p>	<p>Councillor Chris Weaver Finance, Modernisation and Performance</p>
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What we've done/are currently doing to achieve the Residual Risk Rating

The principal controls for the high risk areas are as follows:

Monitoring

- Log analysis is undertaken on a prioritised basis with incident reporting to ISB and discussed with IAO - risk of vulnerabilities could be further mitigated with additional resourcing for log monitoring - this is under continual review

Secure Configuration

- Corporate - Procurement of replacement devices and outdated applications
- Above will facilitate management review of cost of replacement and enable greater planning of replacements.
- ICT: Early and clear notification to service and systems owners of when solution will need replacing or upgrading.
- ICT: Tougher stance on removing or blocking systems and services that are not fully supported by suppliers and as such may pose a risk to security and compliance.
- ICT Malware / Ransomware Risk Report has been submitted for review by ICT Management.

Corporate Cloud Security

- Maturing PIA & CIA process used to assess risks to data and technology solutions
- Independent assessment and certification of the council's IT security posture via the National Cyber Security Centre (NCSC) Cyber Essentials Plus scheme
- Independent assessment and certification of the Council's Information Governance (GDPR/Data Protection) posture via the ISAME Governance scheme, awarded at the highest level of Gold
- Staff Cyber Security training programme rolled out to all staff to give guidance on threats and how to spot

What we plan to do to meet target

- ICT and Information Governance (IG) Teams to continue to liaise with FM for physical security assurances and to promote an incident reporting culture.
- To ensure strong ICT security, monitoring and cloud security controls:
 - ICT lifecycle and notification targets are being monitored and managed through the 'ICT Platforms' risk actions
 - Collaboration between ICT and IG to develop and map current ICT system providers in phased development of an Information Asset Register
 - Privacy Impact Assessment / Cloud Impact Assessments to be reviewed to ensure compliance with the requirements of the General Data Protection Regulation (GDPR) Action Plan being managed by the Information Governance Team
 - Governance and management requirements to be formalised for periodic and systematic review of all ICT systems.
- SIRO to review / consider Cloud Infrastructure to ensure:
 - Assurance of effective governance and management
 - Resource, risk appetite and outcomes required
 - Education of business systems owners in risk and management of cloud based services.

Linked Risks

Information Governance

Key Indicators / Measures used to monitor the risk

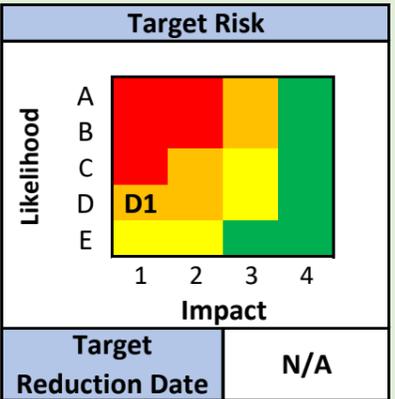
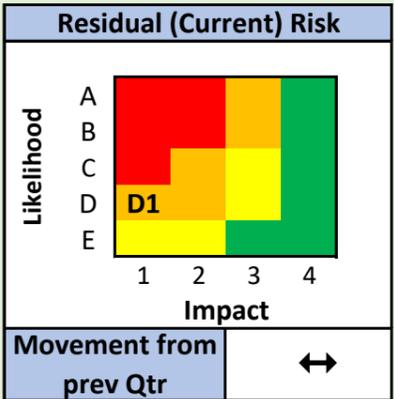
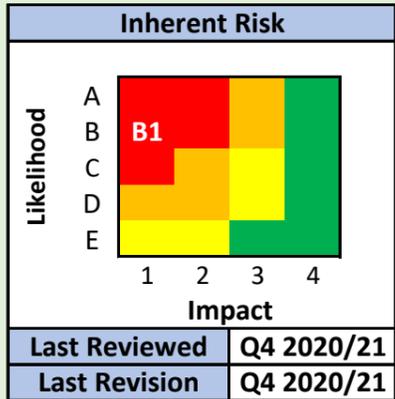
- Threat intelligence from National Cyber Security Centre (NCSC), including national posture and guidance via the National Cyber Security Strategy/Programme
- Threats and risks highlighted by NCSC Cyber Security Information Sharing Partnership (CISP), Cymru WARP (Warning, Advice and Reporting Point) and Welsh Government/WLGA
- General UK posture and issues raised in national and local media
- Number of compromises - breaches are monitored, investigated and reported back via Information Security Board and where applicable the ICO
- Monthly reporting of number of virus attacks via email blocked

Business Continuity

Description

Large scale incident/loss affecting the delivery of services.

The potential risk is that our most time sensitive activities are not sufficiently resilient and fail, following an incident which impacts on their delivery and that our incident management structure, used in response to internal incidents and external emergencies, also fails in response to an incident.



Risk Owner(s)

Chris Lee

Councillor Huw Thomas
Leader

What we've done/are currently doing to achieve the Residual Risk Rating

- The Council has a BCM Champion who sponsors BCM at a strategic level
- We have an approved Business Continuity Policy which is aligned to ISO22301
- BCM toolkit is now available on CIS
- The Council employs a Business Continuity Officer who is a qualified ISO22301 lead auditor
- The Emergency Management Unit has developed an Incident Management Plan (Cardiff Council's Emergency Management Plan) to ensure alignment with ISO22301. This was fully updated in March 2019.
- The Council has a 24 hour Incident Management structure for Gold and Silver Officers.
- Cardiff Council is a member of the Core Cities Business Continuity Group
- Internal Audit completed an audit of the Business Continuity Risk in September 2018 and the assurance statement was "Effective with opportunity for improvement"
- Q4 of 2019/2020 saw the council undertake a full review and update of the activities delivered across the council allowing us to focus on the resilient delivery of key functions as we planned and responded to the COVID19 threat. This review was delivered at the Strategic Level.
- Each Directorate was tasked with reviewing and updating their key business continuity plans in preparation for the emerging COVID19 threat. Each Director/Corporate Director was responsible for ensuring this work was undertaken fully and properly. The existing Business Continuity work provided a solid foundation to our response to the COVID19 threat.
- The full corporate incident management team was activated in early March.
- The Council worked positively at a Local Resilience Forum(LRF) level with partners supporting a wider Wales response to the COVID19 threat. This included daily reporting and escalation of key issues to the LRF.
- Areas were forced to change to a far more agile way of operating with our core ICT requirements changing to support far more agile/home working. The mode of delivery worked exceptionally well and provides the potential for longer-term resilient agile working in response to the ongoing COVID19 risk, in addition to positively supporting other aims and corporate risks.
- Staff across the council adapted at speed and have worked incredibly hard to deliver key services in new ways, in addition many staff changed roles to support the resilient delivery of key services and new asks on the council to keep the public safe.

What we plan to do to meet target

- Work with ICT to ensure our core infrastructure is as resilient as possible and able to support additional agile working capacity.
- Work with the teams involved with looking at the potential of using alternative delivery models for council services. Identifying risks associated with alternative delivery models for specific services and recommend potential risk management solutions for implementation, to protect the delivery of our most critical services.
- The BC Officer is working to develop and enhance individual Directorate response capability to ensure Directorates are in a stronger position to respond to incidents which could impact on the Council and our most time sensitive activities
- The BC officer is continuing a review of 4x4 resources across the council to support our response capability to deal with the potential of winter storms.
- The BC officer along with the Resilience Unit are continuing to ensure that corporately we are able to respond to the COVID19 threat and the ongoing risk including of a third wave until the threat of the pandemic has fully dissipated.
- The Resilience Unit will undertake a lessons learned review of key lessons from the first 2 waves of the pandemic and ensure that key risks/lessons/processes that feed into the councils resilience capability are incorporated into our ongoing planning to support us in being ready for ongoing risks. This will, where appropriate, involve a review and update of individual BC plans by Directorates and also a review and update of the councils Emergency Management Plan.

Potential Impact(s)

- Health and Safety** – potential impact on staff and on the public relying on our most, time sensitive, critical services
- Legal action** -Failure of key services could lead to Legal action against the council
- Financial** - Failure of key services could led to significant financial cost both in terms of Ombudsman action and Enforcement action from regulatory bodies, as well as individual legal action against the corporate body where service failure leads to legal action against us from private claimants
- Reputational** - Impact on key services to the public could lead to significant reputational damage to the organisation
- Stakeholder** – Impact on key stakeholders as result of failure
- Service delivery** – Potential significant impact on service delivery to the public, impact of key services could lead to significant impacts to the public and the corporate body un delivering its services

Type(s) of Impact

- Service Delivery
- Reputational
- Legal
- Financial
- Health & Safety
- Stakeholder

Linked Risks

Brexit Risk

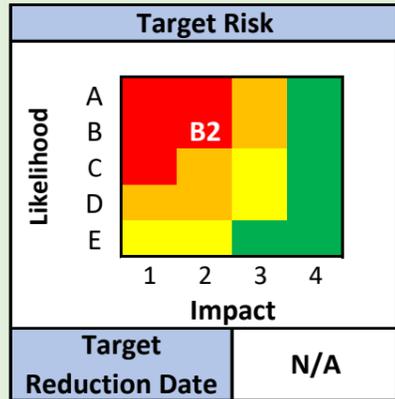
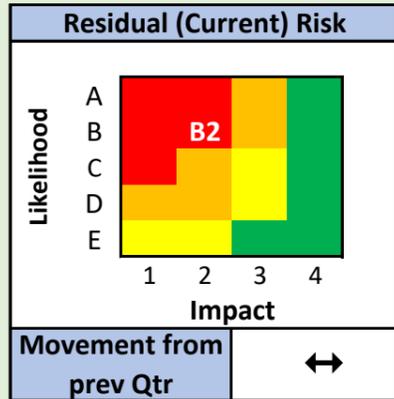
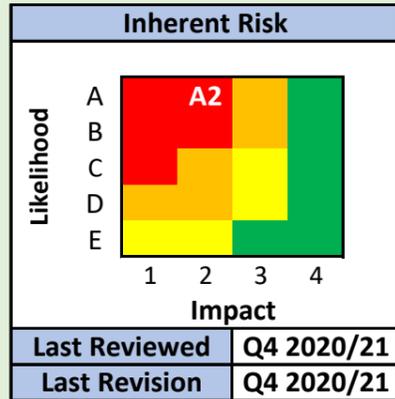
Key Indicators / Measures used to monitor the risk

The Red activity BC plan status is reviewed on a quarterly basis via a report to SMT after the CRR submission. Additionally the risk is managed as part of the Corporate Risk Management process via the CRR returns and the BC risk is also audited by Internal Audit . The last Internal Audit of the Business Continuity Risk was in in 2018.

Welfare Reform

Description

That the Council cannot meet its statutory obligations with the increased demands and reduced budgets placed upon it by the Welfare Reform including: Universal Credit, further reduction in Benefit Cap and size restrictions for social tenants. The potential impact of these changes on rent arrears, homelessness and child poverty make these changes a significant risk. The removal of the DWP funding that paid for digital and budgeting support across the city will potentially increase the problem, although currently council reserves are being used to mitigate this.



Risk Owner(s)

Sarah McGill (Jane Thomas)	Councillor Lynda Thorne Housing & Communities
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What we plan to do to meet target

Further additional resource has been agreed for supporting council tenants following the implementation of Universal Credit Full Service as rent arrears have increased significantly, staff have been recruited to assist with this and the new team is working well. Rent arrears procedure has been reviewed to include a more preventative and flexible approach and more assistance for more vulnerable tenants. After an initial sharp increase in rent arrears, the rate of increase has stabilised. This will be monitored over the coming months.

- Work has been undertaken to cost the potential risks of Universal Credit to the HRA and this will continue to be updated as more information is known.
- Temporary funding has been allocated to the Money Advice Team for 1 year to increase staffing, which will help with the negative impacts of both Welfare Reform and the pandemic on citizens.
- Regular meetings are held with social housing providers to monitor and improve processes.
- DHP spend is being monitored carefully. Expenditure for 2020/21 will continue focusing on the most vulnerable individuals, helping people with the transition into work and mitigating the risk of homelessness.
- Services for private landlords are being further developed to help prevent them withdrawing from the market.
- Increase in Prevention staff to work with clients at risk of homelessness. Service can be provided from a partner building or in a client's home to increase engagement.
- In depth assessments to be completed at point of presentation to include a financial statement which will allow discussion to be had around possible expenditure concerns
- Attendance at monthly meetings to discuss clients affected by Welfare Reform in order that early support can be offered.
- Increase in Private Rented Sector Housing Solutions Team to obtain affordable private rented sector accommodation in order to assist clients to move quickly to avoid accruing higher rent arrears.
- Expansion of the Private Rented Sector Housing Solutions Team to include a dedicated person of contact for landlords. This will mean that any issues can be raised at the earliest stage and support provided to try to prevent any issues which may lead to homelessness.
- Dedicated phone line for landlords will mean easier contact with above team.
- A new Advice Team is now in place within the Housing Options Service to assist clients and landlords and to ensure that help available is promoted. This will include an online messaging service making the Service accessible to a wider range of clients.
- Digital and budgeting support available from Into Work and Money Advice on a Saturday for the first time for those who are claiming UC and in work
- Introduction of landlord portal so that HA's and in the future, private landlords can access information quickly about amount of and dates of payments due online
- Extensive publicity campaign was launched early 2021 promoting the Advice Services to encourage people to seek sooner rather than later and to raise awareness of the service.

Potential Impact(s)

- Benefit claimants are priced out of the private rented sector market
- Private landlords stop renting to benefit claimants
- Private landlords leaving the rental housing market
- Social housing rents become unaffordable to some claimants, in particular those with large families
- Increased homelessness and demand for temporary accommodation – increased numbers seeking help with homelessness due to loss of private sector accommodation has already been seen.
- Increased rough sleeping
- Increased rent arrears, increased evictions - The impact on Council tenant rent arrears has already been considerable and is having an on the HRA, this will continue to increase as more tenants move to Universal Credit.
- Redeployment / Severance for housing benefits staff
- Changing demands on Council stock resulting in increased voids and/or undersupply of smaller properties
- Increased council rent arrears could impact on HRA and lead to barriers to building additional affordable housing
- LA less likely to pre-empt those who are going to be affected by changes and therefore unable to put mitigation steps in- This has already had a negative impact on the number of families where contact can be initiated by advice teams to families who have been affected by the benefit cap.
- Increase in poverty and child poverty, potentially an increase on demand of social services

What we've done/are currently doing to achieve the Residual Risk Rating

- Communities staff continue to work closely with private landlords and advice agencies to mitigate wherever possible the reduction in benefit and prevent eviction.
- Discretionary Housing payments are used to top up benefit claims and offer rent rescue packages to those most affected by the changes, and to pay rent in advance and bonds to help tenants to move accommodation where necessary.
 - Housing Options have undertaken a review of staffing levels due to increased demand on the service with prevention of homelessness its core objective. A range of support interventions are offered to tenants and landlords to reduce those needing to access homeless services.
 - Increased partnership working to ensure that specific groups are encouraged to access help at the earliest opportunity including prison leavers, asylum seekers and those with no recourse to public funds. Marketing the service to reach as many vulnerable clients as possible working with rent smart wales, community hubs, citizens advice bureau and Cardiff Credit Union. To ensure clients affected by reduced income due to the pandemic an additional marketing drive has been delivered using social media.
 - Housing Options service have developed additional support to help move families and vulnerable adults into private sector housing with a guarantor agreement to help mitigate the risk of financial loss that landlords fear.
 - Housing Options service have created additional help for those on low incomes but not on benefits to access an interest free loan to pay for bond, rent in advance and moving costs. This also helps with financial inclusion as the clients will open up a savings account with the credit union and have a lump sum saved by the time the loan is repaid.
 - A new rent rescue pathway has been launched to support any clients who disclose rent arrears with Hub, Money Advice and Cardiff and Vale Credit union and HOC working together to support those identified. Letters have also been sent to landlords advising them of the support the HOC can provide them if their tenants are in arrears.
 - Housing Options service are working with third sector partners to help clients move into settled accommodation in the private rented sector, primarily for single people who have lived in supported accommodation.
 - Digital and budgeting Support is being given to claimants to help them respond to the changes, although funding has been stopped for this, so the Council is using its reserves to provide this service, the sustainability of this is therefore in question.
 - A streamlined process is in place for re-housing tenants who need to downsize as a result of the social housing size restrictions. DHP is being used to pay removal costs and to cover shortfall while tenants are waiting to move. Welfare Liaison team within the housing service is in place to assist tenants affected by the changes. Work has been carried out to identify those affected by the Benefit Cap and to advise them accordingly and to identify the most vulnerable families and award DHP.
 - DHP process has been reviewed to ensure that all those who request a DHP are given budgeting, income maximisation and debt advice
 - Universal Credit full service has commenced in Cardiff. Despite additional resources put in place rent arrears for council tenants have risen significantly since the change was implemented. Welfare Liaison team work with tenants to mitigate the impact of the change.
 - The Money Advice Team is providing comprehensive advice services for those affected by Welfare Reform and this has been rolled out across the city in Community Hubs and foodbanks.
 - The Inclusive Growth Board and subgroups are coordinating multi-agency activity and developing appropriate interventions during a difficult transition period for many people affected. (Paused during Covid but Economic taskforce set up to support people affected by the economic downturn due to the pandemic.)
 - Information Briefings continue to be provided to Members on Welfare Reform as appropriate.
 - Digital inclusion training and Universal Credit Support has been rolled out across all the new Community Hubs.
 - Into Work Services has been expanded to include Adult Learning and Cardiff Works, providing more pathways into work. The team can provide help and support to anyone in the city from light touch support to intensive one to one mentoring.
 - Adviceline resource increased over since March 2020 so support can be provided throughout the pandemic. This has been vital to support residents during some very hard times
 - New Money Advice Website launched providing local, up to date information in money related issues and help.

Type(s) of Impact

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Linked Risks

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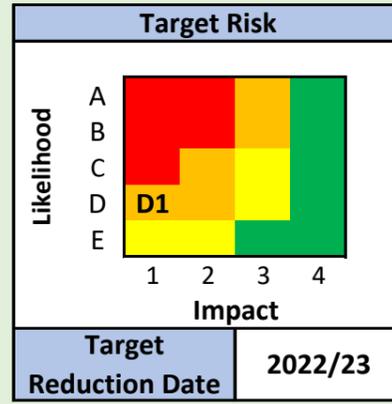
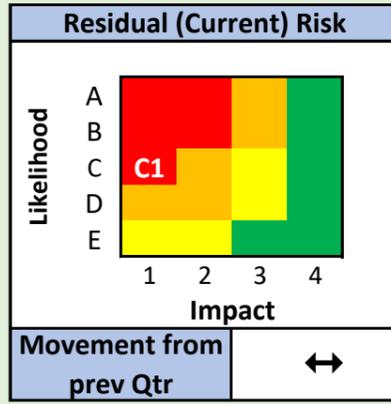
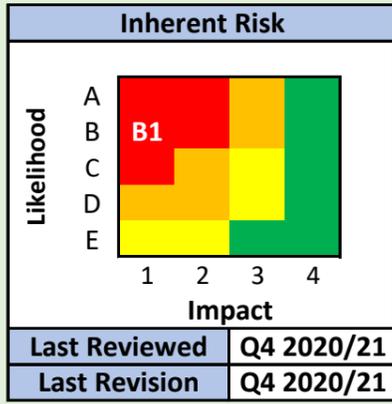
Key Indicators / Measures used to monitor the risk

Number of customers supported and assisted with their claims for Universal Credit
Additional weekly benefit identified for clients of the city centre advise team

Increase in Demand (Children's Services)

Description

Failure to effectively manage demand (and respond to increasing demand due to Covid-19), resulting in increase in number of children requiring services and financial pressures this presents.



Risk Owner(s)

Sarah McGill
(Deborah Driffield)

Councillor Graham Hinchey
Children & Families

What we've done/are currently doing to achieve the Residual Risk Rating

- Early Help - Cardiff Family Advice and Support Services.
- Resource Hub being developed.
- Referrals to Safe Families.
- Referrals to Ymbarel.
- Dedicated worker to focus on young carers.
- Adolescent Resource Centre.
- Development of Assessment Unit.
- Direct Payments.
- Signs of Safety / Reunification Framework / Family Group Conferencing / Safeguarding Families / blueprint for social work.
- "Delivering Excellent Outcomes" Children's Services Strategy and Board to oversee progress.
- Recruitment and retention strategy in place to address children's workforce issues.
- Prudent social work / skill mix - ensuring social workers do what only social workers can do and recruitment to support staff / multi disciplinary staff.
- Care & Support Plan Reviewing Officers.
- Implementation of 4th team in each locality to increase management capacity.
- Managed Team and 11+ social workers integrated into locality teams.
- Working hours flexible to meet service and personal needs.
- Provision and analysis of performance information being tailored to meet arising issues (e.g. monitoring domestic violence).
- Children's Commissioning Strategy and Market Position Statement.
- Appropriate use of COVID expenditure claims from Welsh Government; and financial planning around how longer term needs will be met.

What we plan to do to meet target

- Business processes to be reviewed as part of implementation of Eclipse system.
- Use of short term Welsh Government funding to test new initiatives as proof of concept.
- Review of knock on impact of increased demand on safeguarding and reviewing service to be completed.
- Family Drug and Alcohol Court pilot.
- Work with judiciary re: planned changes to private and public law.
- Implementaiton of a Resources Hub.
- Safe & Together Model for working with domestic violence.

Potential Impact(s)

- Family breakdown leading to children becoming looked after.
- Growth in the number of children entering the looked after system and associated costs for the Authority.
- Insufficient placements to meet need resulting in increase in numbers living outside Cardiff.
- Challenges in improving outcomes for children leading to children being less likely to achieve their potential and to be fully participating citizens.
- Delays in issuing care proceedings because of existing capacity in Children's Services and consequential impact on budgets if work needs to be outsourced.
- Challenges in effectively managing service and financial pressures.
- Impact of high caseloads on staff and potential increase in social worker turnover.

Linked Risks

- Workforce Planning (Social Services)
- Safeguarding

Key Indicators / Measures used to monitor the risk

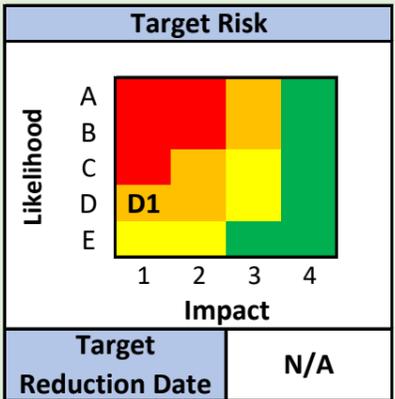
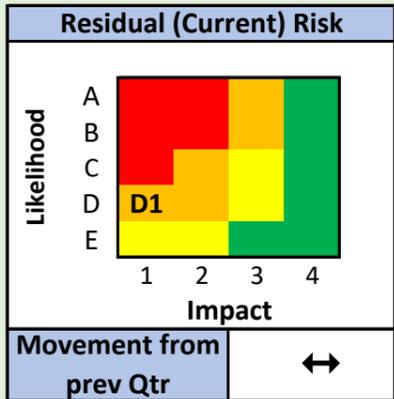
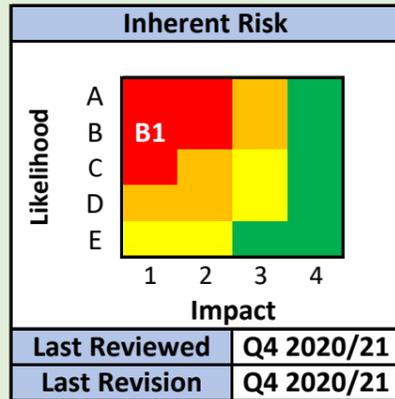
- Children's Services:
- Early Help 1 - Number of people supported through the Family Gateway
- Early Help 2 - Number of people supported by the Family Help Team
- Early Help 3 - Number of people supported by the Family Support Team
- Contacts 1 - Number of Contacts / Referrals Received
- SSWB 24 - Percentage of assessments completed for children within statutory timescales
- CS LAC 3e - Number of children looked after

Type(s) of Impact

<ul style="list-style-type: none"> • Service Delivery • Reputational • Legal • Financial 	<ul style="list-style-type: none"> • Community & Environment • Stakeholder
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Safeguarding

Description
Systemic failure in the effectiveness of the Council's safeguarding arrangements together with other statutory safeguarding partners.



Risk Owner(s)

Sarah McGill
(Deborah Driffield)

Councillor Huw Thomas
Leader

Councillor Susan Elsmore
Social Care, Health & Well-being

Councillor Graham Hinchey
Children & Families

Councillor Chris Weaver
Finance, Modernisation and Performance

Potential Impact(s)

- A child(ren) or adult(s) suffer(s) preventable abuse or neglect which may result in harm or death
- Reputation of Council and partners
- Severe adverse publicity
- Potential regulator intervention
- Loss of confidence by community in safety of children and adults
- Loss of confidence of staff in the overall "safety" of the service, impacting on morale, recruitment and retention
- Potential litigation with associated financial penalties
- Significant financial implications of formal intervention

What we've done/are currently doing to achieve the Residual Risk Rating

- Regional Safeguarding Board oversee the safety and well-being of children and young people across the partnership.
- Corporate Safeguarding Board strengthened with development of Corporate Safeguarding Steering Group and focus on safeguarding in every Directorate Delivery Plan; lead OM with corporate oversight in place.
- Operational Manager Safeguarding Forum meets quarterly to ensure corporate oversight of safeguarding issues.
- Safeguarding issues included in Senior Management Assurance Statement.
- Delivering Excellence for Children's Service's Strategy being reviewed.
- Systems in place to learn lessons from and address recommendations from Child Practice Reviews, Adult Practice Reviews and multi agency practitioner forums.
- Recruitment and retention strategy in place to address children's workforce issues.
- Exploitation Strategy - to be led corporately with community safety approach.
- Quality Assurance Framework in place; learning workshops introduced to complete feedback loop.
- Wales Safeguarding Procedures training held and systems updated.
- WAO review of corporate safeguarding.
- Regular review of operating model.
- High Risk Panel facilitate robust and timely multi-agency decision making at senior management level for our highest risk young people.
- OMs have oversight of all high risk cases and share decision making responsibility.
- Education provision secured for high risk children throughout the COVID-19 crisis.
- Surveys undertaken with staff, children and families / carers to determine what has / has not worked well during the crisis to shape services going forward, e.g. use of technology.
- Practice development group set up with leads allocated to workstreams to shape good practice.
- MISPER Strategy under development.
- Children's Services and Education working closely re: child friendly recovery.
- Review of escalating concerns process underway to strengthen arrangements and interface with safeguarding procedures/large scale enquiries.
- Development of an enhanced quality assurance process for care homes that includes monitoring visits undertaken by SWs in addition to Contracts staff and the commitment to undertake urgent (same day) on-site monitoring when serious concerns are raised.
- Advice / guidance is being produced for family members to inform them of what they should look for when choosing a care home for a loved one / when visiting a loved one in a care home and what they should do if they are worried / concerned about the quality of care.
- Quality assurance frameworks are currently in development for the new Dynamic Approved Provider List (DAPL) for care homes and Dom Care.
- Strategic alignment of Sex Worker Operational Team (SWOT) and Multi-Agency Risk Assessment (MARAC) arrangements to deliver measurable outcomes to the population of street based sex workers, fixed base sex workers and internet based sex workers in the locality area.
- Development of MARAC arrangements for people who hoard and self-neglect and those presenting with the highest level of risk in society who may not necessarily meet other eligibility for services.
- Implemented processes for measuring quality in registered settings for Adults and improved response mechanisms for when quality in case is not to a standard expected, including strengthened links between Adult Safeguarding and commissioning based services.
- Strengthening of working relationships between Adult Safeguarding, Social Work, Health, Independent Living Services by regular monthly meetings and attendance at team meetings to feedback service updates.
- Amendment of Adult Safeguarding Duty arrangements to enable same day responses to concerns raised in line with the Wales Safeguarding Procedures (2019) and for provision of advice and information.
- Adult Safeguarding pathway for people subject to immigration and asylum restrictions in development in partnership with the Home Office and Ready Homes housing provider.

What we plan to do to meet target

- Strengthen arrangements for responding to professional concerns.
- Strengthen contractual arrangements in relation to safeguarding.
- Development of best practice handbook.
- Improving systems for monitoring supervision.
- Child Sexual Abuse practice leads training programme with Centre of Excellence.

Key Indicators / Measures used to monitor the risk

- SCC.014 Percentage of initial child protection conferences carried out within statutory timescales during the year
- SCC.034 Percentage of child protection reviews carried out within statutory timescales during the year
- SSWB 27 Percentage of re-registrations of children on local authority Child Protection Registers
- SSWB 28 Average length of time for all children who were on the CPR during the year
- Res 15 - Percentage of Council staff completing Safeguarding Awareness Training

Type(s) of Impact

<ul style="list-style-type: none"> • Service Delivery • Reputational • Legal • Financial 	<ul style="list-style-type: none"> • Partnership • Community & Environment • Stakeholder
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Linked Risks

- Increase in Demand (Children's Services)
- Workforce - Social Services

Legal Compliance

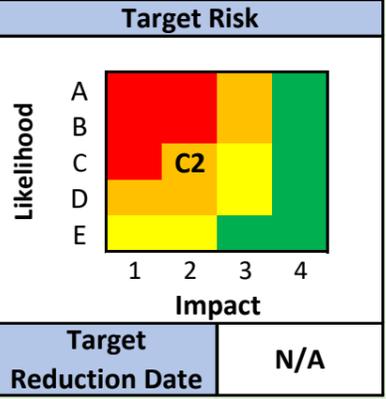
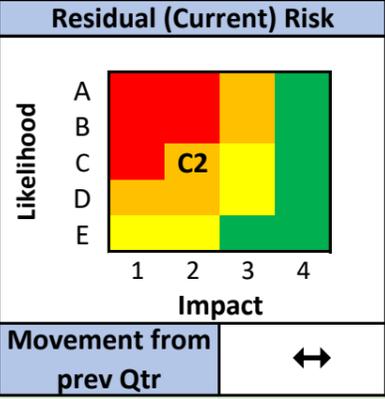
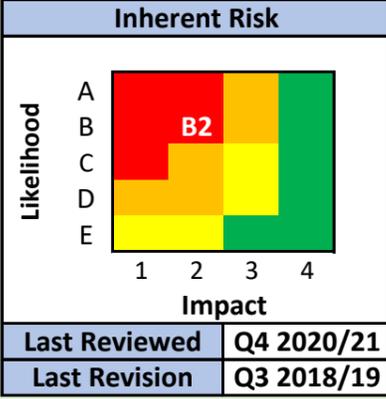
Description

Changes in services and staff roles across the Council resulting in:

- gaps in Council wide knowledge of the local authority framework of responsibilities and duties within which we have to operate;
- inability to deliver the services in accordance with all duties and responsibilities due to lack of resource:

In each case leading to increased risk of challenges.

Reduction and changes in front-line services, discretionary and statutory, will lead to increased risks of challenge from users and other stakeholders affected.



Risk Owner(s)

Davina Fiore

Councillor Huw Thomas
Leader

What we've done/are currently doing to achieve the Residual Risk Rating

- Professional internal legal and financial advice provided to a high standard
- Maintaining robust decision making process with legal implications on all Council, Cabinet and Committee reports and Officer Decision Reports at Director level
- Appropriate use of NPS Legal Services by Solicitors Framework to increase resilience
- Dedicated teams in specialist areas e.g. equalities, FOI / DPA
- Sharing training/publications received

What we plan to do to meet target

- Further development of standard precedents with guidance for use in cases of low value/low risk/repetitive matters
- Provide legal training to Directorates to develop knowledge within Directorates of specific statutory functions.
- Encourage Directorates to ensure reports are discussed at preliminary stage in development to ensure all legal issues are addressed early

Potential Impact(s)

- Increase in number of challenges and complaints with consequences in terms of already stretched resources and impact of adverse decisions
- Implementation of decisions delayed due to challenges and potentially fatally disrupted
- Impact on projects if reputation for sound management and implementation of projects is damaged
- Major incident
- Adverse press/media reaction
- Involvement from Welsh Government in terms of performance standards or measures
- Increased costs
- Impact on capacity to deal with proactive legal work

Type(s) of Impact

- Service Delivery
- Reputational
- Legal
- Financial

Linked Risks

Key Indicators / Measures used to monitor the risk

GOVERNANCE & AUDIT COMMITTEE: 20 JULY 2021

RECOMMENDATION TRACKER -**REPORTS OF EXTERNAL REVIEW BODIES****REPORT OF HEAD OF PERFORMANCE AND PARTNERSHIPS****AGENDA ITEM: 8.1**

Reason for this Report

1. This report provides an overview of the management and delivery of recommendations received from Audit Wales but will be extended to include Estyn, Care Inspectorate Wales and Her Majesty's Inspectorate for Prisons for the next update. A summary of progress against recommendations is attached as Appendix 1 of this report, with a fuller assessment attached as Appendix 2.
2. The purpose of the Governance and Audit Committee in accordance with its terms of reference is to provide independent assurance to the members of Cardiff Council, and its wider citizens and stakeholders, on the risk management framework, the internal control environment, and the performance assessment of the Council. the Committee's terms of reference include responsibility for the following:
 - To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.
 - 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 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.

Background

3. The Governance and Audit Committee receives regular updates on the work of the Council's external auditors, and information in respect of the reports underway and completed as part of Committee meetings.
4. In January 2021, an external audit recommendation tracker item was introduced, to provide a periodic overview and account, of the progress made in delivering agreed Audit Wales recommendations, for the information and assurance of the Committee.

5. In considering the item in January 2021, the Committee was advised of the intentions to expand the information provided in future reports to include progress against Audit Wales national reports (where appropriate) and recommendations made by other external regulatory bodies, including Estyn, Care Inspectorate for Wales and Her Majesty's Inspectorate of Probation (HMIP). These reporting intentions were accepted, as was the need to include the 'accountability / reporting to' arrangements, in respect of relevant Committees or Boards which are to be received and considered by the Governance and Audit Committee on a bi-annual basis.
6. To progress this work and strengthen existing practice, the recommendations of Her Majesty's Inspectorate of Probation's (HMIP) most recent inspection of youth offending services in Cardiff have been included in the tracker. There are no outstanding corporate recommendations arising from the last Estyn monitoring visit, with Cardiff Council judged to have made sufficient progress in relation to the recommendations that arose from the monitoring visit of February 2014. As these are historic recommendations that have previously been addressed they have not been included in the tracker, however the output of any future Estyn visits will be included in the monitoring arrangements. The most recent Care Inspectorate Wales inspection – A Risk Based Inspection of Cardiff Council Social Services- was undertaken in 2020/21. Given that the recommendations have only recently been published, these will be included and updated against in the next half year update, which will be considered by the Committee.
7. The Governance and Audit Committee was renamed in 2021/22 (formerly an Audit Committee), and has additional responsibilities incorporated into its terms of reference relating to performance, whilst it has retained all existing responsibilities in accordance with the provisions of the Local Government and Elections (Wales) Act 2021. The Committee's terms of reference was approved by Council on 27 May 2021 for the current municipal year following consideration and agreement by Committee on 23 March 2021.
8. On 3 June 2021, the Chair of the Governance and Audit Committee received a letter from the Audit Director of Audit Wales titled 'Audit Wales Reports and Recommendations' (attached as **Appendix 3** to this report) which was consistent with letters issued to the Chairs of all Local Authority Governance and Audit Committees. The letter is appended in full to this report, and an extract below outlines the expectations of Audit Wales for Governance and Audit Committees to consider relevant reports and recommendations from external review bodies, and to receive assurances on the arrangements for their oversight and delivery.

“Given the role of the Governance and Audit Committee is to review and assess the risk management, internal control, performance management and corporate governance arrangements of the Council, we would expect that all councils' Governance and Audit Committee formally consider all reports of external review bodies – principally; Audit Wales, Estyn and the Care Inspectorate Wales (CIW).

As well as actively considering reports we would expect committees to assure themselves that there are arrangements in place to monitor and evaluate progress against any recommendations contained in them. The focus here should be on holding executives and officers to account to ensure that reports and recommendations have been acted upon. Some of our reports may be relevant for consideration by scrutiny committees also.”

