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AGENDA

Committee	GOVERNANCE AND AUDIT COMMITTEE
Date and Time of Meeting	TUESDAY, 28 SEPTEMBER 2021, 2.00 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 Apologies for Absence

To receive apologies for absence.

2 Declarations of Interest

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

3 Minutes *(Pages 5 - 16)*

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

4 Davina Fiore, Director of Legal, Governance and Monitoring Officer - Update on Directorate Control Environment *(Pages 17 - 56)* 2.05 pm

5 Internal Audit 2.30 pm

5.1 Counter-Fraud Annual Report 2020/21 *(Pages 57 - 108)*

6 Finance 2.45 pm

6.1 Financial Update including Resilience Issues *(Pages 109 - 114)*

7 Performance 2.55 pm

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

- 7.1 Planning and Performance Framework - Update and Overview on the Role of Governance and Audit Committee *(Pages 115 - 144)*
- 8 **Treasury Management** 3.25 pm
- 8.1 Treasury Management Annual Report *(Pages 145 - 176)*
- 9 **Outstanding Actions** *(Pages 177 - 178)* 3.40 pm
- 10 **Correspondence**
- 11 **Work Programme Update** *(Pages 179 - 180)*
- 12 **Urgent Items (if any)**
- 13 **Date of next meeting**

The next meeting is scheduled for 19 October 2021 (tbc).

Davina Fiore

Director Governance & Legal Services

Date: Wednesday, 22 September 2021

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

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GOVERNANCE AND AUDIT COMMITTEE

20 JULY 2021

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

1 : APPOINTMENT OF CHAIRPERSON AND DEPUTY CHAIRPERSON

RESOLVED – That D. Hugh Thomas be appointed as Chairperson and Gavin McArthur be appointment as Deputy Chairperson.

As D. Hugh Thomas was experiencing technical difficulties it was agreed that Gavin McArthur take the chair for the meeting.

2 : APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Cunnah, Goodway and Simmons.

3 : DECLARATIONS OF INTEREST

No declarations of interest were received.

4 : MINUTES

The minutes of the meeting held on 23 March 2021 were approved as a correct record, subject to the following amendment:

Page 6 – final paragraph delete ‘Sector’ and replace with ‘Service’.

The Chairperson informed the Committee that he has met with the Chief Executive to discuss the division of responsibilities between Governance and Audit Committee and Scrutiny. A report will be brought to a future meeting of the Governance and Audit Committee.

RESOLVED – That the Committee receive an update report in respect of the working relationship between Governance and Audit Committee and the Scrutiny Committees at a future meeting.

5 : INTERNAL AUDIT ANNUAL REPORT 2020/21

The Committee received a report on the Internal Audit Annual Report 2020/21. Members were asked to note that the Committee’s Terms of Reference required Members to consider the Audit Manager’s annual report and the areas to consider when reviewing the annual report, including an opinion on the adequacy and effectiveness of the Council’s framework of governance, risk management and control; a summary of the work supporting the opinion, a statement on 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. Details of these elements were contained within the annual report.

The report provided a summary of the approach taken to internal audit during the year through the approval of the Audit Plan and quarterly progress reporting arrangements. The Audit opinion was set out within the annual report and this will be included within the Council's Annual Governance Statement. Members were asked to note the relevant issues.

The report outlined the targeted delivery of the Plan was set at 60% for the year. A lower target was set in anticipation of the range of difficulties associated with the Covid-19 pandemic. The Committee was reminded that the Audit Plan and approach to delivery were adapted in order to target assurance on key risks and controls and provide an adequate body of assurance work to support a full annual opinion on the Council's control environment. Decisions in respect of the Plan were made with appropriate attention to risk, professional standards and the advice of professional and peer officers. The annual opinion for 2020/21 is 'effective with opportunity for improvement'.

Members were advised that during the year Internal Audit completed 75 new audit engagements at least to draft output stage, and finalised a further 32 draft outputs from the prior year. A total of 478 recommendations were agreed of which 137 were implemented before the year-end. The level of recommendations implemented on time has increased on the previous year to 69%, but further improvements are considered necessary.

The report also provided a summary of the professional development of the Audit Team and indication of the qualifications undertaken by the Team during the year.

The Chairperson commended the Team on the pragmatic approach to delivering the annual report, which enabled an opinion to be delivered during challenging times.

A Councillor raised concerns in relation to the major improvements needed and unsatisfactory ratings within Waste Management and Social Services. Members asked whether those matters would be subject to a further report at a future meeting of the Committee. The Audit Manager advised that a number of follow up audits have been completed in these areas, particular in regards to waste management in which an improving assurance opinion has been noted. The Audit Manager referred to the recent confidential briefing that the Committee had received on waste management assurance and the follow up arrangements in place associated with the assurance audit opinion. Committee was advised that there were a number of ways that they could further explore relevant issues. For example, issues could be addressed with the relevant Director's as part of the Committee's engagement with senior officers, or Internal Audit could provide additional briefings from its ongoing work.

The Committee requested that in light of the number of issues identified within the Waste Management service area, officers convene an additional meeting of the Governance and Audit Committee. The meeting would focus on Governance,

Internal Control and Risk Management within Waste Management be scoped within the authority of the Committee's Terms of Reference.

RESOLVED – That:

- (1) the Committee notes the Annual Report (including the Audit Manager's opinion on the adequacy and effectiveness of the Council's framework of governance, risk management and control);
- (2) the Committee agreed to convene an additional meeting with a single item on the agenda – Governance, Internal Control and Risk Management within Waste Management scoped within the authority of the Committee's Terms of Reference on a date to be agreed.

6 : AUDIT AND INVESTIGATION TEAM PROGRESS REPORT

The Committee received the Internal Audit and Investigation Team Progress Report.

The Internal Audit Progress Report (Annex 1) set out performance in relation to the Internal Audit Plan. It summarised 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. Members were advised that no 'unsatisfactory' audit opinions have been provided over the reporting period.

The Investigation Team Progress Reports (Annex 2) focused on proactive and reactive fraud awareness, detection and investigation activities, including participation in initiatives, such as National Fraud Initiative (NFI) data matching exercises.

The Audit Manager provided a summary of the main issues identified in the report.

Members asked whether the Internal Audit and Investigation Team had sufficient resources to achieve the activities set out in the Audit Plan during the current year. The Audit Manager advised that given the relatively small size of the team, there is a particular impact on audit delivery when there are cases of long-term sickness or vacant posts, and there had been both during quarter one. Committee was advised that the position would be monitored during the year, but at present there are no material concerns with regards to performance over the year as a whole, as a Principal Auditor vacant post has been appointed to, which should support improved delivery of the Audit Plan during quarter two and thereafter.

RESOLVED - -That the report be noted.

7 : FINANCIAL UPDATE INCLUDING RESILIENCE ISSUES

The Corporate Director Resources provided a verbal update on current issues, the Medium Term Financial Plan and other financial resilience issues.

Members were advised that the Covid Hardship Support funding has been confirmed to end of September 2021. Beyond that a recent WLGA survey indicated that there

was potential for Covid-19 related expenditure to up to £13 million and a loss of income of between £8 million and £12 million. Ongoing risks were considered to be significant.

Recent budget challenge sessions have been held focussing on the in-year position, budget hotspots within directorates, 2022/23 savings proposals, critical modelling for the medium term and capital spend.

The Corporate Director provided a summary update on the Medium Term Financial Plan. Members were asked to note the increasing funding pressures, a potential funding gap of £80 million over the next four years and the underlying issues affecting these. Members also received a risk assessment of the Covid-19 impacting on the budgetary position.

Members noted the employee related budget gap. The Corporate Director was asked to explain the assumptions and approach used to forecast the budget gap in terms of staffing levels and annual salary increases. Secondly, in terms of addressing the budget gap, Members asked what plans were in place or considerations were being given to tackling staff cost driven elements of the funding gap in terms of staff reductions, remuneration and pension costs, and in particular whether the pension scheme was affordable.

The Corporate Director stated that some assumptions are made in terms of pay increases for both teaching staff and other staff. Current assumptions are 2.0% for teaching staff and 1.5% p.a. for non-teaching staff. Non staff reduction targets are set but detailed workforce planning is undertaken and budgets are underpinned by workforce schedules and plans. Where numbers can be proactively managed down they will be. The pension scheme for non-teaching staff is managed across a number of participating bodies. Employer contribution rates are set in accordance with individual salaries. Members were advised that the LGPS is performing well. Levels of remuneration are set in accordance with a fixed grading structure and there were no plans to review the structure currently. Gradings of posts are reviewed through an agreed job evaluation scheme.

Members were asked to note that the last pension fund valuation resulted in a reduction in the rate of employer contributions as a result of the investments made by the pension fund during the period. Employer pension contributions are the subject of regular discussions with the actuary. The Pension Committee, Pension Panel and Pension Board provide governance and challenge in relation to performance of the fund. The Corporate Director considered that the question of affordability have been addressed nationally as part of the review of the Local Government Pension Scheme and the benefits provided by the scheme for both employers and employees are clear.

8 : DRAFT STATEMENT OF ACCOUNTS 2020/21

The Committee received a report providing Members with an opportunity to review and provide comments on the draft Statement of Accounts 2020/21 for both Cardiff Council (including Cardiff Harbour Authority) and the Cardiff and Vale of Glamorgan Pension Fund. Members were advised that 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.

Officers advised that audit opinion would be received and the accounts would be finalised in October prior to approval of the accounts by Council. However, the accounts, audit opinions and any issues raised would first be considered by the Governance and Audit Committee. Any questions raised by the Committee or arising from the public inspection period ending on 4 August 2021 would be responded to in full and circulated to Members of the Committee.

Members sought clarification of the consequences should one of the bodies participating in the pension scheme fail financially in terms of any pension debt associated with the body and the liability for the any debt. Officers agreed to provide a detailed response to the question after the meeting. Members requested that the response specifically address how liability for pension debt would be shared between the participating bodies.

Members referred to the draft Statement of Accounts and noted that a payment was made to Chief Human Resources Officer as 'compensation for loss of employment'. Members sought assurance and an explanation on this payment as it was understood that the post of Chief Human Resources Officers was not deleted from the establishment. The Corporate Director agreed to provide a response to the Committee following the meeting.

RESOLVED – That:

- (1) notes the draft Statement of Accounts for 2020/21;
- (2) notes the audited Statement of Accounts 2020/21 will be reviewed by the Committee prior to being presented to Council;
- (3) the following will be circulated to the Committee:
 - Response to be provided on how any pension liability, resulting from the business failure of any member, would be spread between the members of the pension fund
 - Response to questions raised regarding the Statement of Accounts to be circulated to all Members of the Committee
 - Response to be circulated on the 'Compensation for Loss of Employment' Chief HR Officer note within draft Statement of Accounts 2020/21

9 : AUDIT COMMITTEE ANNUAL REPORT 2020/21

The Committee received the draft Audit Committee Annual Report 2020/21. The draft annual report had been prepared in consultation with the Chair and Deputy Chair and contained details of the Committee's role, self-assessment information, key observations and opinions on the Council's control environment and areas for attention in the year ahead. The draft Audit Committee Annual Report 2020/21 was

prepared in accordance with the responsibilities set out in the Committee's Terms of Reference.

Members were advised that the Committee received feedback from senior officers who attended meetings with during the last municipal year. Feedback ratings were received in respect of 'performance', 'discussion and engagement' and 'assurance and influence' details of which were contained within the Audit Committee Annual Report 2020/21. Ratings of 'good' or 'excellent' were received across all areas reviewed by respondents.

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 was also included for Committee's consideration.

During the current municipal year, the Committee was renamed as the Governance and Audit Committee in accordance with the provisions of the Local Government and Elections (Wales) Act 2021. The Annual Report for 2020/21 was in the name of the 'Audit Committee' as it represented an account of its activities, performance and effectiveness during the last municipal year.

RESOLVED – That the Audit Committee Annual Report 2020/21 be approved.

10 : DRAFT ANNUAL GOVERNANCE STATEMENT 2020/21 (INC. YEAR-END SENIOR MANAGEMENT ASSURANCE STATEMENTS)

The Committee received a report on the draft Annual Governance Statement (AGS) 2020/21 to allow the Committee to review and comment on the self-assessment elements of the AGS. Members were asked to consider whether the draft AGS reflected 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.

Members were asked to note the Senior Management Statement in the AGS, progress made against the AGS Action Plan 2020/21 and the following 3 proposed actions for the current year:

- 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.

Members asked officers to elaborate on the 'high risk areas' in terms of the robustness of controls and a number of adverse audit opinions within the Waste Management service area. Members were advised this phrase related to internal audit opinion and the body of work undertaken by Internal Audit referred to

previously. These are areas where there is high inherent risk and areas identified following review of data and performance.

The Audit Manager confirmed that Waste Management has historically been recognised as a service area where audit opinions were not at a satisfactory level. There has been good engagement between Internal Audit and the service area leading to fewer unsatisfactory audits. The overall trend is for steady improvement but the service area still merits attention.

RESOLVED – That the report be noted.

11 : CORPORATE RISK MANAGEMENT (YEAR-END)

The Committee received a report providing an update on the risk management position at quarter four 2020/21.

At the quarter four position, 276 risks were reported from Directorate Risk Registers. All escalated risks and requests for de-escalation were discussed and approved by SMT on 10 June 2021. SMT agreed that seven directorate risks would be carried forward as 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.

Appendix A of the report provided a summary of the Corporate Risk Register at Q4 2020/21 and Appendix B provided a commentary on identified risks.

Members noted that there has been little change in a number of strategic risks over a number of quarters. Furthermore, the improvements identified to address residual risks are often not timebound. Members asked whether there is sufficient 'energy' to drive forward improvements in the overall risk evaluation. The Head of Finance stated that an action from the Annual Governance Statement talks of embedding further compliance in terms of SMT looking further into Directorate Risks and Corporate Risks. It is recognised that there may be a need to look at risks differently. However, the Head of Finance considered that the Covid-19 pandemic has also contributed to some residual risks remaining at the same level.

RESOLVED – That the report be noted.

12 : RECOMMENDATION TRACKER - REPORTS OF EXTERNAL REVIEW BODIES

The Committee received a report providing an overview of the management and delivery of recommendations received from Audit Wales. Members were advised that the report will extend to 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 report, with a fuller assessment attached as Appendix 2.

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'. The letter was appended in full to the report, and the extract

below outlined 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.”

Members were informed that the Governance and Audit Committee Chairperson discussed the letter with the Audit Manager. The Audit Manager confirmed that 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.

Members considered that future tracker reports were likely to cover service area related issues. During the Committee’s previous consideration of this item in January 2021, Members asked whether the Committee would have oversight of the forums and bodies where detailed monitoring and management of recommendations is undertaken, as the Committee considered it was important to ensure that challenge and analysis occurs in the appropriate place. Members asked whether those considerations will taken into account. Officers confirmed that this is being discussed and whilst the oversight of the entire programme will be reported to the Governance and Audit Committee, reports on service area performance will be reported to the relevant scrutiny committee.

A Member commented that it was vital that the appropriate body has oversight. However, the letter from Audit Wales states ‘*we would expect that all councils’ Governance and Audit Committee formally consider all reports of external review bodies’*. This was potentially a blanket requirement and, whilst the Governance and Audit Committee need to have awareness of report, the Committee needs to avoid becoming the primary body for receiving external review reports. It was key therefore, where a review report is being addressed in another forum, that the Governance and Audit Committee should have awareness of the contents of the review report. Members requested officers to give consideration to this.

RESOLVED – That the report be noted.

13 : ARRANGEMENTS FOR HANDLING COMPLAINTS AND COMPLIMENTS
AND DRAFT COMPLAINTS AND COMPLIMENTS ANNUAL REPORT
2020/21

The Governance and Audit Committee incorporated responsibility to review and assess the authority's ability to handle complaints effectively, as required by the provisions of the Local Government and Elections (Wales) Act 2021. The Committee received a report setting out the complaints policies and processes, which are in line with the Welsh Government Model Policy and Guidance Paper for Handling Complaints, and draft corporate and draft Social Services annual complaints reports (that will be considered by Cabinet); these assist the Committee to review and assess the authority's ability to handle complaints effectively.

The Chairperson welcomed Isabelle Bignall, Chief Digital Officer, to the meeting. The Chief Digital Officer delivered a brief presentation on effective complaint handling.

Members asked how complaints are defined and how complaints are distinguished from comments. The Chief Digital Officer stated that comments, requests for service and complaints are defined within clear parameters. Members considered that it would be useful for the definition of complaints, and whether the definition has changed from the previous year to be set out in the report.

Members requested that relevant complaint information is provided in respect of the Waste Management agenda item proposed for a future meeting for the Committee's consideration.

Members noted that the Governance and Audit Committee now has a legally defined responsibility for reviewing and assessing the authority's ability to handle complaints effectively. Members asked whether there was a legal definition of what constitutes a complaint and whether the authority should be subscribing to that. The Chief Digital Officer advised that if service user say they wish to make a complaint then that this is the definition the Council is legislatively bound by at present.

RESOLVED – That the report be noted.

14 : MEMBER BREACH OF CODE OF CONDUCT COMPLAINTS

The Committee received a report allowing Members to consider the arrangements in place for dealing with complaints relating to alleged breaches of the Members' Code of Conduct. The Chairperson invited the Monitoring Officer to present the report.

The report provided details of the authority's procedures for dealing with complaints regarding the conduct of Members. The authority has adopted the statutory framework as set out in Part III of the Local Government Act 2000. The statutory Model Code of Conduct was adopted without variation. The Members' Code of Conduct is included within Part 5 of the Constitution.

Members were advised that 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.

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.

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.

Furthermore, the Ombudsman has indicated that the majority of “Member on Member” complaints were low level behavioural issues. The Ombudsman indicated that such complaints are more appropriately resolved informally by the adoption of “Local Resolution Protocols”. These are voluntary arrangements that have no statutory force.

Cardiff Council adopted a Local Resolution Protocol in May 2013 (revised in 2017). Members make a commitment to adhere to it as part of the Cardiff Undertaking affirmed publicly by all Members at each Annual Council meeting. 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. 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.

Complaints about a Member’s conduct may also be referred to the Standards & Ethics Committee by the Ombudsman (under Part III of the Local Government Act 2000); or by the Monitoring Officer, under the Local Resolution Protocol. 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.

RESOLVED – That the report be noted.

15 : AUDIT WALES WORK PROGRAMME AND TIMETABLE - CARDIFF COUNCIL - QUARTERLY UPDATE: 30 JUNE 2021

Phil Pugh and Samantha Clements presented an update on the Audit Wales work programme and timetable.

16 : OUTSTANDING ACTIONS

RESOLVED – That the outstanding actions be noted.

17 : CORRESPONDENCE

No correspondence was received.

18 : WORK PROGRAMME UPDATE

RESOLVED – That the work programme update be noted.

19 : URGENT ITEMS (IF ANY)

No urgent items were received.

20 : DATE OF NEXT MEETING

The next meeting is scheduled to take place on 28 September 2021.

The meeting terminated at 7.00 pm

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**GOVERNANCE & AUDIT COMMITTEE:
28 SEPTEMBER 2021**

**GOVERNANCE AND LEGAL SERVICES, CONTROL ENVIRONMENT
UPDATE****AGENDA ITEM: 4.1****REPORT OF THE DIRECTOR, GOVERNANCE AND LEGAL SERVICES**

Reason for this Report

1. This report has been produced in response to the Governance and Audit Committee's request for an update on the Governance and Legal Services control environment.
2. The Governance and Audit Committee has requested this update in respect of its role to:
 - Monitor progress in addressing risk-related issues reported to the committee.
 - Consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.
 - Consider the Council's framework of assurance and ensure that it adequately addresses the risk and priorities of the Council.
 - Consider the Council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.
 - Review the assessment of fraud risks and potential harm to the council from fraud and corruption.
 - Review the governance and assurance arrangements for significant partnerships or collaborations.

Background

3. The directorate consists of Democratic Services which has 21.5 FTE staff and Legal Services which has 65.01 FTE staff. The Glamorgan Archives (a shared service funded by six Local Authorities) are a member of the Directorate Management Team and regularly report to the Director they have 15 FTE staff. They are governed by the Glamorgan Archives Joint Committee which meets four times a year and is currently serviced by Cardiff Democratic Services. Please see structure charts for each area **Appendix 1-3**
4. Democratic Services includes the Committee and Members Services and Scrutiny teams, supporting the decision-making processes of the Council and members carrying out their ward work and Electoral Services which carry out the annual electoral registration canvass and publish the electoral register and deliver elections.

5. Democratic Services have 3 Corporate Key Performance Indicators:
- **The total number of webcast hits.** (Full Council, Planning Committee, Scrutiny Committee and Cabinet)
 - **The percentage of canvass responses.** To maintain an accurate register of electors of eligible electors registered to vote in all elections the Service Area is increasing local data matching to improve the percentage of canvass response rates for each canvass route.
 - **The number of wards where the canvass response rate percentage is over 90%**
To maintain an accurate register of electors of eligible electors registered to vote in all elections canvass communications are sent to all residential properties annually following national and local data matching. This performance indicator is used to measure the number electoral wards where the percentage of canvass response rates (either via automatic verification or direct response) is 90% or above.

6. There are also 5 Electoral Commission KPI's which are monitored by the Electoral Commission, and we have to report back to them on.

Returning Officers

- **Performance Standard 1 - Voters -** Ensuring that planning for and delivery of the poll enables voters to vote easily and know that their vote will be counted in the way they intended
- **Performance Standard 2 –** Those who want to stand for election - Ensuring that planning for and delivery of the poll enables people who want to stand for election to find out how to get involved, what the rules are, and what they have to do to comply with these rules, and enables them to have confidence in the management of the process and the result
- **Performance Standard 3 -** Co-ordination and management of the poll - Co-ordinating the planning for and delivery of the poll to ensure a consistent high-quality experience for voters and those wanting to stand for election

Electoral Registration Officers

- **Performance Standard 1 –** Electoral registers are as accurate and complete as possible, ensuring that everyone who is eligible and wants to vote is able to do so
- **Performance Standard 2 –** Absent voting is accessible, ensuring that everyone who is eligible and wants an absent vote is included on the relevant absent vote list
- **Performance Standard 3 –** Stakeholders and electors have confidence in the secure management of the electoral registers

7. Legal Services have 3 teams Community, Litigation and Property & Procurement, each managed by an Operational Manager. The Community and Property and Procurement teams are further sub-divided with an additional Operational Manager to manage the work demands of the teams.
8. The work done by the Legal Services is either statutory work, for example advising on and dealing with children's safeguarding, land charges, education admission appeals, planning matters, licensing matters, defending employment tribunal actions or discretionary work relating to corporate priorities such as enforcement work, debt recovery, prosecutions, road traffic orders, procurement, or regeneration which the Council has an element of discretion over.
9. In addition, the Director fulfils the statutory Monitoring Officer role for Cardiff Council and the City Deal Joint Committee and is the Deputy Returning Officer for elections. The

Principal Solicitor Litigation is the Council's Deputy Monitoring Officer. The Monitoring Officer role is responsible for ensuring the Council acts lawfully, and for dealing with ethical and corporate governance matters, such as breaches of the Councillor Code of Conduct and reviewing the constitution. The Director is also the Senior Responsible Officer for ensuring the Council complies with the Regulation of Investigatory Powers Act.