Issues

9. The pathway for expanding the External Review Tracker, as agreed in the Committee meeting in January 2021, provides the Governance and Audit Committee with oversight information on the scope, assurances and recommendations of reports received from external review bodies, and the position in responding to associated recommendations and relevant board level reporting details for its information and assurance. In receiving the recommendation tracker, enquiries can be made with relevant managers as appropriate and detailed reports can be requested and reviewed where the Committee considers this necessary.
10. The Audit Committee Chairperson has discussed the letter from Audit Wales with the Audit Manager. The Audit Manager has advised that as part of Audit Relationship Management meetings with Directors and / or their senior representatives, senior management are asked to advise if there are any concerns with the delivery of improvement actions identified through the reports of external review bodies. The Chair of the Governance and Audit Committee will be notified if any concerns are raised.
11. The approach for recording the recommendations of external regulatory bodies, particularly when the proposals for strengthening the approach are enacted, positions the Council well to respond to the requirements of the Audit Director of Audit Wales

Legal Implications

12. Relevant legal provisions are set out in the body of the report.

Financial Implications

13. The financial implications (if any) arising from this report have been contained within the body of the report.

RECOMMENDATIONS

14. That the Committee considers and notes the contents of the report.

Gareth Newell
Head of Performance and Partnerships

The following appendices are attached:

- Appendix 1** – Summary: Progress against Recommendations from External Review Bodies
- Appendix 2** – Detailed: Progress against Recommendations from External Review Bodies
- Appendix 3** – Letter to Governance and Audit Committee Chair re: Audit Wales Reports and Recommendations

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Appendix 1: Summary: Progress against Recommendations from External Review Bodies

2020-21 Performance Audit Work					
Title	Overview	Status	Progress (RAG)		Progress (Open/Closed)
HMIP Inspection of Youth Offending Services	This inspection is part of a four-year programme of youth offending service (YOS) inspections. Cardiff YOS inspected and rated across three broad areas: the arrangements for organisational delivery of the service, the quality of work done with children sentenced by the courts, and the quality of out-of-court disposal work.	Report issued July 2020	Recommendations:	12	Open: 7 Closed: 5
			Green	10	
			Amber	2	
			Red	0	
2019-20 Performance Audit Work					
Title	Overview	Status	Progress (RAG)		Progress (Open/Closed)
Leisure Services	Examination of the extent to which the Council has acted in accordance with the sustainable development principle when taking steps to meet its Priority for 2019-20 to Support Sports, Leisure, Culture and Green Spaces.	Final report issued November 2020	Recommendations:	6	Open: 6 Closed: 0
			Green	6	
			Amber	0	
			Red	0	
Financial Sustainability	A project common to all local councils that will assess financial sustainability in light of current and anticipated future challenges.	Final report issued 3 rd April 2020.	Recommendations:	2	Open: 0 Closed: 2
			Green	2	
			Amber	0	
			Red	0	
2018-19 Performance Audit Work					
Corporate safeguarding arrangements	Review of the effectiveness of corporate safeguarding arrangements building on the study previously undertaken by the Auditor General in this area.	Final report issued 27 th June 2019	Recommendations:	9	Open: 7 Closed: 2
			Green	2	
		Presented to CYP Scrutiny Committee 24 th September 2019	Amber	7	
			Red	0	

Transport and Clean Air Vision	Examination of the extent to which the Council has acted in accordance with the sustainable development principles when taking the following step: "Develop and launch a new Transport and Clean Air Vision for the City" which sits under the Council's Well-being objective of 'Cardiff grows in a resilient way'.	Final report issued 22nd July 2019	Recommendations:	15	Open: 1 Closed: 14
			Green	15	
			Amber	0	
			Red	0	
Environmental health	Review of the arrangements the Council has put in place to deliver environmental health services building on the study previously undertaken by the Auditor General as part of the 'delivering with less' themed studies. The review will seek to answer the question: Is the Council's environmental health service continuing to deliver its statutory obligations given the financial challenges?	Final report issued 17 th September 2019.	Recommendations:	9	Open: 7 Closed: 2
			Green	5	
			Amber	4	
			Red	0	
Delivering Capital Ambition	Review to consider whether the Council's arrangements to support the delivery of its four-year 'Capital Ambition' Delivery Programme enabling it to address its key financial and organisational challenges?	Final report issues 29 th April 2019	Recommendations:	3	Open: 0 Closed: 3
			Green	3	
			Amber	0	
			Red	0	
2017-18 Performance Audit Work					
Scrutiny: Fit for the Future	National review that explored arrangements for scrutiny in all 22 local authorities.	Final report issued July 2018	Recommendations:	5	Open: 0 Closed: 5
			Green	5	
			Amber	0	
			Red	0	

Total Recommendations	Total Open	Total Closed
61	28	33

Year of Audit	Name of Audit	Lead Officer	Directorate	Recommendation	Management Response	Action Date	Previous updates	Mid Year Assessment update 2021/22	Year End Assessment Update 2021/22	Current RAG Status	Open/Closed
2017-18	Scrutiny Fit for the Future	Gary Jones	G&L	The Council should build on its experience of using different ways of working to consider more innovative methods for undertaking scrutiny activity.			Feb 2020 - Scrutiny undertook an internal review of the existing ways of working to consider their feasibility for future use. This review was then supplemented at a regional workshop designed to share good practice and to identify innovative ways of working in the future. Appropriate methods of working would be used, although these may be need to be adapted to reflect the situation and available resources.			Green	Closed
2017-18	Scrutiny Fit for the Future	Gary Jones	G&L	The Council should consider the skills and training that scrutiny members may need to better prepare them for current and future challenges and develop and deliver an appropriate training programme, including providing additional training on the Well-being of Future Generations (Wales) Act.			Feb 2020 - The rollout of the corporately delivered Member learning sessions has been delayed as a result of the Covid-19 pandemic. The Member development programme for 2021 is being developed and will include the delivery of this Member Development activity. Dec 2020 - An initial member development pilot session relating to the Wellbeing of Future Generation Act has been undertaken. Further sessions are planned to be delivered corporately.		April 2021 - Opportunities to deliver Wellbeing of Future Generations act training will be included in the 2021-22 Member development programme. A detailed programme for Member induction in 2022 is being developed to incorporate all relevant training for Elected Members	Green	Closed
2017-18	Scrutiny Fit for the Future	Gary Jones	G&L	The Council should make scrutiny committees' forward work programmes more accessible to the public and consider how it can involve the public in its scrutiny activity more effectively.			Feb 2020 - Scrutiny Work Programmes have been made available online since January 2019 although the original procedure was subsequently reviewed and a less burdensome process has been put in place.			Green	Closed
2017-18	Scrutiny Fit for the Future	Gary Jones	G&L	The Council should publish final versions of scrutiny committee meeting minutes on its website in a more timely manner.			Feb 2020 - The timely production of minutes has been monitored and revised, however, recent increases in workload from Educational Appeals have required the process to be reviewed again, as the original timelines became unachievable. Following a further period of monitoring, it is anticipated that the timeliness of the production of minutes may not improve significantly, but the consistency of their production will. Dec 2020 - Regulation changes arising from the Covid-19 pandemic have led to the introduction of a revised arrangement for the production and publication of a minimal set minutes within 5 days of the meeting. Following the end of the Covid regulations, a period of management monitoring will still be required to determine a suitable timescale for the production of minutes.		April 2021 - Management data is being collected to identify appropriate timescales for the production and publication of draft minutes for all Committees.	Green	Closed
2017-18	Scrutiny Fit for the Future	Gary Jones	G&L	The Council should review the type of scrutiny support required to enable the scrutiny function to respond to current and future challenges.			Feb 2020 The WAD report concluded that scrutiny arrangements are well-developed and supported by a culture that makes them well-placed to respond to current and future challenges. There is an ongoing assessment of the type of scrutiny support required to respond to future challenges.			Green	Closed
2018-19	Delivering Capital Ambition	Dean Thomas / Gary Jones	G&L	The Council needs to strengthen the role of scrutiny in engaging with and challenging the delivery and impact of the Programme to increase accountability and help provide momentum					April 2021 - The Council's Scrutiny function considered the Council's Recovery and Renewal Framework, which presents a revised and updated approach to organisational change, with the "Organisational Recovery and Renewal" report focusing specifically on public service reform. The Scrutiny Work Programming processes will reflect the new priorities and commitments established with the reports. Audit Wales has also identified that the Scrutiny Service is "Fit for the Future" which will ensure that there is effective challenge and accountability of this programme.	Green	Closed
2018-19	Delivering Capital Ambition	Gareth Newell	P&C	The Council would benefit from a review of the Capital Ambition Delivery Programme management arrangements alongside others that support delivery of the Corporate Plan such as the Directorate Delivery Plans				The Council reviewed the management arrangements for the Delivering Capital Ambition team in early 2020 leading to the creation of a new Performance and Insight team aligning data analytical and service change capacity in the Delivering Capital Ambition team with that in the corporate performance and research teams.	April 2021 - In May 2021 the Cabinet established a 12 month "Capital Ambition: Recovery and Renewal Programme" that will support the Council in adapting its core operating model in response to the new challenges and opportunities of the post-pandemic operating environment. https://cardiff.moderngov.co.uk/eListDocuments.aspx?Cid=151&Mid=4316&Ver=4	Green	Closed
2018-19	Delivering Capital Ambition	Dean Thomas	Resources	The Council could do more to assess the extent to which the Capital Ambition Delivery Programme is contributing to the achievement of the Council's £91m savings target and make links to the medium term financial plan			December 2020 Delivering Capital Ambition programme and capacity, and refocused them around corporate improvement priorities, as defined in the Corporate Plan and budget.			Green	Closed
2018-19	Transport Vision	Matthew Price	PT&E	Long Term (The Council has a good understanding of current and future need. However, the potential impact of the Metro and the Council's other priorities should be factored into any long-term interventions)	Benchmarking of transport solutions with national and international cities.	Ongoing	Dec 2020- Work on the Transport White Paper programme is progressing, with development/delivery of some White Paper schemes (e.g. cycleways) underway. The response to Covid-19 has had a marked impact on delivery programmes, active as a spur to the delivery of a number of elements - namely pop-up cycleways, School Streets and rollout of 20mph limits - in order to support requirements for social distancing and safe access to outdoor space. The urgent need to support sustainable travel as part of the emergency response to the pandemic has kept delivery of the long term goals of the White Paper in focus while accelerating progress of a number of White Paper priorities, such as strategic cycleways. This work has been assisted by the development of the Council's draft One Planet Strategy, a strategic response to the Climate Emergency, with Transport as one of seven key themes. Benchmarking of best practice in cities has been ongoing during the response to Covid-19, with ideas from global cities sought during the development of Cardiff's Recovery Strategy. Partnership working with major employers and other key stakeholders has also been integral to identifying and delivering measures to support the programme for a safe recovery response. Close working relationships with the Welsh Government, Transport for Wales, Local Authorities and City Region have been maintained throughout on major projects, including the South East Wales Metro and other initiatives, such as School Streets, which have been a notable aspect of Cardiff's Covid-19 transport response. Cardiff's leadership in delivering 9 new School Street projects since lockdown (and preparing plans for a further 13 schemes) has resulted in WG providing a new funding stream for the roll out of School Streets across Wales. Cardiff Council is helping Welsh Government to prepare the guidance for this and providing technical advice and support to local authorities in the Cardiff Capital Region and across Wales. The Council published Cardiff's Transport White Paper: Transport Vision to 2030, "Changing how we move around a growing city" in January 2019. The paper acknowledges the importance of the Metro and other long-term interventions, and its preparation involved benchmarking of best practice in cities around the world, as well as a scoping study of potential funding mechanisms. The White Paper has informed the Council's refresh of Capital Ambition, with the response to the Climate Emergency being pushed up to the top of the policy agenda. Regular close working relationships with the Welsh Government, Transport for Wales, Local Authorities and City Region are progressing, along with a programme of study work and preparation of business cases for short, medium and long-term investment in active travel, bus and tram-train Metro improvements. The cross-rail and circle line improvements are key priorities identified to be progressed.		April 2021 - This action is now closed. The below actions are embedded in policy and scheme development. Benchmarking of best practice in other cities is a well established practice within the transport teams and is carried out on an ongoing basis. It is integral to the design and development of projects including the consideration and assessment of options, through the WellTAG appraisal process and the design of solutions. For example, the segregated cycleways are being designed with reference to design solutions and learning developed in other UK cities with respect to specific technical features such as low level signals and floating bus stops. Similarly, the approach being taken to the development of Smart Corridors draws upon the experience from schemes implemented in other UK cities. Knowledge and learning from these schemes is gained through engagement with consultants/officers responsible for their delivery including specialist technical workshops.	Green	Closed
2018-19	Transport Vision	Matthew Price	PT&E	Long Term	Fully articulate in the White Paper the interdependencies between the long-term transport plans for the City and the successful implementation of the Metro.	Sep-19			April 2021 - This action is now closed. The interdependencies between the long-term transport plans for the City and the successful implementation of the Metro are fully and clearly articulated in the Transport White Paper, published in 2020. The Chapter, "A Capital City that works for Wales: supporting the wider region" recognises how rapid bus links and new Metro lines/stations across the South East Wales Region could change the way people travel. The Bus Strategy which is currently being developed through extensive consultation will further enhance the understanding of the interdependencies.	Green	Closed
2018-19	Transport Vision	Matthew Price	PT&E	Long Term	Work with the Welsh Government, Cardiff City Region and partners supported by Cardiff Council match funding to ensure long-term investment in sustainable travel behaviour change activities and initiatives.	Ongoing			April 2021 - This action is now closed. The White Paper provides a sound basis for programming future project delivery and securing the long term investment required via Welsh Government and other sources. In the most recent round of annual bidding for WG transport grants, the Council secured over £15m towards delivery of key Transport White Paper projects in 2021/22 which is more funding than ever secured by the Council for a single financial year. Council officers have well-established working relationships with key officials in Welsh Government, Transport for Wales and neighbouring local authorities both individually and collectively through the working arrangements of the Cardiff Capital Region. Officers are working through these networks to develop a number of projects geared towards supporting sustainable travel behaviour. Examples of this include the collaboration between Cardiff Council and Rhondda Cynon Taf to develop proposals for the North West Corridor that will facilitate sustainable travel into Cardiff from the wider region and the current collaboration on a WellTAG corridor study between officers from Cardiff, Newport and Vale of Glamorgan Councils and Transport for Wales as part of work to implement the Burns Commission recommendations. The partnership arrangements supporting this work are well established and will continue.	Green	Closed
2018-19	Transport Vision	Matthew Price	PT&E	Integration (There is clear integration of the sustainable development principle in the Council's policy priorities focusing on critical public health issues and sustainable transport solutions, but there is scope to strengthen its approach to integration, for example with neighbouring councils)	Ensure that the White Paper is explicit that in order to reduce car travel into Cardiff the transport plans for Cardiff, City Region and nationally will be interdependent.	Sep-19	Dec 2020 - Cardiff's Transport White Paper emphasises the national and regional importance of improving access to regional destinations. The Chapter, "A Capital City that works for Wales: supporting the wider region" recognises how rapid bus links and new Metro lines/stations across the South East Wales region could change the way people travel. It emphasises the need to shape our behaviour and point towards the actions we will all have to take to save the planet for our children and grandchildren. Through the partnership working in the region that is taking place, the right transport infrastructure will be put in place to provide real choices for people travelling into Cardiff from the wider region. The joint WellTAG study work with Partners is ensuring that the five ways of working and aspirations of the Well-being of Future Generations Act are being supported. Current key joint studies include the North West Corridor, Cross-Rail, Circle Line and Central Station. Additionally, the Council is collaborating with the Welsh Government, Transport for Wales, local authorities, City Region, Public Health Wales, professional institutions and key stakeholders in the promotion and adoption of best practice in relation to active travel, public transport, sustainability initiatives and regeneration (Cardiff Barrage Link/Renarth Headland Link and Nextbike with the Vale of Glamorgan, North West Corridor, Taff Trail and P&R with Rhondda Cynon Taf, Eastern Corridor Study and Active Travel Corridor with Newport). The aspirations of the Well-being of Future Generations Act and five ways of working are being applied through the development and delivery of schemes. Collaboration is continuing with key partners through the joint key studies outlined previously and the delivery of initiatives such as the expansion of the Nextbike scheme to the Vale of Glamorgan, which has now been implemented. Additionally, a Resilient Growth Programme Board has now been established to take forward planning, transport and environment related actions in partnership with the member organisation of the Public Service Board, and the Healthy Travel Charter is being developed and promoted in partnership with Public Health Wales. Within the Council itself, the Council's transport team is working very closely with the Schools Organisation Planning team to ensure that delivery of the new school developments remains fully integrated with the Council's Capital Ambition commitment to ensure that every Cardiff School has an Active Travel Plan by 2022. These Council teams are also working to ensure that access to new schools by active modes is maximised through the provision of infrastructure that meets the quality requirements of the Active Travel Act.		April 2021 - This action is now closed. Cardiff's Transport White Paper explicitly highlights the interdependence of Cardiff's transport plans and the plans for the city region in reducing travel into Cardiff. It states "While bold, these proposals are also necessary, especially if we are to manage the city's growth in a sustainable way. Given its importance in keeping the capital city – and the city-region – moving and working, then these proposals are of national importance". (Chapter 1: The Cardiff Metro page 10). "A Capital City that works for Wales: supporting the wider region" recognises how rapid bus links and new Metro lines/stations across the South East Wales region could change the way people travel. Working arrangements with the transport industry, other local authorities, Transport for Wales and Welsh Government are well established to ensure key strategic infrastructure projects such as the South Wales Metro will be delivered in a way which addresses Cardiff's key transport challenges and helps drive the economy of South East Wales which is so crucial to the wider Welsh economy.	Green	Closed
2018-19	Transport Vision	Matthew Price	PT&E	Integration	Ensure that the White Paper is specific about how the aspirations of the Well-being of Future Generations Act will be supported and the five ways of working applied.	Sep-19			April 2021 - This action is closed, as the WBFG and the five ways of working are embedded and applied in all future projects and schemes. As per December Update: The aspirations of the Well-being of Future Generations Act and five ways of working are being applied through the development and delivery of schemes. Collaboration is continuing with key partners through the joint key studies outlined previously and the delivery of initiatives such as the expansion of the Nextbike scheme to the Vale of Glamorgan, which has now been implemented. In addition, a Resilient Growth Programme Board has now been established to take forward planning, transport and environment related actions in partnership with the member organisation of the Public Service Board. The Healthy Travel Charter developed and promoted in partnership with Public Health Wales. Within the Council itself, the Council's transport team is working very closely with the Schools Organisation Planning team to ensure that delivery of the new school developments is fully integrated with the Council's Capital Ambition commitment to ensure that every Cardiff School has an Active Travel Plan by 2022 and that access to new schools by active modes is maximised through the provision of infrastructure which meets the quality requirements of the Active Travel Act.	Green	Closed
2018-19	Transport Vision	Matthew Price	PT&E	Integration	Build upon emerging city-regional governance arrangements, alongside the Welsh Government, Transport for Wales and key stakeholders to agree priorities for transport and land use investment in the Capital Region.	Ongoing			April 2021 - This action is closed. Regular steering and working groups have been established and Cardiff Council continues to participate in their work in cooperation with the Welsh Government, Transport for Wales, Local Authorities and City Region to progress studies and the preparation of business plans for Cardiff Metro improvements. For example, there are four working groups established through the Bus Emergency Scheme involving WG, TfW, local authorities and bus operators, to reform the bus network.	Green	Closed

Year of Audit	Name of Audit	Lead Officer	Directorate	Recommendation	Management Response	Action Date	Previous updates	Mid Year Assessment update 2021/22	Year End Assessment Update 2021/22	Current RAG Status	Open/Closed
2018-19	Transport Vision	Matthew Price	PT&E	Involvement (Extensive, independent and well-resourced consultation process undertaken with significant response to the 'Big Ideas'. However, there is scope for clearer involvement of the full diversity of citizens in the design of interventions)	Create opportunities for the full diversity of stakeholders and underrepresented groups to be involved in the design of transport interventions.	Ongoing	Dec 2020 - The Council has been actively involved in developing Cardiff's Child Friendly City programme, working with key stakeholders and liaising with the Cardiff Youth Council to identify opportunities for involving children and young people in the development and design of transport interventions. Extensive stakeholder engagement has informed the development and design of the major transport infrastructure projects currently planned for the City Centre, including road safety, segregated cycleway and bus priority improvements associated with addressing poor air quality as part of the Clean Air Plan. Engagement plans include involvement or invitations to include disabilities, RNIB, Hearing, Age Groups, Ethnicity, Gender equality, LGBT, Religious, Charities, Businesses, Transport Operators, Emergency Services, Traveline Cymru, Councilors, Community and Interest Groups, Property Developers, Universities, Public Health Wales, Leisure/Sport, Hotels, Retail, Press/Social Media and General Public. The Council is also working closely with Public Health Wales to engage with Public and Private Sector organisations in the implementation of the jointly developed Healthy Travel Charter. The Council has undertaken extensive engagement with children and young people in the preparation and promotion of the Active Travel Schools and School Streets programmes, with increased staff resources dedicated to deliver it. Opportunities to improve engagement with citizens are being developed utilising best practice advice from sources such as www.communityplanning.net, the Well-being of Future Generations website and National Principles for Public Engagement. In some circumstances, it needs to be recognised that the delivery timescales and funding allocations limit the scope of the engagement that may be achievable. Overcoming consultation/engagement overload has been challenging and partly addressed through targeted sessions, which have proven successful, albeit highly time and resource intensive. Despite the challenges presented by Covid-19 and the need for an urgent response to the impacts arising from this, consultation and engagement have been carried out on a significant range of schemes, both pre-programmed and those developed as part of the Covid response. This work has included the rapid transition from face-to-face to online forums. Extensive stakeholder engagement has continued on major city centre schemes, in addition to cycleway proposals and more localised schemes, such as footway widening and School Streets. The Active Travel to Schools programme has undergone significant development during the last quarter, again with a transition to online support and with the notable expansion of the School Street programme and measures to facilitate the safe return to schools (e.g. supporting social distancing). Welsh Government support has enabled the use of the 'Commonplace' online mapping tool to support the development of the Active Travel Integrated Network Map.		April 2021 - This action is ongoing. Extensive stakeholder engagement has continued to inform the development and design of the major transport infrastructure projects currently planned for the City Centre including road safety, segregated cycleway and bus priority improvements associated with addressing poor air quality as part of the Clean Air Plan. We continue to engage with underrepresented groups as part of scheme development.	Green	Open
2018-19	Transport Vision	Matthew Price	PT&E	Involvement	Establish tailored and iterative design processes for co-production of transport schemes and initiatives that provide opportunities for citizen involvement.	Ongoing	Dec 2020 - Regular steering and working groups have been established in cooperation with the Welsh Government, Transport for Wales, Local Authorities and City Region to progress studies and the preparation of business plans for Cardiff Metro improvements. The Council chairs quarterly Resilience Growth/PSB Programme Board meetings at a senior level with Natural Resources Wales, Emergency Services, Public Health Wales and Cardiff Third Sector Council, sharing best practice, knowledge and information. Cardiff Council undertakes monitoring of air quality at 9 schools in Cardiff as part of the Citizens Science Project funded by Natural Resources Wales; the progress report will be published in Sep 2020. Additionally, the Council participates in the Air Quality Forum on a quarterly basis, which involves actions in relation to monitoring and task and finish groups. Public Health Wales continues to work closely with Officers on a weekly basis, providing input to the White Paper and acting as an ongoing key partner in delivering initiatives and promotional activities.		April 2021 - This action is closed. The Council continues to provide tailored and iterative design processes for co-production of transport schemes and initiatives that provide opportunities for citizen involvement. An example of this is the recent early engagement on route options for Cycleway 4.2 which included online community and stakeholder engagement sessions. The feedback from this exercise is now shaping the routing and design options. Similarly, the use of the Commonplace online engagement tool to obtain public input to the new Active Travel Network Plan that the Council is developing for submission to WG in December 2021. These examples demonstrate that the principle of early citizen involvement in plan and scheme development is now well established.	Green	Closed
2018-19	Transport Vision	Matthew Price	PT&E	Collaboration (The Council is collaborating with PSB partners to develop long term solutions for active travel and public health. The Council would benefit from introducing a similar approach to collaboration with other Capital Region Councils)	Build upon emerging city-regional governance arrangements, alongside the Welsh Government and Transport for Wales to enable modal shift, capitalising on the Cardiff Metro investments.	Ongoing	Dec 2020 - Regular steering and working groups have been established in cooperation with the Welsh Government, Transport for Wales, Local Authorities and City Region to progress studies and the preparation of business plans for Cardiff Metro improvements. The Council chairs quarterly Resilience Growth/PSB Programme Board meetings at a senior level with Natural Resources Wales, Emergency Services, Public Health Wales and Cardiff Third Sector Council, sharing best practice, knowledge and information. Cardiff Council undertakes monitoring of air quality at 9 schools in Cardiff as part of the Citizens Science Project funded by Natural Resources Wales; the progress report will be published in Sep 2020. Additionally, the Council participates in the Air Quality Forum on a quarterly basis, which involves actions in relation to monitoring and task and finish groups. Public Health Wales continues to work closely with Officers on a weekly basis, providing input to the White Paper and acting as an ongoing key partner in delivering initiatives and promotional activities.		April 2021 - This action is closed. Regular steering and working groups have been established and Cardiff Council continues to participate in their work in cooperation with the Welsh Government, Transport for Wales, Local Authorities and City Region to progress studies and the preparation of business plans for Cardiff Metro improvements. For example, there are four working groups established through the Bus Emergency Scheme involving WG, TfW, local authorities and bus operators, to reform the bus network.	Green	Closed
2018-19	Transport Vision	Matthew Price	PT&E	Collaboration	Explore opportunities to build upon the existing relationships with Natural Resources Wales through the Public Services Board, Air Quality Forum and Schools Monitoring Programme.	Ongoing	Dec 2020 - Cardiff's Transport White Paper has identified more ambitious sustainable travel targets, with 63% of Cardiff residents travelling to work by sustainable modes in 2025 and 75% in 2030. The methodology for measuring achievement towards the target was independently audited in November and December 2019. The audit identified that although the techniques and sample sizes used in the surveys are sound, some unintended consequences of the self-selection survey methodology may have introduced bias. Therefore, a more robust methodology will now be developed to minimise bias. Cardiff is participating in the South East Wales Transport Model Working Group with Transport for Wales, which may present opportunities for joint data collection and the development of a more comprehensive monitoring programme. The Council's sustainable travel targets and method of data collection will also be reviewed as part of the comprehensive review of Cardiff's Local Development Plan. The LDP review will also seek to maximise opportunities to introduce alternatives to private car use from the outset of the occupation of development, potentially through 'Mobility As A Service' or other technology solutions/initiatives and early deliverable infrastructure interventions. Scheme specific monitoring plans are also included within each project. The Clean Air Plan in the city centre will include the installation of a full real-time monitoring station on Castell Street and five other partial real-time locations to measure changes in dispersion. The Healthy Travel Charter, developed in partnership with Cardiff Public Services Board and Cardiff and Vale University Health Board, is providing a platform for the promotion of the health and environmental benefits for modal shift. The Council has published an updated 'Keeping Cardiff Moving' website (www.keepingcardiffmoving.co.uk) to provide information and promote sustainable travel. The Council is working closely with the Welsh Government, Transport for Wales, Traveline Cymru and key partners on a publicity campaign to encourage the use of sustainable travel during the period of construction works in the city centre associated with the Clean Air Plan. The LDP review is underway, although due to Covid-19, it has an altered timescale. It is still anticipated that the Council's sustainable travel targets and method of data collection will be reviewed as part of this process. Scheme specific monitoring plans are ongoing. Keeping Cardiff Moving has been further developed to provide additional resources, particularly in relation to active travel to schools, and the Healthy Travel Charter has been rolled out more widely. Work to improve air quality is ongoing, although some interventions have been impacted as a result of Covid-19, such as the planned works in Cardiff city centre. Conversely, other elements have been accelerated (the 'pop-up' cycleway) and reviewed (access for vehicles). Messaging on sustainable travel has altered during Covid-19, due to concerns about use of public transport and UK government guidance advising against using these modes of transport. An appropriate response to this issue is being considered as part of the wider recovery plans, which includes communicating messages about the safety measures/cleaning regimes which are in place. The uptake of walking and cycling during the lockdowns/Covid restrictions, particularly in local communities, has provided an opportunity to expand messaging about the benefits of active modes in improving air quality/reducing traffic noise.		April 2021 - This action is closed. The Council has established a Climate Emergency Programme Board to achieve carbon reduction and enhance social value of projects in collaboration with PHW, NRW, PSB, third sector organisations (e.g. CSCS), large employers such as Western Power and other utilities companies, NHS, Cardiff University, South Wales Police, South Wales Fire Service. The Board sets actions to reduce carbon emissions, for example, relating to converting fleets to low emission vehicles and staff travel	Green	Closed
2018-19	Transport Vision	Matthew Price	PT&E	Collaboration	Continue to work with Public Health Wales during the preparation of the White Paper.	Ongoing		April 2021 - The White Paper integrates the public health agenda	Green	Closed	
2018-19	Transport Vision	Matthew Price	PT&E	Prevention (Prevention activity is at the centre of the Green Paper with targets established to monitor the impact of preventative interventions and solutions)	Prepare a monitoring strategy that identifies the effectiveness of sustainable travel and air quality interventions and quantifies the variance and accuracy in the measures.	Sep-19	Dec 2020 - Cardiff's Transport White Paper has identified more ambitious sustainable travel targets, with 63% of Cardiff residents travelling to work by sustainable modes in 2025 and 75% in 2030. The methodology for measuring achievement towards the target was independently audited in November and December 2019. The audit identified that although the techniques and sample sizes used in the surveys are sound, some unintended consequences of the self-selection survey methodology may have introduced bias. Therefore, a more robust methodology will now be developed to minimise bias. Cardiff is participating in the South East Wales Transport Model Working Group with Transport for Wales, which may present opportunities for joint data collection and the development of a more comprehensive monitoring programme. The Council's sustainable travel targets and method of data collection will also be reviewed as part of the comprehensive review of Cardiff's Local Development Plan. The LDP review will also seek to maximise opportunities to introduce alternatives to private car use from the outset of the occupation of development, potentially through 'Mobility As A Service' or other technology solutions/initiatives and early deliverable infrastructure interventions. Scheme specific monitoring plans are also included within each project. The Clean Air Plan in the city centre will include the installation of a full real-time monitoring station on Castell Street and five other partial real-time locations to measure changes in dispersion. The Healthy Travel Charter, developed in partnership with Cardiff Public Services Board and Cardiff and Vale University Health Board, is providing a platform for the promotion of the health and environmental benefits for modal shift. The Council has published an updated 'Keeping Cardiff Moving' website (www.keepingcardiffmoving.co.uk) to provide information and promote sustainable travel. The Council is working closely with the Welsh Government, Transport for Wales, Traveline Cymru and key partners on a publicity campaign to encourage the use of sustainable travel during the period of construction works in the city centre associated with the Clean Air Plan. The LDP review is underway, although due to Covid-19, it has an altered timescale. It is still anticipated that the Council's sustainable travel targets and method of data collection will be reviewed as part of this process. Scheme specific monitoring plans are ongoing. Keeping Cardiff Moving has been further developed to provide additional resources, particularly in relation to active travel to schools, and the Healthy Travel Charter has been rolled out more widely. Work to improve air quality is ongoing, although some interventions have been impacted as a result of Covid-19, such as the planned works in Cardiff city centre. Conversely, other elements have been accelerated (the 'pop-up' cycleway) and reviewed (access for vehicles). Messaging on sustainable travel has altered during Covid-19, due to concerns about use of public transport and UK government guidance advising against using these modes of transport. An appropriate response to this issue is being considered as part of the wider recovery plans, which includes communicating messages about the safety measures/cleaning regimes which are in place. The uptake of walking and cycling during the lockdowns/Covid restrictions, particularly in local communities, has provided an opportunity to expand messaging about the benefits of active modes in improving air quality/reducing traffic noise.		April 2021 - This action is ongoing. The Council's sustainable travel targets and method of data collection and scheme monitoring will be reviewed in conjunction with the development of Cardiff's new Local Development Plan. Extensive monitoring is now embedded in strategic projects to measure the impacts on sustainable travel and air quality. For example, the Castle Street project incorporates a detailed monitoring plan.	Green	Closed
2018-19	Transport Vision	Matthew Price	PT&E	Prevention	Continue to plan and monitor the prioritised phasing of sustainable transport interventions for new developments to prevent reliance on car use from the outset.	Ongoing	Dec 2020 - Cardiff's Transport White Paper has identified more ambitious sustainable travel targets, with 63% of Cardiff residents travelling to work by sustainable modes in 2025 and 75% in 2030. The methodology for measuring achievement towards the target was independently audited in November and December 2019. The audit identified that although the techniques and sample sizes used in the surveys are sound, some unintended consequences of the self-selection survey methodology may have introduced bias. Therefore, a more robust methodology will now be developed to minimise bias. Cardiff is participating in the South East Wales Transport Model Working Group with Transport for Wales, which may present opportunities for joint data collection and the development of a more comprehensive monitoring programme. The Council's sustainable travel targets and method of data collection will also be reviewed as part of the comprehensive review of Cardiff's Local Development Plan. The LDP review will also seek to maximise opportunities to introduce alternatives to private car use from the outset of the occupation of development, potentially through 'Mobility As A Service' or other technology solutions/initiatives and early deliverable infrastructure interventions. Scheme specific monitoring plans are also included within each project. The Clean Air Plan in the city centre will include the installation of a full real-time monitoring station on Castell Street and five other partial real-time locations to measure changes in dispersion. The Healthy Travel Charter, developed in partnership with Cardiff Public Services Board and Cardiff and Vale University Health Board, is providing a platform for the promotion of the health and environmental benefits for modal shift. The Council has published an updated 'Keeping Cardiff Moving' website (www.keepingcardiffmoving.co.uk) to provide information and promote sustainable travel. The Council is working closely with the Welsh Government, Transport for Wales, Traveline Cymru and key partners on a publicity campaign to encourage the use of sustainable travel during the period of construction works in the city centre associated with the Clean Air Plan. The LDP review is underway, although due to Covid-19, it has an altered timescale. It is still anticipated that the Council's sustainable travel targets and method of data collection will be reviewed as part of this process. Scheme specific monitoring plans are ongoing. Keeping Cardiff Moving has been further developed to provide additional resources, particularly in relation to active travel to schools, and the Healthy Travel Charter has been rolled out more widely. Work to improve air quality is ongoing, although some interventions have been impacted as a result of Covid-19, such as the planned works in Cardiff city centre. Conversely, other elements have been accelerated (the 'pop-up' cycleway) and reviewed (access for vehicles). Messaging on sustainable travel has altered during Covid-19, due to concerns about use of public transport and UK government guidance advising against using these modes of transport. An appropriate response to this issue is being considered as part of the wider recovery plans, which includes communicating messages about the safety measures/cleaning regimes which are in place. The uptake of walking and cycling during the lockdowns/Covid restrictions, particularly in local communities, has provided an opportunity to expand messaging about the benefits of active modes in improving air quality/reducing traffic noise.		April 2021 - This action is closed. Sustainable transport interventions needed to mitigate the impacts of development are assessed through the development control process. The phasing of the improvements and initiatives are established through Section 106 agreements and included in the delivery programme and financial monitoring for new developments.	Green	Closed
2018-19	Transport Vision	Matthew Price	PT&E	Prevention	Continue to target sustainable and active travel interventions where the air quality is worst.	Ongoing	Dec 2020 - Cardiff's Transport White Paper has identified more ambitious sustainable travel targets, with 63% of Cardiff residents travelling to work by sustainable modes in 2025 and 75% in 2030. The methodology for measuring achievement towards the target was independently audited in November and December 2019. The audit identified that although the techniques and sample sizes used in the surveys are sound, some unintended consequences of the self-selection survey methodology may have introduced bias. Therefore, a more robust methodology will now be developed to minimise bias. Cardiff is participating in the South East Wales Transport Model Working Group with Transport for Wales, which may present opportunities for joint data collection and the development of a more comprehensive monitoring programme. The Council's sustainable travel targets and method of data collection will also be reviewed as part of the comprehensive review of Cardiff's Local Development Plan. The LDP review will also seek to maximise opportunities to introduce alternatives to private car use from the outset of the occupation of development, potentially through 'Mobility As A Service' or other technology solutions/initiatives and early deliverable infrastructure interventions. Scheme specific monitoring plans are also included within each project. The Clean Air Plan in the city centre will include the installation of a full real-time monitoring station on Castell Street and five other partial real-time locations to measure changes in dispersion. The Healthy Travel Charter, developed in partnership with Cardiff Public Services Board and Cardiff and Vale University Health Board, is providing a platform for the promotion of the health and environmental benefits for modal shift. The Council has published an updated 'Keeping Cardiff Moving' website (www.keepingcardiffmoving.co.uk) to provide information and promote sustainable travel. The Council is working closely with the Welsh Government, Transport for Wales, Traveline Cymru and key partners on a publicity campaign to encourage the use of sustainable travel during the period of construction works in the city centre associated with the Clean Air Plan. The LDP review is underway, although due to Covid-19, it has an altered timescale. It is still anticipated that the Council's sustainable travel targets and method of data collection will be reviewed as part of this process. Scheme specific monitoring plans are ongoing. Keeping Cardiff Moving has been further developed to provide additional resources, particularly in relation to active travel to schools, and the Healthy Travel Charter has been rolled out more widely. Work to improve air quality is ongoing, although some interventions have been impacted as a result of Covid-19, such as the planned works in Cardiff city centre. Conversely, other elements have been accelerated (the 'pop-up' cycleway) and reviewed (access for vehicles). Messaging on sustainable travel has altered during Covid-19, due to concerns about use of public transport and UK government guidance advising against using these modes of transport. An appropriate response to this issue is being considered as part of the wider recovery plans, which includes communicating messages about the safety measures/cleaning regimes which are in place. The uptake of walking and cycling during the lockdowns/Covid restrictions, particularly in local communities, has provided an opportunity to expand messaging about the benefits of active modes in improving air quality/reducing traffic noise.		April 2021 - This action is closed. The Council's interventions to increase active and sustainable travel continues to be informed by ongoing air quality monitoring carried out in support of the Council's Clean Air Plan.	Green	Closed
2018-19	Transport Vision	Matthew Price	PT&E	Prevention	Expand messaging on the benefits to health and the environment being key rationales for modal shift.	Ongoing	Dec 2020 - Cardiff's Transport White Paper has identified more ambitious sustainable travel targets, with 63% of Cardiff residents travelling to work by sustainable modes in 2025 and 75% in 2030. The methodology for measuring achievement towards the target was independently audited in November and December 2019. The audit identified that although the techniques and sample sizes used in the surveys are sound, some unintended consequences of the self-selection survey methodology may have introduced bias. Therefore, a more robust methodology will now be developed to minimise bias. Cardiff is participating in the South East Wales Transport Model Working Group with Transport for Wales, which may present opportunities for joint data collection and the development of a more comprehensive monitoring programme. The Council's sustainable travel targets and method of data collection will also be reviewed as part of the comprehensive review of Cardiff's Local Development Plan. The LDP review will also seek to maximise opportunities to introduce alternatives to private car use from the outset of the occupation of development, potentially through 'Mobility As A Service' or other technology solutions/initiatives and early deliverable infrastructure interventions. Scheme specific monitoring plans are also included within each project. The Clean Air Plan in the city centre will include the installation of a full real-time monitoring station on Castell Street and five other partial real-time locations to measure changes in dispersion. The Healthy Travel Charter, developed in partnership with Cardiff Public Services Board and Cardiff and Vale University Health Board, is providing a platform for the promotion of the health and environmental benefits for modal shift. The Council has published an updated 'Keeping Cardiff Moving' website (www.keepingcardiffmoving.co.uk) to provide information and promote sustainable travel. The Council is working closely with the Welsh Government, Transport for Wales, Traveline Cymru and key partners on a publicity campaign to encourage the use of sustainable travel during the period of construction works in the city centre associated with the Clean Air Plan. The LDP review is underway, although due to Covid-19, it has an altered timescale. It is still anticipated that the Council's sustainable travel targets and method of data collection will be reviewed as part of this process. Scheme specific monitoring plans are ongoing. Keeping Cardiff Moving has been further developed to provide additional resources, particularly in relation to active travel to schools, and the Healthy Travel Charter has been rolled out more widely. Work to improve air quality is ongoing, although some interventions have been impacted as a result of Covid-19, such as the planned works in Cardiff city centre. Conversely, other elements have been accelerated (the 'pop-up' cycleway) and reviewed (access for vehicles). Messaging on sustainable travel has altered during Covid-19, due to concerns about use of public transport and UK government guidance advising against using these modes of transport. An appropriate response to this issue is being considered as part of the wider recovery plans, which includes communicating messages about the safety measures/cleaning regimes which are in place. The uptake of walking and cycling during the lockdowns/Covid restrictions, particularly in local communities, has provided an opportunity to expand messaging about the benefits of active modes in improving air quality/reducing traffic noise.		April 2021 - This action is ongoing. The Council continues to promote the health and the environment as key rationales for modal shift through its all its messaging in respect of its transport agenda. For example, the health benefits of active travel are being actively promoted as part of the Active Travel Schools Team's engagement with schools.	Green	Closed
2018-19	Corporate Safeguarding	Finn Madell	P&C	The Council should improve its approach to safeguarding training in the following ways: • Get staff through mandatory safeguarding training more quickly and take forward the work identified by the Corporate Safeguarding Board to collate a percentage breakdown of safeguarding training compliance within each Council Directorate	Training records centrally located for all staff in DigiGov. Volunteer training to be part of the Volunteer module which will be implemented as soon as these changes have been made which were a late requirement.		March 2020 - Mechanisms are in place for PC Users. Directorate/Service Areas understand requirements for compliance. Policy and Performance monitors and provides monthly compliance reports to individual Directorates/Service Areas. Mechanisms are in place for Non-PC Users, and a process flow chart is under development for dissemination to all Directorate/Service Areas to achieve compliance. Directorates/Service Areas are to send Attendance Sheets to Policy Performance and Academy for monthly compliance monitoring. Policy and Performance collate a percentage breakdown of each Directorate on a quarterly basis. Third Quarter figures have been completed and Fourth Quarter figures will be available in April 2020. A video is being developed to support awareness raising of safeguarding to staff in an engaging way. December 2020 performance reporting will be on a monthly basis for all directorates from December 2020. Target set at 85% by the end of March 2020 for employees and members - this does not include non-employees (i.e. Agency staff and governors, needs resolution).		77% of staff have completed the module compared to a target of 100% Percentage compliance data is available for permanent staff by Directorate for monitoring. KPI now features in all Directorate Delivery Plans. Data now provided at team level to enable targeted action by Directors and Managers. Recognition that compliance remains low in some front facing services, a particular challenge to respond to during the pandemic. Tailored approach now being developed for services with low compliance.	Amber	Open
2018-19	Corporate Safeguarding	Finn Madell/Tracey Thoams	Resources/P&C	• Ensure it centrally collates safeguarding training records for those staff and volunteers who have had face to face safeguarding training as well as the e-learning safeguarding training	Training records centrally located for all staff in DigiGov. Volunteer training to be part of the Volunteer module which will be implemented as soon as these changes have been made which were a late requirement.		March 2020 - Information centrally collated by the Academy for all staff and volunteers. Dec 2020 - Academy collates training for the e-module for permanent employees, including non desk-based staff. Managers are to record on DigiGov for employees, but the system needs developing for non-employees, such as agency staff and governors. Additionally, the DigiGov volunteer recording function is being built.		Academy collates training for the e-module for permanent employees, including non- desk-based staff. However, the system needs developing for non-employees, such as agency staff and governors. Additionally, the DigiGov volunteer recording function is being built and will be completed in September 2021.	Amber	Open
2018-19	Corporate Safeguarding	Finn Madell	P&C	• Clarify when mandatory safeguarding training for staff and members needs to be refreshed			March 2020 - Training levels are being drafted in line with roles and responsibilities. A brief video is being developed to raise staff awareness of safeguarding Council-wide in an accessible way. Those who work directly with citizens will have ongoing CPD requirements. There is reference to individual and manager responsibility to ensure CPD: all of the workforce will be expected to undertake the e-learning safeguarding training module and any other training relevant to the position that they hold and to renew their qualifications to the highest level. Dec 2020 - For decision at CSB/SMT in Jan 2020; recommended for every three years.		It was agreed at the Corporate Safeguarding Board in May 2021 that a 3 year training cycle would be implemented, commencing in March 2022.	Green	Closed

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2018-19	Corporate Safeguarding	Finn Madell	P&C	<ul style="list-style-type: none"> Consider ways in which it could extend its safeguarding training offer, for example building on the planned Child Sexual Exploitation awareness training to be given to taxi drivers, and to provide safeguarding training to (for example) those working in the night time economy 			<p>Mar 2020 - Corporate Safeguarding meets with relevant colleagues to promote the Safeguarding training. A SBAR exists in relation to recommendations for Safeguarding training for escorts and drivers (School Transport). A piece of work is underway with licencing, police and children's services to see how training can be strengthened, including taxi drivers. Vulnerability training is being delivered by the police to night time economy staff and planning is underway to strengthen this collaboration with the police.</p> <p>Dec 2020 - Covid-19 has delayed progress, however work is underway with key employees to progress in December 2020, linking in licencing, safeguarding, community safety and partnerships and exploitation lead.</p>		Implementation delayed by Covid-19. Task and Finish group has been set up in December 2020 to recommence work following pandemic and work is ongoing.	Amber	Open
2018-19	Corporate Safeguarding	Natalie Southgate	Adult Services, Housing & Communities	<ul style="list-style-type: none"> Accelerate the mandatory completion of Violence Against Women, Domestic Abuse and Sexual Violence (Wales) Act 2015 (VAWDASV) training. 			<p>Dec 2020 - Group 1 - completion rate 65% (education figures are excluded). One online session was offered as part of White Ribbon Calendar of Events, but was cancelled due to low numbers, however individuals due to attend were provided with the online link to complete the training. The Council is awaiting guidance on how to reach staff without access to IT. Group 2 - training rolled out in November.</p> <p>November Sessions offered - 16 Number of places - 320 across Cardiff Council, Vale of Glamorgan Council and Velindre Hospital Numbers attended - 127 (Cardiff figures only) Sessions cancelled - 0</p> <p>December Sessions offered - 18 Number of places - 360 (across the 3 organisations) Numbers attended - 75 with a further 46 booked on (Cardiff figures only) Sessions Cancelled - 5 (2 due to low attendance and 1 due to tutor illness)</p> <p>January* Sessions to be offered - 31 Number of places available - 620 (across the 3 organisations)</p> <p>*These sessions will be advertised in December 2020. Group 3 - Train the Trainer undertaken in Jan 2021; roll out during March 2021. Trainers - the Council requires more trainers across departments for Group 2 and Group 3. RISE specialist VAWDASV service are providing the majority of specialist support required for delivery. Atal Y Fro in the Vale of Glamorgan and the Velindre Safeguarding lead are also providing specialist support, which involves co-facilitation of sessions.</p>		<p>Group 1 e-learning is progressing with 70% completion. Focus is on schools staff where is the largest non-compliance.</p> <p>KPI now included in all Directorate Delivery Plans, with quarterly performance by 'team' allowing active management and targeted action.</p> <p>Group 2 Ask and Act training roll-out began in Q3 20/21. During Q4 906 staff across the Cardiff and Vale of Glamorgan region were trained.</p>	Amber	Open
2018-19	Corporate Safeguarding	Finn Madell	P&C	<ul style="list-style-type: none"> The Council's corporate safeguarding intranet pages could be strengthened by providing: <ul style="list-style-type: none"> a link to the Corporate Safeguarding Policy; information on the lead officer for corporate safeguarding, the lead member for corporate safeguarding and the Corporate Safeguarding Board; and information on where to report concerns or to find out further information. 						Green	Closed
2018-19	Corporate Safeguarding	Tracey Thomas	Resources	<ul style="list-style-type: none"> The Council should strengthen its Recruitment and Selection Policy in relation to safeguarding and safe recruitment. 	<p>April 2021 update - Recruitment and selection policy being finalised for consultation with SMT and Trade Unions during May 21.</p>		<p>Mar 2020 - The policy is being reviewed by the HR OM by March 2020. Safe Recruitment is promoted through Corporate Safeguarding Team via Directorate/Service Area and DLSO Forums</p> <p>Dec 2020 - Currently in draft and being commented on - will be finalised March 2021. The lead officer is Tracey Thomas.</p>		Recruitment and selection policy being finalised for consultation with SMT and Trade Unions in Summer 2021	Amber	Open
2018-19	Corporate Safeguarding	Steve Robinson	Resources	<ul style="list-style-type: none"> The Council should strengthen its safeguarding contractual provisions by being more explicit about its safeguarding training requirements. 	<p>April 2021 update - Task and Finish Group established and due to report by June 2021. Agreed key actions include reviewing existing procurement practice in relation to safeguarding, developing a tiered risk based safeguarding set of procurement templates/guidance, developing a Contractors Safeguarding Policy and reviewing safeguarding training provision / requirements for contractors.</p>		<p>Mar 2020 - The Council includes within the specification for all social care tenders, and other relevant tenders, standard questions on safeguarding and DBS checking of staff. In terms of DBS checks and safeguarding training in particular, all tenderers need to provide a detailed plan for ensuring all staff are DBS-checked and have received the relevant safeguarding training before they are involved in service or project delivery or go on a construction site.</p> <p>Dec 2020 - As identified in the previous update, an update has been requested from Steve Robinson, the lead officer and OM Commissioning and Procurement, to confirm, then can be closed.</p>		Task and Finish Group established. Key documents have been reviewed, including existing procurement practice in relation to safeguarding, development of a tiered risk based safeguarding set of procurement templates/guidance, development of a Contractors Safeguarding Policy and a review of safeguarding training provision / requirements for contractors. Consultation and feedback is being undertaken with the wider team and will be incorporated into the documents following on from this. An update on progress was presented to Corporate Safeguarding Board by the Head of Procurement in May 2021.	Amber	Open
2018-19	Corporate Safeguarding	Tracey Thomas	Resources	<ul style="list-style-type: none"> The Council should ensure it is able to record and monitor volunteer information centrally, including any training records and Disclosure and Barring Service checks for volunteers. 	<p>Volunteer module in final draft following late request for it to also contain training records. Expected deliver June 2021.</p>		<p>March 2020 The Manager must register the volunteer using the appropriate application on DigiGOV to ensure that there is a central record kept. This will record how often the individual volunteers and record the roles that they are undertaking. This will then determine whether they are in regulated activity, as well as the recruitment checks to be followed in line with the Council's DBS Policy. The Volunteer DigiGov platform is being developed and nearing sign off; Tracey Thomas, HR, is the lead officer.</p>		Volunteer module in final draft. Expected delivery Summer 2021.	Amber	Open
2018-19	Environmental Health	Dave Holland	Economic Development	<ul style="list-style-type: none"> The Council should subject any future changes to environmental health services to a more rigorous analysis of costs, benefits and impacts. We found some evidence of costs/benefits/impact analysis being performed to enable decision-making around savings and changes to services. Whilst some consideration was given to the impact of staffing restructuring over the period between 2018-2021, members and officers acknowledged that the real impact of this will be largely unknown until E498k of savings begin to take effect. 			<p>March 2020 This proposal for improvement comments upon the delivery of SRS savings across the three Councils only and not budget reductions from the other services within Cardiff. Future SRS changes/savings will undergo rigorous analysis across the three Councils. That process will begin again in May 2020, as the SRS sets out its next three year financial programme covering 2021 to 2024. Proposals will be considered by the SRS Management Board, Elected Members, through the review mechanisms at each Council, the Trade Unions and SRS officers. Changes to the other Environmental Health services delivered by the Council will also be assessed through the established Council mechanisms and that process will pay heed to the requirements of this proposal. Both processes will also take into account the recommendation presented in Proposal 8.</p>		<p>April 2021 - The budget for the financial year 2021/22 was set following discussions with the partner councils. It was agreed that the budget should remain unchanged in light of the demands placed upon the service by the Coronavirus outbreak. The proposed analysis set out in column G will be initiated in August 2021.</p>	Green	Open
2018-19	Environmental Health	Dave Holland	Economic Development	<ul style="list-style-type: none"> The Council should investigate further possibilities for commercialisation and income generation for environmental health services in order to provide additional financial capacity if funding reduces in the future. 			<p>March 2020 The SRS will as part of the budgeting process for 2021/24 undertake a full assessment of existing income streams and determine what additional income might be generated without impacting upon service delivery to local people. Income generation on Environmental Health functions is an important part of the SRS model. SRS has generated new, and increasing, income arising through training and the operation of the Primary Authority scheme. However, Income Generation has limitations, while it will provide some respite if funding for service delivery reduces in the future, it is not a complete panacea for the challenges facing service delivery in the future.</p>		<p>April 2021 - The Coronavirus outbreak has caused many of the businesses in the area to close or reduce significantly their activities. New income generating opportunities have therefore been few, but existing Primary Authority relationships have been maintained with SRS offering detailed advice on Covid-19 safe practices at offices, shops, etc.</p>	Amber	Open
2018-19	Environmental Health	Dave Holland	Economic Development	<ul style="list-style-type: none"> When considering how environmental health services may need to change in the future, the Council should ensure that the distinction between statutory and non-statutory services is clearly documented and understood by decisionmakers. This will help to ensure that statutory responsibilities and powers are weighed and prioritised appropriately alongside discretionary services. 			<p>October 2019 - Understanding the distinction between statutory and non-statutory services will provide elected members with some insight into which service are legally mandated. However, to date, the SRS business plans are geared toward outcomes; achieving those outcomes involves using all the tools available. This includes statutes that bestow powers upon the Council, but not duties. When the Joint Working Arrangement was created, it defined services in terms of ensuring public health, helping customers to access information and knowledge and securing a safe, healthy, fair, environment. From the outset, the Councils agreed that this required the use of both statutory and non-statutory legislation to achieve service and corporate goals. Going forward the SRS will incorporate into the Business Plans an indication of the "status" of the services being delivered and a rationale for the prioritisation of those activities. Additionally, when the actions identified in Proposal 1 above are undertaken, officers will ensure that decision makers are apprised of the nature of the service being delivered.</p>		<p>April 2021 - The 2021/22 SRS Business Plan will seek to articulate in a clearer manner the distinction between statutory and non-statutory services. However, as indicated in previous years, the SRS business plans are geared toward outcomes; achieving those outcomes involves using all the tools available. This includes statutes that bestow powers upon the Council, and not only duties.</p>	Green	Open
2018-19	Environmental Health	Gary Jones	G&L	<ul style="list-style-type: none"> The Council should introduce greater independent challenge of the level and quality of services provided by the SRS under the Joint Working Agreement. 	<p>Mechanisms are in place for PC Users. Directorate/Service Areas understand requirements for compliance. Policy and Performance monitors and provides monthly compliance reports to individual Directorates/Service Areas. Mechanisms are in place for Non PC Users, and a process flow chart is under development for dissemination to all Directorate/Service Areas to achieve compliance. Directorate/Service Areas are to send Attendance Sheets to Policy Performance and Academy for monthly compliance monitoring. Policy and Performance collate a percentage breakdown of each Directorate on a quarterly basis. Third Quarter figures completed, Fourth Quarter figures available in April 2020. A video is in development to support awareness raising of safeguarding to staff in an engaging way.</p>				<p>April 2021 - Audit Wales has identified that the Scrutiny Service is Fit for the Future. Effective prioritisation of the the Scrutiny Work Programmes is undertaken at each meeting and relevant topics are progressed. Collaboration will be undertaken with the partner Authorities to ensure appropriate application of the Joint Working Agreement</p>	Amber	Open
2018-19	Environmental Health	Dave Holland	Economic Development	<ul style="list-style-type: none"> The Council should work with SRS to undertake a review of business continuity and succession planning arrangements in relation to the SRS to mitigate the risk of overreliance on key individuals, such as the Head of SRS and operational managers. 			<p>October 2019 - In 2020, the SRS will produce a four year review of the service to supplement the Annual reports. That review will examine trends in service delivery and service demand since inception in 2015. It will also look forward to the likely delivery mechanisms for the next three years, in line with the budget proposals. An examination of the robustness of the operating model and succession planning arrangements will form part of that review.</p>		<p>April 2021 - This process has begun through the employing authority's succession planning protocols.</p>	Amber	Open

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2018-19	Environmental Health	Gary Jones	G&L	The Council should strengthen elected member oversight of its environmental health services, for example, through more regular scrutiny of services provided by third parties including the SRS.	Actions identified in improvement proposals E44 above and E47 below will support the achievement of this improvement proposal.				April 2021 - Audit Wales has identified that the Scrutiny Service is fit for the future. Effective prioritisation of the Scrutiny Work Programmes is undertaken at each meeting and relevant topics are progressed.	Green	Closed
2018-19	Environmental Health	Gary Jones	G&L	The Council should consider introducing more structured and targeted development and training opportunities for relevant members, which may be beneficial in the event of changes in personnel and in areas experiencing changes in environmental health legislation, eg air pollution/food safety/infectious diseases.	The Head of Shared Regulatory Services will work closely with the Heads of Democratic Services to identify and deliver a programme of briefing sessions/e-learning opportunities that would benefit members across the footprint of the SRS in relation up and coming legislative and policy developments. These briefing sessions/workshops will be incorporated as part of the Member Development Programme.				April 2021 - The member develop programme includes topics prioritised by the Democratic Services Committee. A full induction for Elected Member following the 2022 is being developed which will include a full programme of topics relating to the services provided by the authority including the SRS. The ongoing development of Elected Members will continue to enhance their knowledge of these services	Green	Closed
2018-19	Environmental Health	Dave Holland	Economic Development	The Council should more clearly link any future decisions on changes to service levels to an assessment of impact on relevant stakeholders, including service users and residents. Whether consultation is necessary, and the most appropriate means of consulting should be decided on a case-by-case basis. However, where changes are likely to impact service users, businesses and local residents, they should be aware of and consulted on these decisions.			March 2020 Currently, dialogue with stakeholders is delivered through the annual consultation on the SRS Business Plans where the programme of activities is articulated and developed through that engagement exercise. This process does not currently extend to residents and businesses. It is proposed to extend the customer satisfaction process to include the opportunity to comment upon any proposed changes in service delivery and to engage the corporate consultation mechanisms to collect more information to form part of the decision making process.		April 2021 - The consultation process on the SRS Business Plan will commence again this month. The plan is likely to address the means by which the SRS recovers "lost ground" as a consequence of the coronavirus outbreak. Any discussions on changes which may impact service users are more likely to be considered through the budget review process of August 2021.	Green	Open
2018-19	Environmental Health	Dave Holland	Economic Development	The Council needs to build on initiatives, such as the Noise app, to ensure that future funding reductions can be mitigated by innovation and transformation in service delivery and that environmental health services are able to benefit from new technologies.			March 2020 The SRS is undertaking an ICT review in 2020 that will examine how technology can be deployed further to improve service delivery and where possible make financial savings.		April 2021 - The ICT review scheduled for 2020/21 has been delayed, but will address the use of new technology to improve service delivery.	Amber	Open
2019-20	Review of Leisure	Steve Morris	Economic Development	Establish a clear strategy, vision and clear priorities for leisure services, which incorporates consideration of the WFG Act. This should be used to guide the delivery of services provided by GLL.	ACCEPT: The need for a Sport, Health and Physical Activity Strategy was identified and included in the Corporate Plan 20/21 and 21/22. The Health and Wellbeing of Future Generations Act and the recent Sport Wales vision provide the platform to ensure Cardiff aligns its priorities to achieve the objectives that both of these set out. A number of stakeholder forums have taken place and a strategy group has been established to include Public Health, HE/PE, NOB8, Vale of Glamorgan, GLL and other delivery partners. The aim is to have a finalised strategy by March 2022.		Dec 2020 The strategy group has been supported with funding from Public Health to engage an independent consultant with experience of delivering Physical Activity and Health strategies. Four key themed workshops have taken place and results are being compiled to shape the next steps of the strategy. Furthermore, the establishment of a board of cross services professionals will help steer the strategy towards completion in September 2021. Attendance and collaboration has been strong with positive engagement, and the partnership with Public Health covering the Cardiff and Vale of Glamorgan Health Board area is proving particularly positive.	April 2021 - The findings of the consultation have been summarised by the working group and presented to the Director of Public Health and the OM for Sport, Leisure and Development at the Council. Next steps have been agreed to develop the draft strategy document and associated key action plans demonstrating clear links to other high level internal and external policies. The high level aims will be presented to the Public Service Board scheduled for July 2021 and taken to Cabinet to ratify the strategy in the Autumn. The final document is still on schedule for a September completion.	Green	Open	
2019-20	Review of Leisure	Steve Morris	Economic Development	Consider how it can strengthen application of the sustainable development principle through the services delivered by GLL, including: • Adopt a more strategic approach to collaboration which ensures all organisations including Cardiff and the Vale Health Board/Public Health and the Third Sector are involved in planning and developing GLL and other leisure services at a local and regional level. • Further integrate the planning and delivery of GLL Leisure Services with other public bodies and Council services, such as Education and Social Care. • Listen to, and involve, service users in the development and delivery of GLL and leisure services to ensure they represent the needs and aspirations of the full diversity of local communities they serve	ACCEPT: - GLL local, regional and national management are involved as key stakeholders for the emerging Sport, Health and Physical Activity Strategy, along with Public Health and the Vale of Glamorgan Council and their Leisure provider, Parkwood. A multi-agency approach is planned to develop the strategy. - We have put a strong emphasis on Social Value by way of calculating and measuring the impact of attendance in GLL facilities. A number of partnerships are in place to target specific hard-to-reach and under-represented groups, which bring joint collaboration between internal and external partners. The social value calculator is used when reporting progress to the partnership board. However, we note that further engagement with alternative services and potential stakeholders is required. - Consultation with customers and key stakeholders is critical in developing the most appropriate services and programmes in an ever-evolving leisure and physical activity arena. Further work is being carried out to determine needs and trends to be reflected in the Service Specification Review.		Dec 2020 The review of the Service Specification has identified current partnerships that can be further developed, such as delivery through the medium of Welsh in partnership with the URDD. Closer alignment to the emerging 21st Century Schools programme is being pursued to ensure duplication is avoided and collaboration is explored, as is further work on the integration of programmes for people with disabilities and alignment to the Disability Sport Wales accreditation programme to achieve Silver status. This involvement in the Strategy's development will help set key areas of focus and targeted delivery with new partners. - GLL have implemented the "listen 360" as a customer feedback system and report on this to the Partnership Board. Additionally, quarterly on-line surveys are carried out and reviewed against previous benchmark data. All centres will hold public open forums to listen to customer views and suggestions. Staff surveys and engagement form a key part of the Business Planning process for each centre. QUEST accreditation also requires robust customer survey information which all centres are working towards.	April 2021 - Stronger links are being forged with Public Health in terms of developing better integrated services and shared facility usage. Existing partnerships have been targeted to understand their needs post COVID-19 lockdown in terms of a return to facilities and if any changes in programming are required as a result. As examples, the immunisation centre for the East of Cardiff is set up in Penwyn Leisure centre and discussions are ongoing for a NHS physio centre in Llanishan LC. The partnership with Public Health and NHS continues to develop positively. The review of the Service Specification has been initiated and has identified opportunities to be far more targeted to meet customer and partner needs by adapting opening and closing times on a centre by centre basis to respond to need and demand. Further external review will be undertaken through the Local Partnerships review. The "listen and involve" processes will continue as the centres re-open post lockdown and intelligence used to shape programming and customer priorities.	Green	Open	
2019-20	Review of Leisure	Steve Morris	Economic Development	Improve contract management arrangements to ensure they monitor delivery of the revised specification in a transparent and systematic way.	ACCEPT: The governance and monitoring in place has been reviewed to ensure the contract Service Specification is kept up to date, amended where applicable and responsive to changing trends and habits. The revised Service Specification will also be reported to Cabinet. Client monitoring remains in place and includes weekly officer meetings, quarterly performance reviews with senior officers from both the Council and GLL, and the Partnership Liaison Board, which also meets quarterly with the Cabinet Member for Leisure and Culture and the Cabinet Member for Finance and Resources.		Dec 2020 We have introduced and included the GLL partnership in the Directorate Delivery Plan and Risk Register. This is reported against on a quarterly basis with risks escalated to SMT and reported to Cabinet where appropriate.		April 2021 - Following the Audit Wales review and as a consequence of the pandemic, the Council has decided to commission Local Partnerships to undertake an independent review of the contract and as part of this to review current governance and contract management arrangements. In advance of the review, the Council has introduced some new arrangements, based on an "open-book" approach, including new monthly meetings between GLL and the Council's finance department, and new monthly meetings between the Council's responsible Director, the Head of Finance and the Client Management team with corresponding representatives from GLL. These new meetings are in addition to the established quarterly Partnership Board meetings and the weekly Client Management meetings. It has been agreed to continue with these new arrangements once COVID related restrictions are eased and normal service resumes. The Local Partnership review will provide an external view on governance arrangements and in particular will consider how the arrangements in Cardiff compare with similar partnership arrangements in other core/similar sized cities.	Green	Open
2019-20	Review of Leisure	Steve Morris	Economic Development	Undertake a systematic review of the GLL contract service specification to ensure it is fit for purpose and supports the delivery of the Council's vision for its leisure services and is in accordance with the WFG Act.	ACCEPT: The contract has been running for 4 years with the initial years focussing on partnership, compliance, introduction of new systems, implementing capital improvements and developing new ways of working. Given that the Service Specification was written before the introduction of the Wellbeing of Future Generations Act, it has been agreed that a review is essential to test whether it is still fit for purpose, meets current trends and needs, and contributes to the Act where possible.		Dec 2020 The Service Specification is now under review, with weekly meetings taking place between GLL and the Client Management team. The update was taken to Scrutiny and a Cabinet report was brought forward in November seeking authority to make recommendations for varying the Specification to facilitate a more sustainable model of delivery going forward. A number of key changes are being recommended to Cabinet for consideration, such as the transfer of Penwyn Leisure Centre from GLL to Cardiff Blues, which would reduce the financial deficit to GLL by circa £700,000. A staff restructure is also proposed, aimed at reducing fit without adverse impacts on service provision. Receptionists will change to foyer concierge to be more responsive and customer facing, and changes in programming and opening times at each centre will ensure resources are applied to areas of the highest customer need and demand. A Cabinet Report is scheduled for March 2021.	April 2021 - A report was presented to Cabinet in March to escalate the current risks associated with the GLL contract and to attain authority to undertake a comprehensive review of the contract and service specification. Local Partnerships are in the process of being appointed to undertake an independent review that will consider the sustainability of the contract and the effectiveness of the service specification in delivering the Council's vision for its leisure services in accordance with the WFG Act. In due course the findings will be presented to SMT, Cabinet, Scrutiny Committee and Audit Committee. At the March meeting, Cabinet also provided authority to progress some initial changes to improve the sustainability of the contract and the service specification.	Green	Open	
2019-20	Review of Leisure	Steve Morris	Economic Development	Ensure that the Council effectively considers the long-term financial and well-being risks of the leisure contract in its corporate risk management processes.	NOTED: The Directorate Delivery Plan now includes more robust monitoring and reporting measures of performance and risk. Risks are escalated to the Corporate Risk register and to Senior Management Team; these are reported quarterly.		Dec 2020 The Directorate Delivery Plan has reported financial and well-being risks predominantly linked to Covid-19. A Cabinet briefing was held in Q3 on financial risk and sustainability. Furthermore, the Cabinet report in November highlighted the current financial difficulties and another report will be taken to Cabinet in March setting out mitigating recommendations, as mentioned above. Additionally, Welsh Government have supported losses in 20/21 through the Hardship Fund.	April 2021 - Following the Audit Wales review, new arrangements have been put into place to ensure risks associated with the Leisure Services contract are properly embedded into the Council's corporate risk management processes. New steps have been added to the Directorate Delivery Plan. Performance against these steps and associated risks are reported as part of the Council's Quarterly Performance monitoring. An annual report is now presented to Scrutiny Committee covering performance and risks. Significant risks have been escalated to the Council's SMT. A report was presented to Cabinet in March to transparently escalate current risks to the contract relating to the pandemic. The Local Partnerships review will also consider further improvements to governance and reporting arrangements.	Green	Open	
2019-20	Review of Leisure	Steve Morris	Economic Development	Improve reporting arrangements to ensure members receive a full and timely account of contract performance which includes revenue/expenditure.	ACCEPT: In addition to the current governance structure and reporting to the Partnership Liaison Board, reports are taken quarterly through the Corporate process, and financial performance is monitored effectively and reported through the Corporate Risk Register.		Dec 2020 Financial performance is a key measure at the PLB, with attendance from the Cabinet Member for Finance. An informal Cabinet briefing took place in Q3 with GLL and Client management to present the impact of Covid-19 on income and expenditure for the current operating year and estimated forecasts for 21/22. Furthermore, a report was taken to Scrutiny Committee to highlight both the general financial position of the GLL contract and the financial impact of Covid-19. A monthly meeting between Council senior accountants and GLL has been introduced based on an open-book approach in response to financial risks linked to Covid-19.	April 2021 - As described above, new arrangements have been put in place following the Audit Wales review, and will be further refined by the Local Partnership review, to ensure Members have full and transparent sight of the performance of the GLL contract, including any relevant financial information. Management of the contract is now embedded into the Council's performance management framework with new steps included in the Directorate Delivery Plan enabling performance and risks to be reported as part of the corporate quarterly performance reporting. Updates are now presented to SMT and regular reports are made to Cabinet to raise awareness of issues and opportunities. Pre decision scrutiny is undertaken by Scrutiny Committee on Cabinet reports and an annual report at the end of the financial year will also be presented to Scrutiny Committee.	Green	Open	
2019-20	Financial Sustainability	Ian Allwood	Resources	The Council has a medium term financial plan based on reasonable assumptions, but needs to consider how it is going to meet its longer-term funding gap, including strengthening the links between its transformation programme and its medium term financial plan.	Agreed - More robust savings methodology introduced in advance of the 2020/21 budget with a focus on: a) Efficiency b) Transformation / Service Change - Business case development strengthened, and no savings included in the budget strategy 2020/21 "at planning stage" - Focus on identification and delivery of savings in year, not just as part of an annual budget setting process.		December 2020 - The Report and Findings were taken to Audit Committee on 17 November 2020. Awaiting Provisional Settlement on 22 December 2020. Intended Cabinet Report on Consultation for January 2021.			Green	Closed

Year of Audit	Name of Audit	Lead Officer	Directorate	Recommendation	Management Response	Action Date	Previous updates	Mid Year Assessment update 2021/22	Year End Assessment Update 2021/22	Current RAG Status	Open/Closed
2019-20	Financial Sustainability	Ian Allwood	Resources	The Council has a track record of achieving the majority of its overall savings, but it will become increasingly challenging to deliver them in the future and the Council needs to strengthen its savings planning process.	Agreed - Closer working is underway between Performance, Finance, Risk and Service Planning, both in terms of strategy planning and reporting - The critical issue remains the annual nature of funding settlements, inhibiting the ability to provide sufficiently robust longer-term planning.		December 2020 - The Report and Findings were taken to Audit Committee on 17 November 2020. Awaiting Provisional Settlement on 22 December 2020. Intended Cabinet Report on Consultation for January 2021.			Green	Closed
2020-21	HMIP Inspection of Youth Offending Services	Deborah Driffield	Childrens	The Cardiff Youth Offending Service Management Board should ensure it sets the strategic direction for the YOS by having a clear vision that is communicated to staff and key stakeholders.					April 2021 - All Our Futures Strategy created and launched during the year. Briefings for staff, young people and partners held.	Green	Closed
2020-21	HMIP Inspection of Youth Offending Services	Deborah Driffield	Childrens	The Cardiff Youth Offending Service Management Board should review its membership, role and function to make sure that its representatives have the seniority to make decisions and commit necessary resources to the YOS.					April 2021 - Advocacy Panel, Management Board and Sub Committee set up, refreshed and refocused with new terms of reference and new membership to ensure the appropriate representatives are in place with seniority to make decisions and commit resources.	Green	Closed
2020-21	HMIP Inspection of Youth Offending Services	Deborah Driffield	Childrens	The Cardiff Youth Offending Service Management Board should make sure that all members of the YOS partnership and other partner agencies provide appropriate support and services.					April 2021 - Management Board workplan in place including quarterly board meetings, focus sessions and pairing sessions (between members of board and YIS staff). Each Board meeting receives a financial report, performance report and Head of Service report. Board members all contribute on behalf of their partner agency to ensure that appropriate support and services are provided.	Green	Closed
2020-21	HMIP Inspection of Youth Offending Services	Deborah Driffield	Childrens	The Cardiff Youth Offending Service Management Board should develop members' knowledge and understanding of their role as Board members and the service's work and provide effective challenge to partners.					April 2021 - Heads of partner agencies meet with YIS staff in pairing meetings to share knowledge and ensure understanding of issues, challenges and the YIS framework. A Board Handbook has been developed and will be published to set out the role of each Board member. The Board and sub committee both provide appropriate challenge and remove barriers to effective service provision.	Green	Open
2020-21	HMIP Inspection of Youth Offending Services	Deborah Driffield	Childrens	The Cardiff Youth Offending Service Management Board should provide the management team with the necessary resources and support to manage the service effectively.					April 2021 - Permanent dedicated Operational Manager post created and appointed to. An interim Service Manager post was appointed to immediately to cover the period while the permanent OM was created, advertised and recruited to. A temporary 3rd Team Manager is in post whilst the planned restructure consultation is ongoing. Board pushed for Health post that had been vacant for some time to be filled - this has been achieved.	Green	Open
2020-21	HMIP Inspection of Youth Offending Services	Deborah Driffield	Childrens	The Cardiff Youth Offending Service Management Board should develop robust plans to drive service improvement in response to findings from audits and inspections and communicate these more effectively to staff.					April 2021 - Implementation of All Our Futures Strategy and YIS development plan ongoing.	Green	Open
2020-21	HMIP Inspection of Youth Offending Services	Deborah Driffield	Childrens	The Cardiff YOS Manager should ensure that all staff have appropriate induction, training, supervision and management oversight of their work.					April 2021 - An induction pack was created as well as an induction policy. A supervision policy has also been agreed. A skills matrix was completed and mandatory training identified, commissioned and delivered - including MAPPA, MASH, CareFirst and AssetPlus training. Weekly staff briefing sessions take place and a workforce development strategy has been written. Management oversight is evidenced via ChildView recordings and supervision notes. The supervision format has been updated and supervision levels are reported to the CYJ Board on a quarterly basis.	Green	Closed
2020-21	HMIP Inspection of Youth Offending Services	Deborah Driffield	Childrens	The Cardiff YOS Manager should establish a service level agreement, protocols, performance frameworks and guidance in relation to commissioned services for out-of-court disposal work.					April 2021 - The contract with MAC has been agreed and signed and a service specification is in place. Partnership meetings currently take place on a monthly basis but will be taking place quarterly going forward with a renewed focus on positive outcomes in relation to joint working.	Green	Closed
2020-21	HMIP Inspection of Youth Offending Services	Deborah Driffield	Childrens	The Cardiff YOS Manager should review the management structure, communication and lines of accountability to ensure that the quality of safeguarding and public protection work improves.					April 2021 - The management structure is currently under review. There are two interim team managers in place and a permanent OM started in December 2020. The Duty YIS Team Manager has a recorded daily discussion with MASH, the YIS OM sits on the Children's Management Team (CMT) and chairs high risk panels on a rota-basis. The CPF and CE MASM process is under review and are being amalgamated. The YIS ensures representation at MARAC and MAPPA forums. The YIS has a named safeguarding lead and safeguarding is a standing agenda item on the monthly All YIS meetings.	Amber	Open
2020-21	HMIP Inspection of Youth Offending Services	Deborah Driffield	Childrens	The Cardiff YOS Manager should develop and update policies, procedures and guidance that will enable all staff to deliver quality work.					April 2021 - All stage 1, 2 and 3 policies have been agreed at the Board. Stage 4 policies are due to be agreed at the June 2021 Board meeting.	Green	Open
2020-21	HMIP Inspection of Youth Offending Services	Deborah Driffield	Childrens	The Cardiff YOS Manager should have oversight of all YOS cases where there are safeguarding and public protection issues, making sure that appropriate referrals are made, and joint work takes place as needed.					April 2021 - A joint CS and YIS scorecard has been implemented and is seen at CMT every 5 weeks. Team Managers chair the Case Planning Forums (CPFs) and any concerns are escalated to High Risk Panel - the YIS OM chairs high risk panels on a rota-basis. Individual case discussions take place in case managers supervision with staff in relation to safeguarding and child protection. The Duty YIS Team Manager has a recorded daily discussion with MASH and the YIS OM sits on the Children's Management Team (CMT). The CPF and CE MASM process is under review and are being amalgamated. The YIS ensures representation at MARAC and MAPPA forums. The YIS has a named safeguarding lead and safeguarding is a standing agenda item on the monthly All YIS meetings.	Green	Open
2020-21	HMIP Inspection of Youth Offending Services	Deborah Driffield	Childrens	Local authority education services should develop effective strategies to encourage children who speak Welsh to access services in their preferred language, and to use, develop and recognise the value of the language as an employment skill.					April 2021 - A staff briefing session was held in April 2021 around Welsh language awareness and further work is ongoing to ensure the ChildView database has up to date information regarding which children are in Welsh medium schools. The YIS Sub-Committee have commissioned an in-house exercise to report on the number of Welsh speaking children and young people known to the YIS, both first language and those who attend Welsh medium schools. Looking at how we initially evidence the active Welsh language offer and continue this offer. There are 5 members of staff who are able to correspond in the medium of Welsh, including administrative staff.	Amber	Open

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24 Cathedral Road / 24 Heol y Gadeirlan
Cardiff / Caerdydd
CF11 9LJ
Tel / Ffôn: 029 2032 0500
Fax / Ffacs: 029 2032 0600
Textphone / Ffôn testun: 029 2032 0660
info@audit.wales / post@archwilio.cymru
www.audit.wales / www.archwilio.cymru

Hugh Thomas
Chair, Audit Committee
Cardiff Council
County Hall
Atlantic Wharf
Cardiff
CF10 4UW

Reference: DO21-04

Date issued: 3 June 2021

Dear Governance and Audit Committee Chair

Audit Wales Reports and Recommendations

I hope you are well.

You may recall that at the end of November 2020, some Audit Wales staff came along to a meeting of the Audit Committee Wales chairs' network to talk about the implications for audit committees as a result of the then Local Government and Elections (Wales) Bill. As part of this session, we also briefly mentioned our expectation that audit committees actively consider our reports. The purpose of this letter is to clarify and expand upon this.

As you will be aware, our performance audit work comprises national studies, local government studies (such as our recent report about discretionary services), thematic work (such as our financial sustainability assessments) and more locally risk-based work. We consult audited bodies about potential topics for our national and local government studies, and our local risk-based work is determined through our assurance and risk assessment process. Our programme of work for each council is set out in our annual audit plans.

We have found that councils' approaches to dealing with our performance audit reports, proposals for improvement and Local Government studies' recommendations are variable. Councils' approaches vary from regular reviews, audit trackers and action plans to reports and recommendations only being seen when we present our annual audit summary. We are, therefore, not assured that all councils are consistently actively considering the findings of our reports.