10. The Directorate Management Team, chaired by the Director and consisting of the Operational Managers and the Business Manager, have met weekly since the start of the COVID-19 pandemic. Risk is a regular agenda item as are any matters of specific concern in relation to performance, governance or ongoing projects and the annual Senior Management Assurance Statement is developed and approved by the Management Team before being signed off and submitted by the Director. The Directorate Risk Champion and Performance Lead meets individually with all the Directorate Operational Managers on a quarterly basis to review the risk registers. This is then reviewed by the Director and discussed at the Management Team meeting. Risk, governance, and performance issues are also discussed by the Director at her regular 1:1s with Operational Managers and where relevant to a particular project plan, for example for specific elections, there is a project plan and individual risk register for the project which is also reviewed at regular Project Board team meetings.
11. The directorate is always very busy, and the pandemic has led to significant increased demands on both democratic and legal services staff. Delivery of the Senedd and Police and Crime Commissioner elections in May of this year in a covid compliant way were a particular challenge, as was the need after lockdown commenced at the end of March of last year, to ensure that we quickly adapted to the new legislation allowing remote/multi locational meetings to be held to ensure that the formal business of the Council was able to continue. The first fully remote Council meeting was held at the end of May with 74 out of the 75 councillors online taking part in the meeting, along with officers supporting and webcasting the meeting. Subsequently all other Committees were held in this way, including the Planning and Licensing Committees with public speakers being supported to take part. Democratic Services are now working towards enabling "hybrid" meetings to take place, with some participants present in person and others joining remotely.
12. Legal Services continues to focus on supporting the priorities of the Council and ensuring the Council fulfils its statutory duties. The pandemic has led to an increase in requests for advice and legal support, particularly in relation to children's and adults safeguarding, road traffic measures and procurement and property issues.

Issues

(a) Risk Management

13. The complexity of safeguarding cases being dealt with by Legal Services continues to be an area of concern. During 2017/18 colleagues in Legal Services raised concerns regarding the safeguarding cases, this was discussed with Social Services colleagues and both Directorates agreed a 'joint' risk. This was subsequently escalated and continues to be on the Corporate Risk Register. Managing the capacity and obtaining sufficient funding to deal with these cases is challenging.
14. All the teams in Legal Services have had to increase in numbers to meet growing demand. Turnover of staff in Legal services is steady with some positions proving difficult to fill, this is exacerbated by the fact that Solicitors in Cardiff Council are only required to give one months' notice compared to new Solicitors joining the Authority who usually are required

to give 2/3 months' notice both in private and other public practice. To this end the department now has 4 trainee solicitors in an attempt to "grow its own".

15. The nature of the work of the Community team on children's and adults safeguarding cases means there has continued to be a need to outsource some legal work. At month 5 the spend on external legal fees is nearly £500,000 an overspend of £37,000 at present but if it should continue at this rate would mean a significant overspend by the end of the financial year. The risk is centred on the unpredictability, which could level off or even increase. External spend will continue to be monitored closely throughout the year.
16. Legal Services continue to be concerned by the lack of capacity in client departments. Increased workloads mean it is difficult for legal services staff to prioritise effectively due to constant requests for urgent advice and legal advice not always being sought early enough. Where this leads to a failure to meet Court deadlines this may impact on the Council's reputation and there may be financial implications as cost orders may be made against the Council. Matters are escalated to the relevant Director as appropriate.
17. COVID-19 created some difficulties for all areas of the Directorate as staff adjusted to working from home. The Management Team moved from monthly to weekly meetings so areas of concern could be monitored. For the Election Team with 2 elections due in May 2021 a separate risk register and issues register was developed and maintained which was used by the Elections Project Team. This identified issues both around holding the elections and the subsequent Counts. The risks were also identified on the Directorate Risk Register and discussed at weekly meetings leading up to the elections. Following the success of both the elections and counts this risk has now been deleted.
18. Legislation requires part of our local land charges function to transfer to the Land Registry. The target date is April 2022. The full effect of this is unknown, but the current proposal is the LLC1 Part of the search is to be carried out by the Land Registry and a fee will be payable to the Land Registry, which will mean we will no longer receive that income, so will lose an estimated £15,084 each year. However, the CON29 part of the search remains with the authority and is chargeable so there will still be some income and a need for staff to process those. The effect on staff work may be negligible since the land registry will not be responsible for the data registered on the land charges register and therefore the Council will still need to coordinate sending the registration of new land charges such as planning or highway agreements to the Land Registry and deal with any resulting requests from solicitors or their clients for copies of agreements, clarification of what is meant and whether obligations under those agreements have been met.

(b) Internal Audit Engagement and Response

19. During the year, there are regular, quarterly meetings with the Relationship Manager from the Audit team to discuss progress against the agreed plan and any emerging risks that might need to be reviewed during the year. Current Internal Audit Draft Reports are discussed at the Directorate Management Team meetings, and actions agreed with relevant managers. We are currently engaging with audit in a Council wide audit review of Pre-contract Assurance for contracts currently in place.

Audit	Report Status	Assurance Rating	Outstanding Actions	Completed Actions	Total Actions	Implementation Status
2019/20						
Ethics and Values - gifts and hospitality	Final	Effective with opportunity for improvement	0	3	3	Completed

Ethics and Values - Disclosure of Business and Personal Interests	Final	Effective with opportunity for improvement	0	2	2	Completed
Audit of Scrutiny Functions	Final	Effective with opportunity for improvement	1	4	5	1 due 31.01.22
Governance & Legal Services - Health and Safety	Final	Effective with opportunity for improvement	0	5	5	Completed
Governance and Legal Services - Asset Management	Final	Effective with opportunity for improvement	0	1	1	Completed
2020/21						
Codes of Conduct	Final	Effective	0	1	1	Completed
Commissioning and Procurement - Governance & Legal	Final	Effective	0	2	2	Completed
Income and Debtors - Governance and Legal Services	Final	Effective	1	2	3	1 Due 30.11.21
2021/22						
Members Remuneration and Allowances	Final	Effective with opportunity for improvement	2	0	2	2 Due 30.09.21

20. There are 4 outstanding audit actions. The following is the progress currently being made on these.

a. Audit of Scrutiny functions

The Scrutiny Team have made significant progress in achieving the internal audit recommendations. These have included the development of a single Scrutiny Annual Report which met the requirements of the Local Government and Elections (Wales) Act 2021 and the development and implementation of a “Tracker” to record and monitor the outcomes of Scrutiny. The only outstanding action is to determine if any suitable KPI’s can be created from the information and trends identified by the tracker. The target date for this recommendation has been revised from the original date due the need to gather sufficient data the tracker before progressing this recommendation. The revised target date is now realistic and should be achieved without any further delays

b. Income and Debtors

The outstanding action from the Income and Debtors - Governance and Legal Services relates to mandatory e-learning required by staff who take card payments. This course was not available until August 2021. Staff who must complete this have been notified that the course is available and are in the process of completing the course. It is expected that we can report back to Audit before the due date that this has been done.

c. Members Remuneration

The recommendations of this recent Internal Audit identified the need to revise the remuneration claim form and to emphasise the importance for Elected, Independent, and co-opted Members submit timely VAT receipts. The new forms and guidance were circulated in mid-September advising that any subsequent claims would require the use of the new form and that a claim would not be progressed without a valid VAT receipt for each claim.

The Wider Control Environment

Performance Management

21. The relevant operational managers manage the performance of their teams and raise any issues with the Director in regular 1;1s and/or management team meetings. For example, the turnaround time of land charges property searches is kept under review and is currently 1-2 days, and a record of the amount of debt which is recovered by the debt recovery team is monitored, please see table below:

Year	Debt Recovered
2019/2020	£1,610,014.76
2020/2021	£458,075.53
April 21-Aug 21	£779,904

During 2020/21 the reduction is because of COVID-19 and a moratorium on debt recovery during the pandemic. Recoveries are now approaching where we were in previous years with £143,756 recovered in August this year. The costs for the Debt Collection team for this financial year are £112,540 which includes £10,000 a year for the case management system and 3 members of staff.

The number of complaints received by the Directorate is low, in 2020/21 we had only 2 complaints, which related to electoral matters.

22. The following are a breakdown and targets of the KPI's within the Directorate

Key Performance Indicators (Outcome based where possible)	2018-19 Result	2019-20 Result	2020- 21 Result	2021-22 Target
The total number of webcast hits – ALL MEETINGS [to include Council, Planning, Scrutiny, Cabinet & Audit]	4,991 [excl Cabinet & Audit]	8,869	15,557	12,500
The percentage of voter registration	89.3%	93.4%	90.2%	90.0
The number of wards where the percentage of voter registration is over 90%		23/29	18/29	20/29

Senior Management Assurance

23. The Senior Management Assurance Statement is discussed twice a year in the Directorate Management Team Meetings which is also attended by the Risk Champion and Performance Lead weekly and the Budget Accountant monthly. The form is then completed, reviewed and signed on behalf of the Directorate by the Director. Budget Monitoring, Risk Management and Performance is a monthly item on the Directorate Management Team meetings and issues are also raised and discussed as necessary. The Directorate has strong compliance with all corporate policies, rules and regulatory requirements, and with budget management, the internal control environment, and fraud and financial impropriety. The following table is a summary of the final SMAS for 2020/21.

	Not in Place	Limited Application	Mixed Application	Strong Application	Embedded
Risk				✓	
Future Generations Act			✓		
Compliance				✓	
Project Initiation				✓	
Budget				✓	
Planning and Decision Making			✓		
Control				✓	
Fraud				✓	
Performance			✓		

External Assurance

24. There is a regular inspection carried out by the Investigatory Powers Commissioner's Office. The last inspection took place in February earlier this year. The inspector confirmed that he found the SRO and her team enthusiastic and knowledgeable regarding RIPA management, and very keen to demonstrate a high level of compliance, which he said was a credit to the Council. He stated he was impressed by the content and clarity of the operational and policy guidance provided by Cardiff Council.
25. Legal Services has been awarded, and works hard to retain, the Law Society Quality Accreditation - Lexcel, and as part of this its practices are regularly reviewed by an external reviewer/assessor. The assessor stated the Department is to be commended as no non-compliances were identified during the assessment and twenty-three areas of good practice were identified during the assessment. These evidence either a diligent approach to complying with the requirements or identify areas in which the minimum Lexcel requirement has been exceeded
26. Glamorgan Archives have Archive Service Accreditation, a national scheme managed by The National Archives in conjunction with the Culture and Sport division of Welsh Government, which defines good practice and agreed standards for archive services across the UK, supporting the ongoing development of services against a nationally agreed standard. To meet accreditation standards an organisation must demonstrate an ability to develop, care for, and provide access to its collections, and evidence those areas such as resources and planning which underpin those activities. It is aligned with other relevant quality assurance schemes, improvement tools and data gathering processes. Glamorgan Archives was awarded Accreditation in 2014 for a period of 6 years. The pandemic delayed the process of re-application, but the service is submitting an application to retain Accredited status in September 2021.
27. The Electoral Commission monitors standards for elections and will contact authorities where there are concerns with the performance standards being met. The Electoral Commission has not contacted the authority following elections held in May. The Electoral Services section will continue to provide the Electoral Commission with data, key statistics and local information for either the electoral register or election as requested, thus providing external assurance that the performance standards are being met for both the Returning Officer and Electoral Registration Officer. The Electoral Commission may also select Cardiff Council for further monitoring of performance if the local authority is selected as part of their sample group.

Value for Money

28. The Directorate is committed to being cost effective and has currently gone to tender for the provision of its electronic legal library to ensure it is cost effective. This has led to a change in provider and a saving of £30,000 a year which will be used to fund a new improved case management system. Legal Services uses an electronic case management system that contains information about all its cases and is used by virtually every member of staff in Legal Services. The current system was last tendered for 16 years ago and is now outdated and so we are currently tendering for a new system. Whilst this is likely to cost more it is envisioned that the new system will operate more efficiently. We are also in discussions with a company to introduce an electronic signing and sealing system. Currently the Council Seal is manually fixed to many legal documents such as contracts. The new system will make the whole process electronic which will save staff time and printing and postage costs.
29. With the implementation of the Local Government and Elections (Wales) Act in 2021, funding was sought from the Welsh Government “Digital Democracy” grant fund to meet the requirements of this legislation. The Directorate received funding of £39,674.88 to develop the “meetings in multiple locations” requirements of the Act and to procure the Zoom software to support the provision of dual language remote meetings. A hybrid meeting solution has been procured from Public-I which is being tested and has been used to inform the procurement of a new conferencing system for the Council.
30. The Directorate was allocated funding for the replacement of the Council's aging Conferencing system which has previously been identified as a corporate risk. The procurement of the new conferencing system is currently in progress, and it is anticipated that the successful bidder will provide a single portable system which can be used in County Hall and City Hall. This new system will negate the need for individual systems in each location. reduce the number of operators required to support the technical requirements of a meeting and optimise the use of common equipment and software.
31. The implementation of the conferencing system is expected to be completed before the end of December 2021 and provide the Council with:
- a. Wireless/virtual delegate units (microphones) to support dual language capability when linked to Zoom or similar software.
 - b. Enhanced meeting management software to provide electronic voting, speaker queues, speech timers and displays to support the governance requirements of meetings.
 - c. Provide hard of hearing and translation support for attendees at physical meetings to meet the requirement of the Equalities Act and the Council's Welsh language standards.
 - d. Integrate with existing facilities and provide enhancements to support the requirements of the Local Government and Elections (Wales) Act 2021.
 - e. Relevant training in the use of the systems for operators, Elected, Independent and Co-opted Members and officers.
32. The Directorate was recently asked if it could free up any office space to enable County Hall to accommodate staff from Willcox house where the lease was not renewed. Given the majority of directorate staff are now working from home and are likely to continue doing so for at least some of the time in future, one of the legal services team rooms and the old elections office have been vacated.

Legal Implications

33. There are no direct legal implications from this report.

Financial Implications

34. The financial implications (if any) arising from this report have been contained within the body of the report.

RECOMMENDATIONS

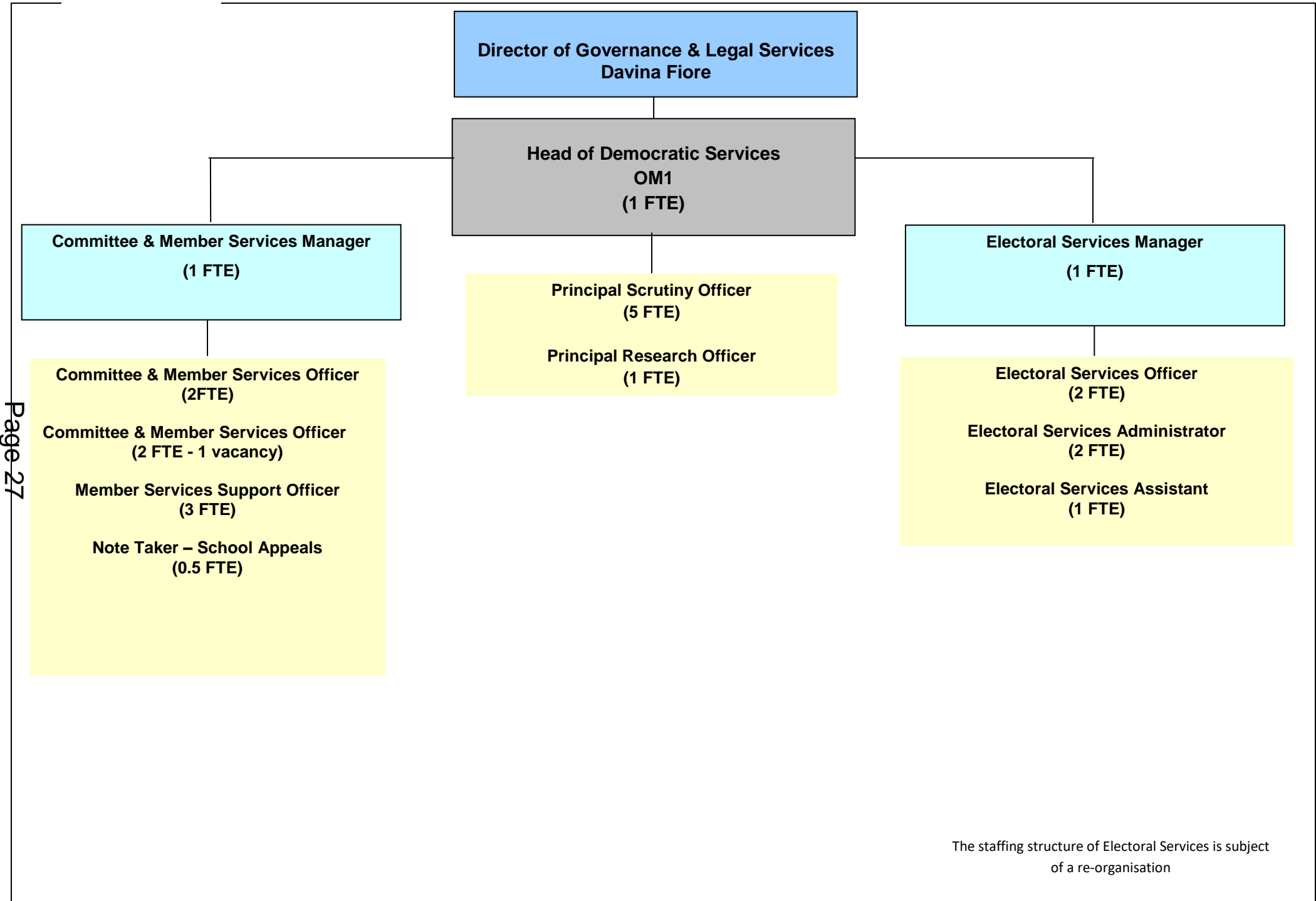
35. That the Governance and Audit Committee considers and notes the content of the report.

Davina Fiore
Director, Governance and Legal Services

The following is attached:

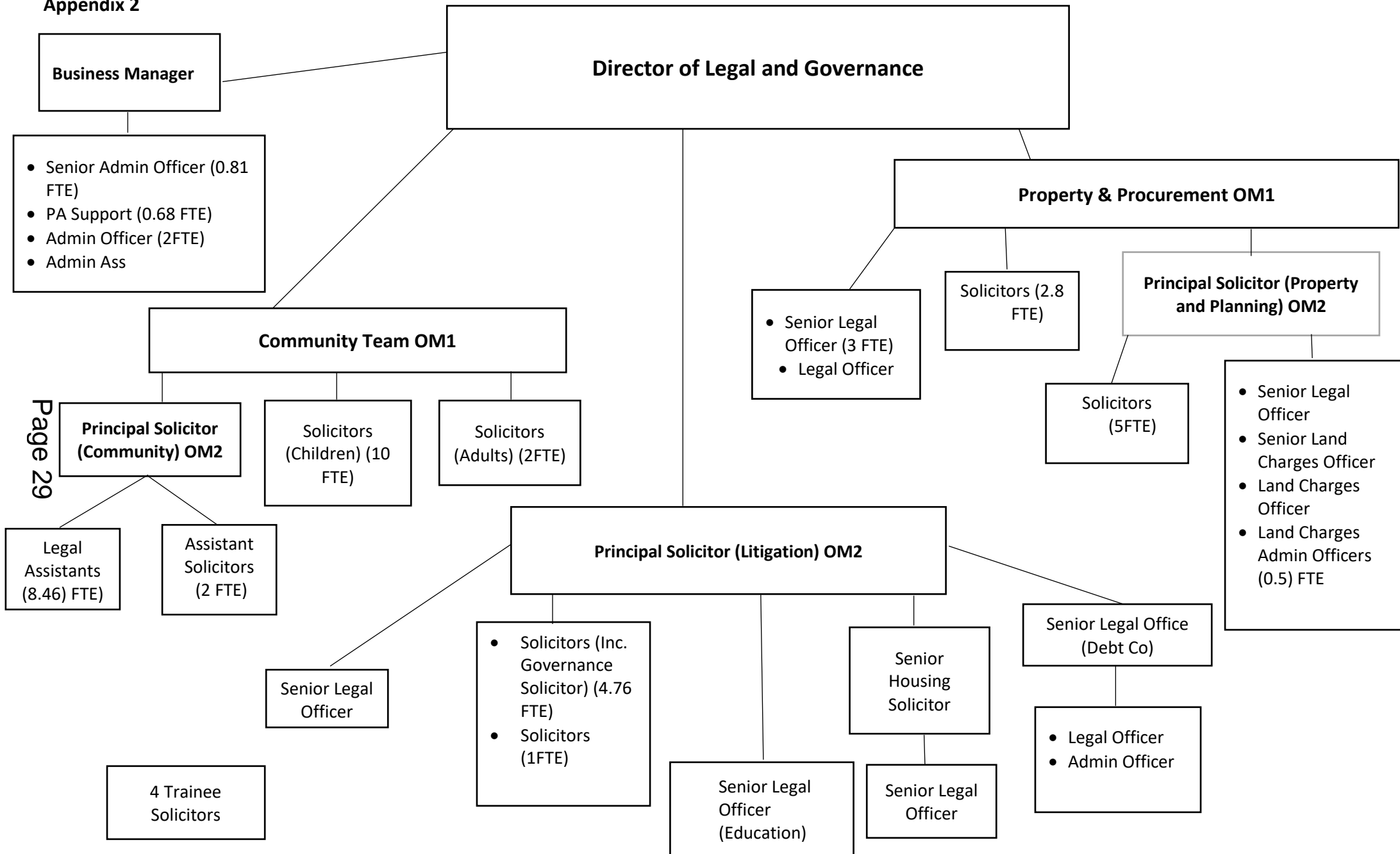
- Appendix 1:** Democratic Services Organisation Chart
- Appendix 2:** Legal Services Organisation Chart
- Appendix 3:** Glamorgan Archives Organisation Chart
- Appendix 4:** Directorate Risk Register 2021-22
- Appendix 5:** SMAS Summary
- Appendix 6:** Presentation Slides

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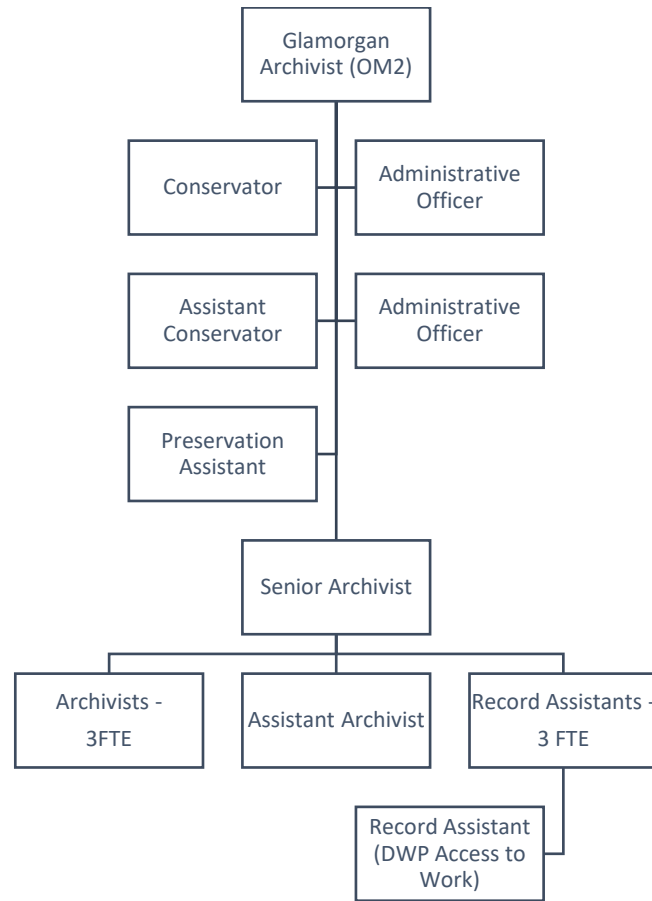
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Appendix 2



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Appendix 3



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Governance & Legal Directorate Risk Register Template

Ref	Risk Description	Potential Consequence	Inherent Risk		Current Controls	Residual Risk		Proposed Management Actions	Target Risk Rating			Risk Reduction Target Date	Owner	Team / Function	Key Indicators / Measures <small>(list the key metrics / indicators used to monitor the risk)</small>
			Likelihood Impact	Priority		Likelihood Impact	Priority		Likelihood Impact	Priority					
1	LEGAL SERVICES. Significant overspend in relation to an increase in complex childcare cases	Financial Overspend of Directorate Budget and increase in external legal spend budget. Failure to meet identified savings	B	2 High - Red	Recruitment of lawyers to vacant posts as they arise Following centralisation of Children's services Legal budget, there was an understanding that 'complex' cases would continue to be funded by the client department. However, this is not always the case	C	2 Medium - Red / Amber	Monthly monitoring of external spend and cases Notification given to Group Accountant of forth coming and then actual spend on large/expensive cases Review the need with Children's Services for an SLA	C	2 Medium - Red / Amber	12 months +	Davina Fiore	Legal Services	Monitor budget and complex cases	
2	LEGAL SERVICES - CITY DEAL Inadequate notice to the accountable body	Reputational Inability / failure to provide timely, effective legal advice	B	2 Medium - Red / Amber	OM attends Regional Cabinet and City Deal team meetings OM inducted Regional Cabinet and members. Director liaising with the other Councils Monitoring Officers. New SLA stressing importance of adequate notice Grade 10 lawyer recruited to assist with workload.	C	2 Medium - Red / Amber	Continued discussions with City Deal management team about the importance of providing adequate notice for work.	C	2 Medium - Red / Amber	12 months +	Davina Fiore	Legal Services	Complaints from City Deal Director/partners. Contract lost	
10	LEGAL SERVICES. Lack of capacity in client departments, Social Services in particular.	Service Delivery – Increased workload meaning other deadlines are not being met, unable to prioritise effectively due to requests for urgent advice and legal advice not always being sought early enough. Reputation – the Courts do not recognise different Services Areas, so failure to meet Court deadlines will impact on the Council as a whole's reputation in Court. Financial – Cost orders can be made against the legal department. Legal – Failure to provide statutory duties and failure to comply with Court imposed deadlines and directions.	A	3 Medium - Red / Amber	OM's in Children's Services are copied into e-mails as appropriate by way of escalation as per the Protocol between legal and Children's Services. When necessary, they will be asked to meet with legal. If a matter is sufficiently serious or pressing, it will be escalated to Director in Children's Services. Concerns re practice and problems highlighted in pre-proceedings work and at Court are also raised at regular Court Improvement meetings that take place between Children's Services and legal	B	3 Medium - Red / Amber	Continue with the current controls and monitor via the Court Improvement Group.	B	3 Medium - Red / Amber				Monitor via the Court Improvement Group.	
15	LEGAL SERVICES Potential for Local Land charges transferring to the Land Registry. The full effect of this is unknown but current proposal is the LLC1 Part of the search is to be registered with Land Registry and a fee will be payable to Land Registry, which will mean we will no longer receive that income. However, the CON29 part of the search remains with the authority and is chargeable so there is a need for staff to process those. The effect on staff work may be negligible since land registry will not be responsible for the date registered and someone needs to coordinate sending the registration to Land Registry.	Financial- loss of third party income	B	3 Medium - Red / Amber	No current actions but will keep under close review and monitor income. We will not know the effect of the transfer until it is completed, which is targeted for 1st April 2022. we are in the very early stages of that process.	B	3 Medium - Red / Amber		C	4 Low - Green	6-12 months	Richard Crane	Legal Services Land Charges	Monthly Income	
4	MEMBER SERVICES. Councillors not conducting themselves in an appropriate manner	Reputational Complaints from the public and/or officers and potential coverage in local media	B	3 Medium - Red / Amber	Training programme in place and Code of Conduct. • Member training programme has been reviewed. There are a number of essential training modules that are required to be undertaken. • Members are required to receive annual updates in relation to the Code of Conduct. • Members sitting on 'regulatory' committees are required to undertake essential training	B	3 Medium - Red / Amber	• The results of the members Survey 2019/20 were considered by the Standards and Ethics Committee on the 30th September • Actions were implemented and will be followed up in the Exit survey in 2021.	C	3 Medium - Amber / Green	0-3 months	Davina Fiore	Monitoring Officer	Outcome of Members Survey Number of complaints received regarding members behaviour	
6	MEMBER SERVICES. Failure of the Conference System will prevent Council and other meetings from being simultaneous translated and webcast.	Reputational / Financial/ Service Delivery / Equality Impact accessibility to decision making processes / Governance - transparency of decisions Failure of Council, Planning and Scrutiny meetings being webcast. Finance required to replace/renew equipment.	A	3 Medium - Red / Amber	A new wireless conferencing system is in the process of being procured.	B	3 Medium - Red / Amber	Implementation of the new system expected by 30th September	D	4 Low - Green	0-3 months	Gary Jones	Democratic Services	•Funding Secured to support new system •Number of meetings unable to support simultaneous translation when requested. •Number of webcasts unable to be broadcast due to equipment failure	

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Directorate Risk Register Template

Ref	Risk Description #B3:74	Potential Consequence	Inherent Risk		Current Controls	Residual Risk		Proposed Management Actions	Target Risk Rating		Risk Reduction Target Date	Owner	Team / Function	Date of Escalation	Key Indicators / Measures (list the key metrics / indicators used to monitor the risk)		
			Likelihood Impact	Priority		Likelihood Impact	Priority		Likelihood Impact	Priority							
2	<p>Care Proceedings and applications in the Court of Protection.</p> <p>The issuing of care proceedings and applications in the Court of Protection and subsequent compliance with Court orders is challenging because existing capacity in both Children's Services and Adult Social Care is insufficient to meet demand and to undertake required work in a timely manner.</p>	<ul style="list-style-type: none"> • Reputational damage to the Council as a whole • Being held in contempt of Court for non-compliance with Court orders . • Costs orders being made against the Local Authority for non-compliance with Court orders. • Damages claims against the Local Authority as a result of delay in issuing proceedings. • Drift in securing permanence plans for children • Children and adults remaining at risk • Drift in Deprivation of Liberty Safeguards (DoLS) applications for those in supported living / domestic environments which may result in unlawful deprivation of liberty • Professional reputation of staff and subsequent recruitment problems 	B	1	High - Red	<ul style="list-style-type: none"> • Ongoing recruitment to vacant lawyer and social worker posts. • Additional Social Worker posts created in Children's Services and senior manager capacity released to focus on recruitment. • Implementation of Signs of Safety approach is anticipated to reduce the number of care proceedings issued in the long term. • Signs of Safety Care Planning meetings held to strengthen decision making process and ensure that care proceedings are only issued when there are no signs of safety. • CareFirst client record system provides a notification to managers when a child remains on the Child Protection Register at the second review; this triggers a review of the case by senior managers to identify potential drift in issuing pre-proceedings. • Dedicated post overseeing care proceedings in Children's Services. • DoLS authoriser recruited in Adult Services for residential and nursing care applications. • Implementation of Strengths Based Approaches in Adult Services to manage risk more effectively and improve outcomes for individuals. • Court Improvement Plan in place. • PLO scorecard developed. 	D	1	Medium - Red Amber	<ul style="list-style-type: none"> • Urgent cases that can't be dealt with internally outsourced to prevent unnecessary delays. • There is a national problem with recruitment to childcare lawyer posts. Posts will be advertised with a longer closing date and will be promoted via social media channels. • It is also hoped that the new recruitment system will enable the Directorates to manage / review the vacancies / applications quicker than previously • Recruitment to vacant social worker posts (also a national issue). • Potential backlog of private law cases noted. 	D	1	Medium - Red Amber	12 months +	<p>Deborah Driffeld</p> <p>Louise Barry</p> <p>OM Legal Services (Communities)</p>		<p>No of cases 'outsourced' by Legal services, due to capacity issues</p> <p>Percentage of Children's Services Social work post filled by agency workers.</p>

Ref	Risk Description	Potential Consequence	Inherent Risk			Current Controls	Residual Risk			Proposed Management Actions	Target Risk Rating			Risk Reduction Target Date	Owner	Key Indicators / Measures <small>(list the key metrics / indicators used to monitor the risk)</small>
			Likelihood	Impact	Priority		Likelihood	Impact	Priority		Likelihood	Impact	Priority			
1	<p>21. Legal Compliance</p> <p>gaps in Council wide knowledge of the local authority framework of responsibilities and duties within which we have to operate;</p> <ul style="list-style-type: none"> inability to deliver the services in accordance with all duties and responsibilities due to lack of resource: <p>In each case leading to increased risk of challenges.</p> <p>Reduction and changes in front-line services, discretionary and statutory, will lead to increased risks of challenge from users and other stakeholders affected.</p>	<p>Reputational / Legal / Financial / Service delivery</p> <ul style="list-style-type: none"> 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 	B	2	High - Red	<ul style="list-style-type: none"> 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. 	C	2	Medium - Red / Amber	<ul style="list-style-type: none"> 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 	C	2	Medium - Red / Amber	12 months +	<p>Davina Fiore</p> <p>Councillor Huw Thomas Leader</p>	

		IMPACT			
		1	2	3	4
LIKELIHOOD	A				
	B				
	C				
	D				
	E				

Results	Priority
A1	High - Red
A2	High - Red
A3	Medium - Red / Amber
A4	Low - Green
B1	High - Red
B2	High - Red
B3	Medium - Red / Amber
B4	Low - Green
C1	High - Red
C2	Medium - Red / Amber
C3	Medium - Amber / Green
C4	Low - Green
D1	Medium - Red / Amber
D2	Medium - Red / Amber
D3	Medium - Amber / Green
D4	Low - Green
E1	Medium - Amber / Green
E2	Medium - Amber / Green
E3	Low - Green
E4	Low - Green

A	1
B	2
C	3
D	4
E	

Types of Impact

- Implications for Service and/or achievements of key targets/objectives
- Reputation
- Health & Safety
- Failure to provide statutory duties/meet Legal Obligations
- Financial
- Implications for Partnership 9e.g. objectives/deadlines
- Implications for the Community or the Environment
- Stakeholders

Likelihood:

- A. Very Likely
- B. Likely
- C. Possible
- D. Unlikely
- E. Very Unlikely

Impact:

- 1. Major
- 2. Significant
- 3. Moderate
- 4. Minor

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SMAS Summary for 2020/21

	Not in Place	Limited Application	Mixed Application	Strong Application	Embedded
All relevant risks to directorate and corporate priorities and objectives are identified promptly and I receive a complete and comprehensive directorate risk register at least quarterly.				✓	
My quarterly risk identification, assessment and review processes include effective engagement with all relevant managers, partner organisations, stakeholders, and boards, through which I ensure good awareness and use of all relevant risk information.				✓	
I have at least one dedicated risk champion for my directorate, and I meet with my lead risk champion at least quarterly to review my directorate and corporate risks and ensure all risk registers are complete, accurate, effectively assessed and reported to the Risk Management Team each quarter.				✓	
I ensure proportionate risk responses are applied to manage all directorate risks in a timely manner and to an acceptable level, and I escalate all 'red' risks to SMT at least quarterly.				✓	
I ensure proportionate risk responses are applied to manage all directorate risks in a timely manner and to an acceptable level, and I escalate all 'red' risks to SMT at least quarterly.				✓	
<u>Collaborating Effectively: Partnership Governance, Risk Management and Control.</u> Robust governance, risk management and control arrangements are in place for all partnership / collaborative arrangements.			✓		

<p><u>Collaborating Effectively: Partnership Assurance</u> I receive timely and complete reports from all directorate partnership and collaborative arrangements, from which I can report assurance on robust governance, risk management and control.</p>			✓		
<p><u>Involving People Effectively:</u> There is an understanding of who needs to be involved in any discussion about the service, and why. The service area can also present clear evidence that the views of stakeholders represent a vital source of information, and that the full diversity of stakeholders is represented in any engagement activity.</p>				✓	
<p><u>Preventing issues from escalating: Acting Early</u> The consequences of issues not being addressed effectively is well understood by the service area, particularly if they are allowed to escalate. The broader impact on others is also understood, whether it affects other people, services, organisations, or the wider environment.</p>				✓	
<p>The results of compliance and review reports demonstrate sound compliance with policies, rules, legal and regulatory requirements across my areas of responsibility.</p>				✓	
<p>I am aware of and deliver clear actions promptly to address all areas of non-compliance e.g., training, work instructions, systems development, application of HR policy etc.</p>				✓	
<p>Prior to initiating any new programmes or projects:</p> <ul style="list-style-type: none"> I demonstrate the rationale and methodology which supports prioritising the project or programme, and 				✓	

<ul style="list-style-type: none"> Where relevant the broad scope is discussed with the OD Operational Manager to determine if it should be delivered as part of the Capital Ambition Delivery Programme (formerly ODP), or directorate managed. 					
<p>All programmes and projects for which I am responsible have robust briefs, plans and business cases which have been appropriately approved in a timely manner, and include clearly defined financial and non-financial outcomes and benefits.</p>				✓	
<p>All programmes and projects proactively manage the achievement of key milestones and record and manage associated opportunities, risks and issues. This is evidenced in timely and robust reporting to oversight boards.</p>				✓	
<p>Throughout my directorate, there are robust mechanisms in place to deliver the budget with strong and effective budget monitoring and control.</p>				✓	
<p>Throughout my directorate, there are robust mechanisms in place to deliver all savings and income targets.</p>				✓	
<p>My directorate has worked effectively to deliver the Corporate Plan, and my Directorate Delivery Plan clearly sets our contribution to achieving corporate priorities and objectives and managing associated risks.</p>			✓		
<p>All decisions include due documented consideration of the sustainability of services and encompass future generation needs.</p>			✓		

<p>Robust business cases outline the savings and the mitigation of associated risks such as sale of assets, technology changes, reduced staffing, restructure, or alternative service delivery models.</p>			✓		
<p>Throughout directorate functions, partnerships and collaborations, sound and complete managerial control systems are in place, including:</p> <ul style="list-style-type: none"> • Clear Roles and Responsibilities • Clear and effective authorisation processes • Robust and complete policies and procedures • Robust monitoring, reporting and review arrangements • Timely identification and mitigation of control weaknesses 				✓	
<p>There is a culture of clear accountability for upholding strong internal controls within the directorate and managing any non-conformance.</p>				✓	
<p>Across all functions, partnerships and collaborations, robust safeguards are in place for:</p> <ul style="list-style-type: none"> • Physical and information assets • Financial Stewardship • Authorisation and approval procedures • Systems 				✓	
<p>I have robust controls in place to prevent and promptly detect fraud, bribery, and corruption.</p>				✓	
<p>I can evidence effective application of the Fraud, Bribery & Corruption Policy, and the Disciplinary Policy</p>				✓	

KPI and benchmarking data is collected for all key areas of service and are used to measure performance and to drive improvement actions.			✓		
All relevant staff have completed their Performance Reviews using S.M.A.R.T objectives and clear performance evidence, from which effective development plans have been produced.				✓	

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Governance & Legal Services Control Environment Update Report Sep. 2021

Davina Fiore, Director, Governance and
Legal Services & Monitoring Officer

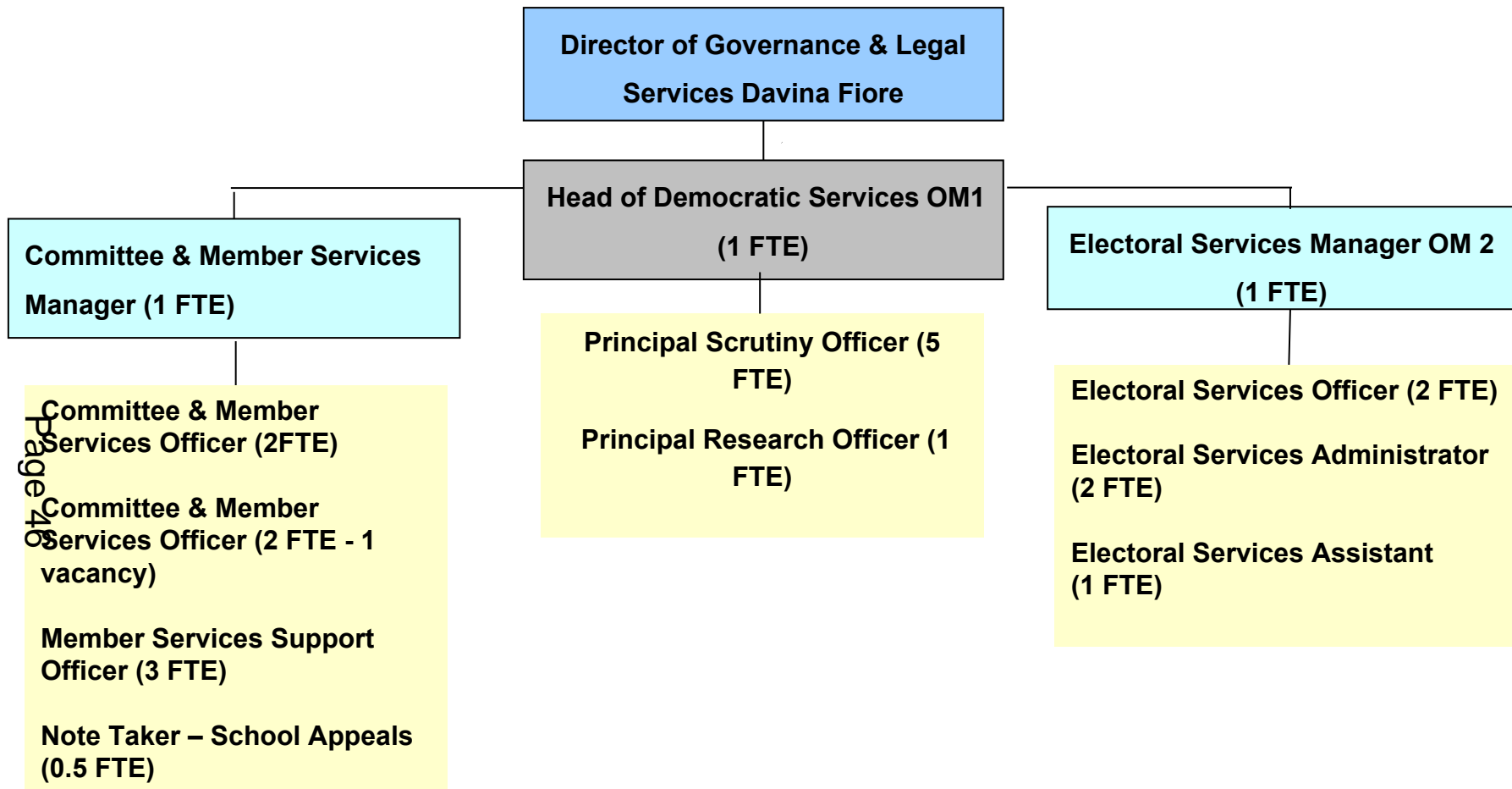
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Gweithio dros Gaerdydd, gweithio gyda'n gilydd
Working for Cardiff, working together



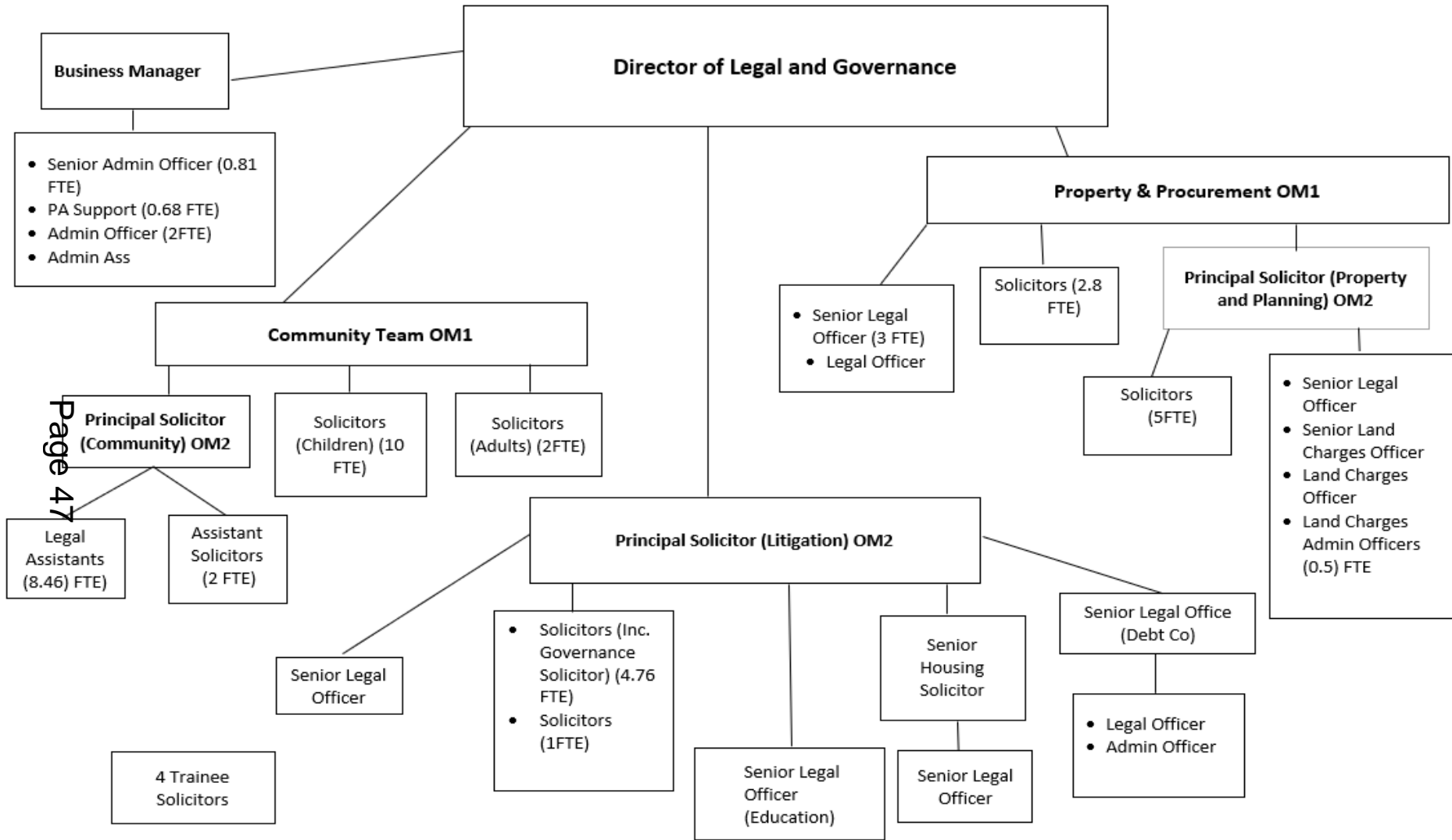
Organisation Chart for Democratic Services