Given the role of the Governance and Audit Committee is to review and assess the risk management, internal control, performance management and corporate governance arrangements of the Council, we would expect that all councils' Governance and Audit Committee formally consider all reports of external review bodies – principally; Audit Wales, Estyn and the Care Inspectorate Wales (CIW).

As well as actively considering reports we would expect committees to assure themselves that there are arrangements in place to monitor and evaluate progress against any recommendations contained in them. The focus here should be on holding executives and officers to account to ensure that reports and recommendations have been acted upon. Some of our reports may be relevant for consideration by scrutiny committees also.

To help councils to do this, we will have a more targeted approach of distributing final reports upon publishing, set out our expectations of how councils should deal with our recommendations and find out whether these expectations have been met. In addition, under the Local Government and Elections (Wales) Act, the Auditor General for Wales must produce a timetable which sets out the dates or periods when Audit Wales, Estyn and Care Inspectorate Wales will be undertaking their work. We intend to issue this timetable to councils and cc to Governance and Audit Committee chairs every quarter. We don't intend to formally present this to Governance and Audit Committees each quarter but will liaise with councils to discuss our local approach.

Audit Wales staff will continue to work flexibly to deliver our programme of work. In response to any government advice and subsequent restrictions, we will continue to work remotely, building on the arrangements made in 2020, until such time that it is safe to resume on-site activities. I remain committed to ensuring that the work of Audit Wales staff will not impede the vital activities that public bodies need to do to respond to ongoing challenges presented by the COVID-19 pandemic.

I hope you find this letter helpful. Please liaise with our local team if you have any specific needs or concerns.

Yours sincerely



Derwyn Owen

Audit Director

GOVERNANCE & AUDIT COMMITTEE: 20TH JULY 2021

**ARRANGEMENTS FOR HANDLING COMPLAINTS AND COMPLIMENTS
& DRAFT COMPLAINTS AND COMPLIMENTS ANNUAL REPORT 2020-21****AGENDA ITEM: 8.2****REPORT OF THE CHIEF DIGITAL OFFICER**

Reason for this Report

1. This report has been produced to enable the Governance and Audit Committee to review and assess the authority's ability to handle complaints effectively, and make any associated reports and recommendations.
2. The Governance and Audit Committee has incorporated the above responsibility into its terms of reference, as required in accordance with the provisions of the Local Government and Elections (Wales) Act 2021.

Background

3. The Council's Corporate complaints policy (found at Appendix C) reflects guidance given in the Welsh Government Model Policy and Guidance Paper for Handling Complaints. This Model Policy is further supported by the Public Services Ombudsman for Wales.
4. Complaints, comments and compliments can be made face-to-face or by telephone, email, letter or by using the online form found on the Council's website.
5. **Complaint received.** A complaint can be registered via any Council venue and once received, should be forwarded to the Service Area Complaints Manager. Every Council service area has a lead officer for complaints. The Complaints Manager will ensure complaints are acknowledged and recorded and facilitate the investigation of the complaint in accordance with the corporate complaints procedure.
6. **Acknowledgment.** The Complaints Managers will aim to acknowledge complaints within 5 working days. At this stage, we can let the customer know who is dealing with their complaint and our understanding of what the customer's complaint entails. We can also let the customer know that a full response will follow within 20 working days of our receipt of the complaint.

7. **Full response.** At the end of an investigation, a response should be produced depending on how a customer has indicated they prefer to be contacted. The response should include the outcome of the investigation as well as any necessary action taken for service improvement. The Public Services Ombudsman for Wales states that the aim of every formal investigation should be to “investigate once, investigate well”. Advice will also be included on the full response on what the complainant should do if they remain dissatisfied with the outcome – to contact the Ombudsman.
8. **Public Services Ombudsman for Wales.** Complaints that progress to the Ombudsman will have been thoroughly investigated by the service area. If a complainant remains dissatisfied, it is for the Ombudsman to assess whether there is any evidence of service failure or maladministration not identified by the Council.
9. **Compliments** are also recorded and as an organisation, we receive many positive comments about our staff and the services we provide. Knowing where things are working well and are appreciated is as important to capture as knowing where things are perhaps not working. Good practice and learning can then be circulated across the Council.
10. **Complaints relating to Councillors** (that a Councillor may have breached the Code of Conduct) should be addressed to the Public Services Ombudsman for Wales. The Ombudsman’s web site contains explanations on the standards of behaviour expected by the Code and the basis on which the Ombudsman decides whether or not to investigate a complaint.
11. The Council has also adopted a Local Resolution Protocol, in line with the recommendations of the Ombudsman, to deal with relatively ‘low level’ complaints made by another Member or Officer of Cardiff Council. Typically, these complaints will be about alleged failures to show respect and consideration for others as required by paragraph 4(b) of the Members’ Code of Conduct. Low level complaints made by members of the public about an alleged breach of the Code of Conduct by a councillor may also be dealt with under the Local Resolution Protocol if the Monitoring Officer agrees this is appropriate.
12. All Directorates are responsible for providing high levels of service to their customers, clients or residents. The Chief Digital Officer has strategic oversight of the corporate complaints and compliments process in line with their Council-wide customer service responsibilities.
13. In addition to the Council’s Corporate complaints policy, it is a statutory requirement for Local Authorities to have in place a complaints policy for Social Services. A copy of the Council’s Social Services complaints policy can be found at Appendix D. The Council also reports on the operation of the Social Services complaints policy and the report (Appendix B) contains information about the number and type of (Social Services) complaints received.

Issues

14. Details of complaints recorded by the Council under our Corporate process can be found in Appendix A.
15. A total of 2,537 (Corporate) complaints were recorded during 2020/21. This is an 11.2% decrease from the previous year, when 2,859 complaints were recorded.
16. A total of 1,964 compliments were recorded during 2020/21. This is an 16.2% decrease from the previous year, when 2,345 compliments were recorded.
17. During the year, increased pressures were placed on service areas across the Council as a result of Covid-19. Issues faced included a greater demand placed on Council services, adapting to Council-wide homeworking and staff shortages due to illness and self-isolation.
18. Whilst some service areas saw an increase in complaints due to these demands, it is encouraging to see that there has been an overall decrease Council-wide. However, it needs to be acknowledged that due to the covid restrictions some services stopped or were significantly scaled back during the year.
19. With regards to complaints recorded under the statutory Social Services complaints process, details can be set out in Appendix B. Adult Services received 64 complaints during 2020/21, exactly the same as the number of complaints recorded during 2019/20. Children's Services received 140 complaints during 2020/21, a small decrease compared to the 146 complaints received in 2019/20.
20. **Priorities** for the coming year include:
 - Council-wide complaints system
 - Improved complaints reporting
 - Improved compliments recording
 - Improved complaints training

Further information on these priorities can be found in the attached annual report (App A)

Legal Implications

21. Under Part 6 of the Local Government and Elections (Wales) Act 2021, section 115, Governance and Audit Committees are given new statutory functions, with effect from 1st April 2021, to 'review and assess the authority's ability to handle complaints effectively', and 'make reports and recommendations in relation to the authority's ability to handle complaints effectively'.
22. The information set out in the report and appendices is provided for the Committee to review, assess and consider whether to make any recommendations in this regard.

Financial Implications

23. The financial implications (if any) arising from this report have been contained within the body of the report.

RECOMMENDATIONS

- 24.** That the Governance and Audit Committee considers and notes the content of the report and makes any comments or recommendations, as appropriate. We would invite Committee to provide any feedback on the draft complaints report(s) prior to them being considered at Cabinet.

Isabelle Bignall
Chief Digital Officer

The following is attached:

- Appendix A:** Draft (Corporate) Complaints and Compliments Annual Report 2020-21
Appendix B: Draft Social Services Complaints and Compliments Annual Report 2020-21
Appendix C: Corporate Complaints Policy
Appendix D: Social Services Complaints Policy

Cardiff Council

Annual Complaints & Compliments Report 2020/21



1. Reason for this report

To report to the Cabinet on the operation of the corporate complaints procedure between 1st April 2020 and 31st March 2021. The statistics for corporate complaints are set out by service area.

A complaint is defined within the Council as:

“An expression of dissatisfaction, however made, about the standard of service, action or lack of action by the Council, or its staff, affecting an individual customer or group of customers.”

Complaints recorded under the corporate complaints procedure do not include ‘first time’ representations which are effectively requests for a service and dealt with as such. A new report of a pothole or a missed bin for example, would not be registered as a complaint, but as a request for service. Of course, in the event that we failed to respond to the ‘request’ appropriately, then that may generate a complaint.

The number of compliments received and recorded during 2020/21 is also set out in this report. Many people get in touch with a compliment when the information or support they have received has exceeded their expectations. We like to recognise compliments alongside any complaints. It is good for us to say ‘thank you’ to our teams and staff too.



2. Our complaints procedure

The Council's complaints procedure reflects guidance given in the Welsh Government Model Policy and Guidance Paper for Handling Complaints. This was further supported by the Public Services Ombudsman for Wales.

Complaints, comments and compliments can be made face-to-face or by telephone, email, letter or by using the online form found on the Council's website.



Complaint received. A complaint can be registered via any Council venue and once received, should be forwarded to the Service Area Complaints Manager. Every Council service area has a lead officer for complaints. The Complaints Manager will ensure complaints are acknowledged and recorded and facilitate the investigation of the complaint in accordance with the corporate complaints procedure.

Acknowledgment. The Complaints Managers will aim to acknowledge complaints within 5 working days. At this stage, we can let the customer know who is dealing with their complaint and our understanding of what the customer's complaint entails. We can also let the customer know that a full response will follow within 20 working days of our receipt of the complaint.

Full response. At the end of an investigation, a response should be produced depending on how a customer has indicated they prefer to be contacted. The response should include the outcome of the investigation as well as any necessary action taken for service improvement. The Public Services Ombudsman for Wales states that the aim of every formal investigation should be to "investigate once, investigate well". Advice will also be included on the full response on what the complainant should do if they remain dissatisfied with the outcome – to contact the Ombudsman.

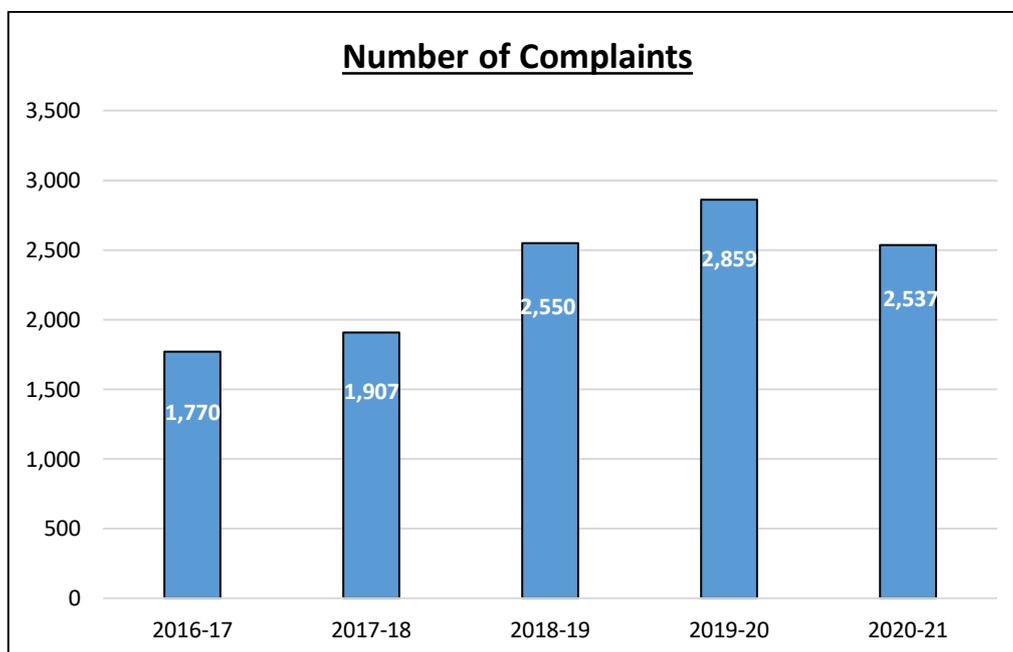
Public Services Ombudsman for Wales. Complaints that progress to the Ombudsman will have been thoroughly investigated by the service area. If a complainant remains dissatisfied, it is for the Ombudsman to assess whether there is any evidence of service failure or maladministration not identified by the Council.



3. Complaints for Cardiff Council in 2020-21

A total of **2,537** complaints were recorded during 2020/21. This is an **11.2%** decrease from the previous year, when 2,859 complaints were recorded.

Year	Number of complaints
2020-21	2,537
2019-20	2,859
2018-19	2,550
2017-18	1,907
2016-17	1,770



Complaints received per 1,000 of population			
	2018/19	2019/20	2020/21
Cardiff population (estimate)	362,756	366,903	369,202
Total number complaints received	2,550	2,859	2,537
Number of complaints received per 1,000	7.0	7.8	6.9

The population of Cardiff is estimated at 369,202. In 2020/21, Cardiff Council handled 2,537 complaints from customers, meaning that an average of 6.9 complaints were received per 1000 residents.



4. Complaints breakdown for Cardiff Council

A total of 2,537 complaints were recorded during 2020/21. This is an 11.2% decrease from the previous year, when 2,859 complaints were recorded.

A breakdown of the number of complaints received by service area can be found below.

Service Area	Number of complaints 2019/20	Number of complaints 2020/21
Waste	1256	1479
Housing	543	433
Parks & Harbour Authority	76	129
Traffic & Transportation	130	105
Finance	163	103
Customer & Digital Services	104	66
Neighbourhood Services	110	60
Customer & Digital Services	104	66
Highways Maintenance	63	42
Economic Development	50	25
Education	26	39
Bereavement & Registration	23	25
Planning	20	23
HR	2	6
Governance & Legal Services	15	2
Arts and Theatres	294	0*
Total	2859	2537

*Our Arts and Theatre venues (St David's Hall, New Theatre) have been closed to the public during 2020/21 while they adhere to the advice provided by the UK Government. This has had a notable impact on the number of complaints received.

NB Complaints for Social Services are recorded under their statutory complaints procedure rather than the corporate complaints procedure. Information on this can be found as an appendix at the end of this report.

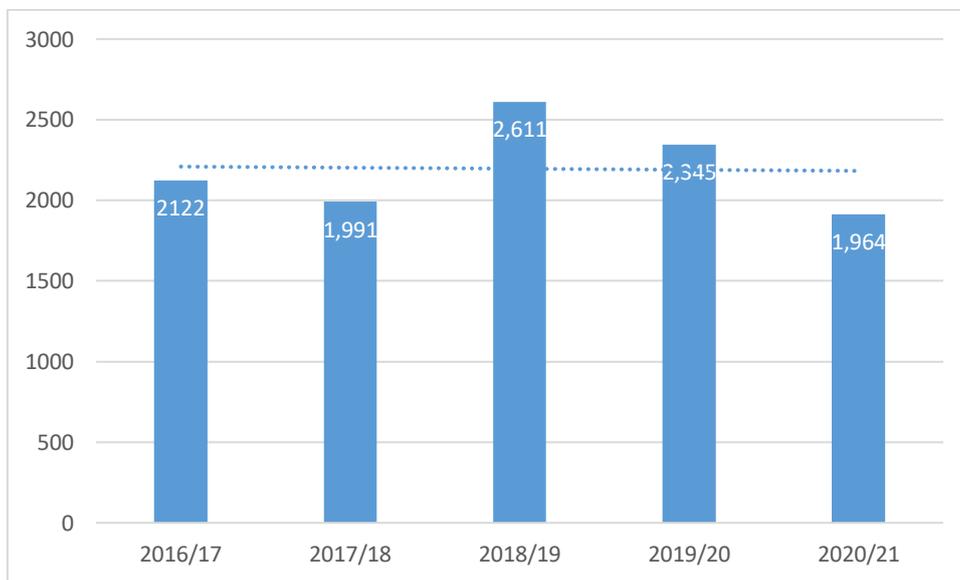
Service Area	Number of complaints 2019/20	Number of complaints 2020/21
Adult Services	64	64
Childrens Services	146	140



5. Compliments for Cardiff Council in 2020-21

A total of 1,964 compliments were recorded during 2020/21. This is an 16.2% decrease from the previous year, when 2,345 compliments were recorded.

Year	Number of compliments
2020/21	1,964
2019-20	2,345
2018-19	2,611
2017-18	1,991
2016-17	2,122



Compliments received per 1,000 of population

	2018/19	2019/20	2020/21
Cardiff population (estimate)	362,756	366,903	369,202
Total number compliments received	2,611	2,345	1,964
Number of complaints received per 1,000	7.2	6.4	5.3

The population of Cardiff is estimated at 369,202. Cardiff Council handled 1912 compliments from customers, meaning that an average of 5.2 compliments were received per 1000 residents.



6. Compliments breakdown for Cardiff Council

As an organisation, we receive many positive comments about our staff and the services we provide. Knowing where things are working well and are appreciated is as important to capture as knowing where things are perhaps not working. We therefore keep a record of the compliments we receive as well as the complaints. Good practice and learning can then be circulated across the Council.

A breakdown of the number of compliments received by service area can be found below. We have also provided examples of the types of compliments received over the following pages.

Service Area	Number of compliments 2019/20	Number of compliments 2020/21
Housing	613	703
Waste Collections	137	394
Customer & Digital Services	465	274
Economic Development, Parks & Harbour Authority	216	213
Neighbourhood Services	48	138
Planning, Transport & Environment	87	117
Bereavement & Registration Services	312	72
PPE	N/A	49
Track, Trace & Protect	N/A	3
Finance	11	1
Arts & Theatres	449	0*
Education & Lifelong Learning	3	0
Governance & Legal Services	4	0
Total	2,345	1,964

*Our Arts and Theatre venues (St Davids Hall, New Theatre) have been closed to the public during 2020/21 while they adhere to the advice provided by the UK Government. This has had a notable impact on the number of compliments received.

NB Similar to complaints, compliments for Social Services are recorded under their statutory procedure rather than the corporate complaints procedure. Information on this can be found as an appendix at the end of this report.

Service Area	Number of compliments 2019/20	Number of compliments 2020/21
Adult Services	48	44
Childrens Services	91	178



During 2020/21, 1,964 compliments were recorded; a selection of those compliments is set out below.

Bereavement Services

“Yesterday, with you, at the crematorium, was a peaceful, dignified & heartfelt send off for my wee sister & on behalf of (the family), I want to thank you from the bottom of my heart for helping to make one of the hardest days of my life, a pleasant, dignified & truly “special” one!”

Connect to Cardiff

“Hello Cardiff Council, I just want to say thank you for doing a fantastic job at keeping people informed and responding to niggling enquiries like my own (where are the bags!) in such a timely manner. It's not an easy job at this time but your updates and commitment to continuing your service haven't gone unnoticed. I hope you receive more positive feedback. We're very lucky to have a council that has been so accommodating during these, ugh, dare I say it "unprecedented times". We're all struggling but I take my hat off to your team who have kept it together and delivered exceptional service. Well done you. Keep up the good fight.”

Finance – Council Tax

“I made an online payment for my council tax and then filled out the form to have my remaining instalments. I completed the form at about 8 am Monday morning. Within a few hours, I had someone call me to explain what my new payments would be and generate a new bill. He was friendly, helpful and I was just so surprised to get a call so quickly. I'm really grateful for how the council have handled this, especially at a time where I am sure you're staff are very stretched and working in some difficult circumstances. Thank you :)”

Housing – Caretaking Services

“Since opening the rough sleepers' provision at The Parade, they have worked tirelessly and have gone well above and beyond what could be reasonably expected of them. They have kept the hostel looking immaculate, and have maintained excellent professional boundaries with our customers, something that can be difficult to manage in a small project with limited staff areas. They have sought out duties that are outside of their job description to ensure that our service really looks the part, and do so every day if there is time. Examples of this are painting the façade of the hostel that was previously quite scruffy, clearing out the drainage system outside the hostel to prevent flooding, and helping to attach items to the wall to allow for storage etc. I could write a very long list! They have worked flat out, every day, to the moment they go home, and we would've really struggled to have hit our high standards so quickly without their efforts.”



Housing – Housing Options

“We’ve been here over a year now! We are so so happy! I just wanted to say how grateful we are for all your help & guidance. I have seen such a massive improvement in my eldest & the fact that she feels so at home & safe has had a massive impact on that!”

Housing – ILS

“Invaluable input. Knowledge & understanding from carer/client perspective has been insightful. Your presentation was of such high standard we would like to use it with other Local authorities/OT departments to demonstrate accessibility.”

Libraries

“I’ve said it before, but (if you can’t say it at Christmas, when can you?!) @Radyr_Library have been amazing throughout the pandemic! Diolch yn fawr for keeping my children’s imagination & love for books alive! Merry Christmas to all of you!”

Environmental Enforcement

“I wanted to say my own thanks to (council staff) for phoning me today to update me about the fly tipping by the Scout Hall off Ferry Rd. It sounds like there is enough evidence to take action, which is great. I’d also like to pass on my thanks to our local Enforcement Officer, for all the work he’s doing to stop fly tipping by the bins in Stockland Street Community Planter and on the bus stop near my house on Clive St. He’s phoned me a few times to give me updates on all the work he’s doing to catch those responsible and stop it happening. It’s great that the Council team are so conscientious and committed.”

Parks

“I, like my fellow Heath residents fully appreciate this wonderful park (especially during this COVID-19 Period) and thank all the members of Parks department for all that they do in maintaining not only Heath Park but all our splendid Parks and Gardens throughout the city. It is very much appreciated”.

Planning, Transport & Environment

“Since lockdown, I’ve used my bike some days to get to work (due to reduced public transport services) and would like to thank you for work done/being done on cycle routes. The cycle route from the Taff trail into Cardiff behind Talybont/beside Blackweir is good, and even better today for someone having been out sweeping away the leaves. In addition, I noticed that the Taff trail path has been widened slightly (holes filled in) near the Western Avenue underpass. So, thank you - these small changes (and keeping the routes clear of debris) are appreciated.”



PPE

“We would like to thank the Council for all the PPE support we have been receiving-masks, aprons and visors. You have been most reactive and prompt in helping us to keep both our carers and clients safe.”

“Well done to the whole team!...It’s an unseen job but we’ll never know just how many lives the bits of PPE and sanitiser etc have saved!”

“Please can I take this opportunity, on behalf of all my staff, to thank your whole team for your hard work this year. You've kept us so well stocked up, as well as informed, and you've been so helpful whenever there's a slight problem. The drivers are always really jolly as well. It might be a behind-the-scenes task, but it's definitely been a success and so important to everyone's safety and wellbeing. Thanks - and I hope you all get some rest over the summer.”

Rent Smart Wales

“Mr. advised that he has always had good service from the contact centre in every call he has made, and we are the best, most polite contact centre he has ever dealt with.”

Waste Collections

“This morning, my cycling companion was involved in a fall from his bike close to busy traffic lights on Lansdowne Road, Cardiff. Shortly after, two Council employees passed in their pick up truck. They slowed down, offered help, then joined us, offered First Aid and rang 999. Their prompt help meant that I could focus on taking care of my friend. Shortly afterwards, two WPCs on patrol arrived and so the Council employees were able to get on with sorting the bins on their scheduled round. My cycling companion was taken to UHW by the police officers and was discharged later with stitches but no serious injuries. It is impossible to underestimate the positive impact they had on what could have been a very nasty situation and they couldn't have represented their team and the Council better. We did thank them at the time but we hope that you will be able to pass on our gratitude more formally.”

Waste – Street Cleansing

“Resident emailed to say a quick thank you to 2 absolute gents *(council officers) who knocked his door with a nice surprise. They'd been emptying the street bins ... and had noticed a pile of cards among the rubbish. They looked to see if they were anything important. The cards belonged to his partner - they were in her purse, which was stolen recently. One of the cards was her driving licence. (Council officers) were so polite and really helpful, and they said they'd keep an eye out for the purse when they emptied the van. They didn't hold much hope of it turning up, but the offer was really appreciated. His partner is really grateful, too, and can't believe they found these cards, including quite a few discount and membership cards. Once again, massive thanks to these guys - they are a good reflection of the council.”



7. Complaints to the Public Services Ombudsman for Wales 2020/21

A key indicator of how satisfied complainants are with the standard of investigation and the fairness of outcomes is the number of complainants that escalate their complaint to the Public Services Ombudsman for Wales.

The Ombudsman closed **100** cases involving Cardiff Council compared to 120 cases in 2019-20. The Ombudsman received 25 premature complaints (defined as when the Council has not had a reasonable opportunity to deal with the complaint itself).

A further 33 cases were declined because the Ombudsman was satisfied with action proposed or taken by the Council. 23 cases were closed by voluntary settlements during 2020/21. These are redress proposals (an apology / change of process / time and trouble payment) which enable cases to be closed without the need for full investigation. Of the 100 cases, 3 proceeded to investigation during 2020-21, all of which were upheld.

The Ombudsman closed the cases for the following reasons:

	2019-20	2020-21
Complainants had not exhausted the Council's complaints process - they were referred back to the Council	40	25
Cases closed by the Ombudsman after initial consideration <ul style="list-style-type: none"> • e.g. no evidence of maladministration or service failure • no evidence of hardship or injustice suffered by the complainant • little further would be achieved by the Ombudsman pursuing the matter 	44	33
Cases declined because Ombudsman was satisfied with action proposed or taken by Council (Quick-Fix / Voluntary Settlement)	21	23
Cases out of Ombudsman's jurisdiction	11	16
Cases withdrawn by complainant	0	0
Complaint led to an Ombudsman's report – complaint upheld	0	3
Complaint led to an Ombudsman's report – complaint not upheld	4	0
Total	120	100



Ombudsman Complaints - a yearly comparison

The table below shows the total number of complaints made to the Ombudsman regarding Cardiff Council over the last five years.

Year	
2020-21	100
2019-20	120
2018-19	110
2017-18	123
2016-17	133

Investigations leading to reports

The Ombudsman issues a report if he finds that a complainant has suffered hardship or injustice through the Council's maladministration or service failure.

Under the Public Services Ombudsman (Wales) Act 2005, the Ombudsman can issue one of two types of report following an investigation into a complaint by a member of the public: Section 16 and Section 21.

Section 16 Report

The first type of report is known as a Section 16 report. This is issued when the Ombudsman believes that the investigation report contains matters of public interest. The Council is then obliged to publicise the report at its own expense. For the ninth consecutive year, the Ombudsman issued 0 Section 16 reports against Cardiff Council.

Section 21 Report

The Ombudsman can issue a Section 21 report if the Council agrees to implement any recommendations he has made and if he is satisfied that the case does not raise matters of public interest. The Ombudsman issued 3 Section 21 reports during 2020-21, all of which were upheld.



8. Learning from complaints

Complaints provide valuable feedback and are viewed by our staff as a positive opportunity to learn from experiences in order to drive continual organisational improvement and prevent similar things happening again.

Our complaints handling procedure helps us to address a customer’s dissatisfaction and may also prevent the same problems that led to the complaint from arising again. For our staff, complaints provide a first-hand account of the customer’s views and experience, and resolving complaints early saves resources and creates better customer relations.

Every Council Service Area has a lead officer for complaints and Corporate Complaints Workshops have been set up to look at common issues relating to complaints handling, including standardising responses to customers, collecting customer views and developing templates.

Some of the actions we take in response to complaints might appear to be small but they can make a big difference. The following are examples - big and small - of what we have done as a result of learning from complaints

Area	Complaints analysis	Service improvement
Bereavement Services	Following the increased use of the webcast service, some negative comments were received regarding the quality and positioning of the system.	As the system had not been overly used previously, the audio visual company were called to site and immediate remedial works undertaken which has seen these complaints cease.
Economic Development	The complainant was disappointed with the lack of public toilets open within the City Centre in January 2021.	An apology was given to the complainant and they were informed that the Council would update the website to include locations of public toilets currently open within the City Centre. This would help to make the public aware of the limitations of opening toilets during Covid, before venturing into the Centre.
Housing –	The complainant was disappointed with the garden in their new property, having only seen a glimpse of the garden, as they viewed the property over video, due to Covid.	The Voids Manager agreed that potential tenants should be able to view gardens fully, as part of the viewing video, so took measures to ensure that the garden was shown fully for all future video viewings.



<p>Planning, Transport & Environment</p>	<p>It had been standard practice for Pay & Display refunds to be provided via cheque, which could be time consuming and frustrating for the person who had requested the refund. This could at times lead to a formal complaint being lodged.</p>	<p>This issue has now been resolved with new software being in place and refunds being provided electronically where applicable.</p>
<p>Revenues</p>	<p>A customer was not happy at being chased for payment of Council Tax, when she was a full time student and therefore assumed she was exempt from payment. A Class N Student Exemption is only applicable when a property is wholly occupied by full time students; in some cases, it is possible for a full time student to be liable for Council Tax. Council Tax Student Certificates are sometimes incorrectly referred to as Council Tax Exemption Certificates.</p>	<p>A reminder was issued to Council Tax and Connect to Cardiff staff that they should only be referred to as Council Tax Student Certificates. Any references to Council Tax 'Exemption' Certificates were removed from the Council's website.</p>
<p>Revenues</p>	<p>A customer received an annual bill in the name of her late mother in the week of her funeral service, which caused the family distress. This was a system issue caused by the timing of annual bills which meant only in year bills were suppressed.</p>	<p>This issue was raised with the Council tax manager to look into the small window when this can happen and address going forward.</p>
<p>Waste</p>	<p>There have been an increase in complaints during 2020/21 and we recognise that it is essential that moving forward we reduce missed collections in order to address this.</p>	<p>Waste Collections have prioritised steps to address this matter - more information on this can be found on page 15.</p>



9. Complaints by area

Waste Collections

Service Area	2019/20	2020/21
Waste Collections	1,256	1,479
Number / Percentage of complaints responded to on time	988 (78.66%)	921 (62.27%)

2020-21 has been an unprecedented year with the COVID-19 pandemic having a significant impact on the waste collection service. A number of staff were affected by the need to shield during the peak times of the pandemic; and significant numbers were affected by the need to isolate due to presenting symptoms of the virus, having contact with positive cases, or being positive themselves.

The above factors have led to an impact on collections in the following areas:

- Irregular crews on rounds to cover those that were off due to the above.
- Delays in being able to recruit and train up agency staff to increase numbers to cover shortages.

In the first quarter of 2020/21, garden waste collections were suspended. This meant a greater availability of staff to cover absences. In July, compost collections were re-introduced through to the start of November and an increase in complaints during these months mirror this. From November to January, complaints dropped again in line with the suspension of garden waste collections.

On week commencing 22nd February 2021, a new way of working was introduced with collections now taking place across 4 days on a single shift between 6am and 3:45pm. The service had anticipated an increase in complaints during this period as this change 'bedded in' and crews became familiar with their new rounds.

When considered relative to the number of waste collections that are carried out across the City every year (in excess of 25 million), maintaining services during a global pandemic, and introducing a new way of working, the number of complaints received is considered to be extremely low.

Going forward, it is hoped the following priorities will assist in reducing missed collections, and therefore the number of complaints received:

- To continue the rolling replacement of our vehicle fleet with access to newer and more reliable vehicles.
- To maintain the distribution of clear and concise information to residents in relation to any disruption or change to service.
- To utilise our back office waste management technology 'Collective' to effectively manage collection schedules. This in turn will provide up to date real-time information to residents via the App and Web on the status of their waste collections.



Planning, Transport & Environment

Service Area	2019/20	2020/21
Highway Maintenance	63	42
Planning (including Building Control)	20	23
Traffic & Transportation	130	105
Total	213	170
Number / Percentage of acknowledgments sent within 5 working days	188 (88.26%)	151 (88.82%)
Number / Percentage of responses sent within 20 working days	167 (78.4%)	134 (78.82%)

The number of complaints received during 2020/21 has been greatly impacted by the Covid-19 Pandemic and the subsequent restrictions of movement, which has resulted in their being a drop in formal complaints received by 43 (25.29%)

Highway Maintenance received **42** complaints for 2020/21. This is a decrease of 21 when compared to the previous year when 63 complaints were recorded.

The highest number of complaints related to Maintenance Operations where 16 complaints were received for 2020/21 compared with 14 in the previous year. The largest number of complaints were concerning blocked drains (9). It should be noted that once a blocked drained has been reported, a drainage crew will attend the location and cleanse/flush the drain accordingly. Also, when there are torrential downpours, the cause of flooding can sometimes be attributed to the drain reaching its capacity and not any actual blockages to the drain.

The second highest number of complaints received related to Potholes and Paving (12 complaints). This is a significant decrease of 17 on the previous year when 29 complaints were received, and can be attributed in part to the restrictions in place. The majority of complaints related to the time taken to repair a pothole, although it should be appreciated that due to the unique circumstances this year, it has not always been possible to repair highway defects in the usual timely manner.

Traffic & Transportation received **105** complaints for 2020/21, which is a decrease of 25 from the total (130) for 2019/20.

The highest number of complaints related to Covid-19 Social Distancing / Recovery measures where 20 complaints were recorded. The main reason for the complaints were due to the loss of parking spaces / road diversions that resulted from the social distancing measures put in place.

Civil Parking Enforcement received 10 complaints compared to 18 the year before. The fall in complaints can also be attributed to the restrictions that have been in place for certain periods of 2020/21, and also because motorists are now more aware of the increased enforcement of moving traffic offences such as yellow box



junctions and also bus lanes, and have started to alter their driving habits accordingly. Training is also provided to CPE Officers to deal with difficult situations.

Road Safety Schemes have seen a slight decrease in complaints during 2019/20, with 11 complaints received compared to 14 for the year before. Although these comments are logged as complaints, essentially the information is classed as feedback to the scheme and included as part of the post-scheme monitoring process. These comments are a valuable aid when assessing if any adjustments are required to a scheme.

The **Planning Service** received **23** complaints in total for 2019/20. This is a slight increase of 3 on the previous year where 20 complaints were recorded. These complaints covered a range of issues relating to planning applications, the planning consultation process, planning decisions and compliance with Building Regulations. This figure is small considering that Development Management determines approximately 3,000 planning applications per year. Many of these applications will require negotiating with multiple parties to discuss contentious issues and securing decisions using either Delegated Powers or by reporting through the Planning Committee. Planners also investigated approximately 501 Enforcement Cases where planning permission had not been granted, developments had not complied with permissions granted, and unauthorised and alleged unauthorised developments had been undertaken.

Bereavement & Registration

Service Area	2019/20	2020/21
Bereavement & Registration	18	25
Cardiff Dogs Home	5	0
Number / Percentage of complaints responded to on time	23 (100%)	25 (100%)

Bereavement and Registration Services actively encourages the bereaved and all Registration Service users to contact them should they experience any issues with any burial, cremation, marriage or registration service as these are such significant events where there can be no errors.

Complaints are received by email, via C2C, in writing and also via Bereavement Services' reception area where service monitor forms are completed. All complaints are recorded on a database and dealt with as soon as possible and always within the timescale. Service Provision Questionnaires are sent to all those who use Bereavement and Registration Services which provides an additional avenue for people to advise us of any issues with the services they have received.

It is important to note that due to the high number of visitors to the service – with over 4,000 funeral services per annum, approximately 500,000 visitors to our sites, 9,000



registrations for births and deaths, and 1,500 marriages – the complaints are very minimal. Additionally Citizenship Ceremonies are also organised by the Register Office.

Bereavement and Registration Services is a ‘right first time’ service in which our customers, the bereaved, or those carrying out life changing events are our ultimate priority. Customer requests and comments via service monitor forms and questionnaires are scrutinised and service standards have been developed to inform the public. From these standards, monthly performance data is monitored to ensure that we are meeting our commitments to Cardiff’s citizens. Annually our level of customer satisfaction averages 99%.

Bereavement Services’ complaints reported would equate to under 0.01% of all visitors and service users to our offices and sites. Visitors often come to us in quite a vulnerable state and at differing points in their grieving process. This can mean that small issues may become of increased importance to them and we actively encourage families to communicate their needs with Bereavement Services via service monitor forms. These are then monitored via our monthly statistics and at operational meetings. Trends in service requirements are then considered at this point as well. Where an error has occurred we will also proactively apologise in writing to the family concerned to try and stop an issue escalating.

Registration Services is also an area in which our citizens are undertaking life changing events and as such we have to respond to their needs with sensitivity and understanding. We also register deaths at University Hospital of Wales and work with the team there to ensure that any issues are dealt with in a timely manner. Again, questionnaires are sent out to all service users to proactively seek their comments. All life events can prove challenging for those undertaking the registration of a death or birth or arranging a marriage.

Nearly all of the positive comments and feedback concerning the services received at the Register Office are based around ceremonies. These can be ceremonies at Approved Venues, Register Office ceremonies and Citizenship ceremonies. Here the comments are all praising the staff; their knowledge and experience and the way that those interacting with the service are put at ease especially at such life changing moments. The work of the staff and their understanding make these days truly special and memorable. Similarly positive feedback concerning public interactions with staff is also apparent in Bereavement Services where staff often go the extra mile to ensure that a funeral or service that is delivered is done so in a sympathetic and understanding way.

Cardiff Dogs Home:

There were **no** recorded complaints for Cardiff Dogs Home which again is a front line service.

Covid-19 context:

This year has been particularly challenging for all of these vital front line services, which have remained open and operational throughout the pandemic. Bereavement



and Registration Services have had to react with speed to the various changes in legislation during the pandemic and to how they are able to provide such vital front line services. Within the figures, for context, there have been a small number of complaints in response to the pandemic changes and all of these have been discounted as unjustified as they are out of the control of the service areas to change. For example, the registration of deaths is currently being carried out over the telephone and various services such as weddings, and the registration of births were suspended for some time leading to an initial backlog of 2500 birth registrations.

There has been an immeasurable impact upon the services delivered; from the ceasing of all non-essential services to the delivery of 24 hour working at the crematorium. Additional staff were redeployed to the section in order to manage the gates and access to the sites and then to manage social distancing in the car parks. Two additional staff were redeployed to the administration office and a number of staff were available to assist our grave digging staff at the various operational cemetery sites. At the crematorium staff were redeployed to provide resilience in the chapels and also the crematory. Due to the increased need to provide funeral services (an increase of 675 funeral services), funeral times were shortened from 45 minutes to 30 minutes. With reduced numbers of mourners allowed to attend funerals there has been an exponential increase in the numbers of families choosing to have the funeral service webcast. When restrictions have allowed we have facilitated families to attend our cemeteries. Procedures have been put in place to ensure that additional services, such as the scattering of cremated remains and burial of cremated remains could occur.