The staffing structure of Electoral Services is subject of a re-organisation



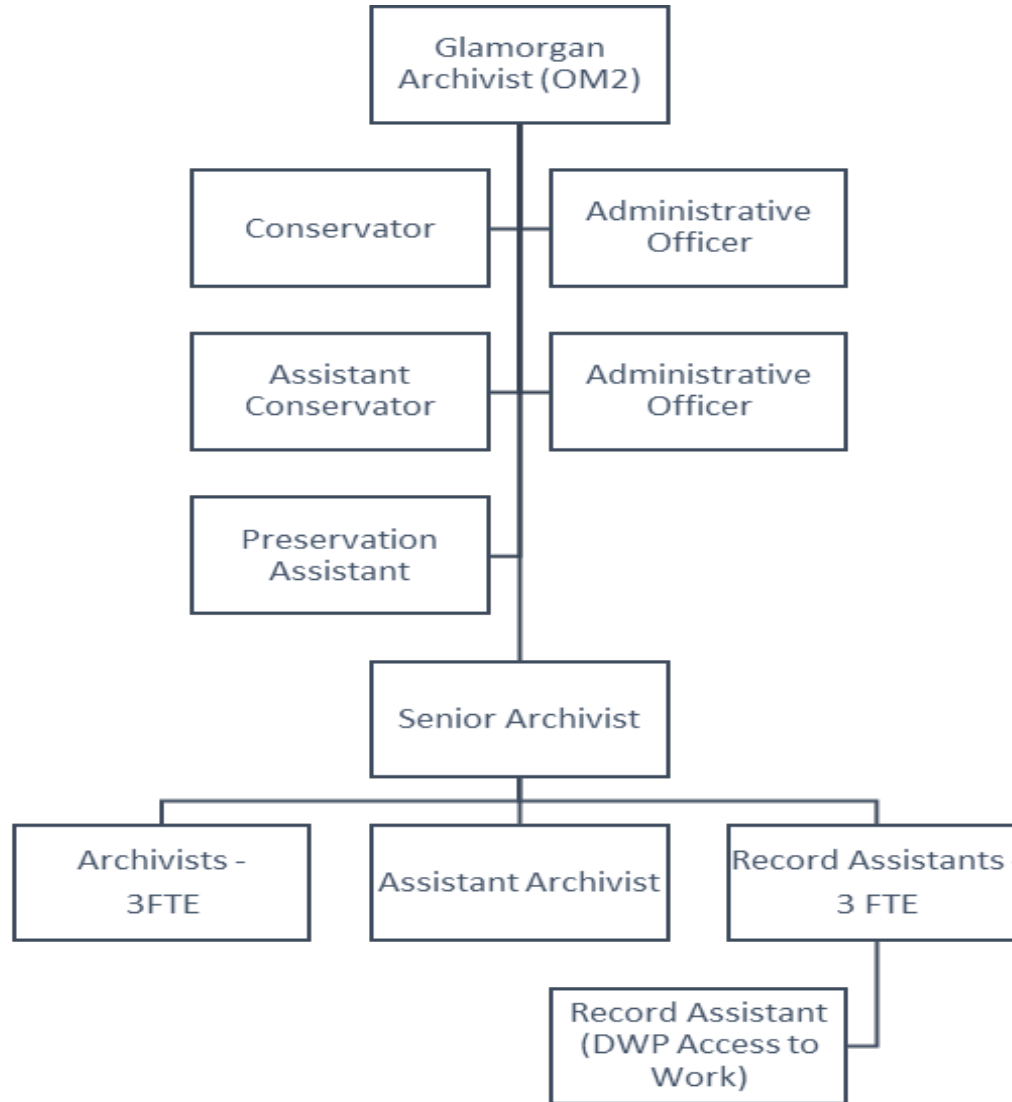
Organisation Chart for Legal Services



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Organisation Chart for Glamorgan Archives



Directorate Management Team

- Meets weekly
- Monitors budget, audit actions, risk, workforce planning and any performance issues



Directorate Risk Register

- Legal Services - significant overspend in relation to an increase in complex childcare cases
- City Deal - inadequate notice to the accountable body of complex legal issues
- Lack of capacity in client departments, Social Services in particular, and other client departments giving insufficient time to deal with complex legal issues
- Local Land Charges transfer to the Land Registry – loss of Income
- Councillors not conducting themselves in an appropriate manner- reputational impact
- Failure of the Conference System preventing Council and other meetings from being simultaneous translated and webcast & preventing development of meetings in multiple locations/hybrid meetings as required



Internal Audit/Assurance Table

Audit	Report Status	Assurance Rating	Outstanding Actions	Completed Actions	Total Actions	Implementation Status
2019/20						
Ethics and Values - gifts and hospitality	Final	Effective with opportunity for improvement	0	3	3	Completed
Ethics and Values - Disclosure of Business and Personal Interests	Final	Effective with opportunity for improvement	0	2	2	Completed
Audit of Scrutiny Functions	Final	Effective with opportunity for improvement	1	4	5	1 due 31.01.22
Governance & Legal Services - Health and Safety	Final	Effective with opportunity for improvement	0	5	5	Completed
Governance and Legal Services - Asset Management	Final	Effective with opportunity for improvement	0	1	1	Completed
2020/21						
Codes of Conduct	Final	Effective	0	1	1	Completed
Commissioning and Procurement - Governance & Legal	Final	Effective	0	2	2	Completed
Income and Debtors - Governance and Legal Services	Final	Effective	1	2	3	1 Due 30.11.21
2021/22						
Members Remuneration and Allowances	Final	Effective with opportunity for improvement	2	0	2	2 Due 30.09.21



Corporate Performance Indicators

Key Performance Indicators (Outcome based where possible)	2018-19 Result	2019-20 Result	2020- 21 Result	2021-22 Target
The total number of webcast hits – ALL MEETINGS [to include Council, Planning, Scrutiny, Cabinet & Audit]	4,991 [excl Cabinet & Audit]	8,869	15,557	12,500
The percentage of voter registration	89.3%	93.4%	90.2%	90.0
The number of wards where the percentage of voter registration is over 90%		23/29	18/29	20/29



Senior Management Assurance Statement

	Not in Place	Limited Application	Mixed Application	Strong Application	Embedded
Risk				✓	
Future Generations Act			✓		
Compliance				✓	
Project Initiation				✓	
Budget				✓	
Planning and Decision Making			✓		
Control				✓	
Fraud				✓	
Performance			✓		



External Assurance/Performance Management

- Legal Services – Lexcel quality accreditation – no non compliance and 23 areas of good practise
- Positive inspection by Investigatory Powers Commissioner
- Archives Service Accreditation from National Archives
- Electoral Commission PIs



Value for Money

- Retendered legal research package – saving of £30k, to reinvest in legal services case management system
- Currently tendering for:
 - legal services case management system
 - conference system for to deliver multi locational meetings
- Vacating office space in County Hall for services relocating from Wilcox House



Thank you for listening.

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Any Questions?



GOVERNANCE & AUDIT COMMITTEE: 28 September 2021

COUNTER-FRAUD ANNUAL REPORT 2020/21

REPORT OF THE CORPORATE DIRECTOR RESOURCES

AGENDA ITEM: 5.1

Reason for this Report

1. The Governance and Audit Committee's Terms of Reference requires that Members:
 - Monitor the Counter-fraud strategy, actions and resources;
 - Review the assessment of fraud risks and potential harm to the Council from fraud and corruption.
2. This report has been prepared to provide Governance and Audit Committee Members with an overview of the counter-fraud activities and outcomes during 2020/21.

Background

3. The Council has a responsibility to protect the public purse through proper administration and control of the public funds and assets to which it has been entrusted.
4. This report provides a Council-wide appraisal of the Counter-Fraud issues, developments and outcomes in accordance with the Council's Counter Fraud and Corruption Strategy. Focus has been given to maintaining a combination of effective preventative and detective controls, and participating in a breadth of counter-fraud networks, forums, initiatives and activities, in order to continue to effectively tackle fraud.
5. The Audit Manager prepares investigation team / counter-fraud progress reports for the Governance and Audit Committee on a regular basis. Counter-fraud activities, initiatives risks and issues are discussed with the Corporate Director Resources (Section 151 Officer) and the portfolio Cabinet Member, Councillor Chris Weaver.

Issues

6. The Annual Report (Appendix A) sets out the counter-fraud development, campaigns, resources, work and collaboration over the financial year 2020/21.
7. There have been a number of developments and campaigns this year, designed to develop and maintain a strong counter-fraud culture across the organisation. These activities have centered on the publication and promotion of the Counter-Fraud and Corruption Strategy, which was approved by Cabinet in July 2019. Details of this work

are provided within Section 2 of the report, including information on training and awareness campaigns, the approach taken with the Senior Management Team for measurement and assurance on fraud and corruption, the approach applied for COVID-19 counter-fraud risk management, and details on policy development and review.

8. Section 3 of the report provides details of the resources available for counter-fraud purposes within the Corporate Investigation Team supplemented by a wider resource. This wider resource includes the provision of a pool of Investigating Officers who are provided with professional internal training and support to investigate cases of employee misconduct, coordinated working with directorates to investigate National Fraud Initiative (NFI) matches, the use of a third party claims handler to verify the legitimacy of insurance cases, and the use of a third party for the proactive scheme to target Blue Badge abuse. A comparison is provided of the planned and actual use of time by the Corporate Investigation Team for which notable variances related to cases of employee misconduct and business grants for which details are provided within the report.
9. The counter-fraud work and collaboration activities during the year are documented within section 4 of the report. It is reported that in addition to the completion of corporate counter fraud awareness and risk assessment exercises, and investigation work of a 'business as usual' nature, targeted support and guidance has been given by the Corporate Investigation and Internal Audit Teams in respect of counter-fraud arrangements in the administration of Welsh Government COVID-19 funding to individuals and businesses. This work was followed by post payment verification processes, for further counter-fraud assurances. National Fraud Initiative (NFI) data matching analytics have continued to be utilised during the year, and the Corporate Investigation Team have benefited from use of professional networks for shared intelligence and insight.
10. Within section 5 of the report, the impact of the counter-fraud work is outlined, and a comparison of activity and outcomes against prior years is provided for Governance and Audit Committee information.
11. The approach to fraud measurement and assurance is outlined within Section 6 of the report, built upon assessments against best practice government models, participation in a CIPFA fraud and corruption tracking exercise, and corporate arrangements for assurance statements and risk assessments. The report contains a number of appended assessments, a review of the position against the action plan set in the previous annual report, and a counter-fraud action plan for 2021/22.

Legal Implications

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

Financial Implications

13. The report sets out the counter-fraud activities and performance for 2020/21 and the ambitions for 2021/22. These outcomes can be contained within the overall budget allocation for Internal Audit.

RECOMMENDATIONS

14. That the Committee notes and considers the content of the report.

Christopher Lee
Corporate Director Resources

The following is attached:

Appendix A: Counter-Fraud Annual Report 2020/21

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Counter-Fraud Annual Report 2020/21

Cardiff Council

FOR FURTHER INFORMATION, PLEASE CONTACT:

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1. Introduction

- 1.1 The Council has a responsibility to protect the public purse through proper administration and control of the public funds and assets to which it has been entrusted.
- 1.2 This report provides a Council-wide appraisal of the Counter-Fraud issues, developments and outcomes in accordance with the Council's Counter Fraud and Corruption Strategy. Focus has been given to maintaining a combination of effective preventative and detective controls, and participating in a breadth of counter-fraud networks, forums, initiatives and activities, in order to continue to effectively tackle fraud.
- 1.3 This year, as the Council has responded to the global pandemic and updated its priorities, processes and systems as necessary, strong focus has been given to associated counter-fraud risk management. Specific work has been targeted and delivered to provide up front assurance on the mitigation of fraud risks associated with the pandemic, whilst 'business as usual' investigation activities and casework have continued.
- 1.4 Internal Audit and Counter-Fraud officers have provided consultation and guidance through active participation in multidisciplinary project teams, on the design of new systems and processes. Appropriate counter-fraud controls were integrated into systems that needed to be established quickly in response to the crisis, such as those through which emergency funds from Welsh Government were administered and distributed by the Council to individuals and businesses. Post payment verification checks were also established, for which further information is provided within this report.
- 1.5 Aligned to the Council's Counter-Fraud and Corruption Strategy, fraud awareness has continued to be a priority. Organisational-wide fraud awareness training and participation in the Fraud Awareness Week has continued to reaffirm the responsibility of all of us to be alert to the risk and prevent, detect, report potential fraud.
- 1.6 The portfolio Cabinet Member Cllr Chris Weaver, is actively engaged in the development of counter-fraud policies and strategy, and is provided with the outcomes of exercises to examine and manage risk, including the assessments of counter-fraud, as appended to this report.

- 1.7 The Council's Senior Management Team (SMT) have supported a strong counter-fraud culture. All Directorates participated in a fraud and corruption tracker exercise during the year, based on a model designed by the Chartered Institute of Public Finance and Accountancy (CIPFA). This enabled a focussed verification and discussion on the volumes and values of fraud across the Council, and the pertinent areas of risk. The volumes and values of fraud are contained within this report.
- 1.8 The Corporate Investigation Team offers support, advice and assistance on all matters of fraud risks including prevention, detection, money laundering, other criminal activity, deterrent measures, and policies and procedures. A cohesive approach is taken to reflect best practice, support corporate priorities and the Council in its statutory obligation under section 151 of the Local Government Act 1972. This is to ensure protection of public funds and to have an effective system of prevention and detection of fraud and corruption. Furthermore, it supports the Council's commitment to a zero tolerance approach to fraud, corruption, bribery and other irregularity, such as money laundering activity.
- 1.9 There have been some necessary adjustments to effectively progress investigations and meet government and corporate guidelines this year, such as conducting interviews by letter or phone. Details of the casework and outcomes are contained within the report within the section on 'Impact'.

2. Developments and Campaigns

2.1 There have been a number of developments and campaigns this year, designed to develop and maintain a strong counter-fraud culture across the organisation. These activities have centered on the publication and promotion of the Counter-Fraud and Corruption Strategy, which was approved by Cabinet in July 2019.

a. Training and Awareness

2.2 To embed key messages from the Counter-Fraud and Corruption Strategy, fraud awareness training has continued to be delivered. The training has now been received by over five thousand people (officers, headteachers and school governors) through a combination of eLearning for PC users, face-to-face training sessions for front-line staff, and targeted school briefings.

2.3 Between the 15-21 November 2020, the Council participated in International Fraud Awareness week. The internal campaign was supported by articles and guidance for all staff, including:

- The Council's mandatory 'Fraud Awareness' eLearning module
- Money Laundering
- Impersonation Fraud
- Fraud Risks
- How to seek help / advice

2.4 The articles were designed to continue to develop the alertness and maturity of all staff in key areas of risk by providing practical information, advice, supporting resources and relevant contact details for further assistance.

2.5 Responsibility for delivering Disciplinary Investigating Officer Training transferred to the Academy during April 2020. The aim of the Investigating Officer training is to ensure that Disciplinary Policy Investigations are conducted to a consistently high standard.

2.6 The transition was managed through close engagement between the lead officer in the Corporate Investigation Team and the training developer within the Academy. Due to COVID-19 restrictions, training has been delivered via Microsoft Teams. During 2020, sixty-four staff received training.

2.7 During Disciplinary Policy investigations where there is an allegation of financial impropriety or fraud, a member of the Corporate Investigation Team is allocated to each case with a view to support consistency and quality, through providing advice, guidance and support.

b. Fraud and Corruption – Measurement and Assurance

2.8 The Senior Management Team has continued to undertake an annual exercise to measure and assess fraud and corruption risks.

2.9 The assessment questions contained within the Chartered Institute of Public Finance and Accountancy (CIPFA) Fraud and Corruption Tracker were considered within each directorate management team and fraud and corruption volumes, values and risks were collated and considered within a Senior Management Team meeting.

2.10 The exercise was coordinated by the Audit Manager and Corporate Investigation Team colleagues through which risk registers were reflected on and the consolidated position was reported to CIPFA to support the intelligence contained within the national report.

2.11 Details of the exercise and the wider assessments used to provide a complete assessment of, and response to, fraud and corruption risk are contained within the section of this report on 'Fraud Measurement and Assurance'.

c. COVID – Counter-Fraud Risk Management

2.12 At the onset of the pandemic, through professional experience and engagement in professional networks, it was recognised that there would be an increased risk of opportunistic fraud. Prompt and coordinated attention was given across the Council to ensure that fraud risk exposures were known, appropriately managed and mitigated.

2.13 Senior audit and counter-fraud officers provided critical advice and support to management as the Council adapted services and established new systems in response to the pandemic. Notably:

- Internal Audit and Counter-Fraud officers worked within project teams to support the design of counter fraud controls in new systems and processes, which needed to be established quickly in response to the crisis.
- Post payment verification processes were completed following grant payments through a combination of manual checks and participation in data matching exercises.

2.14 Details of the above activities and outcomes are provided within the respective sections on 'Work and Collaboration' and 'Impact' within this report.

d. Policy Development and Review

2.15 As part of an ongoing review of the suite of counter-fraud policies and procedures, the following updates and approvals were made during the year:

Anti-Money Laundering Policy

2.16 During the year, a review was undertaken of the Council's existing Money Laundering Policy and Procedure, taking into account the Money Laundering and Terrorist Financing (Amendment) Regulations 2019, which came into force on 10 January 2020.

2.17 A new [Anti-Money Laundering Policy](#) was developed, and after consideration by Audit Committee, was approved by Cabinet in December 2021. The policy enables the Council to meet the legal requirements in accordance with the Council's Risk Management Strategy and Policy, whilst ensuring that there are adequate safeguards and reporting arrangements in place to prevent the Council from being used by third parties for money laundering.

2.18 To supplement the policy, an Anti-Money Laundering eLearning training module was made available to staff in February 2021. At a minimum, all staff who receive cash, monitor cash receipts or who manage staff in these areas, and all solicitors are required to complete the training. Awareness of the module will be raised during 2021/22.

Authorisation and Protocol Requirements for Review of Work Activities

2.19 All employees have a duty to be honest, to act with propriety and integrity at all times, and to adhere to legal requirements, rules, procedures and practices. From time to time managers may receive an allegation or suspicion that the conduct of an employee they

manage has fallen short of the expected standards, and requires investigation. The procedure (authorisation and protocol requirements) was designed to support a consistent and disciplined assessment of the purpose and impact of considerations for monitoring, in such circumstances.

2.20 The procedure [\(Authorisation and Protocol Requirements for Review of Work Activities\)](#) was developed, and after consideration by Audit Committee, was approved by Cabinet in March 2021. It sets out the decision-making process and governance requirements when considering any monitoring at work in respect of a suspicion or allegation of misconduct. It is aligned to upholding the principles of the Council's Counter-Fraud and Corruption Strategy, and to the Council's Disciplinary Policy.

3 Resources

3.1 The Corporate Investigation Team comprises 2.5 full time equivalent officers, dedicated to the prevention, detection and investigation of suspected fraud or financial impropriety who report to the Audit Manager (Head of Internal Audit). Two members of the team are professionally qualified counter fraud officers, accredited with Portsmouth University, with the third team member being a former police officer with many years of professional expertise.

3.2 The planned and actual number of days applied in 2020/21 are shown in the table below. The planned activity is used for indicative purposes only, as the majority of the teams' work continues to be responsive to risk, the corporate aims and support requirements, and the investigation of cases of potential fraud and impropriety identified through data matching exercises and referrals received.

	Planned Days	Actual Days
Strategic	80	84
Fraud Awareness, Reporting	20	28
Training Development, Delivery	20	12
NFI Administration	10	13
Intelligence sharing, Working Groups, Police Liaison	5	8
Policy and Procedure review / planning	25	23

	Planned Days	Actual Days
Operational	414	438
Council Tax liability	180	180
Employee misconduct (disciplinary investigations)	100	17
Council Tax Reduction	30	49
Tenancy Fraud	20	22
Other fraud (Adhoc and contingency)	30	21
Advice and Guidance	4	4
Business Grants	50	145
Total	414	438

3.3 Whilst the COVID-19 crisis has significantly impacted on the role and priorities of the Corporate Investigation Team, timesheet data contained 522 chargeable days, compared to 494 planned chargeable days. There were additional resources available

during the year than planned, due to a temporary increase in number of hours worked by a member of the team, to progress National Fraud Initiative (NFI) investigation work.

3.4 Notable variances from planned time applied by the Corporate Investigation Team related to cases of employee misconduct and business grants:

- The provision of time indicatively allocated for employee misconduct cases is based on a judgement and is difficult to predict. Employee cases result from allegations, data matching, or concerns via management or audit activities.
- The number of days applied for Business Grant work increased as the decision was taken to participate in two data matching exercises for post award assurances in addition to previously planned consultation and support.

3.5 Staff training, development and fraud awareness continued to be an important element of counter-fraud work this year as referred to in the preceding section 'developments and campaigns'. The intention has been to maintain and improve a counter-fraud culture across the organisation, through supporting fraud risk awareness to prevent and detect cases of fraud, bribery and corruption.

3.6 The Head of Internal Audit supports Senior Officers in the investigation of allegations of fraud and financial impropriety either directly, or through the assignment of a member of the Corporate Investigation Team. The Corporate Investigation Team provides the capacity to conduct criminal and civil investigations, and supports a process to achieve consistent sanctions and recovery.

3.7 The Corporate Investigation Team leads a substantial proportion of counter-fraud work, supplemented by wider resources, as follows:

- Capacity to investigate cases of employee misconduct is maintained through a pool of Investigating Officers who are provided with professional internal training and support.
- National Fraud Initiative (NFI) cases are investigated through a coordinated approach between the Corporate Investigation Team and lead officers within Directorates.
- The Insurance section utilises a third party claims handler to verify claim legitimacy.
- A third party has been commissioned by Planning, Transport and Environment for a proactive scheme to target Blue Badge abuse.

4 Work and Collaboration

4.1 The work of the Corporate Investigation Team comprises the following primary elements:

Area of Work	Activity
Counter-Fraud Awareness Guidance & Support	<p>Leading on staff awareness, training and support initiatives and campaigns.</p> <p>This year, targeted support and guidance was given in respect of counter-fraud arrangements in the administration of Welsh Government COVID-19 funding to individuals and businesses. The Corporate Investigation Team subsequently led on post payment verification processes, for further counter-fraud assurances.</p> <p>Targeted engagement and awareness activities were delivered this year for officers and SMT, via participation in International Fraud Awareness Week as an internal information campaign, and through engaging SMT in a Fraud Tracker assessment.</p>
National Fraud Initiative (NFI)	<p>In addition to investigating referred cases, the team also undertakes various proactive exercises including participating in proactive data matching exercise run by the Cabinet Office / Audit Wales.</p> <p>These exercises generate a substantial volume of ongoing work in respect of Council Tax, with Council Tax Liability cases representing the highest volume of work, and with increasing Council Tax Reduction cases.</p>
Intelligence	<p>Reviewing, risk assessing and contributing to intelligence through professional networks and disseminating relevant information and guidance as appropriate.</p> <p>Reviewing and assessing allegations of impropriety, utilising access to Council systems and outside data sources, including credit reference agencies.</p>

<p>'Business As Usual' Investigations</p>	<p>Blue Badge</p> <p>Misuse of a blue badge / use of a counterfeit badge in order to evade parking charges / park for free.</p> <p>This year the Planning Transport and Environment directorate have continued an initiative with a third party to deliver targeted work in this area. Details of the initiative and its results are contained within this report.</p>
	<p>Council Tax Liability</p> <p>The liability party applies for a discount or exemption that they are not entitled to.</p>
	<p>Council Tax Reduction</p> <p>Applicant fails to correctly disclose information, in order to receive payments that they are not entitled to.</p>
	<p>Employee Misconduct</p> <p>Employee commits an act of fraud, bribery, corruption or financial impropriety.</p>
	<p>Insurance</p> <p>Claimant provides untrue / incomplete information in order to receive payments that they are not entitled to. The Council's claims handling process is in place to mitigate this risk.</p>
	<p>Tenancy</p> <p>Social Housing Investigations include allegations of tenancy fraud, including subletting / abandonment and Right to Buy and Waiting List applications.</p>
	<p>Other cases</p> <p>Ad hoc / special investigations in respect of areas not listed above, would be categorised as 'Other', <i>this year that would include: Social Services Direct Payments, Pension Life Checks, Residential Parking Permit Misuse, Conflict of Interest.</i></p>

4.2 The counter-fraud work and activities during 2020/21 are broadly categorised in this report as either relating to targeted COVID-19 matters, or of a business-as-usual nature in respect of ongoing core areas of attention.