Education & Lifelong Learning

Service Area	2019/20	2020/21
Education	27	39
Number / Percentage of acknowledgments sent within 5 working days	20 (74.1%)	35 (89.7%)
Number / Percentage of responses sent within 20 working days	13 (48.2%)	25 (71.4%)

The **Education & Lifelong Learning** Directorate received **39** formal complaints in 2020/2021, an increase from the 27 recorded in 2019/20, but still fewer than the 44 recorded in 2018/19.

The increase in complaints is largely down to differences in how complaints are logged within Education. Although school complaints have to be investigated under school complaints procedures (see note below), in some cases it's not initially clear whether the complaint would have any part that the local authority would need to investigate. In order to ensure that complaints are tracked, complaints were logged and were later closed when it was clear that they needed to be made to the appropriate school for investigation.



Of the 39 complaints received, 35 of the complaints were acknowledged within five working days. This is an improvement on the previous year.

The Directorate responded in full to 71.4% of the complaints received within 20 days of receipt, which is a marked improvement on the previous year. A further 5 complaints (12.8%) were replied to less than a week past their initial due date.

Some complaints received were complex and required further liaison with schools and Chairs of Governors, which caused a delay in some cases. We will aim to improve the number of responses sent to expected timescales this year.

The most common reason for complaining was in relation to Schools, which made up 38.5% of all complaints received. Of internal services, the most common area for complaint was Admissions, which received 23.1% of complaints received (5 for a delay in admissions and the remaining 4 for families not being offered the school of their choice), followed by 15.4% for Special Educational Needs (SEN) provision and support. 12.8% of complaints received were in relation to Covid (places in hub provisions, Free School Meal vouchers) which we would not have received in a normal year.

We will continue to improve the management of complaints over the next year to support good customer service in the Directorate. This includes systematic review at Education Management Team to ensure that timescales are met. We will consider complaints alongside correspondence and freedom of information requests to identify areas of improvement for Education.

It is important to note that under Section 29(1) of the Education Act 2002, governing bodies of all maintained schools are required to establish procedures for dealing with complaints relating to the school or to the provision of facilities or services. The Local Authority does not have a role in investigating or resolving complaints about schools. The Welsh Government has issued guidance to support schools in dealing with complaints entitled Complaints Procedures for School Governing Bodies in Wales (Welsh Government circular no 011/2012). Within the guidance, it is the responsibility of the Local Authority to satisfy itself that all schools it maintains have adequate complaints procedures in place and that these are published. A governing body complaints procedure may, with the agreement of the local authority, include a stage for the local authority to consider the complaint. However, the statutory responsibility for dealing with a complaint remains with the governing body.

Economic Development

Service Area	2019/20	2020/21
Economic Development	50	25
Number / Percentage of acknowledgments sent within 5 working days	50 (100%)	25 (100%)
Number / Percentage of responses sent within 20 working days	49 (98%)	21 (84%)



Parks & Harbour Authority	76	129
Number / Percentage of acknowledgments sent within 5 working days	74 (97.3%)	126 (97.67%)
Number / Percentage of responses sent within 20 working days	70 (92.1%)	94 (72.86%)

During 2020/21 Economic Development received **154** complaints which comprise of **2** for City Centre Management, **4** for Strategic Estates, **2** for Venues and Tourism (this includes Cardiff Castle, the Events team, Cardiff Caravan Park and the Norwegian Church), **8** for Economic Development, **3** for Major Events, **6** for Property Services (previously Facilities Management) and **129** for Parks.

We have had an increase in complaints for Parks during the year, as during lockdown many people were using their local parks and green areas for their daily exercise. However, there has been a decrease in complaints for Economic Development, as due to Covid, there were no events run in Cardiff during the summer months; usually, complaints are received about road closures due to the events.

Environmental Enforcement

Service Area	2019/20	2020/21
Environmental Enforcement	110	60
Number / Percentage of complaints responded to on time	91 (82.73%)	44 (73.33%)

During the pandemic, essential services for environmental enforcement were prioritised in line with the Business Continuity Plan from April to June. These priorities included removal of fly tipping, and supporting waste collections services for excess waste presentation. From June, all environmental enforcement work resumed.

Complaints, reports via the app and requests for service continued to be managed during this time and clear communication on waste collection services was widely promoted.

We are pleased to note that, during this time, the number of complaints for Environmental Enforcement significantly reduced with a decrease of 45.5% compared with 2019/20. Proactive working and essential service activity has shown a reduction in complaints. The App and reporting systems in place to support citizens of Cardiff has enabled the public to report matters in a more effective manner and reduce the volumes of complaints for service.



Performance monitoring is captured in key performance indicators and dashboards for activity in areas of Cardiff, which is monitored on a monthly basis. This assists in resource requirements in areas and identifying hotspots.

Arts & Theatres

Service Area	2019/20	2020/21
Arts & Theatres	294	0
Number / Percentage of acknowledgments sent within 5 working days	294 (100%)	0
Number / Percentage of responses sent within 20 working days	294 (100%)	0

Arts and Theatres contains two of the city’s biggest arts venues, St David’s Hall and the New Theatre. As both venues have been closed due to Covid since mid-March 2020, no complaints have been received for the period April 2020 – March 2021. Staff have endeavoured to do everything possible to reschedule shows so that our customers can enjoy the diverse entertainment that they have booked tickets for.

Resources

Service Area	2019/20	2020/21
Revenues	163	103
Number / Percentage of responses sent within 20 working days	132 (80%)	80 (78%)

During the financial year 2020/21, there was a 37% decrease in complaints received by the Revenues Complaints Department. The majority of this can be attributed to Covid-19, where recovery action was paused and there was more goodwill towards local authorities who continued to provide essential services throughout the pandemic.

There has been a slight decrease in the amount of complaints acknowledged and responded to within corporate timescales. At the beginning of the pandemic, available resources were targeted towards achieving the Council’s key priorities and this has affected the figures accordingly. The Quality/Training Department consists of 2 FTE posts, one member left his post at the end of the 2019/20 financial year and recruitment has been on hold since due to the problems associated with the pandemic and the resulting reduction in complaints received.



The amount of complaints received has increased significantly since January 2021, with the remaining post holder being supported by management in recording and responding to complaints. It is hoped that with the vacant post being filled and improved working practices, the figures should improve significantly going forward.

Customer & Digital Services

Service Area	2018/19	2019/20
Customer & Digital Services	104	66
Number / Percentage of responses sent within 20 working days	100%	100%

Customer & Digital Services includes a number of key frontline services including Connect to Cardiff and Rent Smart Wales. **Connect To Cardiff (C2C)** has received 24 complaints which is a decrease of 29% compared to the 34 received last year.

Of the 24 complaints received, 13 were not upheld and 2 partially upheld, leaving 9 that were considered as having genuine grounds for complaint. Following investigation of each upheld complaint, full feedback and (where necessary) refresher training was carried out to enhance the services we provide. C2C are constantly striving to provide a fully rounded customer journey for every customer whether it be via the telephone or our multiple digital channels.

We work closely with our Stats and Support Team to analyse performance, such as the time a customer waits. This ability allows us to 'drill down' right to the heart of our customer journey and understand any points of failure and/or improvement opportunities without the need to rely on customer/staff accounts in order to inform a decision.

Customer Service Training was launched in 2019 and re-started in August 2020 after a short break due to the pandemic, this not only had a positive impact on C2C and its customers, but also other departments across the council.

Several members of the team attended complaints handling training with the Public Services Ombudsman for Wales whereby the useful information gleaned was filtered into team meetings and training sessions enhancing the skills we use across the centre.

Rent Smart Wales saw a significant decrease in the number of formal complaints received in 2020/21. Primarily this has been down to the global pandemic, as for a significant period of the year, Rent Smart Wales suspended enforcement action. 20% of all complaints received by Rent Smart Wales relate to actions undertaken by our Enforcement team. 2020/21 also saw a number of upgrades to our website. As with any release, this had a number of errors that we have worked hard to resolve, but while this was being worked on five formal complaints were made about these



errors. Now that these have been resolved, we expect to see a decrease in complaints of this nature in 2021/2022.

24/7 Services received 16 complaints in 2020/21, compared to 12 the previous year. The service has received an increase in customers for our Meals on Wheels service, along with a rise in the number of Civic and School buildings within Cardiff for both key holding and alarm response for both Fire and Intruder ARC (over 200 sites).

During the pandemic, resources were limited due to staff sickness and shielding which impacted on service levels and led to services being put on hold to ensure emergency services and support continued for existing customers. Processes and procedures also had to be updated to suit the new way of working, as a number of staff were and still are adhering to homeworking. In spite of the challenges faced, the service has received a relatively low increase in the number of complaints received.

Governance & Legal

Service Area	2019/20	2020/21
Governance & Legal	15	2
Number / Percentage of responses sent within 20 working days	100%	100%

2 complaints were received for **Governance & Legal** during 2020/21, a decrease of 13 complaints when compared to the previous year. Both complaints were received for Electoral Services.

Housing & Communities

Service Area	2019/20	2020/21
Housing & Communities	543	433
Landlord Services	137	194
Responsive Repairs Unit	233	171
Assessment & Support	102	30
Hubs & Community Services	40	16
Regeneration, Development & Enabling	8	13
Preventative Services	11	9
Libraries	9	0
Adult Community Learning	3	0



Number / Percentage of complaints responded to on time	518 (95.4%)	392 (90.5%)
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As with other directorates, Housing & Communities saw an overall decrease in the number of formal complaints received in 2020/21, primarily, due to the global pandemic. Additionally, eviction action was suspended and some departments stopped home visits other than for emergencies. This was to protect both staff and tenants, resulting in fewer interactions with customers.

Conversely, during the pandemic, resources were limited due to staff sickness, shielding and redeployment of staff, which impacted on service levels, leading to some additional complaints. Furthermore, a number of complaints were received specifically relating to Covid measures, such as the PPE worn by staff when visiting someone's home.

2020/21 has not been a typical year and has been a very challenging period. The Housing & Communities directorate has a dedicated team dealing with complaints and remains committed to learning from complaints and improving the service for all its customers.

10. Welsh Language Complaints

During 2020-21, a total of 6 complaints were received by the Council from the public in relation to the Welsh Language Standards. Whether the complaints were received in English or Welsh, they were dealt with in accordance with the corporate complaints procedure.

11. Priorities for 2021/22

We will continue to review the complaints service through 2021/22 and make any necessary changes to ensure that our complaints process remains customer-focused and that the Council is providing the best service possible. Below are some of our priorities this coming year so that we can achieve these goals.

Council-wide complaints system

An internal audit conducted by the Council's internal audit team identified the lack of a central repository for all complaints. Currently, each directorate is recording data using a variety of systems. Therefore, during 2021/22, we will be working towards implementing a Council-wide complaints system. This will also result in improved consistency of data entry across the organisation. The Complaints Standards Authority (CSA) was created as a result of the Public Services Ombudsman (Wales) 2019 Act and part of the CSA's duty is to collect and publish specific data from local authorities. A central complaints repository will help us in this regard.



Improved complaints reporting

The Public Services Ombudsman (Wales) 2019 Act will require Local Authorities to report on its complaints performance twice a year. This, in addition, to the ad-hoc requests from senior management for complaints performance data, emphasises the importance of a council-wide repository for complaints that can produce council-wide data quickly. To meet the requirements of the act, in addition to the Annual Complaints Report, the Corporate Complaints team will produce a second report to take to Informal Cabinet after six months of the year (around November / December). This increased reporting will enable our complaints team to conduct frequent trend analysis of the main reasons complaints are made and this could lead to possible and timely improvements.

Improved compliments recording

There continues to be a concern that the good service provided every day by some officers within the Council is not being represented. The complaints team will look at ways of updating our recording procedure to ensure our compliments are captured and that we are continuing to take on board what our customers want. Staff will also be reminded that it is important to report compliments as well as complaints. Compliments provide very helpful feedback and provide us with a flavour of what works well and what people using our services really value. Furthermore, a section receiving larger numbers of complaints can appear to be a concern until a consideration of compliments highlights that there is a more balanced view of the service overall.

Improved complaints training

The aforementioned Complaints Standards Authority (CSA) have offered free of charge training for complaint handlers within the Ombudsman's jurisdiction and this training has been warmly received by complaint handlers at Cardiff Council. We hope for further training to take place during 2021/22 and we will look to ensure that officers council-wide can benefit from such a useful resource.



Social Services

Annual Complaints and Compliments Report 2020/21



Social Services Annual Complaints and Compliments Report

1. Introduction – the Social Services Complaints Process

This report covers Social Services complaints & compliments for the period 1st April 2020 to 31st December 2021. It is a statutory requirement under the following items of legislation for Local Authorities to have in place a Representations and Complaints Procedure for Social Services.

- ✓ Representation Procedure (Children) (Wales) Regulations 2014
- ✓ Social Services Complaint's Procedure (Wales) Regulations 2014

This is in line with the Model Concerns and Complaints Policy and Guidance and the NHS Complaints procedure *Putting Things Right*.

Statutory complaints relate to the provision of social care and are handled in line with the national regulations referred to above. These statutory complaints follow the Council's Statutory Complaints Procedure for Social Services, the key stages of which are set out below: stage 1 - local resolution; stage 2 – formal investigation; stage 3 - referral to the Public Services Ombudsman for Wales. Very few complaints progress through all stages of the procedure, and we aim to provide thorough investigations and responses at stage 1.

Cardiff Council encourages children, parents, carers and others to give feedback and suggests that any concerns are raised with social workers, other members of council staff, teachers or a trustworthy adult. We aim to address any concerns as quickly as possible and provide support if a child or adult wishes to make a more formal complaint.

Complaints will be acknowledged within 2 working days of being received and we let the complainant know how their complaint will be handled.

Stage 1 - The Statutory Complaints Officer will contact the appropriate team manager within Social Services and ask them to investigate the complaint. The aim of every formal investigation should be to “investigate once, investigate well”. The complainant will be provided with a written response within 15 working days (for statutory complaints). In some cases it may take longer this. On these occasions, the Complaints Officer will let the customer know if this extra time is needed and why. If a customer is unhappy with the response at Stage 1 they can request to go to Stage 2.

Stage 2 - If a complaint is not resolved at Stage 1, and the complainant remains dissatisfied with the investigation or response, an external Independent Investigating Officer (and an external Independent Person if it is a Children's Services complaint) will be commissioned by Social Services to further investigate the complaint. The Investigating Officer and Independent Person will aim to produce a report within 25 working days. Once the reports have been finalised they are sent to the relevant Director who will, after careful consideration of the reports, provide the complainant with a written response to the complaint.

Public Services Ombudsman for Wales - Complaints that progress to the Ombudsman will have been thoroughly investigated by the service area. If a complainant remains dissatisfied, it is for the Ombudsman to assess whether there is any evidence of service failure or maladministration not identified by the Council or the Stage 2 investigation.



2. Executive Summary & Annual Comparison – Adult Services

A comparison with 2019/20 data highlights that, overall, the performance of Adult Services has remained relatively static.

Number of complaints – stayed the same

64 complaints were recorded during 2020/21, exactly the same as the number of complaints recorded during 2019/20.

Despite there being no change in complaint numbers, there is some evidence to suggest that there may have been an increase in complaint complexity. Of the 64 complaints recorded during 2020/21, 13 (20.3%) were regarding 'multiple' issues. This is an increase from the year before when just 8 (12.5%) of complaints were regarding 'multiple' issues.

Number of compliments – small decrease

There were 44 compliments recorded during 2020/21. This represents a small decrease compared to the 48 compliments recorded during 2019/20.

This decrease suggests that the good service provided every day by Adults Services is not being fully represented. The complaints team will continue to look at ways of updating our recording procedure to ensure our compliments are captured and that we are continuing to take on board what our customers want.

Nature of complaints – similar challenges

When comparing the type of complaints made in the last 2 years, it is possible to see a change in some complaints but there have been similar challenges.

Similarly to 2019/20, 'delay in providing service', 'dissatisfaction with care provided', and 'relationship with social worker' were the dominant themes of complaints during 2020/21 and complaints for all categories have remained relatively static.

Notably, there were 3 complaints recorded during 2019/20 relating to 'data protection / information sharing' whereas there were 0 recorded during 2020/21. The implementation of GDPR in the UK through the Data Protection Act 2018 has received a lot of publicity Council-wide and it is pleasing to see that lessons have been learned within Adult Services.

Outcome of complaints – More complaints have been upheld

In 2019/20, the percentage of complaints upheld was 21.9%; this has increased to 30.6% during 2020/21. The number of complaints that were partly upheld has also increased (20.3% in 2019/20 compared to 27.4% in 2020/21). Finally, 32.3% of Adult Services complaints were not upheld in 2020/21. This represents a decrease from 2019/20 when 45.3% of complaints were not upheld.



Complaints Progressing Beyond Stage 1 - decrease

The number of complaints that have progressed beyond Stage 1 has remained the same for two successive years with just 2 Stage 2 investigations taking place during 2019/20 and 2020/21.



3. Customer Feedback – Adult Services 2020/21

During 2020/21, there have been 108 cases of feedback recorded for Adult Services

This comprises of:

- ✓ **64 complaints**
- ✓ **44 compliments**

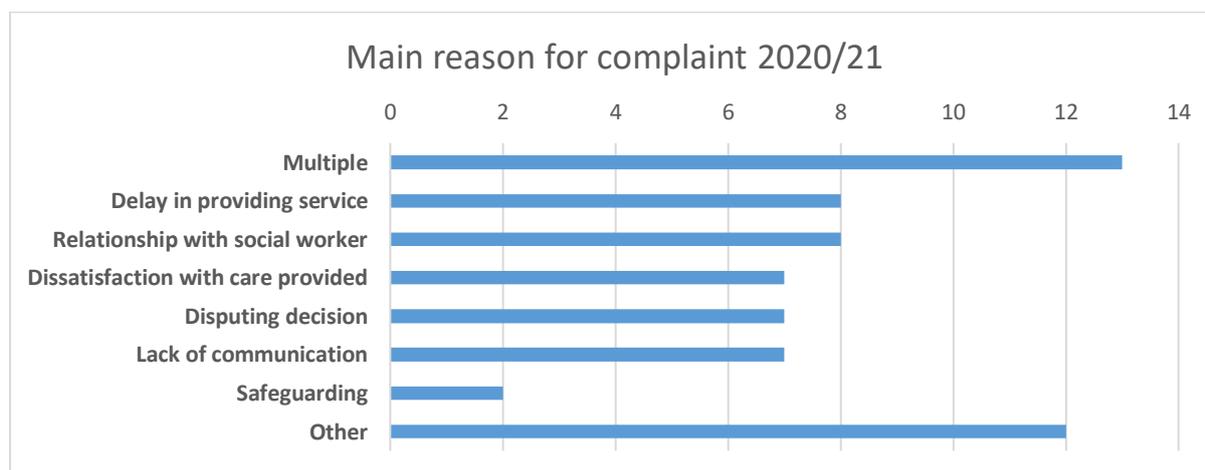
Just over half of the customer feedback recorded for Adult Services during 2020/21 has taken the form of complaints rather than compliments. Of all the customer feedback recorded, 59.2% of cases were complaints.

Complaint themes

When considering the themes of complaints made against Adult Services, there is some evidence to suggest that there may have been an increase in complaint complexity during 2020/21. Of the 64 complaints recorded during 2020/21, 13 (20.3%) were regarding ‘multiple’ issues. This is an increase from the year before when just 8 (12.5%) of complaints were regarding ‘multiple’ issues.

A complainant expressing concern at a delay in providing service (8 complaints) or their relationship with a social worker (8) were the most dominant themes within complaints made against Adult Services this year, both accounting for 12.5% of complaints received.

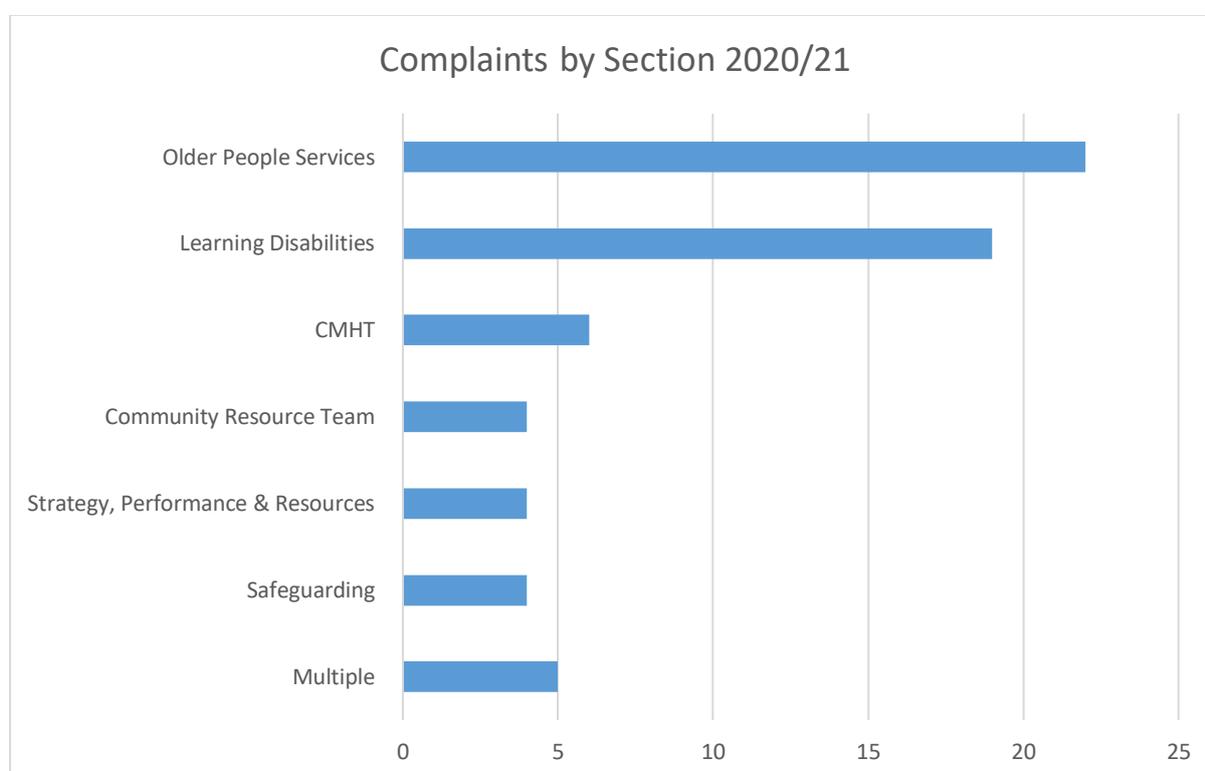
Complainants expressing dissatisfaction with a care package provided, disputing a decision made by the Local Authority or alleging a lack of communication were the other dominant themes within the complaints made (7 complaints each, 10.9%)



Complaints by section

Complaints analysis highlights that complaints are spread across sections within Adult Services, although some types of service are more likely to result in feedback than others. These figures also need to be considered in context of rising demand. For example, there were 4,055 assessments completed during 2020/21 and so the number of complaints received is very minimal.

During 2020/21, Older People Services received the most complaints, accounting for just over a third (34.4%) of the complaints received during the year. They were closely followed by Learning Disabilities who were responsible for 29.7% of complaints. Other teams responsible for complaints included the Community Mental Health Team (9.4%), Community Resource Team (6.3%) and Strategy, Performance & Resource (6.3%).



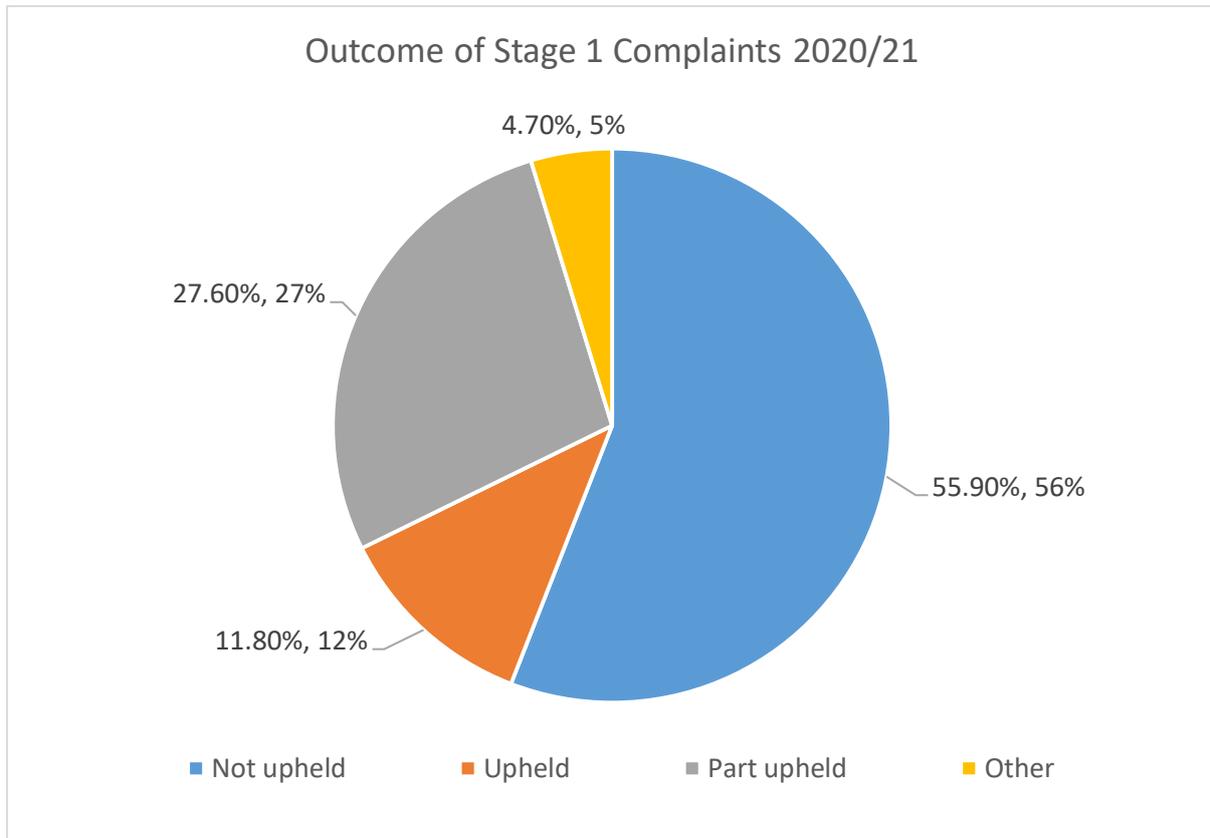
Complaint Outcomes

At the time of publication, 62 of the 64 complaints received for Adult Services were closed. From March 2020 onwards, the COVID-19 pandemic has unfortunately had an impact on the service's ability to respond to complaints within statutory timescales as all Council officers have been concentrating on making sure that vital services are available to those residents who need them the most. However, complainants receive regular updates on the status of their complaint if, for any reason, we are unable to respond to a complaint within our statutory timescales.

Of those complaints that were completed, just 30.6% were upheld and 27.4% were partly upheld.



32.3% of Adult Services complaints were not upheld. A small number of complaints were closed after being withdrawn by the complainant.



Stage 2 Complaints

In addition to understanding the outcome of stage 1 complaints, it is important to consider how many complaints progress beyond stage 1. During 2020/21, just 2 complaint cases have progressed beyond stage 1 and this was also the case during 2019/20. This suggests effective handling of our complaints at stage 1.



4. Examples of compliments – Adult Services

Adults Services received 44 compliments during 2020/21. Examples of the compliments recorded are shown below.

From a partner organisation: I just wanted to make you aware of the excellent support we have had from the supported living team over the last few weeks. They have supported us well with some difficult situations which has resulted in some great partnership working developing and positive outcomes for people supported. We have had laughter and frustrations along the way but the stand out is the supportive partnership approach. At this time I think it's really important that we share our thoughts and recognition for those that have gone above and beyond and I really feel (the team) have done this through a really difficult period.

“This lady’s son said...he and his partner were eternally helpful for the help we have given him and his mother. He said the fact we have kept in regular contact with them has helped immensely. He said he feels we have gone above and beyond to help them and cannot thank us enough. He said the two of you are absolutely brilliant, he can’t thank us enough for the time and dedication we have shown.”

From service user – ‘Hiya, Me and X will truly miss working with you! I will never forget the day I told you I don’t have much faith in social workers and you said you wanted to prove me wrong and you did you have delivered everything we asked of you and more. We will never forget the fight you put up for the funding for sense we can’t thank you enough! Go make a difference to the other wonderful children, they don’t know it yet but they will be lucky to work with you. Once again a massive thank you!! for all that you did for us. Keep making a difference :-)’

We just wanted to say thank you very much for all the work you put into helping discharge our mum from hospital over Christmas and New Year. Thanks to your efforts she did not spend her last few days in hospital. She was comfortable and really well cared for. You behaved professionally throughout your involvement. You kept us well-informed and you were tenacious in ensuring you found the placement that could best meet mum’s needs in extremely difficult circumstances – and you succeeded. Well done. We will be forever in your debt – we wish you well for your future career in social work – you will go far Thank you so much’



5. Executive Summary & Annual Comparison – Children’s Services

A comparison with 2019/20 data highlights that, overall, performance for Children’s Services has improved.

Number of compliments – large increase

There were 178 compliments recorded for Children’s Services in 2020/21 compared to 91 compliments in 2019/20.

This is an extremely positive result and the complaints team will continue to look at ways of updating our recording procedure to ensure our compliments are captured and that the good service provided every day by Children’s Services is being represented.

Number of complaints – small decrease

140 complaints have been recorded during 2020/21 compared to 146 in 2019/20.

Again, this decrease is a positive reflection on the service, particularly when considering the sizeable challenges faced during 2020/21.

Nature of complaints – similar challenges

‘Relationship with social worker’ has remained the dominant theme with Children’s Services complaints for a third successive year though we have seen a clear decrease during that time from 36.8% (2018/19) to 32.2% (2019/20) to 21.1% in 2020/21. It needs to be considered that Children’s Services social workers are often intervening in people’s lives and making decisions that they may not agree with.

‘Disputing a decision’ accounted for 15.0% of complaints in 2020/21 compared to 15.6% in 2019/20. The most notable decrease was for the complaint category ‘Delay in providing service’ which accounted for 15.1% of complaints in 2019/20 and decreased to just 7.1% of complaints in 2020/21.

As with Adult Services, there is considerable evidence to suggest that there may have been an increase in complaint complexity during 2020/21. Of the 140 complaints recorded during 2020/21, 28 (20.0%) were regarding ‘multiple’ issues. This is an increase from the year before when just 5 (3.4%) of complaints were regarding ‘multiple’ issues.

Outcome of complaints – Fewer complaints have been upheld

In 2019/20, the percentage of complaints upheld was 17.8%, this has decreased slightly to 11.8% in 2020/21. The number of complaints that were partly upheld has remained relatively static (23.3% in 2019/20 compared to 27.6% in 2020/21). Finally, over half (55.9%) of Children’s Services complaints were not upheld in 2020/21. This compares favourably to 2019/20 when 46.6% of complaints were not upheld.



Complaints Progressing Beyond Stage 1 – slight increase

The number of complaints that have proceeded to Stage 2 has remained static when comparing 2019/20 and 2020/21 as just 10 complaints have proceeded to Stage 2 in both financial years. That just 10 complaints have proceeded to Stage 2 suggests good complaints handling at Stage 1



6. Customer Feedback – Children’s Services 2019/20

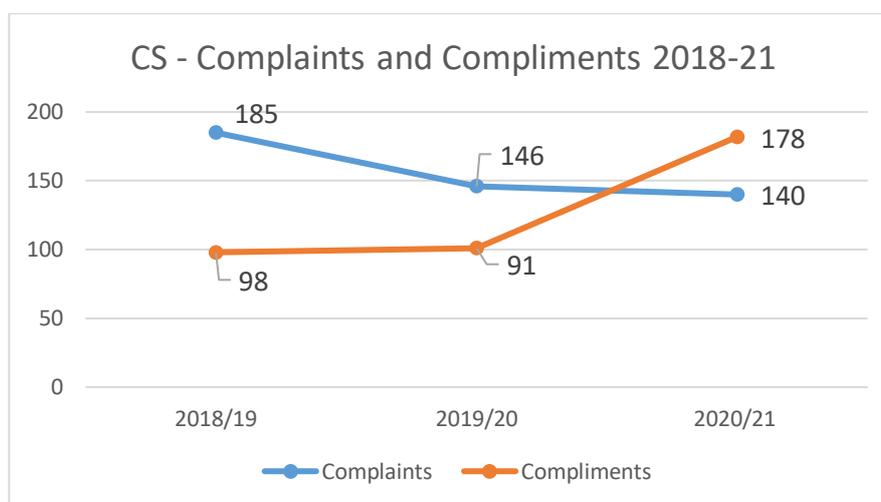
During 2020/2021, there have been 318 cases of feedback recorded for Children’s Services. These 318 cases consist of:

- ✓ **140 complaints**
- ✓ **178 compliments**

The majority of customer feedback recorded takes the form of compliments rather than complaints. Of all the customer feedback recorded, 55.9% of cases were compliments.

Children’s Services have received fewer complaints for 2020/21 (140) compared to 2019/20 when 146 complaints were received. It should also be noted that complaints for Children’s Services have decreased for two consecutive years in a row (185 in 2018/19, 146 in 2019/20 to 140 in 2020/21). This ongoing decrease is a positive reflection on the service, particularly when considering the ongoing challenges faced during the COVID-19 pandemic.

Compliments have also increased with 178 compliments received during 2020/21, an 95.6% increase compared to 2019/20 when 91 compliments were received.

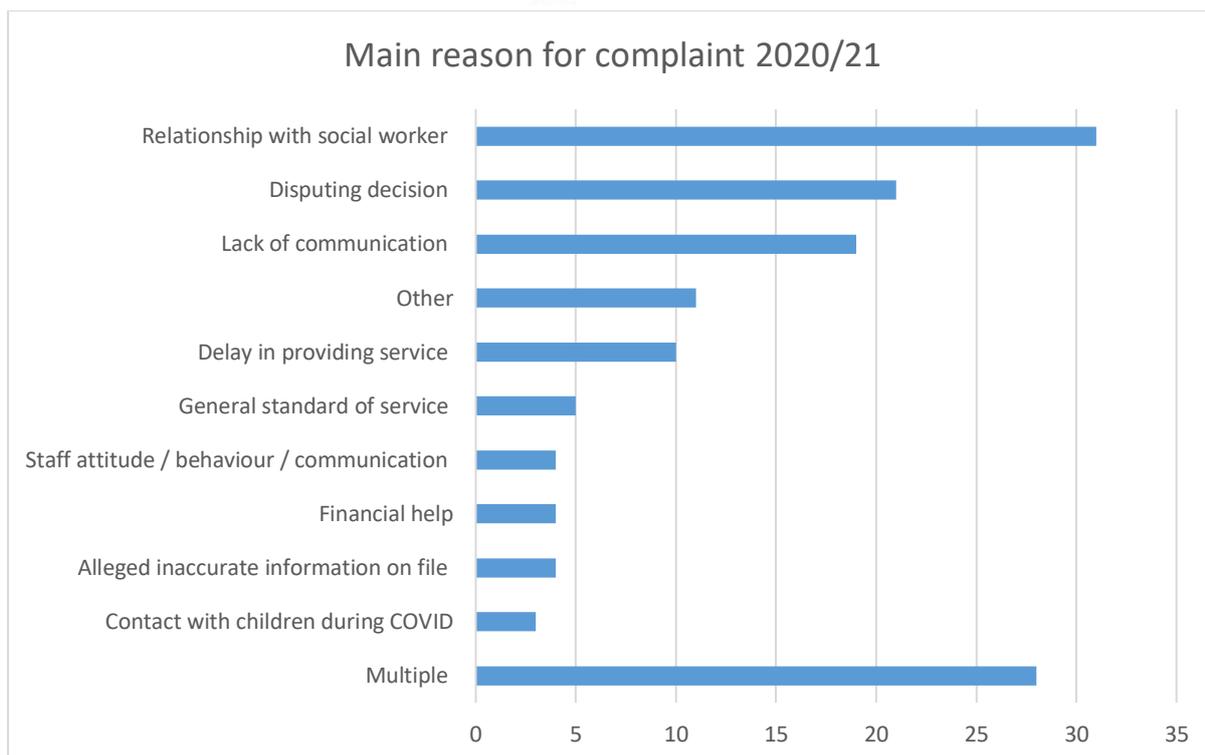


Complaint themes

A complainant alleging a poor relationship with their social worker has been the most dominant theme within complaints and has accounted for just under a quarter (21.1%) of complaints made during 2020/21. A complainant ‘disputing a decision’ made by the Local Authority (for example, the outcome of an assessment or child placement) has accounted for 15.0% of complaints.

Complainants alleging a lack of communication (13.6%) and a delay in providing service (7.1%) were the other dominant themes within the complaints made.





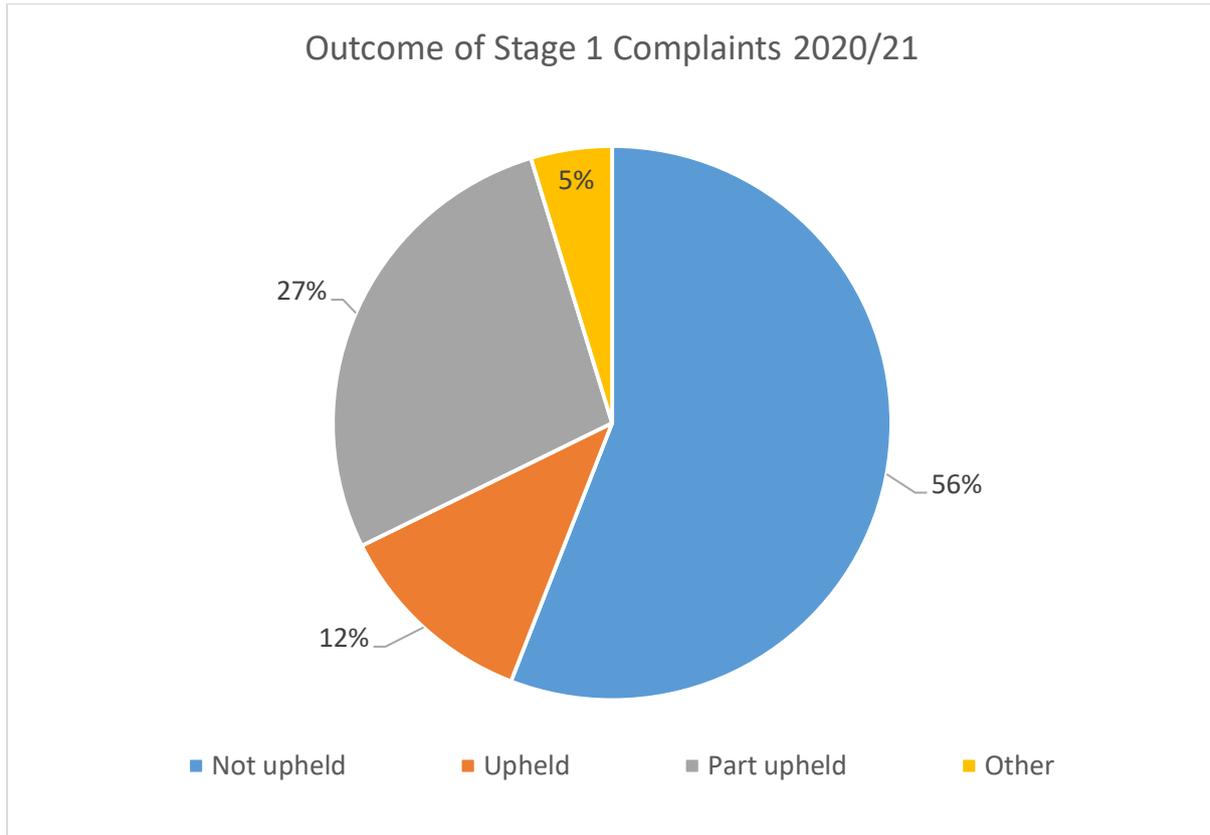
Complaint outcomes

At the time of publication, 137 of the 140 complaints received for Children’s Services during 2020/21 were closed. From March 2020, the COVID-19 pandemic has unfortunately had an impact on the service’s ability to respond to complaints within statutory timescales as all Council officers have been concentrating on making sure that vital services are available to those residents who need them the most.

Complainants receive regular updates on the status of their complaint if, for any reason, we are unable to respond to a complaint within our statutory timescales.

Of those complaints that were completed, just 11.8% were upheld and 27.6% were partly upheld. **Over half (55.9%) of Children’s Services complaints were not upheld.** A small number of complaints were closed after it was found they were regarding issues that had already been considered in the court arena or were shortly going to be heard in court.





Stage 2 Complaints

In addition to understanding the outcome of stage 1 complaints, it is important to consider how many complaints progress beyond stage 1. The number of complaints that have proceeded to Stage 2 has remained static when comparing 2019/20 and 2020/21 as just 10 complaints have proceeded to Stage 2 in both financial years. That just 10 complaints have proceeded to Stage 2 suggests good complaints handling at Stage 1.



7. Examples of compliments – Children’s Services

Cardiff Council Children’s Services received 178 compliments in 2020/21. Examples of the compliments recorded are shown below.

From a young person ‘Great news from the University, I finally received my results for my Master’s degree in Cyber Security. So after another tough year, I’m now a master in Cyber Security. I got 4 MERITS and 3 PASS, I think overall 2:1 still waiting for overall certificate. I will never forget what you did to me. I will never forget. Thank you very very very much for everything again and again.’

From a young person and family ‘couldn’t praise you enough for the work you did with them. She told me she doesn’t think she’d be coping now with the 4 kids if it wasn’t for the help you put in with her. She described how you were really good at listening and you seemed to understand exactly where she was coming from which made it easy for her to accept the advice you gave. She also said the changes you helped make are long lasting and mum literally described the work you did as changing their lives for the better.

From a parent ‘X is assisting us with our son to help us improve his behaviour. She is excellent, understanding, perceptive, kind, really listens, takes responsibility & remembers things some people would ignore. We’re most grateful for her continued assistance.

To a social worker from a mother of three children that the social worker had worked with...

From a care leaver ‘Just a quick one, just wanted to say how much I appreciated you speaking up for me in the meeting you really helped me get my point across and to be honest I’m very much thankful’

“Thank you for everything you have done for me and the kids I’d hate to think where we would be if you never came along and helped to make me realise and change our lives I am so grateful that u believed in me and never gave up at my lowest points”.



9. Priorities for 2021/22

The complaints team will continue to review the service provided by Social Services and we will make any necessary changes to ensure that our complaints process remains customer-focused and that the Council is providing the best service possible. Below are some of our priorities this coming year so that we can achieve these goals.

- ✓ Improved complaints reporting – Complaints reporting council-wide is currently sporadic. The implementation of a quarterly report will help to identify any trends promptly but also place increased emphasis on what the Council is learning from complaints. Complaints performance is currently reported to Cabinet once a year with the Annual Complaints Report and a second report is to be introduced. This report will be presented to Informal Cabinet and will give the Council the opportunity to ‘take stock’ at the six-month period.
- ✓ Improved complaints resolution - There are occasions where a problem can be resolved without the need to enter the complaints process. Anecdotal evidence, alongside the time taken to conclude complaint investigations suggests that some complaints are resulting in further correspondence. Where staff members recognise that progress is not being made, it is recommended that local resolution meetings are organised. This communication often allows a better understanding on both sides and a more immediate resolution.
- ✓ Improved complaint responses – Relatively few complaints proceed to Stage 2 of the Council’s Social Services complaints process and this reflects well on how we manage complaints at Stage 1. We hope to see continued progress on this front and the complaints team will be working with officers to improve the overall quality of our complaint responses.
- ✓ Improved customer satisfaction – Though compliments have increased, there is a concern that the good service provided every day by officers within Social Services is not being represented. The complaints team will look at ways of updating our recording procedure to ensure our compliments are captured and that we are continuing to take on board what our customers want. Staff are to be reminded that it is important to report compliments as well as complaints. Compliments also provide very helpful feedback and really give a flavour of what works well and what people using Social Services really value. A team receiving larger numbers of complaints can appear to be a concern until a consideration of compliments highlights that there is a more balanced view of the service overall.



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Corporate Comments, Complaints & Compliments Policy

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



Comments, Complaints & Compliments

We are committed to dealing effectively with any complaints you have about our services and if you make a complaint it will not affect your right to Council services. If we have made a mistake we will apologise and try to put things right. If we have failed to provide a service that you are entitled to and you let us know about this, we will provide it.

We review complaints regularly and produce an annual report that contains information about the number and type of complaints we have received. Wherever possible, we use this information to improve the way we do things. We also welcome comments and compliments about the services we have provided.

This policy also applies to how we will deal with complaints from members of the public relating to our compliance with the Welsh language standards, which we have a statutory duty to comply with under the Welsh Language [Wales] Measure 2011.

How to Complain

We want it to be simple and convenient for you to complain, make a comment or pay us a compliment. We welcome complaints in both English and Welsh, and we will respond in whichever language you contact us by. You can contact us by:

- filling in an online complaint form at www.cardiff.gov.uk
- calling our contact centre, Connect to Cardiff (C2C), on 029 2087 2087
- visiting our Citizen Hubs

- using our Minicom service if you are deaf or hard of hearing (029 2087 2085)
- filling in a Complaint, Compliment & Comment Form and sending it to Complaints & Compliments, Room 412, County Hall, Atlantic Wharf, Cardiff CF10 4UW
- e-mailing us at C2C@cardiff.gov.uk

We aim to make forms available at all Council buildings and appropriate locations in the community. If you need information in another format or language, please contact us.

What can you expect from us when you make a complaint?

If we receive a complaint from you, we will do all that we can to help you and we will try to find a solution to any problems you have brought to our attention. We will ensure that your complaint is sent to the relevant department/s for a response and ask them to:

- acknowledge your complaint within 5 working days of the date that they receive it
- aim to resolve the complaint within 20 working days - if your complaint is more complex they may need more time.
- let you know within the 20 working day period if they think it may take longer to investigate your complaint and tell you how long they expect it to take, providing regular updates

We will respect your right to confidentiality and privacy and we will treat you fairly and in accordance with our commitment to equality.

If you are asking us for a service for the first time - such as reporting a faulty street light or a pothole - you should give us a chance to put things right. If you are not happy with our response and you let us know, we will then treat it as a complaint.

The person who is investigating your concerns will firstly aim to establish the facts. In some instances we may ask to meet you to discuss your concerns. Occasionally, we might suggest mediation or another method to try to resolve disputes.

The extent of the investigation will depend on the seriousness and complexity of the issues you have raised and in more complicated cases we may have to draw up an investigation plan. We will set out our understanding of your concerns and ask you to confirm that we have got it right. We will also ask you to tell us what outcome you are hoping for. In some cases we may ask an officer from another service area to investigate your complaint or we may appoint an independent investigator from outside the Council – this would mainly apply to very serious situations or cases where there is a statutory procedure for dealing with the complaint, such as that used by Social Services.

We will look at relevant evidence and this could include files, notes of conversations, letters, e-mails or whatever may be relevant to your particular complaint. If you do not want the person investigating the complaint to see the files that we hold in relation to your complaint, it is important for you to let us know about this. If necessary, we will also talk to the staff or others involved and look at our policies and any legal entitlement and guidance.

Outcome

If we formally investigate your complaint, we will let you know what we have found and we will use your preferred form of communication, such as letter or e-mail, when we contact you. If necessary, we will produce a longer report. We will explain how and why we came to our conclusions.

If we find that we have done something wrong, we will tell you this, explain what happened and apologise. If we find there is a fault in our systems or the way we do things, we will tell you what it is and how we plan to change things to stop it happening again.

Putting Things Right

If there is a simple solution to your problem, we may ask you if you are happy to accept this. For example, where you asked for a service and we see straight away that you should have had it; we will offer to provide the service rather than investigate and produce a report.

If we did not do something well, we will aim to put it right. If you have lost out as a result of a mistake on our part we will try to put you back in the position you would have been in if we had got it right. If you had to pay for a service, when you should have had one from us, or if you were entitled to funding you did not receive, we will usually aim to make good what you have lost.

Training for Council Employees

We will make sure that our staff are trained to handle complaints effectively and receive appropriate training in the use of the Council's Complaints Policy. We will arrange workshops to take place in English or Welsh depending on the requirements of staff.

What we expect from you

We believe that all complainants have the right to be heard, understood and respected. However, our employees have the same rights and we will not tolerate unacceptable behaviour such as aggressive or abusive behaviour or unreasonable demands. We have separate guidelines to help us manage unacceptable behaviour.

The Public Services Ombudsman for Wales

You can contact the Public Services Ombudsman for Wales about your complaint at any time. However, the Ombudsman expects you to bring your concerns to our attention first and to give us a chance to put things right. The Ombudsman is independent of all government bodies and can look into your complaint if you believe that you, or the person on whose behalf you are complaining:

- have been treated unfairly or received a bad service through some failure on the part of the body providing it
- have been disadvantaged personally by a service failure or have been treated unfairly

You can contact the Ombudsman by:

- e-mailing: ask@ombudsman-wales.org.uk
- phoning: 0300 790 0203
- visiting the website: www.ombudsman-wales.org.uk
- writing to: Public Services Ombudsman for Wales, 1 Ffordd yr Hen Gae, Pencoed, CF35 5LJ

Frequently Asked Questions

1. Are there any time limits that I should be aware of?

Normally, we will only be able to look at your complaint if you tell us about it within six months of the date that you first became aware of the problem. However, we may still consider your complaint if you provide strong reasons for taking longer than six months to tell us about the problem. In any event, regardless of the circumstances, we will not consider any concerns about matters that took place more than twelve months ago.

2. What if my complaint involves more than one organisation or department?

If your complaint involves more than one department, we will ask each department to prepare a response and, where possible, we will incorporate these into one letter of response.

If your complaint involves more than one organisation, we will work with these organisations to address your complaint and to decide who will take the lead in dealing with and responding to your concerns. For example, we sometimes work with South Wales Police, housing associations, the NHS and bailiffs.

Where possible, we will try to put you in touch with other organisations that might be able to help.

3. Are there any complaints that are not covered by this policy?

This policy does not apply if the complaint relates to a **Freedom of Information** or **Data Protection** request because there is a separate process for making complaints about this service. You can register these complaints by:

- e-mailing: FOI@cardiff.gov.uk
- phoning: 029 2087 3317
- visiting the Council website at www.cardiff.gov.uk
- writing to Improvement & Information, Cardiff Council, County Hall, Atlantic Wharf, Cardiff, CF10 4UW

There are some other complaints that will be dealt with outside our complaints policy, such as: complaints involving a statutory right of appeal; complaints that are covered by a separate grievance process; complaints involving objections to planning permission and complaints about a decision not to give a child a place at a particular school.

However, if you have concerns about these processes we can offer advice about how to make your concerns known. We can also give you more information about other organisations that might be able to help you with your complaint.

4. Do you start from the date that I contacted you when you are counting the number of working days?

We count the number of working days from the date that we receive your complaint and we do not include weekends or bank holidays.

5. Do you always send letters when you are acknowledging complaints?

No, we sometimes contact complainants by telephone to acknowledge their complaints. We try to base the method of communication on individual preferences and, for example, if you have asked to be contacted by e-mail we will respond by e-mail.

6. Can I complain on behalf of another person?

Yes, but you must normally have their permission (signed permission) and you must explain why you are representing them and why they are unable to make the complaint.

7. I am under 18 – can I use the policy?

You can use this policy if you are under the age of 18 and if you need help to use it, you can speak to someone on the Meic Helpline (phone 080880 23456, www.meiccymru.org) or contact the Children's Commissioner for Wales using the details below.

01792 765600 (South Wales)

01492 523333 (North Wales)

post@childcomwales.org.uk

www.childcom.org.uk

South Wales Office:

Oystermouth House

Phoenix Way

Llansamlet

Swansea

SA7 9FS

North Wales Office:

Penrhos Manor

Oak Drive

Colwyn Bay Conwy

LL29 7YW





CITY OF CARDIFF COUNCIL

SOCIAL SERVICES COMPLAINTS POLICY & PROCEDURE

1. INTRODUCTION

- 1.1 The City of Cardiff Council is committed to dealing effectively with any concerns or complaints about Social Services. In this document, the term 'complaint' refers to a concern, a representation or a complaint. Social Services refers to City of Cardiff services provided within children's and adults' social care.
- 1.2 We aim to clarify any issues about which service users, citizens or complainants are not sure. We will apologise if we get something wrong, and where possible we will try to put things right. We will also set in place a process so that we learn from mistakes and use the information we gain to improve our service.
- 1.3 This policy has been established in accordance with The Social Services Complaints Procedure (Wales) Regulations 2014 and The Representations Procedure (Wales) Regulations 2014. This policy takes effect from 1st August 2014 as prescribed.
- 1.4 The above regulations are made under the Social Services & Wellbeing (Wales) Act 2014. They bring the complaints handling process for Social Services in line with the Welsh Government "Model Concerns and Complaints Policy and Guidance", and the NHS Complaints Procedure "Putting Things Right".
- 1.5 This Policy also encompasses the requirements of the Children Act 1989, the Adoption of Children Act 2002, and the Community Care Act 2014 and is issued in accordance with Section 7 of the Local Council Social Services Act 1970.

2. OUR COMMITMENT

- 2.1 We aim to provide high quality services to eligible residents of Cardiff.
- 2.2 There will be times when people using or wanting to use social care services will want to make comments or complaints and provide feedback about the service they receive. When we receive a complaint, comment or feedback, we aim to respond in the way we explain below.
- 2.3 We have developed our Social Services Complaints Policy to ensure we resolve complaints quickly and effectively.
- 2.4 We recognise that a robust complaints framework can empower service users. Outcomes from complaints investigations will be used by Social Services to ensure that lessons are learned where things have gone wrong and in order that continuous improvement can be made to service delivery.
- 2.5 We will deal with complaints in an open and honest way.

- 2.6 We will make sure that citizens' ongoing contact with the service following resolution of a complaint, do not suffer detriment because they have expressed a concern, given feedback or made a complaint.
- 2.7 We will initially communicate with the complainant in the same way they have contacted us, unless they request we respond differently or we have good reason not to do so. However, we will always ask whether complainants prefer a different medium of contact. We will always ensure that the outcome of contact is followed up in writing. Where a complainant has contacted us by email, we will assume an implied consent to respond electronically unless we are instructed otherwise.

3. SERVICE REQUESTS

- 3.1 If a person is approaching the Council for a service for the first time, this will be classified as a service request. In such cases this policy will not apply.

4. WHEN TO USE THIS POLICY: WHO CAN COMPLAIN?

- 4.1 This policy applies to both adults' and children's social care. A person may be eligible to make a complaint about Social Services under the policy, in the following circumstances:
 - 4.1.1 If they have received (or were entitled to receive) a service from Social Services (e.g. a care leaver).
 - 4.1.2 If they have suffered due to the inappropriate actions of Social Services.
 - 4.1.3 A complaint may be brought forward in respect of a child (i.e. a person under the age of 18).
 - (a) By a child either being looked after by Social Services, or not being looked after by them but is in need.
 - (b) By a parent of such a child.
 - (c) By a person with parental responsibility for such a child.
 - (d) By a local Council foster carer.
 - (e) Where the Council considers that the complainant has a sufficient interest in a child's welfare to warrant it considering their representations.
 - 4.1.4 A complaint may be brought forward in respect of an adult who lacks capacity, providing the individual making the complaint is acting in the best interests of the person receiving services (who lacks capacity), or has lasting power of attorney to act on their behalf.

- 4.2 If a person is unable to make a complaint or representation themselves, they can authorise someone to make a complaint on their behalf.
- 4.3 Children in need, looked after children and care leavers and those without capacity or with people who can act in their best interests, have a right to receive assistance from an independent advocate to assist them when making a complaint. In these circumstances, we will provide an advocate if asked to do so.
- 4.4 A representative may make a complaint on another person's behalf where that person:
- Is a child; or
- Has requested the representative to act for them; or
 - Lacks capacity to make their own complaint; or
 - Has died
- 4.5 Their expressed permission must be considered to have sufficient interest in that person's welfare and be a suitable person. The Complaints Officer will determine the eligibility of a complainant in such circumstances.
- 4.6 If an individual intends expressing a concern on behalf of another person who satisfies the criteria set out in paragraph 4.1, we may require confirmation of their agreement to that person acting on their behalf. Should that person not be eligible to make a complaint under the terms of this policy, they may still be able to make a complaint under our Corporate Comments, Complaints and Compliments procedure (document 1.CM.192 on CIS).
- 4.7 Normally, we will only be able to look at complaints that are made up to 12 months after the date the matter which is the subject of the complaint occurred, or came to the notice of the complainant.
- 4.8 In exceptional circumstances the Council may be able to look at concerns which are brought to our attention later than this. However, the Council will need to be satisfied that there are good reasons for the complaint not being made within these timescales, and that it will be possible to investigate the complaint effectively and fairly.
- 4.9 There may be reasons why the Council will not, or cannot consider a complaint (e.g. if there are court proceedings in relation to those matters, or if the complaint identifies a safeguarding issue). If this is the case, the Complaints Officer will explain why the complaints cannot be considered and confirm the decision in writing.
- 4.10 Furthermore, a complaint cannot be made under this policy where:
- 4.10.1 The complaint relates to a matter that has previously been investigated under this or the former Complaints Procedure;

- 4.10.2 The complaint is being or has been investigated by the Public Services Ombudsman for Wales;
- 4.10.3 The matter relates to a Freedom of Information or Data Protection issue;
- 4.10.4 The complaint has previously been made orally, and resolved to the satisfaction of the person making complaint, by the end of the working day following the day on which the complaint was made.

5. HOW TO COMPLAIN

- 5.1 Complaints regarding Social Services for Adults or Children can be made in any of the ways below:
 - 5.1.1 By contacting the Complaints Team by **telephone** on 029 2087 3663
 - 5.1.2 Via our **website** www.cardiff.gov.uk
 - 5.1.3 By **e-mail** at socialservicescomplaints@cardiff.gov.uk
 - 5.1.4 In **writing**, at the following address:

Social Services Complaints
Room 412 County Hall
Atlantic Wharf, Cardiff
CF10 4UW
- 5.2 We aim to have information available at all of our service outlets and public areas and also at appropriate locations in the community (e.g. libraries and Housing Offices).
- 5.3 Copies of this policy and the complaint form can be made available in other formats if required (e.g. audio, large print etc.).

6. STAGE 1 OF THE COMPLAINTS PROCESS – INFORMAL RESOLUTION

- 6.1 If possible, we believe it is best to deal with things straight away rather than try to sort them out later. Ideally, complainants should raise their complaint with the person they are dealing with. He or she will try to resolve it there and then.
- 6.2 If we are unable to resolve a complaint immediately, we will acknowledge the complaint within 2 working days of receipt of the complaint and tell the complainant whom we have asked to look into the matter. Details of our complaints procedure will be enclosed with the acknowledgement.
- 6.3 We will set out our understanding of the complainant's concerns and ask them to confirm that we have got it right. We will also ask them to tell us what outcome they are hoping for.
- 6.4 We will offer the complainant a discussion with a Social Services Officer or the Complaints Officer (as appropriate). Should such a discussion be required, arrangements will be made for this to take place within 10 working days of the date of acknowledgement.
- 6.5 In the case of a representation, arrangements will be made for any required discussion to take place within 10 working days of the Local Resolution stage 'start date' set out in the Regulations. The Local Resolution stage 'start date' is governed by (a) the date of acknowledgment; (b) the date on which an advocate is appointed; or (c) where a representation is made by 'other persons', the date on which the local authority decides that the person has sufficient interest to warrant consideration; whichever is later. This timescale may only be extended in exceptional circumstances with the agreement of the complainant.
- 6.6 When the complaint has been resolved, we will provide a substantive response to the complainant in writing within 5 working days of the date of resolution.
- 6.7 If it is not possible to provide the complainant with a response within the timescales set out in 6.4 to 6.6 above, we will contact the complainant to discuss the reason for the delay.
- 6.8 Occasionally, we might suggest mediation or another method to try to resolve disputes. It is hoped that all concerns can be resolved by Social Services without a need for further action.
- 6.9 Complainants have 14 days to respond if they are not satisfied with the response to their complaint.

7. STAGE 2 OF THE COMPLAINTS PROCESS – FORMAL COMPLAINTS

- 7.1 If a complaint has been considered at the first stage of the complaints process and the complainant remains aggrieved with the outcome, they may ask for the complaint to be investigated by a person who is independent of the Council. In such circumstances we will commission someone from outside the Council to conduct the investigation. This person is referred to as an Independent Investigator.
- 7.2 The Independent Investigator will interview all parties and produce a report of their findings which will be provided to the person making the complaint and principal parties to the complaint. As a consequence of this report the Director of Social Services will provide the complainant with a written response to the report which will include their summary and details of any action to be taken.
- 7.3 In the case of a child, at this stage an Independent Person is also appointed to take part in the formal consideration and any discussion about the action the Council should take (in accordance with Children's Act 1989). The Independent Person's role is to oversee the handling of the complaint. This person may be an employee of the Council but must not be associated with Social Services in any way.
- 7.4 We will compile a formal written record of the complaint (as we understand it) within 5 working days of the date it is received.
- 7.5 Before the investigation starts, the complainant will be required to confirm that our understanding of the issues to be investigated is comprehensive and correct. They will also be asked to specify (or confirm) their required outcomes from the investigation. If these issues have not been clearly set out in our summary of the complaint, the complainant will need to speak to the Complaints Officer to clarify matters.
- 7.6 The date on which the content of the complaint is agreed by both the Council and the complainant will be the start date for the complaint.
- 7.7 A response to a Stage 2 complaint should be issued within 25 working days of the start date. If this is not possible, we will inform the complainant and explain why, giving an indication when they can expect to receive a response. In any event, a response to a complaint must be provided within 6 months.
- 7.8 Complainants have 14 days to respond if they are not satisfied with the response to their complaint.
- 7.9 Whilst it is recommended that a complainant tries to resolve their complaint informally, at first, they have the right to ask for a complaint to be considered at this stage from the outset.

8. OUTCOMES OF INVESTIGATION

- 8.1 Following the investigation of a complaint, we will let the complainant know the outcome of the investigation using their preferred form of communication (e.g. by letter or email). If necessary, we will produce a longer report. We will explain how and why we came to our conclusion.
- 8.2 If we find that we got it wrong, we will explain what errors were made and how it happened.
- 8.3 If we find there is a fault in our system or the way we do things, we will explain what it is and how we plan to change to prevent this from happening again. If we got it wrong, we will always apologise.

9. PUTTING THINGS RIGHT – WHEN WE GET THINGS WRONG

- 9.1 If we did not provide a service that should have been given, we will aim to provide it if that is possible. If we did not do something well, we will aim to put it right. If a person has lost out as result of a mistake on our part we will try to put them back in the position they would have been in if we got it right.
- 9.2 If a person had to pay for a service themselves, when they should have received that service from us, or if they were entitled to funding they did not receive, we will usually aim to make good what they have lost.

10. LEARNING LESSONS

- 10.1 We take complaints seriously and try to learn from any mistakes we have made. Our senior management teams consider a periodic summary of all complaints. Details of lessons learned from complaints are also included in an Annual Report.
- 10.2 Where there is a need for change, we will develop an action plan setting out what we will do, who will do it and when we plan to do it by. If it is appropriate, we will let complainants know when the changes we have promised to make have been implemented.

11. CONFIDENTIALITY

- 11.1 All complaint information is confidential and subject to the Data Protection Act. Written information on complaints is kept separately from care management records.
- 11.2 Requesting an investigation gives permission for the Investigating Officer to look at the personal data contained in care management records.

11.3 All Council staff, including those commissioned for a specific piece of work are bound by the rules of confidentiality.

11.4 Information gathered and processed during the complaints will be the handled in accordance with the Council's Data Protection Policy. It will only be shared with parties subject to, directly involved with or who have a professional interest in the outcome of the complaint.

12. CONCURRENT INVESTIGATIONS

12.1 Where other investigations are in progress / under consideration in relation to issues raised by the complainant (e.g. court matters, police investigation, disciplinary or other legal proceedings), no investigation will be undertaken in line with this Policy.

12.2 No complaint investigation will be made under the policy where it is considered that such action may compromise any adult or child protection (or safeguarding) process, and the complainant will be informed if the complaint is being treated as a safeguarding issue.

12.3 Should this occur, we will notify the complainant in writing and invite them to re-submit their complaint when those other matters are concluded.

13. WHAT IF THERE IS MORE THAN ONE PUBLIC BODY INVOLVED?

13.1 If a complaint covers more than one body (e.g. if the complaint is about both the Council and the Health Board) we will usually work with them to decide who should take a lead in dealing with the matter. In such cases, the name of the person responsible for communicating with the complainant will be provided.

13.2 If the complaint is about a body working on our behalf (e.g. agency care workers, private residential homes) the matter may be raised informally with, and dealt by, that body first. However, if the complainant wants to complain formally to the Council where the Council has commissioned this service, we will look into this and respond.

14. DEFERRING OR FREEZING DECISIONS

14.1 If a complaint is about a proposed change to a care plan, a placement or a service, the Council may consider deferring or freezing the decision until the complaint is resolved.

14.2 Decisions to defer will follow careful assessment of the needs of the individual and will normally be made after detailed discussion between the Complaints Officer and Team Manager.

14.3 Should it be required, the decision of the Director of Social Services on such matters will be final.

15. PUBLIC SERVICES OMBUDSMAN FOR WALES

15.1 If we do not succeed in resolving a complaint, the complainant may refer the matter to the Public Services Ombudsman for Wales. The Ombudsman is independent of all government bodies and can look into complaints where the complainant or service user –

(i) has been treated unfairly or received a bad service through some failures on the part of the body providing it

(ii) has been disadvantaged personally by a service failure or has been treated unfairly.

15.2 The Ombudsman expects complainants to bring concerns to our attention first and to give us an opportunity to put things right.

15.3 The Ombudsman can be contacted in the following ways:

- Via the Ombudsman **website**:
<https://www.ombudsman.wales/contactus/>

- In **writing**, or by **telephone**, at:

Public Services Ombudsman for Wales
1 Ffordd yr Hen Gae
Pencoed,
CF35 5LJ
Tel: 0300 790 0203

15.4 There are also other organisations that consider complaints. For example, the Welsh Language Commissioner can deal with issues about services in Welsh. We can provide advice about such organisations.

16. WHAT IF A COMPLAINANT NEEDS HELP

16.1 Our staff will aim to help complainants to make their concerns known to us. If extra assistance is needed, we will try to put complainants in touch with someone who can help.

16.2 Older People

16.2.1 Age Cymru provides advice for all older people in Wales. They can be contacted by any of the ways below:

- Using their Online Form:
<http://www.ageuk.org.uk/cymru/contact-us/>

- Via the Age Cymru website; <http://www.ageuk.org.uk/cymru/>
- **In writing**, or by **telephone**, at:

Age Cymru
Ty John Pathy
13/14 Neptune Court
Vanguard Way
Cardiff
CF24 5PJ
Tel: 0300 790 0230

16.3 Children & Young People

16.3.1 This policy includes complaints made by people under the age of 18.

If a young person wishing to complain needs help, they can;

Text 84001
Call the Meic Helpline 0808 802 3456
Go online www.meiccymru.org).

16.3.2 They can also contact the Children's Commissioner for Wales:

- **By email**, at: commissioner@childcomwales.org.uk
- **In writing**, or by **telephone**, as shown below:

South Wales Office:
Oystermouth House
Phoenix Way
Llansamlet
Swansea
SA7 9FS
Tel: 01792 765600

North Wales Office
Penrhos Manor
Oak Drive
Colwyn Bay
Colwyn
LL29 7YW
Tel: 01492 523333

16.3.3 Advocacy services for children and young people can also be provided by NYAS, who can be contacted in the following ways:

- **By email**, at: help@nyas.net
- **In writing**, or by telephone, as shown below:
NYAS
Dogfield Street
Cardiff
Tel: 029 2066 8956

17. WHAT WE EXPECT FROM COMPLAINANTS

- 17.1 In times of trouble or distress, some people may act out of character. There may have been upsetting or distressing circumstances leading up to a concern or a complaint. We do not view behaviour as unacceptable just because someone is forceful or determined.
- 17.2 We believe that all complainants have the right to be heard, understood and respected. However, we expect complainants to be polite and courteous in their dealings with us. We will not tolerate aggressive or abusive behaviour, unreasonable demands or unreasonable persistence.
- 17.3 We have a separate policy to manage situations where we find that someone's actions are unacceptable. Details of our Unacceptable Action by Customers Policy can be found at on CIS (1.CM.069).

**GOVERNANCE AND AUDIT COMMITTEE:
20th JULY 2021**

MEMBER BREACH OF CODE OF CONDUCT COMPLAINTS

**REPORT OF THE DIRECTOR OF GOVERNANCE AND LEGAL SERVICES AND
MONITORING OFFICER**

AGENDA ITEM: 8.3

Reason for the Report

1. To allow the Committee to consider the arrangements in place for dealing with complaints relating to alleged breaches of the the Members' Code of Conduct.

Background

2. As part of the changes introduced by Part 6 of the Local Government and Elections (Wales) Act 2021, section 115 makes provision for Governance and Audit Committees to have responsibility for new functions, including to the functions to 'review and assess the authority's ability to handle complaints effectively', and 'make reports and recommendations in relation to the authority's ability to handle complaints effectively'.
3. The new functions are incorporated within the Committee's revised terms of reference by the addition of the following:
 - To review and assess the authority's ability to handle complaints effectively, and make any associated reports and recommendations.

Issues

4. Part III of the Local Government Act 2000 sets the statutory framework governing the conduct of local government Members, which includes provision for:
 - a. A Model Code of Conduct, which must be adopted by authorities (with or without permitted variations), setting out mandatory duties with which all Members and Co-Opted Members of County and Community Councils must comply.
 - b. The Public Services Ombudsman for Wales, who has responsibility for producing guidance on the Members' Code of Conduct and investigating complaints that a Member has breached the Code of Conduct.
 - c. Standards Committees, with statutory functions in relation to the promotion and maintenance of high standards of conduct by the Members of the authority and community councils, including the determination of any Member conduct complaints referred by the Ombudsman.

- d. The Adjudication Panel for Wales, with responsibility for determining generally more serious complaints of misconduct referred by the Ombudsman.
 - e. The Monitoring Officer, to whom the Ombudsman may refer complaints for investigation or reporting to the Standards Committee.
 - f. Regulations to be made in relation to the detailed operation of the statutory framework, including rules and procedures for investigating, determining and reporting on complaints of misconduct.
5. Cardiff Council has adopted the statutory Model Code of Conduct without variation. The Members' Code of Conduct is included within Part 5 of the Constitution: [Members Code of Conduct.pdf \(moderngov.co.uk\)](#) The Code of Conduct sets out various duties with which Members must comply.
 6. The formal mechanism for enforcing the Members' Code of Conduct is set out in Part III of the Local Government Act 2000 and regulations made under it. The Public Services Ombudsman for Wales has responsibility and powers to investigate complaints that a Member has failed to comply with the Code of Conduct and may make referrals to the Monitoring Officer or Standards Committee of an authority or the Adjudication Panel for Wales.
 7. The duties and powers of the Monitoring Officer and the Standards and Ethics Committee in relation to any misconduct complaints referred by the Ombudsman are set out in the Local Government Investigations (Functions of Monitoring Officers and Standards Committees)(Wales) Regulations 2001. If a Member is found to be in breach of the Code of Conduct, the Standards and Ethics Committee has power to censure or suspend the Member for a period of up to six months.
 8. For more serious breaches of the Code of Conduct, the Adjudication Panel for Wales has power to suspend a Member for a period of up to one year or to disqualify them from being a Member of any authority for a period of up to five years (under the Local Government Act 2000, section 79).
 9. In 2013 the Ombudsman indicated that the majority of "Member on Member" complaints referred to him were relatively low level behavioural issues, typically during what could often be seen as the cut and thrust of Council debate and local politics. The Ombudsman indicated that such complaints would be more appropriately resolved informally by the adoption of "Local Resolution Protocols", which are voluntary arrangements having no statutory force.
 10. Community Councils are also encouraged to adopt their own local resolution processes and a Model Local Resolution Protocol has been produced specifically for Community Councils.
 11. Cardiff Council adopted a Local Resolution Protocol in May 2013 which was then revised in 2017 and Members make a commitment to adhere to it as part of the Cardiff Undertaking affirmed publicly by all Members at each Annual Council meeting. The Local Resolution Protocol (attached as **Appendix A**) provides that a complaint may first be informally mediated by the Monitoring Officer. If this informal approach does not resolve the complaint, the Protocol provides for the complaint to be referred to a Sub-Committee of the Standards and Ethics Committee, referred to as the Hearings Panel.
 12. The Standards and Ethics Committee is comprised, in accordance with relevant regulations and Article 9 of the Constitution, of five independent members, three county councillors representing each of the largest political groups on the Council and one community councillor representative. The Committee Chair and the Deputy Chair are independent

members. The Committee meets as needed, usually four times each year. The Committee's terms of reference, as approved by Council, are:

- (a) To monitor and scrutinise the ethical standards of the Authority, its Members, employees and any associated providers of the Authority's services, and to report to the Council on any matters of concern.
- (b) To advise the Council on the content of its Ethical Code and to update the Code as appropriate.
- (c) To advise the Council on the effective implementation of the Code including such matters as the training of Members and employees on the Code's application.
- (d) To consider and determine the outcome of complaints that Councillors and co-opted members have acted in breach of the Code in accordance with procedures agreed by the Standards Committee, including the imposition of any penalties available to the Committee.
- (e) To oversee and monitor the Council's whistleblowing procedures and to consider ethical issues arising from complaints under the procedure and other complaints.
- (f) To grant or refuse requests for dispensations in respect of Members' interests under the Members Code of Conduct in accordance with the relevant statutory provisions.
- (g) To undertake those functions in relation to community councils situated in the area of the Council and members of those community councils which are required by law.
- (h) To recommend to Council and the Cabinet any additional guidance on issues of probity.
- (i) To hear and determine any complaints of misconduct by Members or a report of the Monitoring Officer, whether on reference from the Ombudsman or otherwise.
- (j) To recommend the provision to the Monitoring Officer of such resources as he/she may require for the performance of his/her duties.

All Members of the Committee will be required to undertake relevant training to enable them to properly discharge their duties.

13. Complaints about a Member's conduct may be referred to the Standards & Ethics Committee by (i) the Ombudsman (under Part III of the Local Government Act 2000); or (ii) the Monitoring Officer, under the Local Resolution Protocol adopted by the Council for resolving relatively low level complaints. Referrals from the Ombudsman are governed by regulations, which require an initial determination of whether or not there is a case to answer, before proceeding to a hearing. However, for referrals under the Local Resolution Protocol, the Committee has discretion to decide the procedure to be followed. The Committee has therefore adopted separate procedures for dealing with each type of referral, which are appended as **Appendix B**.
14. A Sub-Committee of the Standards and Ethics Committee, referred to as a Hearings Panel is convened to hear and determine any Member conduct complaints referred to the Committee. All members of the Hearings Panel receive training on hearings, covering all relevant issues such as the principles of natural justice, human rights considerations, evidence and hearing procedures.
15. The Monitoring Officer maintains a record of all Member conduct complaints notified to her and reports on them to the Standards and Ethics Committee.
16. Standards and Ethics Committee receives a quarterly Complaints Update report, setting out the number of Member conduct complaints received, brief details of the nature of the complaint and its outcome. The Committee monitors the number of complaints and any themes or patterns emerging (but only considers specific details of individual cases if a complaint is formally referred to the Committee by the Monitoring Officer or the Ombudsman). The Complaints Update report for Quarter 4 of 2020/21 and Quarter 1 of 2021/22 is attached as **Appendix C**.

17. The Standards and Ethics Committee presents an Annual Report to Council. The Local Government and Elections (Wales) Act 2021 places the Annual Report onto a statutory footing from May 2022. The Annual Report includes an overview of Member conduct complaints reported during the year. The Standards and Ethics Committee's Annual Report 2019/20 is attached as **Appendix D**. The Annual Report 2020/21 is scheduled for consideration in the Autumn.

18. In January 2020, the Hearings Panel held a five day public hearing to determine a complaint referred by the Ombudsman. The hearing attracted considerable attention from the public and was reported in the press and on social media. The Panel found that the Councillor had breached the Members' Code of Conduct and imposed a four month suspension from office. The decision was appealed by the Councillor. The Adjudication Panel for Wales (APW) refused permission for an appeal against the Panel's findings in respect of breach of the Code, and after considering the appeal against the sanction, fully upheld the Panel's decision. The Ombudsman commended the Council for the extremely professional way in which the hearing was managed in very challenging circumstances and personally attended a Standards Committee meeting to thank the Committee for the support they gave in maintaining high standards in the Council.