4.3 The Council responded to the global pandemic through updating its priorities, processes and systems as necessary for which strong focus was given to associated counter-fraud risk management. Specific work was targeted and delivered to provide up front assurance on the mitigation of fraud risks associated with the pandemic, whilst ‘business as usual’ investigation activities and casework have continued on a prioritised basis.

a. Targeted COVID-19 Work & Activities

4.4 Internal Audit and Counter-Fraud officers provided consultation and guidance through active participation in multidisciplinary project teams, on the design of new systems and processes associated with the pandemic. Appropriate counter-fraud controls were integrated into systems that needed to be established quickly in response to the crisis, such as those through which emergency funds from Welsh Government were administered and distributed by the Council to individuals and businesses. Post payment verification checks were also established, for which further information is provided within this report.

4.5 In respect of the work of the Corporate Investigation Team, COVID-19 consultancy is recognised as two separate areas of work:

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.
2. Counter-fraud prevention & post assurance checks.	Liaison with Audit Wales and the Cabinet Office in order to develop and test new data matching initiatives. Active company checks, and validation of eligibility and fraud vulnerabilities were completed for fraud prevention and detection.

4.6 During the year Corporate Investigation or Internal Audit management provided advice and support on the design of systems and counter-fraud checks for the following grant schemes administered by the Council on behalf of the Welsh Government:

Scheme	Scheme Purpose
Start-up grants	To assist newly created self-employed businesses that had been affected by the Covid-19 outbreak.
Business grants	For small businesses, charities, not for profit organisations and eligible retail, leisure and hospitality businesses.
Wales culture recovery fund – freelancer support	To support freelancers in the cultural sectors facing financial challenges.
Isolation payments	To support people on low incomes who are unable to work from home if they are told to self-isolate by the NHS Wales Test, Trace, Protect service (TTP) and would lose income as a result.
Lockdown grant	To support businesses with immediate cash flow support to help them survive the economic consequences of the national firebreak lockdown in Wales.
Restrictions Business Fund (Christmas Firebreak)	To support businesses with their immediate cash flow and help them to survive the economic consequences of the additional restrictions introduced on the 4 December 2020.
Restrictions Business Fund Extension Grants	To support businesses with their immediate cash flow and to help them survive the economic consequences of the additional restrictions announced to control the spread of Covid-19.
Coronavirus childcare assistance scheme	To provide pre-school childcare assistance for critical workers and vulnerable children.
Childcare provider grant	To support registered childcare businesses with immediate cash flow where they have not been able to access other schemes.
Care workers £500 payment scheme	A £500 taxable payment for care workers who were employed in an eligible role during eligible dates.

Statutory sick pay enhancement scheme	To enable employers to pay full pay to care workers who are unable to work due to COVID-19 and who only receive statutory sick pay (SSP) when they are absent, or are not eligible for SSP.
Childcare Provider Support (CWTCH) Grant	<p>To provide sustainability funding to support childcare settings to continue operating throughout the challenges of Coronavirus, where no other public funding is being provided to cover the same costs.</p> <p>To support families by removing the need for providers to charge parents fees when a service is not being provided.</p>

4.7 As at the 31 March 2021 the above schemes attracted thirty eight thousand six hundred and eighty five applications, of which thirty one thousand three hundred and ninety were paid. The total sum paid exceeded £132 million.

4.8 The Business Grants scheme was by far the largest scheme administered by the Council, applications were open from 26 March until 30 June 2020. As at 31 March 2021:

- Six thousand one hundred and thirty eight applications were processed with a total value of £69.037 million;
- One thousand and fifty applications (17%), had been rejected due to ineligibility.

4.9 Guidance from Welsh Government to local authorities administering Business Grants was to implement low friction up front controls where possible, supplemented by post assurance checks. A system of verification checks was set up, and triggers were built into processes, whereby red flags for potential fraud or error were raised based on the application details and credentials input, and necessary verification was required before payments were issued, to prevent public money from being allocated inappropriately.

4.10 Post payment verification and assurance processes for Business Grants has included:

- Audit and Corporate Investigation Team staff undertaking manual checks of entitlement / eligibility, using information submitted on the payment file, and open source information to confirm businesses were trading at eligibility dates;

- Participation in two data matching exercises for wider verification.

- 4.11 The first data matching exercise commenced in June 2020, and compared grant applicant information to Experian's commercial database. The aim was to identify frauds such as impersonation, misuse of unrelated bank accounts/use of high-risk accounts, brand-new accounts being set up fraudulently/misused, and ineligible companies (e.g. ceased trading or commenced trading after qualifying date).
- 4.12 The second data matching exercise involved participation in a pilot NFI data matching exercise, working with Audit Wales and the Cabinet Office prior to a proposed national roll out. The Council's data was matched with datasets including Experian, Equifax, Dun and Bradstreet, Food Standards Agency and Companies House. In addition to automated matches, an analyst generated further matches through a review of Experian and Equifax matches.
- 4.13 One thousand one hundred and two priority Business Grant matches were initially identified for review through post payment verification as at the 31 March 21, one thousand four hundred and fifty six matches have been processed, of which seventy seven are subject to ongoing review.

b. Business As Usual Activities

- 4.14 The Council has participated in a combination of National Fraud Initiative (NFI) data matching exercises / pilots and reactive investigation work to identify and review potential frauds and irregularities. Professional networks are in place to work with other local authorities to share intelligence and best practice externally, and the Corporate Investigation Team has provided specialist internal guidance, training and support.
- 4.15 The Council continues to participate in the National Fraud Initiative (NFI), which is a UK-wide counter-fraud exercise. In Wales, the exercise is undertaken by the Auditor General for Wales under his statutory data-matching powers in Part 3A of the Public Audit (Wales) Act 2004. Audit Wales have reported that since its commencement in 1996, NFI exercises have resulted in the detection and prevention of £42.9 million of fraud and overpayments in Wales. Across the UK, the cumulative total of NFI outcomes are now £1.93 billion. The seven main areas which generated almost 98% of the fraud and overpayments include; council tax discount, blue badges, housing benefit, pensions, waiting lists, residential care homes and council tax reduction schemes.

4.16 Two hundred and eighty nine days related to referrals from various sources, including, members of the public, Council employees as well as anonymous referrals. Specialist internal advice has continued to be sought, and has been provided on twenty-four occasions, compared to twenty-two in 2019/20. Requests originated from a number of different teams, covering topics such as data matching, preliminary investigations, gathering evidence, conducting investigations, and prosecutions

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

- Adapting to emerging risks associated with the pandemic, required a flexible approach to resource planning and tasking.
- There was a significant shift to proactive working during the year.
- Local and National guidance necessitated revised working practices, which included the cessation of face to face interviews and property visits. Alternative methods of progressing enquiries were introduced and a concerted effort to clear cases ensued.
- 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.
- An influx of Council Tax Reduction referrals from Housing & Communities.
- NFI work generated fifty-three of the cases closed, which were categorised as “other”, these related to Social Services matches.

4.18 The majority of investigation cases continue to be generated in respect of Council Tax Liability issues through reviewing NFI matches. Council Tax fraud could be when a person claims to live in a single adult household when more than one adult lives there, or they might claim to be a student when they are not. Referrals may be received from the Council Tax Team, members of the public or via data matching.

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

4.19 Planning Transport and Environment have continued to collaborate with their external service provider in order to continue their on-street enforcement activity. Whilst the pandemic limited the work during the year, twenty-seven blue badges were seized, compared to seventy-one for the same period 2019/20. The majority of badge seizures were as a result of a vehicle being parked, whilst the Blue Badge holder was not present.

4.20 One hundred and forty-six Council Tax Liability investigations were completed, compared to seventy-three during 2019/20. A number of active cases are ongoing at the year-end, which were identified through reviewing the annual NFI Council Tax to Electoral Register data matches. These matches identify Council Tax accounts (single adult households) receiving a single person discount where the Electoral Register identifies that there is more than one adult at the property registered to vote.

4.21 Forty-four Council Tax Reduction investigations were concluded, compared to thirty-one last year. Council Tax Reduction is classed as a local benefit; however, recipients may also be in receipt of a national benefit, for example, Universal Credit, Housing Benefit, Pension / Tax Credits. In these cases, fraud referrals are sent to the DWP to investigate.

4.22 Twenty-two investigations have concluded relating to employee misconduct. The allegations included: abuse of position, overtime – inflated claims, corruption, theft, working whilst sick.

4.23 Twenty-seven insurance claims* have been concluded. In these cases, insurance payments were made at a reduced rate where elements of claims were not supported, and in other cases insurance claims were withdrawn.

* Insurance data is provided by external claims handlers and may be subject to in-year / retrospective adjustments.

4.24 Six tenancy investigations were completed, compared to fifteen last year.

4.25 Of the sixty-two other 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

4.26 Officers actively collaborate in available groups and forums in order to continue to understand fraud risks, trends and best practice approaches to prevent and detect fraud.

Groups & forums attended (2020/21)	Wales Fraud Officers Group - the Group Auditor (Investigations) engages in quarterly meetings, for networking and sharing best practice and proactive initiatives.
	Welsh Chief Auditor's Group - The Audit Manager Chairs these meetings, where strategic and operational fraud matters are discussed.
	National Anti-Fraud Network (NAFN) - Cardiff Council is a member of the NAFN, which acts as a hub for the collection, collation and circulation of intelligence alerts. NAFN is recognised as an expert provider of data services by the Interception of Communications Commissioner's Office, the Home Office, the DWP and the DVLA amongst others.
	Wales Fraud Forum & Audit Wales Good Practice Exchange – Lead counter-fraud officers attend these events for best practice advice and insight.

5 Impact

COVID-19 Grants

5.1 As a result of Audit, Investigation and Business Rate colleagues interrogating systems, records, and data matching output in respect of Business Grants administered on behalf of Welsh Government, overall sixty-six grants have been identified as paid in error (1%) with a total value of £780,000 (1%). Of this, £454,000 has been recovered and work continues to recover the remainder.

5.2 The other twelve schemes combined identified 31 payments subsequently identified as paid in error, with a value of £220,000. Of this, £95,950 has been recovered to date whilst further recovery activities are ongoing.

5.3 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.

Blue Badges

5.4 Thirty-seven Blue Badge cases were concluded, twenty-nine resulted in criminal sanctions, of these, twenty-six were prosecuted and three received a simple caution.

Council Tax Liability

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

Council Tax Liability	2018/19	2019/20	2020/21
Investigations concluded	117	73	146
Overpayment Identified	£63,500	£42,038	£74,264

Council Tax Reduction

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

Council Tax Reduction	2018/19	2019/20	2020/21
Investigations concluded	8	31	44
Overpayment Identified	£11,909	£25,911	£9,455

Employee Investigations

5.7 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

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

Insurance	2018/19	2019/20	2020/21
Investigations concluded	36	47	27
Prevented payments	£473,678	£531,898	£396,505

5.9 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

5.10 Six tenancy investigations were completed, compared to fifteen last year.

Other

5.11 Of the sixty-two cases concluded, in total £7,374 was identified for recovery, which related to a pension case.

6 Fraud Measurement and Assurance

- 6.1 The Counter-Fraud and Corruption Strategy sets out the approach taken to measure the fraud risk in Cardiff Council, which is built upon national trends and intelligence and Council specific intelligence. This includes management and internal audit assurance, data matching and analysis through participation in the National Fraud Initiative Cabinet Office exercises, and disclosures in the public interest through the Council's whistleblowing scheme.
- 6.2 The Council has made a proper assessment of its fraud and corruption risks, with the overarching position represented on, and managed through the corporate risk register. The corporate risk of 'fraud, bribery and corruption' is subject to ongoing monitoring and management. The risk is updated on at least a quarterly basis for SMT consideration and Governance and Audit Committee review (formerly Audit Committee), with the position considered by Cabinet twice a year.
- 6.3 A number of methods are used to identify and respond to the risk of fraud and corruption:
- **Annual assessment against the 'Fighting Fraud and Corruption Locally Strategy 2020', and the Government Functional Standard (GovS 013: Counter Fraud).** Further information on these is provided in the following paragraphs;
 - **Participation in the CIPFA fraud and corruption tracker.** This year, the tracker was responded to by each directorate management team, with the overall position considered and agreed in SMT. The process enabled a coordinated assessment and validation of fraud and corruption risks and data, and provided an opportunity for directorates to consider the position in respect of their directorate risk assessment, and make appropriate updates;
 - **Senior Management Assurance Statements on fraud, bribery and corruption risk management on a twice-yearly basis.** Prior to each director submitting a senior management assurance statement of their maturity in this area, they are required to review the position with their respective management teams.

- 6.4 As referred to above, the Corporate Investigation Team has reviewed the Council's position in respect of counter-fraud through the use of two public sector checklists. Firstly, an assessment has been made against the 'Fighting Fraud and Corruption Locally 2020 Strategy'. The strategy has been developed for English Local Authorities supported by CIFAS and CIPFA, to provide *"a blueprint for a coordinated response to fraud and corruption perpetrated against local authorities with the support of those at the top."*
- 6.5 A high-level assessment against the senior stakeholder checklist is included in **Annex 1**, followed by the detailed checklist of thirty-seven points for which the Council's self-assessment results are included in **Annex 2**. The self-assessments have provided general comfort in the strength of the counter-fraud approach in the Council and has reinforced the ongoing approach to Council-wide training and awareness as important cornerstones of the corporate counter-fraud response. It has reaffirmed the importance of the approach ongoing to coordinate fraud and corruption risk assessments, to communicate effectively on risk identification and awareness, and to review cases of proven fraud for lessons learned purposes. These areas are carried forward onto the ongoing Counter-Fraud Action Plan.

Functional Standard (GovS 013: Counter Fraud)

- 6.11 In 2021, the Government launched an updated "Functional Standard" for counter fraud, detailing the main components government organisations should have in place to deal with fraud effectively. The Functional Standard for counter fraud was developed by a senior group of fraud experts in government. The standard applies to all government departments and their arms-length bodies.
- 6.12 The Council's position has been reviewed against the Functional Standard (GovS 013: Counter Fraud). An assessment has been made against the full Standard and a summarised version of the assessment against an associated summary checklist is included in **Annex 3**. The self-assessment provided general assurance that the Council has strong foundations in place to deal with fraud effectively.

6.13 During 2020, CIPFA conducted its latest annual Counter-Fraud and Corruption Tracker survey, the aim being to create a national picture of the amount, and types of fraud carried out against local authorities. In the results subsequently published it has recommended that:

- Local authorities must remain vigilant and determined in identifying and preventing fraud, raising the awareness of fraud risk across all areas of service delivery and all levels of the organisation.
- It remains important for organisations to work collaboratively with their neighbours and business partners, share resources, skills and best practice to effectively detect and prevent fraud.
- Public sector organisations should maximise opportunities to share data where these initiatives are made available and explore and invest in additional innovative use of data sharing and fraud prevention technology, reducing the risk of loss through fraud.
- This year the majority of authorities reported fraud prevention as their main priority with none listing intelligence gathering at any level. Authorities should reconsider the value of intelligence in connection with identifying fraud risk, informing and focusing their planned activity and helping protect the organisation, therefore further preventing fraud.
- CIPFA recommends active publicity campaigns across all levels of the organisation to ensure staff are aware of whistleblowing procedures and accessibility to supporting services.
- Cyber security continues to increase in importance relative to the increase in remote working and electronic service application. Where controls need to be strengthened authorities should seek assistance from the LGA's cyber security programme stakeholder group.
- The new Fighting Fraud and Corruption Locally 2020 strategy has been released and councils are encouraged to review their working practices against the FFCL checklist, strengthening controls where weakness is identified.

6.14 The collated responses from each directorate against the CIPFA fraud tracker 2020 were reviewed and agreed by SMT in November 2020 in respect of the financial year 2019/20. The outputs of the CIPFA exercise were reviewed following publication in SMT during March 2021.

6.15 SMT recognised many of the trends in cases of fraud reported nationally in local authorities, and reinforced the importance of the ongoing commitment to the prevention and detection of fraud, built on the ongoing strategic approach underway for Council-wide training and awareness. The national data on fraud trends, volumes and values has informed ongoing risk assessments within directorates, and the programming of internal audit work.

Action Plans

6.16 The Counter-Fraud Annual Report 2019/20 contained an action plan arising from the strategic intentions in respect of counter-fraud activity, informed by the year-end assessment against the functional standard (GovS 013: Counter Fraud) and the review of the Fighting Fraud and Corruption Strategy in place at the time. Progress against the action plan was monitored throughout the year, and the year-end position is included within **Annex 4**, in which all actions are considered of an ongoing nature and are to continue.

6.17 The ongoing Counter-Fraud Action Plan is included within **Annex 5**, which follows the review of the previous action plan progress and includes one additional action arising from the self-assessments of fraud and corruption through the aforementioned checklists and exercises. The action plan contains eight actions overall, seven actions of an ongoing nature from the previous year's action plan, and a further action to review the suite of counter-fraud operational policies, and provide relevant updates to ensure all good practice elements of the revised Functional Standard (GovS 013: Counter Fraud) are appropriately incorporated.

7 Investigation Plan 2021/22

7.1 Looking forward to 2021/22, there are four hundred and forty two chargeable days available in the plan based on current resources (2.5 fte).

7.2 These days have been indicatively split between strategic (80 days) and operational activities (362 days) as summarised within the table below.

Strategic (Planned Days)	80
Fraud awareness / reporting	25
Policy and procedure review / planning	25
Intelligence sharing / working groups / police liaison	10
National Fraud Initiative	10
Training development / delivery	10

Operational (Planned Days)	362
Council Tax Liability (CTL)	180
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.

Fighting Fraud and Corruption Locally (FFCL) 2020

Senior stakeholders - Checklist

The Chief Executive

Expectations
Ensure that your authority is measuring itself against the checklist for FFCL
Is there a trained counter fraud resource in your organisation or do you have access to one?
Is the audit committee receiving regular reports on the work of those leading on fraud and is the external auditor aware of this?
Commentary – <i>The above mechanisms and arrangements are in place, as outlined in more detail within the following FFCL checklist</i>

The Section 151 Officer

Expectations
Is there a portfolio holder who has fraud within their remit?
Is the head of internal audit or counter fraud assessing resources and capability?
Do they have sufficient internal unfettered access?
Do they produce a report on activity, success and future plans and are they measured on this?
Commentary – <i>The above mechanisms and arrangements are in place, as outlined in more detail within the following FFCL checklist</i>

The Monitoring Officer

Expectations
Are members, audit committees and portfolio leads aware of counter fraud activity and is training available to them?
Is the fraud team independent of process and does it produce reports to relevant committees that are scrutinised by members?
Commentary – <i>Governance and Audit Committee induction training provided, supplementary information provided to Committee Members within packs issued to support individual Member self-assessments against the CIPFA knowledge and skills framework. All Elected Members can access the Fraud Awareness training module. The Corporate Investigation Team is independent, and produces progress reports for Governance and Audit Committee consideration at least quarterly.</i>

The Audit Committee

Expectations
Should receive a report at least once a year on the counter fraud activity which includes proactive and reactive work
Should receive a report from the fraud leads on how resource is being allocated, whether it covers all areas of fraud risk and where those fraud risks are measured
Should be aware that the relevant portfolio holder is up to date and understands the activity being undertaken to counter fraud
Should support proactive counter fraud activity
Should challenge activity, be aware of what counter fraud activity can comprise and link with the various national reviews of public audit and accountability.
Commentary – <i>The above mechanisms and arrangements are in place, as outlined in more detail within the following FFCL checklist. Additional information and details are included within the Annual Report to appropriately inform the Governance and Audit Committee.</i>

The Portfolio Lead

Expectations
<i>Receives a regular report that includes information, progress and barriers on:</i>
The assessment against the FFCL checklist
Fraud risk assessment and horizon scanning.
Commentary – <i>The Portfolio Cabinet Member (Councillor Weaver) receives corporate risk information, and has been provided with the completed FFCL checklist, the Functional Standard (GovS 013: Counter Fraud) self-assessment from this report, and the results of the Fraud and Corruption Tracker exercise.</i>

Fighting Fraud & Corruption Locally 2020 Checklist

Self-Assessment

Checklist	Position	Action Required
<p>1</p> <p>The local authority has made a proper assessment of its fraud and corruption risks, has an action plan to deal with them and regularly reports to its senior Board and its members.</p>	<p>The risk of fraud, bribery and corruption is contained on the corporate risk register, and is reviewed by the senior management team and Governance and Audit Committee quarterly prior to reporting to Cabinet.</p> <p>In September 2020, all directorates contributed to a risk assessment of their respective fraud and corruption risks. Each directorate assessed their position against the CIPFA fraud and corruption tracker, and all results were considered in SMT in November 2020.</p> <p>Directorates undertook to add relevant risks to their risk registers, as appropriate, and the Audit Manager reported the position to Audit Committee (subsequently renamed Governance and Audit Committee) in the meeting of 23 March 2021.</p> <p>Any actions resulting from risk assessments at a corporate level of fraud and corruption are included within the corporate risk register, which is owned by the SMT, and is regularly reported to the Governance and Audit Committee and Cabinet.</p> <p>Directors respond to an assurance statement twice a year in respect of fraud, bribery and corruption as part of the Senior Management Assurance Statement (SMAS) process.</p>	<p>Annex 5 – Action 2.</p>
<p>2</p> <p>The local authority has undertaken a fraud risk assessment against the risks and has also undertaken horizon</p>	<p>Each directorate considered their fraud and corruption risks through participating in the CIPFA fraud and corruption tracker exercise in September 2020. This assessment</p>	<p>Annex 5 – Action 4.</p>

	scanning of future potential fraud and corruption risks. This assessment includes the understanding of the harm that fraud may do in the community.	included the consideration of the wider impact of fraud. All results were considered in SMT in November 2020.	
3	There is an annual report to the audit committee, or equivalent detailed assessment, to compare against FFCL 2020 and this checklist.	The Counter-Fraud Annual Report includes the assessment against the FFCL checklist and in consideration of the wider strategy.	Annex 5 – Action 5.
4 Page 90	The relevant portfolio holder has been briefed on the fraud risks and mitigation	<p>The portfolio Cabinet Member is named against the corporate risk of fraud bribery and corruption, and kept engaged on the current mitigation and planned further activities and response. The strategic response to the risk of fraud is co-ordinated through the Counter-Fraud and Corruption Strategy, which was approved by the Cabinet in July 2019.</p> <p>The Portfolio Cabinet Member (Councillor Weaver) receives corporate risk information, and has been provided with the completed FFCL checklist, the Functional Standard (GovS 013: Counter Fraud) self-assessment from this report, and the results of the Fraud and Corruption Tracker exercise.</p>	
5	The audit committee supports counter fraud work and challenges the level of activity to ensure it is appropriate in terms of fraud risk and resources	The Governance and Audit Committee receives an annual plan of the proactive and reactive areas of work for the Corporate Investigation Team each year, and progress reports at least quarterly on the work and outcomes of counter-fraud work. The Committee self-assessed their counter-fraud performance as effective in their self-assessment in January 2021.	
6	There is a counter fraud and corruption strategy applying to all aspects of the local authority's	The Counter-Fraud and Corruption Strategy included a requirement for all officers to undertake fraud awareness training for which progress is being monitored, and for the	

	business which has been communicated throughout the local authority and acknowledged by those charged with governance.	Council to participate an international fraud awareness week communication campaign, which took place in November 2020.	
7	The local authority has arrangements in place that are designed to promote and ensure probity and propriety in the conduct of its business.	The key operational policies and arrangements, and the frequency of their review, are set out in the Counter-Fraud and Corruption Strategy.	
8	The risks of fraud and corruption are specifically considered in the local authority's overall risk management process.	The risk of fraud, bribery and corruption is included on the corporate risk register, with the assessment and actions formally reported on quarterly.	
Page 91	Counter fraud staff are consulted to fraud-proof new policies, strategies and initiatives across departments and this is reported upon to committee.	Responses from directorates as part of the recent fraud and corruption tracker return considered that this was effectively in place.	
10	Successful cases of proven fraud/corruption are routinely publicised to raise awareness.	The Council has a 'publicity policy' for cases of proven fraud.	