Legal Implications

19. Relevant legal provisions are set out in the body of the report.

Financial Implications

20. There are no financial implications directly arising from this report.

Recommendations

The Committee is recommended to note the information set out in the report.

Davina Fiore
Director of Governance and Legal Services and Monitoring Officer
7th July 2021

APPENDICES

Appendix A	Local Resolution Protocol
Appendix B	Hearings Procedure for Ombudsman Referrals; and Local Resolution Hearings Procedure
Appendix C	Complaints Update, report to Standards and Ethics Committee, 7 th July 2021 Item 6 - Conduct Complaints - July 2021 Report.pdf (modern.gov.co.uk)
Appendix D	Standards and Ethics Committee Annual Report 2019/20 SE Annual Report Final 21.01.21.pdf (modern.gov.co.uk)

CARDIFF COUNCIL

Local Resolution Protocol

1. Introduction

- 1.1. This Protocol has been adopted in response to the Ombudsman's view that "low-level, Member-on-Member" complaints relating to breaches of the Code should be dealt with at a local level. The aim of this Protocol is to seek the resolution of matters at an early stage so as to avoid unnecessary escalation of the situation which may damage personal relationships within the Council and the Council's reputation.
- 1.2. This Protocol seeks to define the types of "low-level" complaints which are suitable for local resolution and sets out the procedure to be adopted in response to them.
- 1.3. It is important to note that this protocol does not preclude anyone from referring any complaint to the Ombudsman if they so wish. However Members should note that the Ombudsman has made clear that, in normal circumstances, it is expected that in the first instance Members should exhaust the procedures set out in this Local Protocol before referring low-level complaints to the Ombudsman.

2. What type of complaints fall within the remit of the Protocol?

The Monitoring Officer will use the following criteria to decide whether a complaint falls within the remit of this Protocol:

Within the remit of this Protocol:

- a. The complaint is made by a Member (or Co-Opted Member) of the Council and relates to a breach of the Code by a fellow Member OR
- b. The complaint is made by an Officer of the Council and relates to a breach of the Code by a Member or Co-Opted Member of Cardiff Council

AND

- c. The complaint is "low-level" in nature. Whether or not a complaint is "low-level" in nature will be dependant on the individual circumstances of a complaint.

The Ombudsman has indicated that "*typically these complaints will be about alleged failures to show respect and consideration for others as required by*

paragraph 4(b) of the Code or the duty to not make vexatious, malicious or frivolous complaints against other members under paragraph 6(1)(d) of the Code”.

AND

- d. The complaint does not relate to repeated occurrences of similar conduct that has already been dealt with under this Protocol or by the Ombudsman. In the event that the complaint relates to such a “repeated offence” it is likely that it will be appropriate to refer the matter to the Ombudsman directly.

Outside the remit of this Protocol:

- Complaints made by members of the public, although if the Monitoring Officer considers it to be appropriate, s/he may with the agreement of the member of the public, deal informally with the complaint, while informing them of their right to complain to the Ombudsman.

If you are unsure whether a matter you wish to complain about is “low-level” or within the remit of this Protocol, then you may wish to discuss this with the Monitoring Officer (who may consult with the Ombudsman’s office) to obtain guidance.

3. Procedure

- 3.1. In the event of a Member or Officer seeking to make a complaint that may fall within the definition of a “low-level” complaint, they should first raise the matter with the Monitoring Officer (or their deputy or other appointed officer who may assume the role of the Monitoring officer under this Protocol). The purpose of doing so is to determine whether the matter should be dealt with under this Protocol or whether the matter should be referred directly to the Ombudsman.
- 3.2. If it is decided that the matter should be dealt with under this Protocol, the following procedure shall be followed.
- 3.3. Firstly, the Monitoring Officer will consider whether the matter may be able to be resolved by mutual resolution. If so, then the Monitoring Officer will make any appropriate arrangements with the aim of seeking an informal resolution of the matter. In doing so the Monitoring Officer may:
 - i Arrange to meet with the individuals concerned, either together or separately;

- ii require the attendance of any Group Leader, Member or Officer as they determine may be beneficial to resolving the complaint; and
 - iii adopt such arrangements (such as “breaking out” of any joint meeting to meet with the individuals concerned privately or adjourning the meeting to ask individuals to reflect on their position) as they deem beneficial in an attempt to resolve the complaint.
- 3.4. If the matter cannot be resolved by mutual resolution, the person bringing the complaint may ask the Monitoring Officer to refer the matter to the Standards & Ethics Member Hearing Sub-Committee (**Hearing Panel**).

4. Standards & Ethics Hearing Panel Proceedings

- 4.1. The Hearing Panel shall adopt and make available upon request a procedure under which it shall carry out hearings. If a matter is brought before the Hearing Panel then the Hearing Panel shall hold a hearing to determine the matter in accordance with its hearing procedure.
- 4.2. The sanctions available to the Hearing Panel should it find that there has been a breach of the Code shall be:
- a. A statement that the complaint has substance, but no further action is required.
 - b. Referral of the member for training on a particular topic.
 - c. A private or public written warning. If public, that warning shall be announced and circulated at the next meeting of Council.
 - d. Censure of the Member at the next meeting of Council.
 - e. Referral to the Ombudsman for investigation if the complaint is considered to be deserving of more serious sanctions than the Hearing Panel has the power to impose.
- 4.3. In making a decision on the sanctions to be imposed, the Hearing Panel may take into account (but is not limited to considering):
- a. The severity of the offence.
 - b. Impact on others and any reputational impact on the Council
 - c. The level of remorse the Member in question has shown and any apologies they have made.
 - d. Any other action taken by the Member to redress the complaint.
 - e. Whether there is an indication of the behaviour being repetitious or whether the Member has previously been found to have committed similar offences.

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CITY OF CARDIFF COUNCIL
LOCAL RESOLUTION PROTOCOL
STANDARDS AND ETHICS COMMITTEE
HEARINGS PANEL PROCEDURE

1. Introduction

- 1.1. The City of Cardiff Council has adopted a Local Resolution Protocol. The purpose of the Protocol is to enable minor “member on member” allegations of breaches of the Members’ Code of Conduct to be dealt with at a local level rather than being referred to the Public Services Ombudsman for Wales.
- 1.2. In accordance with the Protocol a Sub-Committee of the Standards and Ethics Committee has been formed to carry out hearings in relation to alleged breaches. This Sub-Committee is referred to in this document as the “**Hearings Panel**”.
- 1.3. This document sets out how matters may be referred to the Hearings Panel and the Procedure that the Panel shall adopt in relation to matters that are referred to it.
- 1.4. In this document references to the Monitoring Officer shall include references to their Deputy or other officer appointed for the purposes of the Protocol.

2. Stage 1 (Initiation of a Complaint)

- 2.1. Any Member who wishes to make a complaint under the Protocol should send their complaint in writing to the Monitoring Officer within three months of the event which has given rise to the complaint; or within three months of the substance of the complaint coming to the attention of the Member submitting the complaint.
- 2.2. The Monitoring Officer will advise the Complainant whether the complaint falls within the Protocol or whether the Complainant should consider referral to the Ombudsman.
- 2.3. If the Monitoring Officer determines that the complaint falls within the Protocol he/she will advise the Respondent of the complaint and will seek an informal resolution of the matter (although see paragraph 2.4 below). The parties should note that details of attempts to achieve an informal resolution may be referred to at any subsequent hearing by the Hearings Panel.
- 2.4. The complaint may be referred to a meeting of the Hearings Panel if:

- a. the Monitoring Officer is of the view that making informal attempts to mutually resolve the matter is inappropriate; or
 - b. having made attempts to mutually resolve the matter, the Complainant asks the Monitoring Officer to refer the matter to the Hearings Panel.
- 2.5. In such cases the Monitoring Officer will make arrangements to convene a meeting of the Hearings Panel and to refer that matter to it.
- 2.6. The Monitoring Officer may choose not to deal with the complaint personally at Stage 1 in order to be able to advise the Hearings Panel under Stage 2, in which case the Deputy Monitoring Officer or other officer nominated for the purpose will provide advice to the parties under Stage 1 and seek informal resolution.

Alternatively if the Monitoring Officer deals with the complaint at Stage 1 the Deputy Monitoring Officer or other officer nominated for the purpose will advise the Hearings Panel at Stage 2.

3. Stage 2 (Referral to the Hearings Panel)

The steps required in paragraphs 3.1 and 3.2 are compulsory.

- 3.1. The Complainant will provide the Monitoring Officer with written details of their complaint to include:
- i a written account of the conduct that has given rise to the complaint;
 - ii a list of any witnesses whom the Complainant wishes to call to appear before the Hearings Panel;
 - iii a list and copies of any documents that the Complainant wishes to draw to the attention of the Hearings Panel; and
 - iv details of the paragraphs of the Members' Code of Conduct that are alleged to have been breached.
- 3.2. The Monitoring Officer will give the Respondent a copy of the documents referred to in paragraph 3.1 above. The Respondent will give the Monitoring Officer written details of their response to the allegations to include:
- i written details of the Respondent's response to the facts as alleged by the Complainant;
 - ii a list of any witnesses whom the Respondent wishes to call to appear before the Hearings Panel; and
 - iii a list and copies of any documents that the Respondent wishes to draw to the attention of the Hearings Panel.
- 3.3. Prior to the hearing the Monitoring Officer will arrange for the documents referred to in paragraphs 3.1 and 3.2 to be made available

to the Panel Members, the Complainant, and the Respondent. If the Monitoring Officer believes it appropriate in the circumstances the Monitoring Officer will also provide a Report in relation to any investigations into or attempts to settle the complaint or any other matter that the Monitoring Officer believes to be relevant to the deliberations of the Hearing Panel.

- 3.4. If a matter involves cross allegations with two or more Members making allegations of breaches of the Code against each other, the Monitoring Officer (in consultation with the Chair) may convene one Hearing to deal with all such allegations simultaneously. In such circumstances the Monitoring Officer may amend the requirements of paragraphs 3.1 – 3.3 to ensure that a fair opportunity to present and respond to complaints is afforded to each Member prior to the Hearing.

4. Legal Advice and the Monitoring Officer's Role at Hearings

- 4.1. The Monitoring Officer, Deputy Monitoring Officer, or other officer nominated for the purpose shall be in attendance at hearings to advise the Hearings Panel.
- 4.2. If the Monitoring Officer has investigated a complaint, he/she may attend a hearing in his/her role as the person who has investigated the complaint and will not be present to provide legal advice to the Hearings Panel. In such cases, the Deputy Monitoring Officer or another of the Authority's lawyers will be present to advise the Hearings Panel.
- 4.3. The Hearings Panel may take legal advice from its advisor at any time before or during the hearing or while the outcome is being considered.

5. Attendance and Representation at Hearings

- 5.1. If Members who are party to the complaint do not wish to attend the hearing or fail to attend the hearing the hearing may proceed in their absence.
- 5.2. Members may be represented or accompanied during the hearing by another Member, or any other person if they so desire. However when making a decision on representation Members should bear in mind that Local Resolution is intended to provide a relatively informal forum to resolve relatively minor complaints.
- 5.3. Members are responsible for meeting their own costs of any representation.

6. Composition and Decisions of the Hearings Panel

- 6.1. The Hearings Panel shall be composed of three independent members of the Standards and Ethics Committee. Alternatively the Standards and Ethics Committee may also resolve to co-opt suitably experienced independent persons to serve as members on the Hearings Panel.
- 6.2. The Hearings Panel shall appoint one of their number to serve as Chair for each hearing.
- 6.3. Except for decisions that are expressed in this Procedure to be taken by the Chair, any decision of the Hearings Panel shall be made on the basis of a simple majority vote.

7. General Powers of the Hearings Panel in relation to this Procedure

- 7.1. The Chair may agree to vary this procedure in any particular instance where he/she is of the opinion that such a variation is necessary in the interests of fairness. The Chair may also vary this procedure in the interests of ensuring an efficient hearing (provided that such variation does not have any detrimental impact on the fairness of the proceedings).
- 7.2. Panel members may ask any questions they wish to anyone taking part in the Hearing.
- 7.3. The Panel may also seek the attendance of a particular person or the production of specific documentation where they are of the view it would assist their deliberations.

8. Introductions

- 8.1. At the start of the hearing the Chair shall introduce each of the Members of the Hearings Panel and everyone involved in the hearing. The Chair shall then explain the procedure that the Panel is to follow in conducting the hearing and should obtain confirmation from everybody taking part in the hearing that they have understood the procedure.

9. Additional Information

- 9.1. If a party wishes to present additional information to the Panel that was not included in the written material that they produced for circulation prior to the hearing they should apply to the Panel for permission to do so before the commencement of the formal part of the hearing.
- 9.2. It will assist if the Legal Advisor and the other party have been provided with details of the late information as early as possible but at least two days before the commencement of the hearing. The Panel retains sole discretion whether to permit the late introduction of

information but shall always seek to ensure that neither party is prejudiced and all parties are able to present evidence which is relevant to the matters before the Panel.

10. Order of Procedure at the Hearing

- 10.1. After the introductions and any other preliminary matters the Complainant may address the Hearings Panel and may be questioned by members of the Panel.
- 10.2. Any witnesses that the Claimant wishes to call may address the Hearings Panel and may be questioned by members of the Panel.
- 10.3. The Respondent may address the Hearings Panel and may be questioned by members of the Panel.
- 10.4. Any witnesses that the Respondent wishes to call may address the Hearings Panel and may be questioned by members of the Panel.
- 10.5. The Complainant may address the Hearings Panel with any closing remarks.
- 10.6. The Respondent may address the Hearings Panel with any closing remarks.
- 10.7. The Hearings Panel will retire to deliberate in private.

11. The Hearings Panel's Deliberations

- 11.1. When it deliberates the Hearings Panel will make any necessary findings about the facts. It will then consider whether the Respondent failed to follow the Members' Code of Conduct.
- 11.2. If the Hearings Panel determines that the Respondent has not breached the Members' Code of Conduct it shall dismiss the complaint, but it may make general recommendations or remarks to the Members involved or to all Members.
- 11.3. If the Hearings Panel determines that the Respondent has failed to follow the Code it shall consider what sanction, if any, to impose. The sanctions available to the Panel under the Local Resolution Protocol are as follows:
 - (i) A statement that the complaint has substance but no further action is required
 - (ii) Referral of the Respondent for training on a particular topic.
 - (iii) A private or public written warning. If public, that warning shall be announced and circulated at the next meeting of Council.

(iv) Censure of the Respondent at the next meeting of Council.

(v) Referral to the Public Services Ombudsman for investigation if the complaint is considered to be deserving of more serious sanctions than the Hearings Panel has the power to impose.

In making a determination as to sanction the Hearings Panel may consider any factor that they consider to be relevant, including:

- i the severity of the offence;
- ii the level of remorse that the Respondent has shown and any apologies that they have made; and
- iii whether there is an indication of the behaviour being repetitious or whether the Respondent has previously been found to have committed similar offences.

11.4. Once a decision has been reached by the Hearings Panel the parties may re-convene and the Chair will announce the decision orally.

12. The Written Decision

12.1. The Panel will issue a written decision shortly after the end of the Hearing. The written decision shall be published on the Authority's website not later than 14 days after the date of the Hearing for a period of 21 days.

CARDIFF COUNTY COUNCIL
STANDARD AND ETHICS COMMITTEE

PROCEDURE FOR HEARINGS (OMBUDSMAN REFERRALS)

Adopted by Standard and Ethics Committee on 1st July 2019

1. Introduction

- 1.1 The Standard and Ethics Committee ('the Committee') needs to have in place effective and efficient procedures for dealing with Hearings in respect of an allegation that a County Councillor, Community Councillor or co-opted member of any committee or sub committee in Cardiff has failed to comply with the Code of Conduct adopted by his/her respective Authority.
- 1.2 The Committee has adopted a separate procedure for conducting hearings under the Local Resolution Protocol.
- 1.3 Standard and Ethics Committee Hearings may also be required to determine a complaint referred to the Committee by the Ombudsman under Part 3 of the Local Government Act 2000 ('the Act'). This may occur as the result of either:
- (a) The Ombudsman ceasing an investigation and referring the matter to the Council's Monitoring Officer (under section 70(4) of the Act). The Monitoring Officer must then investigate the matter and report on the conclusion of his/her investigation to the Standard and Ethics Committee.
 - (b) The Ombudsman undertaking an investigation and then referring the matters which are the subject of the investigation to the Monitoring Officer (under section 71(2) of the Act), for reporting to the Standard and Ethics Committee.
- 1.4 The following procedure should be used in respect of both instances of Ombudsman referrals set out above and provides the Standard and Ethics Committee with a consistent approach in determining matters locally.

2. Interpretation

- (a) "Councillor" means the Member or former Member of the County or Community Council or the co-opted member of any committee or sub committee who is the subject of the allegation being considered by the Standards and Ethics Committee, unless stated otherwise. Unless the context requires otherwise it also includes the Councillor's nominated representative.
- (b) "Investigating Officer" means the Public Services Ombudsman for Wales and includes his/her nominated representative. In the case of matters that have been referred to the Monitoring Officer for investigation, references to the "Investigating Officer", means the Monitoring Officer, or a person appointed by the Monitoring Officer to undertake the investigation, and his/her nominated representative.

- (c) "Legal Advisor" means the person responsible for providing legal advice to the Hearings Panel.

3. Hearings Panel Sub-Committee

- 3.1 A sub-committee of the Standards and Ethics Committee, referred to as 'the Hearings Panel' or 'the Panel', shall be set up to consider investigation reports, conduct hearings, make determinations, impose any sanctions and exercise any associated powers of the Committee granted by law or under this Procedure.
- 3.2 The Hearings Panel shall be composed of three members of the Committee, at least two of whom must be independent members of the Committee.
- 3.3 For complaints about a member of a community council, the Panel shall include the community council representative on the Committee, unless the complaint concerns a member of his/her own community council.
- 3.4 The Hearings Panel shall elect one of the independent Panel members to serve as Chair for each meeting.
- 3.5 Except for any decisions that may be expressed in this Procedure to be taken by the Chair, any decision of the Hearings Panel shall be made on the basis of a simple majority vote.

4. Initial Determination

- 4.1 Following receipt of a report and any recommendations from the Monitoring Officer, or a report from the Ombudsman, together with any recommendations of the Monitoring Officer, the Hearings Panel must make an initial determination, either:
- (a) that there is no evidence of any failure to comply with the Code of Conduct of the relevant Authority concerned (and must then notify any person who is the subject of the investigation, any person who made any allegation which gave rise to the investigation and the Public Services Ombudsman for Wales accordingly); or
- (b) that any person who is the subject of the investigation should be given the opportunity to make representations, either orally or in writing in respect of the findings of the investigation and any allegation that he or she has failed, or may have failed, to comply with the relevant Authority's Code of Conduct.
- 4.2 If the Hearings Panel makes a determination under paragraph 4.1(b) above, the Panel will instruct arrangements to be made for a Hearing in accordance with the rules below.

5. Prior to the Hearing

- 5.1 The Investigating Officer shall set out in writing the results of their investigation, including copies of all written evidence the report relies upon in an 'Investigation Report'; and send copies of the Investigation Report to the Committee and to the Councillor.
- 5.2 The Panel shall write to the Councillor to notify him/her of the Panel's initial determination (made under paragraph 4.1 above); provide information about the possible sanctions open to the Hearing if a breach of the Code of Conduct is found; and invite a written response to the findings of the Investigation Report to be submitted to the Panel within three weeks from receipt of the Panel's notification letter.
- 5.3 The Councillor shall be informed that his/her written response need not set out the Councillor's position in full, but it should:
- (a) indicate whether or not the Councillor will be represented and if so, by whom;
 - (b) indicate whether the Councillor intends to apply to the Panel to have the press and public excluded from the hearing and any grounds for doing so;
 - (c) indicate all areas of the Investigation Report that the Councillor intends to dispute, with brief reasoning;
 - (d) attach all written evidence the Councillor intends to rely upon;
 - (e) indicate any witnesses the Councillor wishes to call (which may include any witnesses referred to in the Investigation Report) and brief reasons for doing so (if any); and
 - (f) indicate any dates or times when the Councillor, the representative and any witnesses they wish to call will be unavailable to attend a Hearing.
- 5.4 The Panel shall also write to the Investigating Officer to notify him/her of the Panel's initial determination (made under paragraph 4.1 above), and to:
- (a) request that the Investigating Officer should attend the Hearing to present the Investigation Report and explain any matters in it, if the Panel considers it appropriate OR to ask if the Investigating Officer wishes to attend the Hearing for this purpose;
 - (b) ask if there are any dates or times when the Investigating Officer will be unavailable to attend a Hearing; and
 - (c) ask the Investigating Officer to indicate any witnesses he/she wishes to call and brief reasons for doing so (if any).

5.5 Following receipt of the Councillor's and the Investigating Officer's written response, the Panel shall write to the Investigating Officer and the Councillor confirming the following:

- (a) the date, time and location set for the hearing (having taken reasonable steps to accommodate the availability of the Councillor and the Investigating Officer);
- (b) whether the witnesses the Investigating Officer and the Councillor wishes to call will be allowed (giving reasons and allowing opportunity to respond if any witnesses are not to be allowed); and
- (c) any other steps the Panel may in its discretion require prior to the Hearing.

6. The Monitoring Officer

6.1 The Monitoring Officer, Deputy Monitoring Officer or another Legal Advisor shall be in attendance to advise the Hearings Panel.

6.2 If the Monitoring Officer has investigated a complaint, he/she (or a nominated representative) will attend a Hearing in his/her role as the person who has investigated the complaint and will not be present to provide legal advice to the Committee. In such cases, the Deputy Monitoring Officer or another Legal Advisor will be present to advise the Committee.

7. Powers of the Hearings Panel

- (a) The Chair, having taken legal advice from the Legal Advisor, may agree to vary this procedure in any particular instance where he/she is of the opinion that such a variation is necessary in the interests of fairness.
- (b) The Chair, having taken legal advice from the Legal Advisor, may also agree to vary this procedure in the interests of ensuring an efficient hearing (provided that such variation does not have any detrimental impact on the fairness of this procedure). Such power will include, for the avoidance of doubt:
 - (i) the ability to combine Stages 1 and 2 of this procedure set out below so that both the Councillor and the Investigating Officer give combined submissions on both the facts and whether the facts amount to a breach of the Code of Conduct; and
 - (j) the ability to request that the proceedings be conducted by exchange of written submissions only if the Councillor so agrees.
- (c) The members of the Panel may question anyone taking part in the proceedings on a point they raise in their representations or

to seek clarification of views on points raised by others appearing at the Hearing. They may also request advice from the Legal Advisor.

- (d) The Panel may also require the attendance of a particular witness or the production of specific documentation where it appears that such additional material may resolve conflict on facts.
- (e) The sanctions and other powers available to the Panel are set out under paragraph 14 below.

8. Representation

The Councillor and the Investigating Officer may be represented or accompanied during the Hearing by Counsel or a Solicitor, or any other person he or she desires. The Councillor and the Investigating Officer are responsible for meeting the cost of any representation.

9. Legal Advice

The Committee may take legal advice from its Legal Advisor at any time before or during the Hearing or while the outcome is being considered. The substance of any legal advice given to the Panel should be shared with the Councillor and the Investigating Officer, if they are present, but not the detail of the request for legal advice.

10. Introductions at the Hearing

- 10.1 At the start of the Hearing, the Chair shall introduce each of the Members of the Hearings Panel and everyone involved in the Hearing.
- 10.2 The Chair shall then explain the procedure which the Panel is to follow in its conduct of the Hearing and should obtain confirmation from everybody taking part in the Hearing that they have understood the procedure.

11. Preliminary Procedural Issues

- (a) The Panel should then resolve any issues or disagreements about how the Hearing should continue, including whether all or part of the Hearing should be heard without the attendance of the public.
- (b) If either party want to adduce further information to the Panel they should make an application to the Panel for permission to do so prior to the commencement of the formal part of the Hearing. It will assist if the Legal Advisor and the other party have been provided with details of the late information as early as possible but at least two days before the commencement of the Hearing. The Panel retains sole discretion whether to permit the late introduction of information.

but shall always seek to ensure that neither party is prejudiced and all parties are able to present the evidence which is relevant to the matters before the Panel.

(c) If the Councillor fails to attend the Hearing, the Panel may, depending on the reason for such non-attendance, continue with the proceedings or adjourn the Hearing to another date to give the Councillor a last opportunity to make representations.

12. Stage 1 — Formal Findings of Fact

- (a) After dealing with any preliminary issues, the Panel should then move on to consider whether or not there are any significant disagreements about the facts contained in the Investigating Officer's report.
- (b) If there is no disagreement about the facts, the Panel can move on to the next stage of the Hearing.
 - (c) If there is a disagreement about the facts, the Investigating Officer, if present, should be invited to make any necessary representations to support the relevant findings of fact in the Report (for the avoidance of doubt, the Investigating Officer may choose to invite the Panel to consider the evidence given in the Investigation Report and not make any further submission). With the Panel's permission, the Investigating Officer may call any necessary supporting witnesses to give evidence. The Panel may allow the Councillor an opportunity to challenge or comment upon any evidence put forward by any witness called by the Investigating Officer.
- (d) The Councillor should then have the opportunity to make representations to support his/her version of the facts and with the Panel's permission, to call any necessary witnesses to give evidence.
- (e) At any time, a Member of the Panel may question any of the people involved or any of the witnesses. The Panel may allow the Investigating Officer an opportunity to challenge or comment upon any evidence put forward by a witness called by the Councillor.
- (f) If the Councillor disagrees with any relevant fact in the Investigation Report, without having given prior notice of the disagreement, he/she must give good reasons for not mentioning it before the Hearing. If the Investigating Officer is not present, the Panel will consider whether or not it would be in the public interest to continue in his/her absence. After considering the Councillor's explanation for not raising the issue at an earlier stage, the Panel may then:

- (i) continue with the Hearing, relying on the information in the Investigation Report;
 - (ii) allow the Councillor to make representations about the issue, and invite the Investigating Officer to respond and call any witnesses, as necessary; or
 - (iii) adjourn the Hearing to arrange for appropriate witnesses to be present, or for the Investigating Officer to be present, if he or she is not already present.
- (g) The Panel shall then retire to consider their decision. Depending on the number of persons attending the Hearing, the Panel will either move to another room to deliberate on the representations and evidence in private or request the parties to leave the room during the deliberations.
- (h) Once the decision is reached and the meeting re-convened, the Chair will announce the Panel's findings of fact.

13. Stage 2 — Did the Member fail to follow the Code?

- (a) The Panel then needs to consider whether or not, based on the facts it has found, the Councillor has failed to follow the Code of Conduct. It should be noted that this stage of the hearing does not provide either the Councillor or the Investigating Officer an opportunity to re-examine the facts of the case in question.
- (b) The Councillor should be invited to give relevant reasons why the Panel should not decide that he or she has failed to follow the Code.
- (c) The Panel should then consider any verbal or written representations from the Investigating Officer.
- (d) The Panel may, at any time, question anyone involved on any point they raise in their representations.
- (e) The Councillor should be invited to make any final relevant points.
- (f) The parties shall then retire or the Panel will then move to another room to consider the representations and make its decision as to whether or not the Member has failed to follow the Code of Conduct.
- (g) On the Hearing being re-convened, the Chair will announce the Panel's decision as to whether or not the Councillor has failed to follow the Code of Conduct.

14. Stage 3 — Breach of the Code and Sanctions

14.1 If it is found that the Councillor has not failed to follow the Code of Conduct.

If the Panel decides that the Councillor has not failed to follow the Code of Conduct, the Panel can nevertheless consider whether it should make any general recommendations to the Authority in question.

14.2 If it is found that the Councillor has failed to follow the Code of Conduct (representations on sanction)

- (a) If the Panel decides that the Councillor has failed to follow the Code of Conduct, it will consider any verbal or written representations from the Investigating Officer and the Councillor as to:
 - (i) whether or not the Panel should set a sanction; and
 - (ii) what form any sanction should take.
- (b) The Panel may question the Investigating Officer and the Councillor and, if necessary, take legal advice, to make sure it has the information needed in order to make an informed decision.
- (c) The parties shall then retire or the Panel will then move to another room to consider whether or not to impose a sanction on the Councillor and, if so, what the sanction should be.
- (d) On reconvening the Hearing, the Chair will announce the Panel's decision.

14.3 If it is found by the Standards and Ethics Panel that a Councillor has failed to comply with an Authority's Code of Conduct (potential sanctions)

14.3.1 If the Panel finds that a Councillor has breached the Code, it can decide.

- (a) that no action needs to be taken in respect of that failure; or
- (b) that the Councillor should be censured; or
- (c) that the Councillor should be suspended or partially suspended from being a Member or Co-opted Member of the Authority in question, for a period not exceeding six months.

14.3.2 The Panel may request the Cllr to take any remedial action it considers to be reasonable and proportionate in the circumstances, for example to apologise or attend training, and it may adjourn a decision on sanction to allow time for the requested remedial action to be taken prior to a decision on sanction.

15. Recommendations to the Authority

After considering any verbal or written representations from the Investigating Officer and the Councillor (should it choose to do so), the Panel will consider whether or not it should make any recommendations to the Authority concerned, with a view to promoting high standards of conduct among Councillors.

16. The Written Decision

The Panel will announce its decision on the day and provide a short written confirmation of its decision on that day. It will issue a full written decision, with reasons, within five working days of the end of the hearing . and formally notify all parties ('the Decision Notification')

17. Appeals

17.1 Where the Standards and Ethics Panel determines that a person has failed to comply with the Code of Conduct, that person may seek permission to appeal against the determination to an Appeals Tribunal drawn from the Adjudication Panel for Wales. The grounds and procedure for making such an application are set out in the Local Government Investigations (Functions of Monitoring Officers and Standards Committees) (Wales) Regulations 2001 (as amended).

17.2 Any such application must be instigated by giving notice in writing to the President of the Adjudication Panel for Wales within 21 days of receiving notification of the Hearings Panel's determination (the Decision Notification).

18. Publication

18.1 The Panel will produce a report on the outcome of the investigation and send a copy of this report to all parties, the Ombudsman and the Monitoring Officer within 14 days after the period for an appeal or after the appeal process has been completed, whichever is the later.

18.2 Upon receipt of the Panel's report, the Monitoring Officer shall arrange for the report to be published on the Authority's website for a period of 21 days, make copies of the report publicly available upon request and publish a notice in a newspaper circulating in the area to explain the availability of the report.

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**STANDARDS AND ETHICS
COMMITTEE**

7th JULY 2021

**REPORT OF THE DIRECTOR OF GOVERNANCE AND LEGAL
SERVICES & MONITORING OFFICER**

**MEMBERS' CODE OF CONDUCT COMPLAINTS – QUARTER 4 OF
2020/21 and QUARTER 1 OF 2021/22**

Reason for Report

1. To provide the Committee with an update on complaints made during Quarter 4 of 2020/21 and Quarter 1 of 2021/22 (the period running from 1st January 2021 to 30th June 2021) against Members of Cardiff Council or any of Cardiff's Community Councils, alleging a breach of the Members' Code of Conduct.

Background

2. The Committee receives quarterly reports from the Monitoring Officer on complaints, made against Members of Cardiff Council and Community Councils within its area, alleging a breach of the Members' Code of Conduct. (There are six Community Councils in Cardiff: Lisvane; Old St. Mellons; Pentyrch; Radyr and Morganstown; St. Fagans; and Tongwynlais.) These reports provide information to assist the Committee to discharge its functions, in particular:
 - i. 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;
 - ii. To advise the Council on the effective implementation of the Code including such matters as the training of Members and employees on the Code's application; and
 - iii. To undertake those functions in relation to community councils situated in the area of the Council and members of those community councils which are required by law',

(paragraphs (a), (c) and (g) respectively, of the Committee’s terms of reference).

3. The Committee considers the number of complaints made and any themes or patterns emerging, but does not consider the specific details of each individual case, unless the complaint is formally referred to the Committee for a decision.
4. Complaints received during Quarter 3 of 2020/21 were reported to the Committee meeting on 3rd March 2021.

Issues

5. During Quarter 4 of 2020/21 and Quarter 1 of 2021/22, covering the period running from 1st January 2021 to 30th June 2021, a total of seven complaints alleging a breach of the Members’ Code of Conduct were reported to the Monitoring Officer.
6. The table below shows the figures for this period alongside comparative figures for the previous four quarters.

	Q4 Jan - Mar 2020	Q1 Apr - Jun 2020	Q2 Jul - Sept 2020	Q3 Oct - Dec 2020	Q4 Jan – Mar 2021	Q1 Apr – Jun 2021
Member on Member	0	1	0	0	1	1
Public on Member	1	1	0	9	1	4
Officer on Member	0	0	0	0	0	0
Community Councillors	0	0	0	0	0	0
Total	1	2	0	9	2	5

Quarter 4 of 2020/21

7. One of the two complaints made during Quarter 4 of 2020/21 was submitted by a member of the public, alleging that a Member had wrongly participated in a planning committee decision whilst having a personal prejudicial interest in the matter arising from involvement with a campaign group. Eight earlier complaints had been made about this same matter during Quarter 3 of 2020/21, which were reported to the Committee’s last meeting. In line with the Ombudsman’s decisions on the eight earlier complaints, the Ombudsman found there was insufficient evidence that the Member had a prejudicial personal interest in the matter or had predetermined the decision. The Ombudsman

decided not to investigate, because there was insufficient evidence of a breach of the Code and the public interest test was not met.

8. The other complaint made during Quarter 4 of 2020/21 was submitted by a Member on behalf of all members of their political group, alleging that another Member had delivered election leaflets in breach of Covid restrictions in effect at that time. The complainants were referred to the Ombudsman. The Ombudsman's decision is awaited.

Quarter 1 of 2021/22

9. Brief details of the five complaints submitted during Quarter 1 of 2021/22 are as follows:
 - (i) A Member complained about the responses given by another Member to their questions within email correspondence seeking information in relation to a resident's concerns. It was alleged that the Member had made personal attacks on them, which failed to show respect and consideration and constituted bullying behaviour. The Monitoring Officer's attempt to resolve the complaint informally was unsuccessful. At the complainant's request, this complaint has been referred to the Hearings Panel for determination under the Local Resolution Protocol.
 - (ii) A member of the public complained that a Member's support of objections to his planning application had supported harassment of the complainant. The complainant also submitted that the Member had not fairly represented him. The complaint was considered by the Ombudsman who found there was no evidence of a breach of the Code and decided not to investigate further.
 - (iii) A member of the public complained about statements made by a Member during the Senedd election campaign, which were alleged to be outdated and disrespectful; and about false statements made about the election results. The complainant was advised on the application of the Code of Conduct to a Councillor's activities and advised to refer their complaint to the Ombudsman and or the Standards Commissioner, as appropriate.
 - (iv) A member of the public complained about a comment made by a Member on social media, which was alleged to be threatening. The Ombudsman decided not to investigate the complaint.
 - (v) A member of the public complained about the conduct of a Member in relation to an application being determined by a Committee. The Member was alleged to have made disrespectful comments, discriminated against an individual, misused their position and disclosed confidential information. The Ombudsman's decision is awaited.

Legal Implications

10. There are no legal implications arising from the recommendations of this report.

Financial Implications

11. There are no direct financial implications arising from this report.

Recommendation

The Committee is recommended to note the contents of the report.

Davina Fiore

Director of Governance and Legal Services, and Monitoring Officer

1st July 2021

Background papers

Standards and Ethics Committee report 'Member Code of Conduct Complaints, Quarter 3 of 2020/21, March 2021

Standards and Ethics Committee Annual Report 2019/20

Cardiff Council



The Ten General Principles of Public Life

<p>Selflessness – members should serve only the public interest and should never improperly confer an advantage or disadvantage on any person.</p>	<p>Personal judgement – members may take account of the views of others, including their political groups, but should reach their own conclusions on the issues before them and act in accordance with those conclusions.</p>
<p>Honesty and integrity – members should not place themselves in situations where their honesty and integrity may be questioned, should not behave improperly, and should on all occasions avoid the appearance of such behaviour.</p>	<p>Respect for others – members should promote equality by not discriminating unlawfully against any person, and by treating people with respect, regardless of their race, age, religion, gender, sexual orientation or disability. They should respect the impartiality and integrity of the authority's statutory officers and its other employees.</p>
<p>Objectivity – members should make decisions on merit, including when making appointments, awarding contracts, or recommending individuals for rewards or benefit.</p>	<p>Duty to uphold the law – members should uphold the law and, on all occasions, act in accordance with the trust that the public is entitled to place in them.</p>
<p>Accountability – members should be accountable to the public for their actions and the manner in which they carry out their responsibilities, and should co-operate fully and honestly with any scrutiny appropriate to their particular office.</p>	<p>Stewardship – members should do whatever they are able to do to ensure that their authorities use their resources prudently, and in accordance with the law.</p>
<p>Openness – members should be as open as possible about their actions and those of their authority, and should be prepared to give reasons for those actions.</p>	<p>Leadership – members should promote and support these principles by leadership, and by example, and should act in a way that secures or preserves public confidence.</p>
<p style="text-align: center;"><i>“Nolan Committee on Standards in Public Life”</i></p>	

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Chair's Foreword

This report covers my first full year as Chair of the Standards and Ethics Committee and it has proved to be an interesting one. The Committee has continued to be active in providing advice on the effective implementation of the Code of Conduct and determining the outcome on a small number of complaints. These actions, alongside others such as attending Council and observing Community Council meetings, all help to promote the good standards of conduct of Members.

Generally, the conduct of Members is high with only nine complaints this year. Most of these complaints are made by a Member against a fellow Member. The Ombudsman and the Adjudication Panel for Wales have made it clear that Members are expected to have "thicker skins" than others, but abuse that is discriminatory in nature and/or intimidatory should not be tolerated.

Social media has often been the vehicle for comments which are alleged not to show respect and consideration to others. I would like to urge all Councillors to take care to avoid unduly personal or misleading comments on social media and to be aware of the Welsh Local Government Association's guidance on using social media.

The Committee has seen the introduction of new Independent members - Jason Bartlett, Arthur Hallett and Chrissie Nicholls – who are playing a dynamic role in all aspects of our work, and the retirement of colleagues (Richard Tebboth and Hugh Thomas) who have contributed significantly to the Committee for many years. Our thanks go to all Independent members for their work this year and to the County Councillors (Cunnah, Sandrey, Williams) and our Community Councillor representative (Stuart Thomas) who have worked constructively to improve the ethical culture of the council. I have been supported in my role by Hollie Edwards-Davies as vice-chair and all officials who have worked with great professionalism.