11	<p>The local authority has put in place arrangements to prevent and detect fraud and corruption and a mechanism for ensuring that this is effective and is reported to committee.</p>	<p>The Governance and Audit Committee receives a progress report on at least a quarterly basis, which provides details of the proactive and reactive work, the number and nature of referrals, ongoing cases, closed cases, and the outcomes.</p>	
12	<p>The local authority has put in place arrangements for monitoring compliance with standards of conduct across the local authority covering:</p> <ul style="list-style-type: none"> – codes of conduct including behaviour for counter fraud, anti-bribery and corruption – register of interests – register of gifts and hospitality. 	<p>The Council has codes of conduct and registers of interest, gifts and hospitality. Each of these areas require monitoring by management, as well as review by the Standards and Ethics Committee and routine audit by the Internal Audit Service.</p>	
13	<p>The local authority undertakes recruitment vetting of staff prior to employment by risk assessing posts and undertaking the checks recommended in FFCL 2020 to prevent potentially dishonest employees from being appointed.</p>	<p>The Council requires that appropriate vetting is required by staff prior to employment, undertaken by management, with the support of HR People Services. The process is subject to Internal Audit.</p>	

14	Members and staff are aware of the need to make appropriate disclosures of gifts, hospitality and business. This is checked by auditors and reported to committee.	The requirement for Members and Officers to make appropriate personal, business, gifts and hospitality disclosures are communicated and subject to Internal Audit.	
15	There is a programme of work to ensure a strong counter fraud culture across all departments and delivery agents led by counter fraud experts.	A number of communication campaigns have been introduced to provide a base level of understanding of fraud risks and the counter-fraud culture required across the organisation. This has been primarily delivered through the roll out of mandatory fraud awareness training and the focus in fraud awareness week on key areas (money laundering, impersonation fraud, fraud risks awareness and how to seek help / advice). All corporate training has been designed and facilitated by the Council's counter-fraud experts.	Annex 5 – Actions 6 & 7
16	There is an independent and up-to-date whistleblowing policy which is monitored for take-up and can show that suspicions have been acted upon without internal pressure.	The Council's Monitoring Officer maintains the whistleblowing policy. The Standards and Ethics Committee is provided with information to enable them to monitor the number and nature of cases, their progress and outcomes.	
17	Contractors and third parties sign up to the whistleblowing policy and there is evidence of this. There should be no discrimination against whistleblowers.	Contractors are made aware of the Council's whistleblowing policy as part of standard contracts, through which they can make a disclosure in the public interest.	
18	Fraud resources are assessed proportionately to the risk the local authority faces and are adequately resourced.	Fraud resources are monitored in respect of the risk of fraud. To support the resilience of the small Corporate Investigation Team, a pool of Investigating Officers have been formally trained to conduct professional internal investigations in accordance with the Council's disciplinary, and fraud, bribery and corruption policies.	

19	There is an annual fraud plan which is agreed by committee and reflects resources mapped to risks and arrangements for reporting outcomes. This plan covers all areas of the local authority's business and includes activities undertaken by contractors and third parties or voluntary sector activities.	The annual fraud plan is considered by the Governance and Audit Committee each year, which reflects risks and covers all areas of Council business. The plan indicates the proportion of time expected to be used in respect of strategic and operational work, and any comments from the Governance and Audit Committee are accounted for in the deployment of the team. The Corporate Investigation Team needs to be responsive to risk and referrals, through which the actual work completed and the outcomes are reported to the Governance and Audit Committee.	
20	Statistics are kept and reported by the fraud team which cover all areas of activity and outcomes.	The Corporate Investigation Team provides progress reports on the work and outcomes of the work led by the team. The outcomes of the small number of areas where work is led outside of the team, namely insurance investigations, and a pilot blue badge initiative with a third party, are periodically collated and reported to the Governance and Audit Committee.	
21	Fraud officers have unfettered access to premises and documents for the purposes of counter fraud investigation.	Fraud officers have unfettered access to premises and documents for the purposes of counter fraud investigation.	
22	There is a programme to publicise fraud and corruption cases internally and externally which is positive and endorsed by the council's communications team.	There is a Publicity Policy in place to guide the approach to publicising fraud and corruption cases internally and externally, supported by the Council's Communications Team.	
23	All allegations of fraud and corruption are risk assessed.	All allegations of fraud and corruption are subject to a preliminary assessment, through which the allegations and associated risk are assessed.	

24	<p>The fraud and corruption response plan covers all areas of counter fraud work:</p> <ul style="list-style-type: none"> – prevention – detection – investigation – sanctions – redress. 	<p>The fraud and corruption response plan covers all areas of counter fraud work:</p> <ul style="list-style-type: none"> – prevention – detection – investigation – sanctions – redress. 	
25	<p>The fraud response plan is linked to the audit plan and is communicated to senior management and members.</p>	<p>The Audit Manager, prepares the Internal Audit Plan and the Fraud Plan. Both plans are co-ordinated to target and receive assurance on areas of risk. The Audit Plan is communicated with SMT, as are the priorities in respect of the Corporate Investigation Team’s proactive and reactive planned work.</p>	
26	<p>Asset recovery and civil recovery are considered in all cases.</p>	<p>Asset recovery and civil recovery are considered in all cases.</p>	
27	<p>There is a zero tolerance approach to fraud and corruption that is defined and monitored and which is always reported to committee.</p>	<p>There is a zero tolerance approach to fraud and corruption that is defined in the Counter-Fraud and Corruption Strategy, and associated policies, which are monitored and considered by the Governance and Audit Committee.</p>	
28	<p>There is a programme of proactive counter fraud work which covers risks identified in assessment.</p>	<p>The proactive work is informed by risk, and intelligence, whether it involves the focus / deployment of training and awareness campaigns, to targeted data matching exercises.</p>	
29	<p>The counter fraud team works jointly with other enforcement agencies and</p>	<p>The Corporate Investigation team works jointly with other enforcement agencies, including the Police, Cabinet Office, DWP, and a range of professional networks.</p>	

	encourages a corporate approach and co-location of enforcement activity.		
30	The local authority shares data across its own departments and between other enforcement agencies.	The local authority shares data across its own departments (such as procurement, legal, Council Tax, Finance (Inc. Audit and Corporate Investigation Teams), and between other wider agencies (including the DVLA, Cabinet Office / National Fraud Initiative, Home Office, Police, DWP).	
31	Prevention measures and projects are undertaken using data analytics where possible.	The Corporate Investigation Team co-ordinates and actively participates in the National Fraud Initiative data matching exercises. The Investigation and Internal Audit Teams continue to advocate Directorate use of data analytics in the processing of applications across the Council.	Annex 5 – Action 7.
32	The counter fraud team has registered with the Knowledge Hub so it has access to directories and other tools.	The Corporate Investigation Team has registered with the Knowledge Hub and has access to relevant resources.	
33	The counter fraud team has access to the FFCL regional network.	<i>n/a – English LA's only</i>	
34	There are professionally trained and accredited staff for counter fraud work. If auditors undertake counter fraud work they too must be trained in this area.	Counter-Fraud work is undertaken by the Corporate Investigation Team, who are professionally trained and suitably accredited.	

35	The counter fraud team has adequate knowledge in all areas of the local authority or is trained in these areas.	The counter fraud team has adequate knowledge in all areas of the local authority.	
36	<p>The counter fraud team has access (through partnership/ other local authorities/or funds to buy in) to specialist staff for:</p> <ul style="list-style-type: none"> – surveillance – computer forensics – asset recovery – financial investigations. 	<p>The counter fraud team has access (through partnership/ other local authorities/or funds to buy in) to specialist staff for:</p> <ul style="list-style-type: none"> – surveillance – computer forensics – asset recovery – Financial investigations. 	
Page 97	Weaknesses revealed by instances of proven fraud and corruption are scrutinised carefully and fed back to departments to fraud-proof systems.	Weaknesses revealed by instances of proven fraud and corruption are scrutinised carefully and appropriate mechanisms are used to feedback improvements to fraud-proof systems to directorates, such as action plans resulting from investigations, or separate Internal Audit engagements and associated recommendations in the event of ongoing control gaps.	Annex 5 – Action 8.

Functional Standard (GovS 013: Counter Fraud) Self-Assessment

Counter Fraud Organisational Basics Checklist

The Functional Standards set out the basics that public bodies should have in place to find and fight fraud. All public bodies should understand and seek to meet the Functional Standard (GovS 013: Counter Fraud). [Government Functional Standard - GovS 013: Counter Fraud \(publishing.service.gov.uk\)](https://publishing.service.gov.uk)

The following assessment is in respect of the summary level checklist against the Government Functional Standard (GovS 013: Counter Fraud), although a full detailed assessment has been completed and is held by the Audit Manager within the Internal Audit Section.

Functional standard	Position	Action Required
<p>Page 98</p> <p>Have an accountable individual at board level who is responsible for counter fraud, bribery and corruption</p>	<p>The Audit Manager leads on the Council’s Counter-Fraud activities and initiatives under the direction of the Corporate Director Resources (Section 151 Officer) who is a member of the Councils SMT and ensures appropriate senior management prominence and engagement.</p> <p>The portfolio Cabinet Member Cllr Chris Weaver champions counter-fraud importance, is actively engaged in the development of counter-fraud policies and strategy, and is provided with the outcomes of exercises to examine and manage risk, including the assessments of counter-fraud appended to this report.</p> <p>The Governance and Audit Committee receive information on the Counter-Fraud activities, resources and outcomes through quarterly updates.</p> <p>The Committee received and considered a national report from Audit Wales and the specific findings in respect of the Council in September 2020, and the findings were discussed with the external Auditor and the Audit Manager.</p>	

2	Have a counter fraud, bribery and corruption strategy that is submitted to the centre	<p>Cardiff Council has an overarching Counter-Fraud and Corruption Strategy, underpinned by a policy framework which has been approved by Cabinet.</p> <p>The strategy:</p> <ul style="list-style-type: none"> • Provides details of national counter-fraud landscape, with details of trends and intelligence. • Includes details of the red flags and conditions for fraud and the principal means of assessing the risk of fraud and its detection. • Is based on the maturity and response the organisation is seeking over a three-year period, following which a strategy update is planned. The corporate risk register contains a target risk level and timescale. • Contains a counter-fraud Response Plan and Action Plan • Contains clear objectives and a combined foreword from the Leader and the Chief Executive. 	
Page 99	Have a fraud, bribery and corruption risk assessment that is submitted to the centre	<p>Fraud, Bribery and Corruption is contained on the Corporate Risk Register, and is reviewed by the senior management team and Governance and Audit Committee quarterly prior to reporting to Cabinet.</p> <p>In September 2020, all directorates contributed to a risk assessment of their respective fraud and corruption risks. Each directorate assessed their position against the CIPFA fraud and corruption tracker, and all results were considered in SMT in November 2020.</p> <p>Directorates undertook to add relevant risks to their risk registers, as appropriate, and the Audit Manager reported the position to Audit Committee (subsequently renamed Governance and Audit Committee) in the meeting of 23 March 2021.</p> <p>All risk registers are required to contain all pertinent risks, including the risk of fraud bribery and corruption in accordance with the Council's Risk Management Strategy and Policy.</p> <p>Any actions resulting from risk assessments at a corporate level of fraud and corruption are included within the corporate risk register, which is owned by the SMT, and is regularly reported to the Governance and Audit Committee and Cabinet.</p>	

		Directors respond to an assurance statement twice a year in respect of fraud, bribery and corruption as part of the Senior Management Assurance Statement (SMAS) process.	
Page 100	4 Have a policy and response plan for dealing with potential instances of fraud, bribery and corruption	<p>To supplement the Counter-Fraud and Corruption Strategy, the Council has a suite of counter fraud policies and procedures in place, which are reinforced by the Council’s mandatory ‘Fraud Awareness’ eLearning module.</p> <p>The full Functional Standard for this area (4.5. Organisational Policy and Response Plans) details the good practice components of the Fraud, Bribery and Corruption Policy and the Fraud Response Plan. The suite of counter-fraud operational policies, including the Fraud, Bribery and Corruption Policy and the Fraud Response Plan are scheduled for review during 2021/22, and this review will provide relevant updates with appropriate incorporation of the good practice elements of the Standard.</p> <ul style="list-style-type: none"> • <u>The Fraud, Bribery and Corruption Policy</u> includes the following sections: Definitions, Scope, Training & Awareness, Prevention, Detection, Reporting, Investigation, Collaboration, and Accountability. • <u>The Fraud Response Plan</u> is a procedural guide for required actions, which must be followed, in the event of a suspicion of fraud, bribery, corruption or financial impropriety, in accordance with the Fraud, Bribery and Corruption Policy. Responsibilities are defined, as is the process for assigning the lead investigating officer and the support available from Internal Audit. <p>The Audit Manager attends Senior Management Team meetings for periodic counter-fraud updates and the Corporate Investigation Team regularly produce progress reports to the Governance and Audit Committee and provide monitoring and performance information and updates.</p> <p>The Audit Manager will report cases of fraud, bribery, corruption or financial impropriety to the Section 151 officer and the Governance and Audit Committee as appropriate relative to their roles and terms of reference.</p>	Annex 5 – Action 1.

<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 101</p>	<p>5 Have an annual action plan that summarises key actions to improve capability, activity and resilience in that year</p>	<p>An Annual Action Plan is prepared and appended to each Counter-Fraud Annual Report.</p> <p>The Action Plan reflects the strategic intentions in respect of counter-fraud activity, informed by the year-end assessment against the Functional Standard (GovS 013: Counter Fraud) and the review of the Fighting Fraud and Corruption Locally Strategy.</p> <p>The Action Plan is coordinated by the Audit Manager, who is responsible to tracking and reporting on progress against the actions set. The Action Plan includes target timescales against actions.</p> <p>The Governance and Audit Committee (formerly Audit Committee) receives an update on counter-fraud and the work of the Corporate Investigation Team at least quarterly. A specific progress update on the Action Plan was not considered necessary during 2020/21, although interim updates between Annual Reports have been provided in prior years, as appropriate.</p> <p>The Council reports the Action Plan as part of the Counter-Fraud Annual Report for consideration and review by the Governance and Audit Committee.</p>	
	<p>Have outcome based metrics summarising what outcomes they are seeking to achieve that year. For organisations with 'significant investment' in counter fraud or 'significant estimated' fraud loss, these will include metrics with a financial impact</p>	<p>The Council reports on the volumes and values of fraud cases identified for investigation, and the outcomes of those investigations. This information is provided on a comparative basis against the same period in the prior year for the information of the Governance and Audit Committee in quarterly progress reports.</p> <p>The Counter-Fraud Annual Report provides comparative information on the outcomes of investigations against the previous two financial years.</p> <p>The Corporate Investigation Team is a small specialist resource. Audit Wales reviewed the counter-fraud arrangements in the Council as part of a national study and no recommendations were considered necessary in respect of the development of further metrics.</p>	

7	Have well established and documented reporting routes for staff, contractors and members of the public to report suspicions of fraud, bribery and corruption and a mechanism for recording these referrals and allegations	<p>Well-established and communicated arrangements are in place for reporting suspicions of fraud, bribery and corruption.</p> <p>Reporting arrangements are communicated and prompted in mandatory fraud awareness training and as part of fraud awareness week and other relevant publicity activities or campaigns.</p> <p>All referrals and other casework are recorded within a corporate fraud database, allocated a unique reference and categorised as appropriate.</p>	
8	Report identified loss from fraud, bribery, corruption and error, and associated recoveries, to the centre in line with the agreed government definitions	<p>The Governance and Audit Committee receives details of the value of fraud or error identified through the concluded cases over the reported period, identified for recovery action.</p> <p>The value of recovery due to fraud or error is not systematically reported to Committee and this is not a further reporting requirement in local government. However, this data was compiled and provided to Audit Wales for their external review of counter-fraud arrangements as part of a recent national study.</p> <p>The database maintained is conducive to effective reporting to the Governance and Audit Committee on the fraud cases received, ongoing and closed over the current and previous reporting periods.</p>	
9	Have agreed access to trained investigators that meet the agreed public sector skill standard	<p>Whilst the Government Counter Fraud Profession has not been adopted by local authorities, all members of the Corporate Investigation Team are professionally trained and suitably skilled and experienced.</p>	

10	Undertake activity to try and detect fraud in high-risk areas where little or nothing is known of fraud, bribery and corruption levels, including loss measurement activity where suitable	<p>The Council participates in a CIPFA counter-fraud and corruption tracker with the direct engagement of the full senior management team annually. As part of this exercise national fraud trends, volumes and values are considered and reflected in as fraud risks and volumes are considered and reported on across the Council. Areas where there are gaps in information and assurance are considered for management activities, and for the development of internal audit assurance engagements, as appropriate.</p> <p>The Council actively participates in the proactive National Fraud Initiative; this has included pilots in respect of COVID-19 grants and Council Tax.</p> <p>During 2020/21, a further data matching activity was undertaken for post payment verification purposes on Business Grants administered during the year on behalf of Welsh Government for targeted assurance due to the necessity to pay a significant amount of funds at pace.</p>	
Page 103	Ensure all staff have access to and undertake fraud awareness, bribery and corruption training as appropriate to their role	All staff are required to participate in mandatory fraud awareness training, which is either delivered face to face or via an eLearning module.	
12	Have policies and registers for gifts and hospitality and conflicts of interest	<p>The Council has policies and registers for gifts and hospitality and declarations of interest.</p> <p>The procedures document how to record and mitigate conflict of interest risks.</p>	

Year-End Status – Prior Year Action Plan

Annex 4.

Action	Target	Position as at April 2021
<p>1.</p> <p>On an annual basis, the Investigation Team to review directorate:</p> <ul style="list-style-type: none"> • responses to their assurance statements on the prevention and detection of fraud • risks relating to fraud, bribery and corruption, to provide advice and guidance. 	<p>Annually</p>	<p>Partially completed and ongoing</p> <p>In respect of risk reviews, all directorates were engaged via the Corporate Investigation Team in the fraud and corruption tracker exercise, in which directorate management teams were required to identify their most significant risks of fraud, bribery and corruption. As an outcome of the exercise, many directorates have taken actions to update their risk registers in respect of the matters identified.</p> <p>Assurance statements were not reviewed by the Corporate Investigation Team this year, as resources were prioritised on supporting fraud prevention and detection through active engagement in projects as new systems were developed in response to priorities associated with the pandemic. Significant resources were also applied for post award assurance data matching exercises and associated investigation cases for Business Grants.</p> <p>The work of the Corporate Investigation Team is designed in coordination with the activities of Internal Audit, who completed an assurance audit engagement on directorate risk management and a review of governance arrangements during the year.</p>
<p>2.</p> <p>The Audit Manager to co-ordinate participation in a corporate fraud tracker exercise with SMT on an annual basis.</p>	<p>Following each financial year-end</p>	<p>In place and ongoing</p> <p>The action was completed in full and is considered as a business as usual activity.</p>

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			Additionally, documented assessments were completed against the Fighting Fraud and Corruption Locally checklist and the Government's Functional Standard for counter-fraud following the 2020/21 financial year-end. These assessments will be completed again following each financial year-end, and are included in the respective Counter-Fraud Annual Reports.
3.	A documented assessment against the Fighting Fraud and Corruption Locally checklist to completed annually, and included in the Counter-Fraud Annual Report.	Following each financial year-end	In place and ongoing Documented assessments were completed against the Fighting Fraud and Corruption Locally checklist and the Government's Functional Standard for counter-fraud following the 2020/21 financial year-end. These assessments will be completed again following each financial year-end, and are included in the respective Counter-Fraud Annual Reports.
4.	Audit Manager to support requests for counter-fraud training, and to monitor and report on the completion of the mandatory Fraud Awareness Training eLearning module.	Ongoing	In place and ongoing To embed key messages from the Counter-Fraud and Corruption Strategy, fraud awareness training has been received by circa five thousand people (officers, headteachers and school governors). The training was delivered through a combination of eLearning for PC users, face-to-face training sessions for front-line staff, and targeted school briefings.

5.	Participate in International Fraud Awareness Week in November each year, working with the Council's Communications Team.	November 2020	<p>In place and ongoing</p> <p>Cardiff Council participated in International Fraud Awareness Week (15-21 November 2020), with articles and resources issued each day to all staff.</p> <p>There is a commitment to participate in the International Fraud Awareness Week in 2021.</p>
6.	The use of data matching intelligence at the point of processing Council applications will be tested and advocated through the Internal Audit regime.	Ongoing	<p>In place and ongoing</p> <p>Internal Auditors are briefed on the expectation to consider the feasibility of services using data matching intelligence at the point of processing Council applications.</p>
7.	In instances of proven fraud and corruption, post fraud reviews will take place as appropriate, from which the findings and relevant actions will be shared with SMT and Audit Committee as appropriate.	Ongoing	<p>In place and ongoing</p> <p>In respect of cases of proven corporate fraud, post fraud reviews will take place as appropriate, from which the findings and relevant actions will be shared with SMT and Governance and Audit Committee as appropriate.</p> <p>Internal Audit engagements will continue to be targeted in high-risk areas, mindful of any concerns or allegations raised in respect of the Council's control environment.</p>

Counter-Fraud Action Plan for 2021/22

Annex 5.