The work of the Committee this year has inevitably been affected by the Covid-19 pandemic and the essential business priorities of the Council during this period. I hope that 'normal' service and face to face meetings will be able to be re-introduced as soon as possible and the improvement in the conduct of Council meetings continues.

Finally, I would like to urge all Members to continue to report to the Monitoring Officer matters of concern so that they can be dealt with appropriately and remember that we all have a responsibility to promote and maintain high standards of conduct

James Downe
Chair of Standards and Ethics Committee

The Role of the Standards and Ethics Committee

The Committee operates within a statutory framework and the following terms of reference:

- (a) To monitor and scrutinise the ethical standards of the Authority, its Members, employees and any associated providers of the Authority's services, and to report to the Council on any matters of concern.
- (b) To advise the Council on the content of its Ethical Code and to update the Code as appropriate.
- (c) To advise the Council on the effective implementation of the Code including such matters as the training of Members and employees on the Code's application.
- (d) To consider and determine the outcome of complaints that Councillors and Co-opted Members have acted in breach of the Code in accordance with procedures agreed by the Standards Committee, including the imposition of any penalties available to the Committee.
- (e) To oversee and monitor the Council's whistleblowing procedures and to consider ethical issues arising from complaints under the procedure and other complaints.
- (f) To grant or refuse requests for dispensations in respect of Members' interests under the Members Code of Conduct in accordance with the relevant statutory provisions.
- (g) To undertake those functions in relation to community councils situated in the area of the Council and members of those community councils which are required by law.
- (h) To recommend to Council and the Cabinet any additional guidance on issues of probity.
- (i) To hear and determine any complaints of misconduct by Members or a report of the Monitoring Officer, whether on reference from the Ombudsman or otherwise.
- (j) To recommend the provision to the Monitoring Officer of such resources as he/she may require for the performance of his/her duties.
- (k) All Members of the Committee will be required to undertake relevant training to enable them to properly discharge their duties.

The Committee has identified its major role as being to:

- Promote and maintain high standards of conduct by County Councillors, Community Councillors and Co-opted Members.
- Provide support, advice and training for County Councillors and Community Councillors on conduct and personal interests.
- Monitor the operation of the Code of Conduct and the governance of the Council.
- Hear and determine any complaints referred by the Public Services Ombudsman for Wales.
- Provide advice and guidance on the whistleblowing procedure, constitutional, protocols and ethical issues.

The Committee operates on the clear understanding that Elected Members that sit on the Committee are independent of political allegiance and that all discussions and decisions are taken with ethical principles at the forefront. The Committee is mindful that not all political groups are represented on the Committee, but welcomes attendance by all Members at its meetings and is happy to receive contributions from those groups not so represented. The Committee wishes to do all it can to support Elected Members in their role.

The Committee's Work in 2019/20

COMMITTEE MEMBERSHIP

There have been significant changes in the Committee's membership over the year following the resignation of two independent members for personal reasons, firstly Lizz Roe in June 2019 and then approximately one month later, Hugh Thomas. Then, in September 2019, the second term of office of the Chair, Richard Tebboth, came to an end.

Professor James Downe was elected as Chair in September 2019 and Hollie Edwards-Davies as Vice-Chair.

A public appointments process was carried out, in line with the statutory rules, and in November 2019, three new independent members were appointed to the Committee: Jason Bartlett, Arthur Hallett and Chrissie Nicholls.

Community Councillor Stuart Thomas, Chair of Pentyrch Community Council has continued as the Community Council representative on the Committee. Councillor Stephen Cunnah, Councillor Joel Williams and Councillor Emma Sandrey have continued to hold the elected Member positions on the Committee.

HEARINGS PROCEDURE

The Committee reviewed its Hearings Procedure in respect of complaints referred to the Committee by the Ombudsman. Procedures were updated to reflect current legislation and to clarify hearing arrangements and ensure the procedures remain fit for purpose.

MEMBERS' GIFTS AND HOSPITALITY REGISTER

The Committee has carried out its annual review of the Members' Hospitality Registers covering the period from 17th November 2018 to 31st October 2019. It was agreed that Members should again be reminded of the importance of including a best estimate of the value of any gift or hospitality registered under the rules. The Committee considered the £25 registration threshold and agreed to make no changes to this.

COMMUNITY COUNCILS

The Committee has continued to engage with Community Councils to promote and maintain high standards of conduct within those Councils and build good working relationships with them. A Code of Conduct training and development session for Community Councillors was delivered in September 2019. Feedback indicated that Community Councillors found the session helpful.

The Monitoring Officer has continued to hold quarterly meetings with the Community Council Clerks to discuss and provide support and advice to Clerks in relation to Member conduct issues. Clerks have been encouraged to recommend their Councils adopt their own local resolution protocols, using the model developed by One Voice Wales and the Ombudsman, to resolve disputes amongst their community councillors.

Members of the Committee have also attended a number of Community Council meetings to familiarise themselves with the work of Community Councils and raise the profile of the Standards and Ethics Committee.

SENIOR OFFICERS' PERSONAL INTERESTS

The Committee gave further consideration to the Council's rules on Senior Officers' personal interests disclosures, in particular, whether the disclosure requirements should be extended to include publicly registering any trade union membership, home addresses and land ownership. Having carefully considered all relevant factors, the Committee agreed to make no changes to the current rules. Factors considered in reaching this decision included the roles and accountabilities of Senior Officers, the Council's duty of care towards its employees, and the available mechanisms whereby any Member who may be concerned about potential misuse of delegated powers can raise a complaint to the Monitoring Officer (who holds Senior Officers' Personal Interests Declarations and has access to other employee records in order to investigate any allegations). The Committee did, however, request that Senior Officers' Declarations of Interests, excluding trade union membership and home addresses, should be annually reported to the Committee for review on a confidential basis. The Council's Senior Management Team were consulted and were content to agree to this in order to provide Members with assurance and promote transparency and accountability.

OBSERVATION OF COUNCIL AND COMMITTEE MEETINGS

Independent members of the Committee and the Community Council representative have continued to observe meetings of Full Council and its Committees, as well as Community Council meetings and record their observations using the Committee's standard template form. Observations have been discussed at Standards and Ethics Committee meetings to inform the Committee's work and understand the work of the Council and Community Councils.

The Committee has been pleased to observe the good standards of Member conduct during Council and Community Council meetings. A number of recommendations have been made suggesting improvements to meeting arrangements, for example, in relation to displaying oral questions on screens or reading them out at Council meetings, improving sound systems and signage; declarations of interests, public seating, name plates and publication of reports for Community Council meetings. The Committee's recommendations have been well received and responded to positively.

Committee members are encouraged to continue attending different Council and Committee meetings for observation and feedback to the Committee.

ANNUAL MEETING WITH POLITICAL GROUP LEADERS AND WHIPS

The Committee meets informally with Group Leaders and Whips each year to discuss issues relating to Members' conduct and ethics. This annual meeting was postponed until September 2020 due to the Covid pandemic.

The results of the Members Survey 2019-20 in relation to conduct and behaviour issues were discussed with Leaders and Whips. It was noted that the number of reports of unacceptable behaviour, bullying or discriminatory behaviour was comparatively lower than previously and this was encouraging. However, the proportion of female respondents who had experienced unacceptable behaviour and the number of respondents who had experienced or witnessed unacceptable behaviour but not reported it was a concern. Suggested actions to address concerns included:

- Additional training should be considered. The Committee confirmed that refresher training on the Code of Conduct could be offered and welcomed any suggestions from Members in this regard.
- The Standards & Ethics Committee Chair to send a message to all Members, or include in the Committee's Member Briefing, a reminder about what Members should do if they experience unacceptable behaviour.

- Group leaders and Whips to encourage Members to report unacceptable behaviours and consider what can be done to support Members and raise awareness and understanding of unacceptable and discriminatory behaviour within Groups.

It was agreed that the Committee's Member Briefing should also remind Members about guidance on using Social Media as this was an issue involved in many Member conduct complaints.

MEMBERS' SURVEY 2019-20

The Committee considered the results of the Members Survey 2019-20, and following on from the points raised in the discussion with Group Leaders and Whips (see above), the Committee also agreed that the Democratic Services Committee should be asked to consider additional training on issues such as unconscious bias and bullying. It was agreed that regular surveys were helpful to highlight issues of concern and improvements. For the next Members' Survey, it was agreed that the Democratic Services Committee should be asked to consider including questions about whether Members felt safe and confident to report unacceptable behaviours and questions about Members' general well-being, particularly in light of Covid related pressures.

Taking Action on Complaints

The Standards and Ethics Committee receives quarterly reports from the Monitoring Officer in respect of complaints made about Members' conduct. The Committee monitors the number of complaints and any themes or patterns emerging (but only considers specific details of individual cases if a complaint is formally referred to the Committee by the Monitoring Officer or the Ombudsman.)

During the period from 1st April 2019 to 31st March 2020 the Monitoring Officer was notified of a total of nine complaints made against Members alleging breach of the Code of Conduct. The table below shows an analysis of the complaints on a quarterly basis.

	Q1 Apr, May, Jun 2019	Q2 Jul, Aug, Sept 2019	Q3 Oct, Nov, Dec 2019	Q4 Jan, Feb, Mar 2020	TOTAL
Total	3	4	1	1	9
Member on Member	1	4	0	0	5
Public on Member	2	0	1	1	4
Officer on Member	0	0	0	0	0
Community Councillors	0	0	0	0	0

The number of complaints received during 2019/20 (9 in total) remained similar to the two previous years (twelve complaints in 2018/19, although four of those complaints related to the same activities of one Member; and eight complaints in 2017/18) and relatively low compared to years prior to that (eighteen during 2016/17; and 59 during 2015/16).

An outline of the complaints submitted during each quarter of the year 2019/20 is set out below.

Quarter 1

- i. A Member complained about another Member's actions in relation to particular project. The Monitoring Officer considered this under the Local Resolution Protocol and found no evidence had been given to show a breach of the Code.
- ii. A member of the public complained that a Member's social media comments did not show due regard for equal opportunities. The Ombudsman found no evidence of a breach of the Code.

- iii. A member of the public complained that a Member of the Planning Committee had used their position improperly and not shown respect and consideration to members of the public attending a Planning Committee meeting. The Ombudsman found no evidence of a breach of the Code and decided not to investigate further.

Quarter 2

- i. A Member complained about social media comments made by another Member. At the request of the complainant, the complaint was referred to the Hearings Panel, but later withdrawn.
- ii. A Member complained about another Member wrongly representing an individual as a Councillor and sharing information inappropriately with that individual. The Monitoring Officer has requested evidence to substantiate the allegations, but received none to date.
- iii. A Member complained that information given by another Member in a newsletter and at a public meeting was misleading and inaccurate, bringing the Council and office of Member into disrepute. The complainant asked that this matter be referred to the Standards & Ethics Committee's Hearings Panel for determination under the Local Resolution Protocol (please see under Local Resolution below).
- iv. A Member complained that social media comments made by another Member failed to show respect and consideration. This was resolved informally by the Member deleting those comments.

Quarter 3

A member of the public complained that a Member had made unsubstantiated comments about that individual to the public, which besmirched their character within the local community. It was alleged that this constituted a breach of various duties in the Code of Conduct, including the duty to treat others with respect and consideration; not to use bullying behaviour; to have regard to equal opportunities; and not to use the position of Member improperly. It was also alleged that the Member had misused Welsh Assembly resources and had breached Data Protection laws. The Monitoring Officer responded to the complainant by explaining the scope of the Members' Code of Conduct (which applies to Members when they act, or give the impression they are acting, in the role of a Councillor, except for certain limited parts of the Code which apply at all times, namely, the duty to not bring the office of Councillor or the Council into disrepute, or to use their position improperly to obtain an advantage/disadvantage for themselves or others). The complainant was advised, in relation to the complaints raised, of the respective remits of the Public Services Ombudsman for Wales, the Standards Commissioner for Wales and the Information Commissioner, and advised to refer the complaints to those bodies, as appropriate.

Quarter 4

A member of the public complained that comments made by a Member on a public Facebook page were aggressive and inappropriate. The complaint was considered by the Ombudsman who decided not to investigate because there was insufficient evidence of a breach of the Code.

OUTCOMES

Of the nine complaints received during 2019/20, three have been considered by the Ombudsman, who found no evidence of a breach of the Code in all cases.

Three out of the remaining six complaints have been resolved informally by the Monitoring Officer, in accordance with the Local Resolution Protocol; by the Member deleting their comments in one case and the Monitoring Officer finding no evidence of a breach of the Code in the two other cases.

Of the remaining three cases, one was found to be outside the remit of the Members' Code of Conduct and referred to other relevant regulatory bodies, and the other two complaints were referred to the Hearings Panel under the Local Resolution Protocol (please see below).

LOCAL RESOLUTION

The Committee notes that the Local Resolution Protocol adopted by Cardiff Council (and updated in November 2017) continues to provide a helpful process for resolving relatively 'low-level' behavioural complaints made by Members about other Members, in a timely and proportionate way.

The Committee encourages Community Councils to adopt their own local resolution protocols, using the model developed by One Voice Wales in consultation with the Ombudsman.

Two complaints were referred to the Hearings Panel during 2019/20. One complaint was withdrawn shortly before the scheduled hearing date. A hearing was held to determine the other complaint and the Panel upheld one part of the complaint, finding the Councillor in breach of the duty to not bring the Council or the office of Councillor into disrepute, but finding no breach in respect of three other parts of the complaint. The Panel decided to issue a private warning to the Councillor in respect of its finding of a breach of the Code.

OMBUDSMAN REFERRAL

In June 2019 the Monitoring Officer received a referral from the Public Services Ombudsman for Wales in relation to misconduct allegations made against a Cardiff Councillor. The Ombudsman had investigated the complaint and submitted his investigation report to the Standards Committee for determination in accordance with the relevant statutory regulations. A Hearings Panel was convened to consider the Ombudsman's investigation report and determine the matter in accordance with the Committee's approved Hearings Procedure.

After a number of preliminary meetings to determine pre-hearing matters, a full public hearing was held over five days in January 2020. The hearing attracted considerable attention from the public and was reported in the press and on social media.

The Panel upheld parts of the complaint and found that the Councillor had breached the Members' Code of Conduct and imposed a four month suspension from office. The decision was appealed by the Councillor. The Adjudication Panel for Wales (APW) refused permission for an appeal against the Panel's findings in respect of breach of the Code, but granted permission for an appeal against the sanction. The APW considered the appeal in respect of the sanction in June 2020 and fully upheld the Panel's decision. The Councillor was suspended for four months. In accordance with the legislative requirements, the Committee published a report on the outcome of the complaint.

The Ombudsman commended the Council for the extremely professional way in which the hearing was managed in very challenging circumstances and personally attended the next Standards Committee meeting to thank the Committee for the support they gave in maintaining high standards in the Council.

Future Priorities

The Committee regularly reviews its work programme and has identified the following priority areas for consideration in 2020/21:

- **Observation of Council and Committee Meetings** – the Committee will continue to observe proceedings at Council and Committee meetings to give feedback on observations and inform its work priorities.
- **Member Briefings** To continue to publish Member Briefings on the work of the Committee, underlining the importance of the Cardiff Undertaking and Member conduct and behaviour.
- **Code of Conduct Complaints** - To receive quarterly reports on complaints made against Members of the Council alleging breaches of the Code of Conduct.
- **Gifts and Hospitality** - To review the Council's procedures for the acceptance and provision of gifts and hospitality by Officers; and continue to monitor the registers of gifts and hospitality received by Members.
- **Whistleblowing Policy** - To review the Council's Whistleblowing Policy and its implementation; and to receive information on reports made under the Policy and consider any ethical issues arising.
- **Annual Meeting with Group Leaders and Whips** - To facilitate ongoing engagement with representatives from all political groups.

Committee Membership 2019/20

INDEPENDENT MEMBERS



**Richard Tebboth
(Chair – until Sept
2019)**

Richard Tebboth was born and brought up on the Essex edge of London – with a Welsh grandmother living nearby. He was educated at Sir George Monoux Grammar School, Walthamstow, and Christ's College, Cambridge. After professional social work training he entered the Probation Service, working as practitioner and manager in South Yorkshire, Buckinghamshire and the West Midlands. In 1997, he joined the Social Services Inspectorate for Wales, becoming Deputy Chief Inspector and Acting Chief Inspector. He transferred into the senior civil service, in the Welsh Government's Department for Public Service Improvement, until retirement in 2010. Richard lives in Llandaff, where he is Secretary of his local Residents' Association. He was appointed as an Independent Member of the Standards and Ethics Committee in September 2011; and reappointed for a second term by Full Council on 23 July 2015 for a further four years with effect from 23 September 2015. Richard was elected Chairperson in 21 October 2014 and ended his second term of office in September 2019.



**Prof. James Downe
(Vice-Chair / Chair
from Sept 2019)**

James is a Professor in Public Management and Director of Research at the Wales Centre for Public Policy at Cardiff University. He has more than fifteen years' experience of managing large-scale evaluations of public policy. His current research interests are in evidence-informed policy-making, local government performance regimes, political accountability, and the ethical behaviour of local politicians. He was a member of the UK Government's Expert Panel on local governance and sat on the Welsh Government's Public Service Scrutiny Reference Group. He became an Independent Member of the Standards and Ethics Committee in November 2013 and was appointed Vice-Chair on 21 October 2014; and Chair from September 2019.



**Hollie Edwards-
Davies (Vice-Chair
from Sept 2019)**

Hollie Edwards-Davies was brought up in Rhyl, North Wales and has lived in Riverside, Cardiff for 12 years. She studied for a LLB honours degree in Law with Legal Studies in Europe at the University of Reading, including a year in Germany at *Universität Trier*. She subsequently completed a degree in Applied Accounting by distance learning with Oxford Brookes University and continued her studies to become a member of the Association of Chartered Certified Accountants (ACCA) in 2010. Hollie served as Chair of the ACCA South Wales Members Network Panel between 2013 and 2015, and is still an active member of the network. Following a variety of roles in the private sector and some voluntary work, Hollie worked at the Welsh Government for ten years and departed in 2015 to pursue a career change. She joined the Standards and Ethics Committee in July 2014; stepped down in November 2017 and resumed her position in June 2018 following maternity absence. Hollie was elected as Vice-Chair in September 2019.



Hugh Thomas

Hugh Thomas, a retired Solicitor, pursued a Local Government career for forty years culminating in his being Chief Executive of Mid Glamorgan County Council (the largest local authority in Wales) for fifteen years. During this time he served as Clerk to the South Wales Police Authority and Honorary Secretary of the Assembly of Welsh Counties. He retired in 1995. He has since chaired a number of public bodies and national voluntary organisations including those in the health and higher education sectors. He was Vice Chairman and Chair of the Audit Committee of the Wales Centre for Health. He was also a non-Executive Director of Welsh Water. Currently, he is Chair of the Regulatory Board for Wales and one of fifteen trustees of The National Library of Wales. He is an independent member of the Standards and Ethics Committee and began his first term of office on 28 July 2014 and served until his resignation in July 2019 due to personal circumstances.



Jason Bartlett

Jason Bartlett worked within the private sector running a number of businesses over a twenty five year period. He studied at the University of Glamorgan completing a post graduate course in Leadership and Management from the ILM (Institute of Leadership and Management). He has been a Magistrate in Cardiff since 2003, serves as a Chair for Social Care Wales on Fitness to Practice and was also appointed as an independent person to the Devon and Somerset Fire and Rescue Authority. He also serves on the CHC (Community Health Council) for Cardiff and Vale. Other voluntary work included many years as a lay member for the Royal College of Anaesthetists as well as Chair for his local PACT meetings. Jason was appointed as an Independent Member of the Standards and Ethics Committee in November 2019.



Arthur Hallett

Arthur Hallett was born and brought up in Essex and came to South Wales in 1983. Arthur is a retired NHS Senior Manager having spent virtually all his working life in the public sector including over 30 years in the NHS specialising in Payroll, Pensions and Human Resources Management. Previously he was a magistrate on the Cardiff and Vale of Glamorgan Bench as Chair in Adult, Youth and Family Courts; a member of the Independent Social Services Appeals Panels under the aegis of the Welsh Government; a member (including six years as Chair) of the Vale of Glamorgan Council's Standards Committee; and a member of the Institute of Personnel and Development and the Institute of Health Services Management. He is currently a member of the Wales Government sub-committee for NHS Consultants Clinical Excellence Awards; sits as a Chair for the Valuation Tribunal for Wales; and is an invigilator for South Wales Police promotion examinations and the Open University. Arthur became an Independent Member of the Standards and Ethics Committee in November 2019.



Chrissie Nicholls

Chrissie Nicholls has worked in the public and third sector for almost 20 years as an experienced senior and project manager for Local Government and a number of National and International charities. Since 2016 she has been working as an independent consultant, providing business development, governance and capacity building support to the third sector, and research and evaluation programmes for local authorities across Wales. She particularly specialises in violence against women, domestic abuse and sexual violence. Originally born in Cardiff, Chrissie studied in Nottingham before moving to London. She returned to Cardiff in 2012 and now lives in the Vale of Glamorgan.

In addition to her work, Chrissie is a Trustee for Cancer Research Wales, and chair of the Income Generation, Marketing and Communications Committee.

COMMUNITY COUNCILLOR MEMBER



**Community
Councillor Stuart
Thomas**

Community Councillor Stuart Thomas was appointed to the Standards & Ethics Committee at Full Council on 26 October 2018. Stuart has been a Member of the Pentyrch Community Council since May 1991 and has been Chair of the Community Council on numerous occasions. Stuart has a background in financial management and Banking

For a time he served as County Secretary for the Cardiff and the Vale Association of Local Councils, the local Association of NALC which has now been superseded as One Voice Wales the umbrella organisation that supports Community Council in Wales. He continues to represent his community Council on the One Voice Wales Cardiff and the Vale area meetings. He has provided particular support in the Induction and ongoing training of Community Councillors on Pentyrch Community Council.

COUNTY COUNCILLOR REPRESENTATIVES

 <p>Councillor Stephen Cunnah</p>	<p>Serving the Canton Ward</p> <p>Term of Office: 04/05/2017 –</p> <p>Serving on the following committees:</p> <ul style="list-style-type: none">• Audit Committee• Children and Young People Scrutiny Committee• Council• Glamorgan Archives Joint Committee• Standards & Ethics Committee <p>Outside Bodies:</p> <ul style="list-style-type: none">• Chapter (Cardiff) Limited
 <p>Councillor Joel Williams</p>	<p>Serving the Pontprenau and Old St Mellons Ward</p> <p>Term of Office: 04/05/2017 –</p> <p>Serving on the following committees:</p> <ul style="list-style-type: none">• Appointments Committee - Assistant Director, Adult Services• Appointments Committee - Assistant Director, Children's Services• Appointments Committee - Assistant Director, Education & Lifelong Learning• Appointments Committee - Director Education & Lifelong Learning• Appointments Committee - Principal Lawyer Litigation• Appointments Committee - Programme Director, Schools Organisational Planning• Audit Committee• Council• Council Appeals Committee• Standards & Ethics Committee <p>Outside Bodies:</p> <ul style="list-style-type: none">• Cardiff University Court• South Wales Fire & Rescue Authority
 <p>Councillor Emma Sandrey</p>	<p>Serving the Pentwyn and Llanedeyrn Ward</p> <p>Term of Office: 04/05/2017 –</p> <p>Serving on the following committees:</p> <ul style="list-style-type: none">• Council• Democratic Services Committee• Environmental Scrutiny Committee• Standards & Ethics Committee <p>Outside Bodies:</p> <ul style="list-style-type: none">• Cardiff Bus

Attendance Record

The Committee meets quarterly, with additional ad hoc meetings held as required. During 2019/20, the Standards and Ethics Committee met on the following dates:

- 1st July 2019 (informal meeting due to being inquorate)
- 30th July 2019
[2nd October 2019 meeting cancelled due to unfilled vacancies and quorum issues]
- 11th December 2019
[18th March 2020 meeting cancelled due to Covid-19 restrictions]

COMMITTEE MEMBER	ATTENDANCE MAIN COMMITTEE	
	Possible	Actual
Richard Tebboth (Chair)	2	2
Dr James Downe (Vice Chair / Chair)	3	3
Hollie Edwards-Davies (Vice-Chair)	3	3
Hugh Thomas	1	1
Jason Bartlett	1	1
Chrissie Nicholls	1	1
Arthur Hallett	1	1
Community Councillor Stuart Thomas	3	3
Councillor Stephen Cunnah	3	2
Councillor Emma Sandrey	3	3
Councillor Joel Williams	3	3

Helpful Contacts

Chair of Standards & Ethics Committee – Dr James Downe

Email: democraticservices@cardiff.gov.uk

Director of Governance & Legal Services and Monitoring Officer – Davina Fiore

Tel: (029) 2087 3860

Email: Davina.Fiore@cardiff.gov.uk

Contact: Committee & Members Services

Tel: (029) 2087 2020

Email: democraticservices@cardiff.gov.uk

Public Services Ombudsman for Wales – Mr Nick Bennett

Tel: 0300 790 0203

Webpage: <http://www.ombudsman-wales.org.uk/en.aspx>

Audit Wales Work Programme and Timetable – Cardiff Council

Quarterly Update: 30 June 2021

Financial Audit work

Description	Scope	Timetable	Status
Audit of the Council's 2020-21 statement of accounts including:	<p>The authority's draft statement of accounts for 2020-21 were received on 15 June 2021. These include the Council's:</p> <ul style="list-style-type: none"> • Core financial statements • Group Accounts • Housing Revenue Account • Cardiff Harbour Authority • Cardiff Port Health Authority • Project Gwyrdd <p>Our audit of the above commenced shortly after the receipt of the accounts and is currently ongoing.</p>	September 30th	Audits in progress
Audit of the Cardiff & Vale of Glamorgan Pension Fund 2020-21 statement of accounts	<p>The draft financial statements for Cardiff & Vale of Glamorgan Pension Fund were received on 22 June 2021.</p> <p>Our audit of the pension fund will commence after</p>	October 31st	Not yet started

the statutory accounts audit is substantially complete.

Performance Audit work

2020-21 Performance Audit Work	Scope	Timetable	Status
Annual Audit Summary	Annual report summarising the audit work undertaken in 2020-21 which also includes a summary of the key findings from reports issued by 'relevant regulators'. Also now combined with the Annual Audit Letter	Autumn 2021	Not yet started
Financial Sustainability	A project common to all local councils that will assess financial sustainability in light of current and anticipated future challenges building on work undertaken during 2019-20.	Phase 1 Published 6th October 2020 Phase 2 Summer 2021	Final Issued HERE Draft report issued National Summary Report due to be published August 2021
Recovery Planning	We intend to support and challenge recovery planning in real-time. Collectively we need assurance that recovery takes due account of the multitude of risks, but also that it grasps the opportunities for a different and sustainable future. We have taken the decision to replace the 'prevention' themed work that we set out in audit plans with this work on recovery planning.	Final letter issued 23rd April 2021	Final
Modernisation of workforce	A review looking at workforce modernisation, linking to the	July/September 2021	Underway

	Council's estate, digital and post-Covid plans for delivering future services.		
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2021-22 Performance audit work	Scope	Timetable	Status
Annual Audit Summary	Annual report summarising the audit work undertaken in 2021-22 which also includes a summary of the key findings from reports issued by 'relevant regulators'. Also now combined with the Annual Audit Letter	Autumn 2022	Not yet started
Well-being of Future Generations Act (Wales) 2015 (WFG Act) examinations	We will seek to integrate the delivery of our WFG examinations of steps to deliver wellbeing objectives with our other audit work. We will discuss this with the council as we scope and deliver the audit projects listed in this plan.	Ongoing	Underway
Improvement reporting audit	Audit of discharge of duty to publish an assessment of performance.	October 2021	Not yet started
Assurance and Risk Assessment	Project to identify the level of audit assurance and/or where further audit work may be required in future years in relation to risks to the Council putting in place proper arrangements to secure value for money in the use of resources. At Cardiff the project is likely to focus on: <ul style="list-style-type: none"> • financial position • self-assessment arrangements • recovery planning • implications of the Local Government and Elections (Wales) Act 	Complete by January 2022	Underway

	<ul style="list-style-type: none"> • carbon reduction plans • statutory building compliance 		
Springing Forward – Examining the building blocks for a sustainable future	As the world moves forward, learning from the global pandemic, this review looks at how effectively councils are strengthening their ability to transform, adapt and maintain the delivery of services, including those delivered in partnership with key stakeholders and communities.	Planned for Autumn 2021 onwards – to be confirmed following scoping.	Project scoping
Follow-up leisure review	Assess the Council’s progress in addressing the proposals for improvement set out in our leisure services report issued in November 2020.	Spring 2022	Not yet started
Follow-up waste management review	Follow-up review to assess the Council’s progress to develop its waste strategy to help reduce waste and achieve the national recycling targets.	Spring 2022	Not yet started

Local government national studies planned / in progress

Study	Scope	Timetable	Status	Fieldwork planned at Cardiff
Town Centre Regeneration	Review of how local authorities and their partners are addressing town centre regeneration	Publication September 2021	Drafting	Officers interviewed and members surveyed
Direct Payments	Review of how local authorities manage and promote the use	Publication Autumn 2021	Fieldwork complete; survey of recipients	No – work being delivered via Direct Payment

	of Direct payments		and providers currently underway	Forum and a selection of follow up interviews
Emergency Services	Review of how well emergency services (blue light) collaborate	Publication Autumn 2021	Fieldwork until end of July	No
Follow up on People Sleeping Rough	Review of how local authorities responded to the needs of people sleeping rough during the pandemic following up on the AGWs report of July 2020	TBC	Project set up	No – work being delivered via Homelessness and Supporting People Forum
Poverty	Understanding how local authorities ensure they deliver their services to minimise or reduce poverty.	TBC	Project set up	TBC
Social Enterprises	Review of how local authorities are supporting and utilising social enterprises to deliver services	TBC	Project set up	TBC
Community Resilience	Review of how local authorities can build greater resilience in communities	TBC	Project set up	TBC

Estyn

Estyn planned work 2021-22	Scope	Timetable	Status
Local Government Education Services (LGES) Inspections	Estyn have worked closely with Directors of Education to review their inspection guidance for local government education services to reflect the experiences of the pandemic. The updated guidance (published on 1 July) will be piloted on the first inspection and feedback will be sought on whether any further refinements need to be made.	LGES inspections to resume from late Autumn term	N/A
Curriculum Reform thematic review	Regional consortia and local authority support for curriculum reform.	Evidence collecting in Sept/Oct - publish in early February	N/A

Care Inspectorate Wales (CIW)

CIW planned work 2021-22	Scope	Timetable	Status
Assurance	CIW will be completing its work on Assurance Checks including publication of a national overview report.	July – September 2021	In progress
National review	Support for disabled children and their families.	tbc	In progress - Drafting report
Follow-up	CIW will be following up on areas for improvement identified in the Assurance Checks or through risk based inspection activity with individual local authorities where necessary.	tbc	Not yet started
Inspection	Risk based inspection activity will continue where required.	tbc	No inspections are scheduled at this time

Audit Wales national reports and other outputs published since 1 April 2021

Report title	Publication date and link to report
NHS finances data-tool 2020-21	June 2021
Rollout of the COVID-19 vaccination programme in Wales	June 2021
Quality governance arrangements at Cwm Taf UHB – follow up	May 2021
Welsh Health Specialised Services Committee governance arrangements	May 2021
At your Discretion - Local Government Discretionary Services	April 2021
Procuring and Supplying PPE for the COVID-19 Pandemic	April 2021

Audit Wales National reports and other outputs due to be published during 2021-22 (and other work in progress/planned)¹

Title	Anticipated publication date
NHS waiting times data-tool	July 2021
Supporting NHS staff well-being	August 2021
Administration of student finance	August 2021
Care home commissioning	August 2021
Picture of Public Services	September 2021
Warm Homes Programme	September 2021
Welsh Government accounts commentary	Autumn 2021
Welsh Government workforce	Autumn 2021
Orthopaedic services	Autumn 2021
Unscheduled care	Autumn 2021
Collaborative arrangements for managing local public health resources	Autumn 2021
Welsh Government setting of well-being objectives	Autumn 2021

¹ We will continue to keep our plans under constant review, taking account of the evolving external environment, our audit priorities, the context of our own resourcing and the capacity of audited bodies to engage with us. This includes maintaining some flexibility so that we can respond to developments in Welsh Government policy and areas of possible interest for a new Public Accounts Committee following the Senedd elections.

Curriculum reform	Winter 2021
COVID response & recovery / Welsh Government grants management	TBC
Equality impact assessment	TBC
Climate change – baseline review	TBC
NHS structured assessment 2021 summary commentary	TBC
Affordable housing	TBC
Broadband infrastructure	TBC
Flood risk management	TBC

Forthcoming Good Practice Exchange events and publications

Title	Anticipated publication/event date
Town Centre Regeneration	September 2 nd 2021
<p>The Good Practice Exchange Team are currently in the process of finalising the programme of events for the remainder of 2021/ 2022. Once finalised, our key contacts across local authorities will be notified and details of those events and how to register will be available on our website. Please keep a look out for an email update over the coming weeks'</p>	N/A

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Audit Committee Action Plan

(Updated following meeting held on 23 March 2021)

Minute No. /Agenda No.	Actions	Timeline	Action Owner
Finance (Budget)			
Governance & Risk Management			
21.01.20	The Head of Finance to provide an aggregated action plan of the future generation significant governance issue responses from directorates.		IA
Audit Wales (AW)			
23.03.21	Audit Wales to provide an account of how their time was applied as part of future Annual Audit Plan reports.		
Internal Audit			
23.03.21	The Chairperson to write a letter of appreciation on behalf of Audit Committee to Ian Arundale for his valued services.	Completed Letter sent 25.03.21	
Treasury Management			
Operational Items			
23.03.21	The Director of Education and Lifelong Learning to review the 'Education Consortium and Attainment' corporate risk and ensure controls and actions are clearly represented.	Completed 20.07.2021	
23.03.21	Audit Committee to be provided, in due course, with information on the preparation for 'IFRS 16 – Leases' for the Statement of Accounts 2022/23.		
02.04.19	Once disciplinary procedures have concluded within the Waste Management Service, Audit Committee to be informed of the terms of reference and approach for delivering the associated Post Investigation Review.	Interim confidential assurance briefing paper circulated 3.06.2021	
AW Tracker/Other Studies			
26.01.21	The external audit recommendation tracker to be expanded for future reports to Audit Committee, to include 'accountability / reporting to' arrangements, in respect of relevant Committees or Boards.		GN
Work Programme			
Outstanding Actions			
Correspondence			
08.09.20	The Committee requested that at least annually, Audit Committee to receive a listing of forthcoming external assurance / regulatory / inspection reports, the assurance ratings of reports received, and an indication of progress in the delivery of improvement actions.	Ongoing Initially, Audit Wales 'Recommendation Tracker' item received on 26 January 2021	GN
Scrutiny Letters			

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Governance and Audit Committee Work Programme 2021-22

1. Current Work Programme 2021/22:

Area	Tuesday 20.07.21 (4:30pm)	Tuesday 28.09.21 (2pm)	Tuesday 23.11.21 (2pm)	Tuesday 25.01.22 (4:30pm)	Tuesday 29.03.22 (2pm)	Tuesday 19.07.22 (2pm) TBC
Audit Wales (AW)		ISA 260 and Audited Statement of Accounts 2020/21 for Cardiff Council including; Cardiff Harbour Authority and Trust Funds		Annual Audit Summary Report	Annual Audit Plan 2022	
		ISA 260 and Audited Statement of Accounts 2020/21 for Cardiff & Vale of Glamorgan Pension Fund			Cardiff & Vale Pension Fund Audit Plan 2022	
	AW Work Programme and Timetable Update		AW Work Programme and Timetable Update	AW Work Programme and Timetable Update	AW Work Programme and Timetable Update	AW Work Programme and Timetable Update
Performance	Member Breach of Code of Conduct Complaints	Planning and Performance Framework – Update and Overview on the Role of Governance and Audit Committee	Draft Mid-Year Self-Assessment Report			Draft Year-End Self-Assessment Report 2021/22
	Council Complaints and Compliments – Policy and Annual Report 2020/21		Council Complaints & Compliments – Mid Year Report			Council Complaints and Compliments – Policy and Annual Report 2021/22
Treasury Management		Treasury Management Annual Report	Half Year Report	Draft Treasury Management Strategy 2022/23	Treasury Management Practices	
Finance	Financial Update including Resilience Issues	Financial Update including Resilience Issues	Financial Update including Resilience Issues	Financial Update including Resilience Issues	Financial Update including Resilience Issues	Financial Update including Resilience Issues
	Draft Statement of Accounts 2020/21				Statement of Accounts 2020/21: Accounting Policies and Timescales	Draft Statement of Accounts 2021/22
Internal Audit	Audit and Investigation Team - Progress Update		Audit and Investigation Team - Progress Update	Audit and Investigation Team - Progress Update & Summary Audit Plan 2022/23	Audit and Investigation Team - Progress Update	Audit and Investigation Team - Progress Update
	Internal Audit Annual Report 2020/21	Counter-Fraud Annual Report 2020/21			Audit Charter and Audit Plan 2022/23	Internal Audit Annual Report 2021/22
Governance and Risk Management	Audit Committee Annual Report 2020/21					Governance and Audit Committee Annual Report 2021/22
	Draft Annual Governance Statement 2020/21			Senior Management Assurance Statement and AGS Action Plan 2021/22 (Mid-Year)		Draft Annual Governance Statement 2021/22
	Corporate Risk Management Year-End		Corporate Risk Management 2021/22 (Mid-Year)		Corporate Risk Management (Quarter 3)	Corporate Risk Management (Year-End)
	Recommendation Tracker – Reports of External Review Bodies			Recommendation Tracker – Reports of External Review Bodies		
Senior Officer Updates <i>(Operational Matters / Key Risks / Other)</i>		<i>TBC – Davina Fiore – Update on Governance and Legal Services Directorate Control Environment</i>	<i>TBC – Andrew Gregory – Update on Planning Transport and Environment Directorate Control Environment</i>	<i>TBC – Chris Lee – Update on Resources Directorate Control Environment</i>	<i>TBC – Directorate Control Environment</i>	<i>TBC - Chief Executive – Update on the Council’s Control Environment</i>

2. Matters to be addressed outside of formal Committee meetings during 2021/22:

Audit Committee	General	Director / Senior Officer Assurance
<ul style="list-style-type: none"> Annual self-assessment workshop (25.01.22) Training and development sessions. 	<ul style="list-style-type: none"> Correspondence, publications and reports for information purposes Time sensitive consultation. 	<ul style="list-style-type: none"> Use of letters, correspondence, and video / telephone meetings as necessary.

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