	Action	Target
New Action		
1.	The suite of counter-fraud operational policies, including the Fraud, Bribery and Corruption Policy and the Fraud Response Plan are scheduled for review during 2021/22, and this review will provide relevant updates to ensure all good practice elements of the Functional Standard (GovS 013: Counter Fraud) are appropriately incorporated.	By 31 March 2022
Ongoing Actions		
2.	On an annual basis, the Corporate Investigation Team to review directorate: <ul style="list-style-type: none"> • responses to their assurance statements on the prevention and detection of fraud • risks relating to fraud, bribery and corruption risks, to provide advice and guidance. 	Annually
3.	The Audit Manager to co-ordinate participation in a corporate fraud tracker exercise with SMT on an annual basis.	Annually
4.	A documented assessment against the Fighting Fraud and Corruption Locally checklist to completed annually, and included in the Counter-Fraud Annual Report.	Following each financial year-end
5.	Audit Manager to support requests for counter-fraud training, and to monitor and report on the completion of the mandatory Fraud Awareness Training eLearning module.	Ongoing
6.	Participate in International Fraud Awareness Week in November each year, working with the Council's Communications Team.	November 2021
7.	The use of data matching intelligence at the point of processing Council applications will be tested and advocated through the Internal Audit regime.	Ongoing
8.	In instances of proven fraud and corruption, post fraud reviews will take place as appropriate, from which the findings and relevant actions will be shared with SMT and Audit Committee as appropriate	Ongoing

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Governance and Audit Committee Financial Update 28th September 2021



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

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To Cover

- Current Year Issues (Month 4 Report to Cabinet 23rd September)
- Budget Strategy Work 2022/23



Month 4 Overview

Division	Net Budget £000	Projected Outturn £000	Variance £000	Summary of main areas of variance
Corporate Management / Cap. Financing	26,856	27,256	400	Capital financing £400k
Economic Development	8,048	9,911	1,863	£1.086m Culture, Venues, Events, £338k Sport & Leisure, £287k PDD, £230k Major Projects
Education (Retained)	293,485	294,080	595	+£114k School Transport, +£136k trading, +£232k EOTAS, +£504k Achievement, -£167k OOC
Governance & Legal Services	6,010	6,176	166	£35k external legal fees, £24k printing, £80k CMS / subscriptions
Housing & Communities	49,068	48,905	(163)	Underspend position projected
Performance and Partnerships	2,871	2,871	0	Balanced Position projected
Planning, Transport, Environment	5,928	6,299	371	+£371k Energy Management,
Recycling & NS	30,273	30,423	150	Pressures in Enforcement, Waste Disposal and Collections – Improved income Generation
Resources	14,770	14,570	(200)	Overall underspend mainly due to a level of in-year vacancies
Social Services - Adult's	120,279	120,324	45	+£430k on Commissioning. Offset by -£385k on Internal Services
Social Services - Children's	70,535	71,750	1,215	Assumes of reliance on £2.2m contingency
Total	628,123	632,565	4,442	

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COVID-19: Expenditure Claims to M4

Dir.	Description	April £000	May £000	June £000	July £000	Total £000
CMT	PPE, Additional Cleaning materials and Warehouse Costs	46	75	49		170
ECD	Economy Re-opening and City Stewarding costs	8	22	34		64
RNS	Additional Domestic Waste Processing	105	75	27		207
EDU	Free School Meals	407	58	56	570	1091
	Schools Costs – Additional Cleaning, Staffing and adaptations	125	194	266	118	703
HAC	Homelessness – Provision of food, Security, Staffing and NRPF costs	26	58	98	86	268
	Self Isolation Payments – Admin and Payments cost	104	42	47	229	422
Adult Services	Residential and Nursing Provider Voids	718	659	786	800	2,963
	Fee Uplift for Supported Living, Dom. Care, Residential and Nursing Providers	331	387	369	401	1,488
	SSP enhancement Scheme and Care Home Testing	29	156	0		185
CH D	Additional Staff / Placements	117	149	187	200	653
X Dir	Misc. Costs across Directorates – Add. Staff, Infection Cont	62	77	38	113	290
Council Total Claim		2,078	1,952	1,957	2,517	8,504

- Misc - relates to residual body storage ancillary costs and minor staffing & infection control claims across all directorates

COVID-19: Income Claims Q1

Description	Claimed	Reimbursed	Holding	Detail on Holdingg
Parking	964	964	0	
Planning	204	0	204	Planning timing of income
Property	523	523	0	
Schools Catering	130	130	0	
Schools	136	136	0	
Sport & Leisure	619	114	505	Timing of Claim
Venues	1,868	1,868	0	
Other	565	334	231	Licensing timing of Income
Council Total Claim	5,009	4,069	940	



Budget Strategy 2022/23

Budget Gap of £21.3 million next year and £80.9 million over the next four years

Key Funding Announcements

- 27th October - UK Budget and Comprehensive Spending Review
- 21st December - Provisional Settlement

Key Work Streams over the Autumn

Savings

- Proposals required in respect of any remaining shortfalls to savings targets
- Further detail and due diligence required at pace on all savings proposals – to ensure that proposals are robust and deliverable on time

Financial Modelling

- Refine work on demand pressure - Social Services, Pupil Numbers (Sept on roll), FSM, CTRS - gage any impact of JRS ending
- Inflation - monitor CPI and any announcements in UK Budget (e.g. NLW) with potential implications for commissioned service costs in 2022/23
- Address issues inherent in the Month 4 monitoring position - per previous slide
- Further work on financial recovery of services, especially income funded areas - quantify risk and sensitivity analysis for 2022/23 position
- Consider construction materials supply and pricing pressures - impact on capital schemes and maintenance budgets, and identification of mitigations to manage these within existing resources

Other -Commence work on Fees and Charges proposals for 2022/23

Capital

- Not looking to expand our own funding (borrowing / capital receipts). Needs to be focussed consideration of priorities, as well as a realistic assessment of the capacity to deliver proposed schemes
- New schemes should be limited to external funding sources or ITS/ITE. Any ITS / ITE must be robust.



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Planning and Performance Management: Responding to the Local Government and Elections (Wales) Act

Governance and Audit Committee, 28th September

Contents

- Planning and Performance: Overview
- Legislative Context:
 - Wellbeing of Future Generations Act
 - Local Government and Elections Act
- Planning: What are we trying to do and how are we planning to do it?
- Reporting:
 - Reporting framework
 - Self-assessment
 - Role of Governance and Audit Committee
- Improvement
- Performance Panel Assessments
- Duty to Consult

Planning and Performance: In brief

1. What are we trying to do and how are we planning to do it?

- i. There is a clear view of what success looks like – across the organisation and with relevant partners*
- ii. Create realistic plans and budgets, settings clear accountabilities, metrics and targets*

2. How, at any given moment, will we know whether we are on track?

- i. Performance Reporting and Systems: Reporting gives a timely view of performance with appropriate detail, and it feels like it adds value rather than being a burden.*
- i. Holding robust performance dialogues: Performance reviews are both challenging and supportive, and are focussed, fact based and action orientated*

3. If we are not on track, what are we going to do about it?

- i. Actions are taken to improve performance and there are visible consequences for good and bad performance.*

Legislative Context: **Future Generations Act**

Councils are required to:

1. Set and publish Well-being Objectives (via Corporate Plan)
2. Take all reasonable steps to meet those objectives (via Corporate Plan)
3. Publish a statement about Well-being Objectives (via Corporate Plan)
4. Publish an annual report of progress (via Annual Wellbeing Report)
5. Publish its response to any recommendation made by the Future Generations Commissioner for Wales (none received, as yet)

Legislative Context: **Local Government Act**

Councils are required to:

1. **Keep performance under review:** is the extent to which it is exercising its functions effectively; using its resources **economically, efficiently and effectively**, and; its governance is effective for securing the above.
2. **Consult on performance:** with local people, staff, trade unions and partners
3. **Report on performance:** produce a self-assessment report every year, containing assessment of performance (service, finance, governance) and improvement actions identified
4. **Arrange a panel performance assessment and respond to a panel performance assessment report**

Planning and Performance: In brief

1. What are we trying to do and how are we planning to do it?

- i. There is a clear view of what success looks like – across the organisation and with relevant partners*
- ii. Create realistic plans and budgets, settings clear accountabilities, metrics and targets*

2. How, at any given moment, will we know whether we are on track?

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1. What are we trying to do & how are we planning to do it?

i) There is a clear view of what success looks like – across the organisation and with relevant partners

- Capital Ambition
 - High level policy statement of the administration
 - Approved by Council
 - Clearly communicated to citizens; partners; staff and members.
- Wellbeing Objectives:
 - Outcome-focused statements which sets out what the Council wants to achieve e.g *Cardiff is a great place to grow up; Cardiff is a great place to grow older*
 - *Set in the Corporate Plan, following process of self-assessment and challenge*
 - Shared wellbeing objectives with Cardiff Public Services Board
- Wellbeing Indicators:
 - Measure progress towards achieving the Well-being Objectives
 - Outcome indicators, not service performance
 - Measured at city-level and gap between communities
 - Agreed in partnership via PSB
 - Reported annually and accessed via city performance dashboard

1. What are we trying to do & how are we planning to do it?

ii) Create realistic plans and budgets, settings clear accountabilities, metrics and targets

Council's Planning and Performance Framework, including:

- Corporate Plan
- Directorate Delivery Plans
- Personal Performance Objectives
- Budget
- Risk Management
- Workforce Action Plan
- Asset & Property Plan
- Partnership Planning (Wellbeing Plan, Area Plan, etc.)

Corporate Plan

What is it?

- Translates policy agenda of administration into Wellbeing Objectives
- Contains SMART 'steps', with political and managerial responsibility
- KPIs and targets

How is it developed and agreed?

- Self-assessment process
- Challenge and support sessions – CEX, Cabinet and Scrutiny
- Developed and approved alongside budget at Cabinet and Council

How do we report against it?

- Quarterly Performance Reports
- Annual Wellbeing Report

Corporate Plan development

- Mid Year self-assessment commences Corporate Plan refresh (*November*)
- Thematic Challenge Sessions (by Wellbeing Objective, *December*)
 - Involving Leader, Cabinet Member for Finance, Modernisation and Improvement, Lead Portfolio Holders, Chief Executive and relevant Directors
 - *Consider Corporate Challenges | Priorities | Key Performance Indicators | Target Setting*
- Engagement with Performance Panel (*January*)
 - *Consider Corporate Challenges | Priorities | Key Performance Indicators | Target Setting*
- Engagement with PRAP & All Scrutiny Committees (*February*)
 - *Consider Corporate Challenges | Priorities | Key Performance Indicators | Target Setting*
- Approval: Cabinet and Council (*February*)

Directorate Delivery Plans

What are they?:

- Corporate Template developed which includes:
 - **Service commitments** to achieving delivery of Corporate Plan, with associated service KPIs
 - **Corporate organisational health KPIs**, including sickness absence, training etc.
 - **Mitigating actions in relating to major risks** identified through the risk process (and link to risk register)
 - **Actions to progress Equality & Inclusion objectives** included in the Equality & Inclusion Strategy and actions to address any differentials in access to service across protected characteristics
 - **Compliance with Welsh language standards** and Welsh language policy priorities
 - **Corporate Safeguarding** actions identified through the Safeguarding self assessment process
 - **Regulatory compliance**, including response to any recommendations or proposals for improvement
 - **Scrutiny recommendations**, including response to any recommendations or proposals for improvement
- Can be supported by Service Plans (optional)

How are they developed and agreed?:

- Developed through directorate self-assessment exercise
- Agreed at the year-end assurance sessions convened by the Chief Executive and Section 151 Office.
- Each Scrutiny Committee also considers the Directorate Delivery Plan(s) which fall within their remit.

Personal Performance Objectives

- **Setting Personal Objectives** (May/June)
- **Six-month review** (Completed by November)
- **End of Year Review** (Completed by 31st May)
- **Key Principles of the Performance Discussion**
 - Face-to-face discussion between the employee and the manager,
 - Identifies clear objectives for the individual to deliver corporate priorities
 - Reflects on what has gone well
 - Consider areas of improvement
 - Identifies actions and next steps, including any support or training required to achieve personal objectives.

Other Plans...

- **Budget:** Developed and agreed alongside the Corporate Plan
- **Risk and Governance:** Reviewed every quarter
- **Workforce planning:** Directorate action plans developed following approval of the Corporate Plan, contribute to a Council Workforce Action Plan
- **Assets:** Annual Property Plan
- **Procurement Strategy**
- **Other:** statutory and non-statutory strategies

Planning and Performance: In brief

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- i. Actions are taken to improve performance and there are visible consequences for good and bad performance.*

Reporting: Improving the Presentation of Corporate Performance Data

2. SUPPORTING VULNERABLE PEOPLE	IMPROVEMENT OBJECTIVE	DIRECTORATE RESPONSIBILITY	MEASURES	16-17 YE RESULT (15-16 AY)	16-17 YE TARGET (15-16 AY)	16-17 Q3 RESULT (16-17 AY)	15-16 YE RESULT (14-15 AY)
2.1 - People at risk in Cardiff are safeguarded	SS	R	Percentage of Children's Services social work vacancies across the service	23.5%	30%	23.6%	22.2%
			Percentage of re-registrations on the Child Protection Register during the year	3.3%	Create Baseline	2.0%	New
			Percentage of adult protection enquiries completed within 7 working days	98.0%	Create Baseline	98.2%	New
			Percentage of children supported to remain living within their family	55.5%	Create Baseline	56.6%	New
			Number of children participating in the Challenging Extremism module	894	1,000	894	New
2.2 - People in Cardiff have access to good quality housing	CHCS	R	The number of customers supported and assisted with their claims for Universal Credit	691	400	541	New
			Additional weekly benefit awarded to clients of the City Centre Advice Team	£11,895,475	£10,000,000	£8,733,556	New
			The percentage of Commercial Landlord Agents licensed with Rent Smart Wales (cumulative)	66%	30%	108%	New
			Number of Landlords in Wales registered with Rent Smart Wales (cumulative)	74,969	26,000	68,563	New
			The percentage of interventions provided by the outreach service within 3 working days of a report of rough sleeping	100%	30%	100%	New
			The number of additional affordable housing units provided during the year as a percentage of all additional housing units provided during the year	52.96%	20%	Annual	New
2.3 - People in Cardiff are supported to be live independently	CHCS	R	The percentage of new service requests to be managed within Independent Living Services (ILS) as opposed to Social Care	62%	50%	57%	New
			The percentage of cases where alternative solutions were found by an Independent Living Visiting Officer through interventions reducing the need to follow through to Social Care	93%	45%	94%	New
			The percentage of Telecare calls resulting in an ambulance being called	8%	<10%	8%	7.3%
	SS	R	The percentage of care leavers aged 16-24 experiencing homelessness during the year	Not yet available	Create Baseline	Annual	New
			The rate of delayed transfers of care for social care reasons per 1,000 population aged 75 or over	5.10 (P at 100)	10.73	4.54	11.10
			The total number of adults in need of care and support using the Direct Payment Scheme	746	750	707	New
			The percentage of eligible adults who are caring for adults that were offered a Carers Assessment during the year	73.5%	90.0%	61.7%	76.8%

DIRECTORATE DASHBOARD Q4									
DIRECTORATE: City Operations (Page 1 of 2)		DIRECTOR: Andrew Gregory		NUMBER OF EMPLOYEES (FTE): 914		CABINET MEMBERS: Cllrs Bradbury, Derbyshire & Patel			
<p>IMPROVEMENT OBJECTIVE: 3.2 Cardiff has a high quality city environment that includes attractive public spaces and good supporting transport infrastructure</p> <p>DIRECTORATE SUMMARY OF PROGRESS:</p> <p>Cardiff City Region Metro and City Deal - The A489/A470 scheme was substantially completed in January 2017. The Welsh Government awarded Cardiff Council approximately £2.6million of grant funding for transport schemes to be developed and delivered in the 2017-18 financial year. Partnership working with Welsh Government, Local Authorities and stakeholders in the Region continues, including consultation and engagement regarding the Wales and Borders Rail Franchise. The Regional Cabinet of the Cardiff Capital Region (CCR) City Deal ratified the £1.2billion deal on 1st March 2017. The first joint Cabinet of the City Deal met on 17th March 2017 to agree programme management and Accountable Body responsibilities, and to elect the Regional Cabinet Chair.</p> <p>Transport Strategy - Following consultation, this was approved by Cabinet in October 2016. The Engagement questionnaire was published in December 2016 and the period for public / stakeholder feedback was extended to 24th March 2017.</p> <p>Cardiff Bay Programme / Action Plan - This has been prepared and informed by regular steering group meetings across the Directorate. Work towards delivery of individual projects and aspirations within the draft Masterplan continues. Marmada Quay and Volvo / Alexandra Head focussed master-planning projects now underway. Britannia Park planning application submitted by Associated British Ports (ABP). The preparation of a final consolidated masterplan is likely to be concluded during summer 2017.</p> <p>Strategic Planning - All 10 Local Authorities in the City Region have signed up to the City Deal, which has a planning dimension. The Regional Board supports the preparation of an overarching strategic vision which will inform the consideration of strategic development issues in the City Region and follow this route, as opposed to formally embarking on the statutory Strategic Development Plan route at this time. This will enable the strategic development issues to be considered in tandem with matters in relation to the City Deal, including wider transportation, infrastructure and economic development issues.</p> <p>Highway Asset Strategy - Following the submission of pressure bids and the Asset Investment Strategy, the Highways Asset funding for 2017-18 has seen improvement from previous years. Works on a 'one council' approach have commenced and early engagement with stakeholders is underway, with a view to assessing what information is held for like assets (public realm, parks etc.). The value of the assets and the future funding requirements will be established as the investigation and engagement progress and the asset knowledge base is developed.</p> <p>Cycle Strategy - The Integrated Network Map (INM) consultation was launched on 3rd January 2017 and closed on 28th March 2017. Cabinet approved the launch of the consultation on the Cycling Strategy, which ran from 1st February 2017 to 28th March 2017. Consultation activities have included an online consultation and survey, stakeholder meetings including the Cycle Liaison Group, the Access Focus Group and the Local Access Forum, 3 public events, and consultation with pupils at Willows High School and Plasnewydd School.</p>									
MEASURES	16-17 YE RESULT	16-17 YE TARGET	16-17 Q3 RESULT	15-16 YE RESULT	COMMITMENTS	Q1	Q2	Q3	Q4
LTPII011 - Mode of Travel to Work: Sustainable (annual)	44.9%	44.6%	N/A	43.9%	Support Welsh Government and other stakeholders in the formulation of proposals to develop the Cardiff City Region Metro	A/G	A/G	R/A	G
LTPII011C - Mode of Travel to Work: Cycling (annual) <i>Comment - Result has improved on previous year, however target not met this year which may be due to external issues such as the weather, although a sustained 1% shift to cycling from other modes each year was always going to be a challenge to achieve</i>	10.0%	10.2%	N/A	9.2%	Develop a Cardiff Cycle Strategy, benchmarked against European best practice, by December 2016	G	A/G	G	G
THS007 - Percentage of adults aged 60+ who hold a concessionary bus pass	98.9%	94%	98%	96.5%	Approve a new Cardiff City Transport Strategy following public consultation and stakeholder engagement by October 2016	A/G	G	G	G
Percentage of major planning applications determined during the year within agreed timescales	98.3%	25%	33.3%	12%	Deliver first phase of the Action Plan for Cardiff Bay by December 2016	G	A/G	G	G
Percentage of household planning applications determined within agreed time periods	95.3%	80%	95.1%	71.4%	Work with neighbouring Local Authorities and other relevant stakeholders to prepare a Strategic Development Plan (SDP) for the Cardiff Capital Region by 2021	A/G	A/G	G	A/G
The percentage of principal (A) roads, non-principal/classified (B) roads and non-principal/classified (C) roads that are in overall poor condition	6.07%	7%	N/A	5.23%	Establish a ZOOM for asset maintenance and renewal within the new City Operations Directorate by Q4 2017	A/G	R/A	A/G	A/G



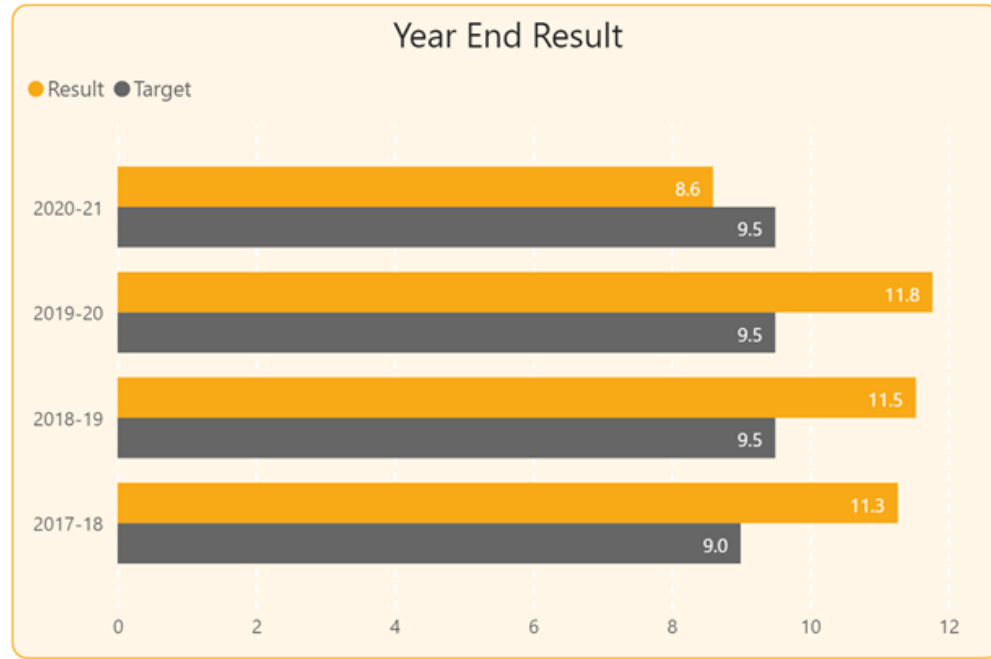
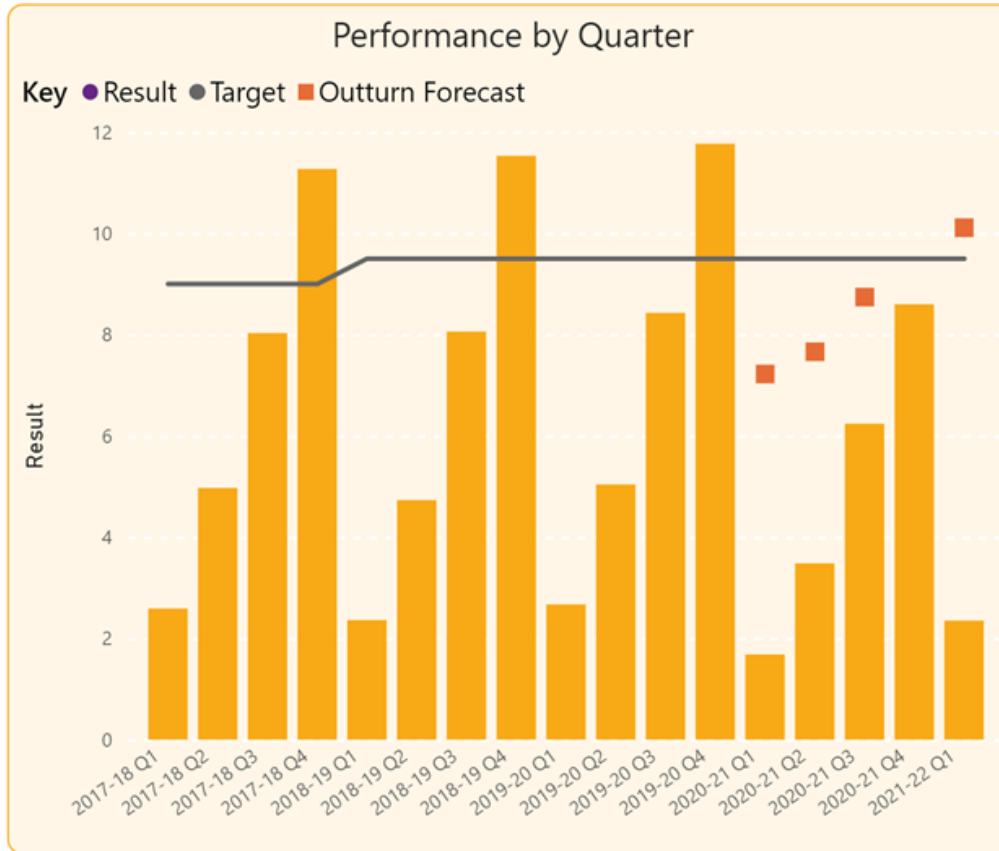


KPI Ref:
7.12

Modernising and Integrating Our Public Services

Reporting Frequency: Quarterly
Data Presented Cumulatively? No
KPI Introduced: 2017-18
Most recent data point result:
2021-22 Q1

The number of working days/shifts per full-time equivalent (FTE) Local Authority employee lost due to sickness absence





Self Assessment: Principles

Mechanism for a council to keep its performance under review is self-assessment, with a duty to publish a report setting out the conclusions of the self-assessment once in respect of every financial year, containing assessment of performance (service, finance, governance) and improvement actions identified

Self-assessment is a way of **critically, and honestly, reviewing the current position** in order to make decisions on how to secure improvement for the future.

The statutory Guidance sets out several **principles**:

- *'Self-assessment is not a fixed judgement.*
- *It should be a meaningful process, not an exercise in compliance.*
- *The process should encourage honesty, objectivity and transparency about the council's performance and governance.*
- *It should be owned and led at a strategic level, involving members and officers at all levels of the organisation.*
- *It should be an evidence-based analysis, understanding what a range of quantitative and qualitative information at the council's disposal reveals about how it is exercising its functions, using its resources and governing itself.*
- *It should be focused on outcomes, what has been achieved rather than the process.*
- *It should not be a standalone process, but integrated as part of the council's corporate planning, performance and governance processes.'*

Planning & Performance	Reporting Regime				Who has Oversight
	Q1	Q2	Q3	Q4	
Service Performance (Corporate Plan)	Quarterly Stock-take	Quarterly Stock-take	Quarterly Stock-take	Annual Wellbeing Report	Council, Cabinet, Scrutiny
Budget	Budget Monitoring	Budget Monitoring	Budget Monitoring	Annual Budget Report	Cabinet, PRAP
Governance and Risk		Senior Management Assurance (Half-Year)		Annual Governance Report	Governance and Audit Committee
	Quarterly Risk Report	Quarterly Risk Report	Quarterly Risk Report	Annual Risk Report	Governance and Audit Committee Cabinet
Recommendations of Regulatory Bodies		External Audit Tracker	<i>Assurance & Risk Assessment</i>	External Audit Tracker	Governance and Audit Committee
Recommendations of Internal Audit	Internal Audit Tracker	Internal Audit Tracker	Internal Audit Tracker	Internal Audit Tracker	Governance and Audit Committee
Recommendations of Scrutiny Committees		Scrutiny Tracker		Annual Scrutiny Report Scrutiny Tracker	All Scrutiny Committees
Annual Complaints and Complements Report				Annual Complaints and Complements Report	Cabinet Governance and Audit Committee
Citizen Engagement			Ask Cardiff Results	Budget Consultation	Cabinet PRAP
Wellbeing Plan (PSB)				Annual Report of the Public Services Board	PSB PRAP
Social Services				Annual Director of Social Services Report	Council, Cabinet, CYP, CASSC & Council
		 Mid-Year Self-Assessment		 Year-end Self-Assessment	Council, Cabinet, Scrutiny, Governance & Audit

Planning & Performance	Reporting Regime				Who has Oversight
	Q1	Q2	Q3	Q4	
Service Performance (Corporate Plan)	Quarterly Stock-take	Quarterly Stock-take	Quarterly Stock-take	Annual Wellbeing Report	Council, Cabinet, Scrutiny
Budget	Budget Monitoring	Budget Monitoring	Budget Monitoring	Annual Budget Report	Cabinet, PRAP
Governance and Risk		Senior Management Assurance (Half-Year)		Annual Governance Report	Governance and Audit Committee
	Quarterly Risk Report	Quarterly Risk Report	Quarterly Risk Report	Annual Risk Report	Governance and Audit Committee Cabinet
Recommendations of Regulatory Bodies		External Audit Tracker	<i>Assurance & Risk Assessment</i>	External Audit Tracker	Governance and Audit Committee
Recommendations of Internal Audit	Internal Audit Tracker	Internal Audit Tracker	Internal Audit Tracker	Internal Audit Tracker	Governance and Audit Committee
Recommendations of Scrutiny Committees		Scrutiny Tracker		Annual Scrutiny Report Scrutiny Tracker	All Scrutiny Committees
Annual Complaints and Complements Report				Annual Complaints and Complements Report	Cabinet Governance and Audit Committee
Citizen Engagement			Ask Cardiff Results	Budget Consultation	Cabinet PRAP
Wellbeing Plan (PSB)				Annual Report of the Public Services Board	PSB PRAP
Social Services				Annual Director of Social Services Report	Council, Cabinet, CYP, CASSC & Council
		Mid-Year Self-Assessment		Year-end Self-Assessment	Council, Cabinet, Scrutiny, Governance & Audit

Self Assessment: **Annual Wellbeing Report**

- **Will act as Council's Statutory Annual Self Assessment Report**
- **Integrated as part of the council's corporate planning, performance and governance processes**
- **Assessment of performance (service, finance, governance) and improvement actions by Wellbeing Objective:**
 - What has gone well?
 - What are the performance challenges and risks?
 - What are the priorities for action?
- **Draws on performance intelligence from:**
 - Internal: service performance, assurance self-assessment, risk register, budget monitoring
 - External sources: regulatory reports, scrutiny recommendations, citizen surveys
- **Result of self-assessment process involving:**
 - Directorate self-assessment exercise
 - Chief Executive / s151 Officer assurance session
 - Cabinet and Senior Management Team Progress and Performance
 - Scrutiny: PRAP and Performance Panel
 - Governance and Audit Committee
 - Cabinet and Council

Role of Audit and Governance Committee in the Self-Assessment

- *The council must make a draft of its self-assessment report available to its governance and audit committee. The committee must review the draft report and may make recommendations for changes to the conclusions or action the council intends to take. If the council does not make a change recommended by the governance and audit committee, it must set out in the final self-assessment report the recommendation and the reasons why the council did not make the change (Welsh Government Guidance)*

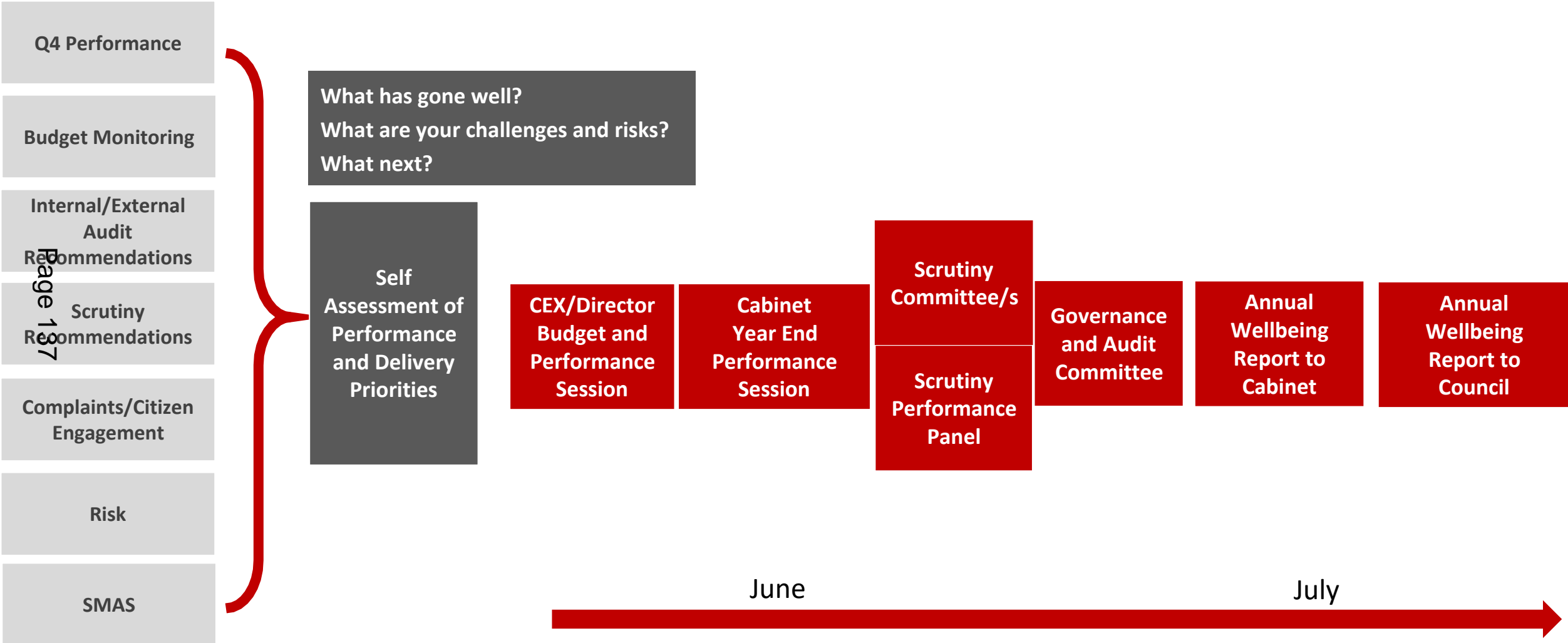
Proposed that Governance and Audit Committee:

- Receive draft Annual Wellbeing Report (July)
- Receive briefing on output and approach to mid-year self-assessment exercise (January)

Role of Audit and Governance Committee: Relationship with Scrutiny Committees

- Scrutiny Committees continue to be responsible for scrutinising specific performance issues within the remit of their ToR and executive decision making. The work of Scrutiny Committee's as they relate to performance issues will feed into the Annual Wellbeing report – which then must be shared with Governance and Audit Committee.
- Governance and Audit review the report and make recommendations, but in relation to high level issues around securing the Performance Requirements using the governance infrastructure of the Council, rather than recommendations on the specific service area performance issues dealt with by Scrutiny Committees themselves.

Self Assessment Process



Planning and Performance: In brief

1. What are we trying to do and how are we planning to do it?

- i. There is a clear view of what success looks like – across the organisation and with relevant partners*
- ii. Create realistic plans and budgets, settings clear accountabilities, metrics and targets*

2. How, at any given moment, will we know whether we are on track?

- i. Performance Reporting and Systems: Reporting gives a timely view of performance with appropriate detail, and it feels like it adds value rather than being a burden.*
- i. Holding robust performance dialogues: Performance reviews are both challenging and supportive, and are focussed, fact based and action orientated*

3. If we are not on track, what are we going to do about it?

- i. Actions are taken to improve performance and there are visible consequences for good and bad performance.*

Improvement: Tracking in-year action

Directorate Self Assessment

CEX Assurance Sessions

Cabinet Performance Session

Performance Panel

Scrutiny

Audit and Governance Committee

**Improvement
recommendations
identified and agreed**

a) Actions included in and reported through existing Corporate Reporting Framework (e.g. Risk, Budget, DDP)

b) In areas where further analysis and understanding required, Performance and Insight Team commissioned.

Duty to arrange a panel performance assessment and respond to its findings

- **Purpose:** The panel is required to assess the extent to which the council is meeting the performance requirement
- **Timing:** The council has a duty to arrange a panel performance assessment at least once during an electoral cycle.
- **Membership:** As a minimum:
 - An independent panel chair – not currently serving in an official or political capacity within local government;
 - A peer from the wider public, private or voluntary sectors;
 - A serving local government senior officer, likely to be equivalent to chief executive or director, from outside the council to be assessed, and;
 - A senior elected member from outside the council to be assessed.
- **Consideration:**
 - The council must make the report available to the council’s governance and audit committee and publish the report.
 - The panel must send the report as soon as is reasonably practicable after it has been prepared to: the council; The Auditor General for Wales; Her Majesty’s Chief Inspector of Education and Training in Wales, and The Welsh Ministers.
- **Response:** The council must prepare a response to the panel performance assessment report.

Panel performance assessment: Role of Audit and Governance Committee

The council must make a draft of its response to the panel performance assessment available to its governance and audit committee, which must then review the draft response and may make recommendations for changes to the response to the panel assessment.

If the council does not make a change recommended by the governance and audit committee, it must set out in the final response the recommendation and the reasons why it did not make the change.

Duty to Consult on Performance

- Consultation throughout the year (not one-off)
- With defined stakeholder groups
 - local people;
 - other persons carrying on a business in the council's area;
 - the staff of the council, and;
 - every trade union which is recognised by the council.
- Intelligence demonstrably used to inform performance assessment.
- Aligned to the development of new Citizen Engagement Strategy (required in 2022).
- Arrangements for consultation and engagement are considered as part of senior management assurance and the Annual Governance Statement.

Summary

- Council's Planning and Performance Framework has adapted to meet new legislative requirements.
- Improvements include:
 - Strengthened planning process: Corporate Plan and Directorate Delivery Plans
 - Mid-year and year-end self-assessment approach now embedded, drawing on wide corporate performance intelligence, owned and led at a strategic level by members and officers.
 - Integrated with existing corporate performance management governance
 - 'Tracker' approach introduced for scrutiny and regulatory recommendations
 - Improvements to data collection and performance reporting
- Additional responsibilities for Governance and Audit Committee:
 - Receive Annual Wellbeing Report (statutory self-assessment report) and make recommendations
 - Receive briefing on output of mid-year self-assessment
 - Receive Performance Panel Assessment Report, and make recommendations for change

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GOVERNANCE & AUDIT COMMITTEE: 28 SEPTEMBER 2021

DRAFT TREASURY MANAGEMENT ANNUAL REPORT 2020/21**REPORT OF THE CORPORATE DIRECTOR RESOURCES****AGENDA ITEM: X.X**

Annexes B & C of Appendix 1 of this 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 Governance and Audit Committee Terms of Reference sets out their responsibility for undertaking scrutiny of the accounting, audit and commercial issues in relation to the Council's Treasury Management Strategy and practices.
2. This report has been prepared to provide Committee Members with the Draft Treasury Management Annual Report before submission to Council in accordance with the Council's Treasury Management Policy. This is scheduled for October 2021

Background

3. The report attached at Appendix 1 provides the Committee with the Draft Treasury Management Annual Report for 2020/21.

Issues

4. In accordance with regulatory requirements, reports were submitted to Council in February 2020 indicating the Treasury Management Strategy for 2020/21 and a mid year report in November 2020. The following paragraphs cover the main highlights of the Annual Report for 2020/21.
5. At 31 March 2021, investments stood at £141.4 million. The annual report includes charts indicating who the investments are placed with and for how long. All investments are deemed recoverable and so no losses are required to be recognised in the Council's Statement of Accounts for activities during 2020/21. Interest receivable from treasury investments totalled £0.4 million during the year.
6. At 31 March 2021, the Council had £810.7 million of external borrowing, with £3.1 million of new borrowing and £21.2 million of scheduled repayments during 2020/21. Interest payable during the year from its revenue budget on this debt was £34 million of which £12.7 million was paid for by the Housing Revenue Account.
7. The level of internal borrowing is £30 million at 31 March 2021 (£nil at 31 March 2020). Due to restrictive penalty costs, no debt rescheduling was undertaken during the year.

8. At the start of the financial year, the Council is required to set a number of prudential indicators for capital expenditure and its treasury management activities. During 2020/21, there was no breach of indicators requiring a separate report to Council. Local affordability indicators are also produced highlighting the percentage of the Council's budgets committed to capital financing costs.

Reason for Recommendations

9. To allow Governance and Audit Committee to undertake the scrutiny of Treasury Management in accordance with Council's Treasury Management Policies.

Legal Implications

10. No direct legal implications arise from this report.

Financial Implications

11. This report provides a backward looking summary of the Council's Treasury Management activities during 2020/21. The report is required to be submitted to Council to discharge its reporting duties under the Treasury Management Policy adopted by the Council. This requires a report on treasury management at the start of the year, a mid year report and an annual report at the end of the year. The report is to note the activities and position of the prior financial year and highlights the level of investments, borrowing and revenue impact of treasury management decisions.

RECOMMENDATIONS

12. That the Draft Treasury Management Annual Report for 2020/21 be noted, prior to its submission to full Council.

CHRISTOPHER LEE
CORPORATE DIRECTOR RESOURCES
28 September 2021

The following appendix is attached:
Appendix 1 – Cardiff Council Draft Treasury Management Annual Report 2020/21

Annexes B & C to this Appendix are not for publication as they contain exempt information of the description in Paragraphs 14 and 21 of Schedule 12A of the Local Government Act 1972.

Appendix 1

Draft Treasury Management Annual Report 2020/21

Cardiff Council



Introduction

1. Treasury management activities are the management of the organisation's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.
2. The Council carries out its treasury management activities in accordance with a code developed for public services and updated in 2017 by the Chartered Institute of Public Finance and Accountancy (CIPFA). The code is currently the subject of a consultation, with an update expected in late 2021.
3. The Council has delegated responsibility for treasury management to the Corporate Director of Resources (S151 Officer). The Council's Treasury Management Practices which are updated annually, identifies specific responsibilities of officers as well as setting out schedules highlighting the way in which treasury activities are managed.
4. On 25th February 2010, Council approved policies and adopted the four clauses of the treasury management code which are replicated in **Annexe A** for information. Council received a report in February 2020 on the Council's Treasury Management Strategy for 2020/21 and a mid-year review in November 2020.
5. The Treasury Management is an integral part of the Council's Strategic and Financial planning framework, with borrowing activities primarily as a consequence of historic and future capital expenditure approved by Council as part of the Council's Capital Investment programme.



6. This report provides members with an annual report for the Council's Treasury Management activities for 2020/21. It covers:-
 - the economic background to treasury activities
 - treasury investment strategy and outturn for 2020/21
 - borrowing strategy and outturn for 2020/21 including debt rescheduling
 - compliance with treasury limits and prudential indicators
 - treasury management issues for 2020/21.

7. Council requires scrutiny of the accounting, audit and commercial issues of its Treasury Management Strategy and practices to be undertaken by the Council's Governance and Audit Committee. A number of reports were submitted to the Committee to note and review during the year, with committee receiving regular updates on the position and performance of treasury investments and borrowing. A glossary of key treasury management terms is included at Annexe E.

Economic Background

8. The first national lockdown, instigated in response to the COVID-19 pandemic in late March 2020 impacted significantly on economies globally. The impact felt, exceeded the economic downturn experienced post the financial crisis of 2008/09. Further lockdowns in November 2020 and January 2021 were actioned, but businesses and individuals had become more resilient in adapting to working in new ways during the latter part of 2020/21. The advent of vaccines starting in November 2020, were a 'game changer' aiding economic recovery and the eventual reopening of the economy.
9. During 2020/21, financial markets were concerned that the UK Bank Rate would be negative however this was firmly discounted at the February 2021 Monetary Policy Committee (MPC) meeting when it was established that commercial banks would be unable to implement negative rates for at least six months – by which time the economy was expected to be making a strong recovery and negative rates would no longer be needed. The key addition to the Bank's forward guidance in August was a new phrase in the policy statement, namely that "it does not intend to tighten monetary policy until there is clear evidence that significant progress is being made in eliminating spare capacity and achieving the 2% inflation target sustainably". That seemed designed to say, in effect, that even if inflation rises to 2% in a couple of years' time, do not expect any action from the MPC to raise Bank Rate – until they can clearly see that level of inflation is going to be persistently above target if it takes no action to raise Bank Rate.
10. The Chancellor implemented repeated rounds of support to businesses by way of cheap loans and other measures to protect jobs. This support came at a huge cost in terms of the Government's budget deficit ballooning in 2020/21 and 2021/22 so that the Debt to GDP ratio reached around 100%. The UK Budget on 3 March 2021 increased fiscal support to be followed by substantial tax rises in the following three years to help to pay the cost for the pandemic.
11. In respect to Brexit, the final agreement on 24 December 2020 eliminated a significant downside risk for the UK economy. However, the initial agreement only covered trade so there is further work to be done on the services sector where temporary equivalence has been granted in both directions between the UK and EU.
12. Brexit and the pandemic exposed how frail extended supply lines were around the world. In terms of direct impacts on the Council, this will have an impact on costs of construction and availability of materials, increasing risk.

Investments and Outturn

13. The Council's treasury investments include those arising from its own temporary cash balances as well as balances held from activities of Joint Committees such as the Cardiff Capital Region City Deal, for which it is the accountable body.
14. The management of the day-to-day cash requirements of the Council is undertaken in-house with credit advice from Link Asset Services, the Council's Treasury Management advisors. This may involve temporary borrowing pending receipt of income or the temporary lending of surplus funds. Investment balances fluctuate daily and arise from a number of sources including differences in timing of revenue and capital cash flows, reserves, provisions and other balances held for future use.
15. The Council invests with institutions approved by Council as part of its Treasury Management Strategy and in accordance with investment guidelines established by the Welsh Government. As part of the Markets and Financial Instruments Directive II, the Council elected for 'professional' status. The categories, names, periods and size limits on the Council's approved investment list can be extended, varied or restricted at any time by the Corporate Director Resources under delegated powers and monitored closely in conjunction with the Council's treasury advisors.
16. At 31 March 2021, investments stood at £141.4 million, with a short term investment strategy employed particularly at the start of the year to mitigate against liquidity risk. The Council's choice of investments maintained an approach of security, where the amount invested is that repayable. **Annexe B** shows with whom these investments were held.
17. A selection of performance indicators and benchmarking charts in relation to investments is included in **Annexe C**. The main areas to highlight at 31 March 2021 are as follows:-
 - Counterparty exposure against the maximum allowed directly with an organisation. This shows that at 31 March 2021 no exposure limits set were breached. This was also the case during the course of the year.
 - Investments held with different institutions as a percentage of the total shows that investments are diversified over a number of organisations and this was a strategy applied where possible during the course of the year.
 - The geographic spread of investments as determined by the country of origin of relevant organisations. All investments are in sterling and countries are rated AA and above as per our approved criteria.
18. Using historic data adjusted for current financial market conditions, the probability of any default is low at circa 0.01% of the investments outstanding, i.e. £11,170.
19. All investments held at 31 March 2021 are deemed recoverable. Accordingly, no impairment losses are reflected in the Council's 2020/21 Statement of Accounts arising from the Council's treasury management activities.

20. The overall level of interest receivable from treasury investments totalled £0.364 million in 2020/21. The average returns achieved compared to current industry benchmarks are shown in the table below.

	Return on Investment 2019/20		Return on Investment 2020/2021	
	Benchmark 7day / 3month (%)	Achieved (%)	Benchmark 7day / 3month (%)	Achieved (%)
In-house	0.53 / 0.63	0.85	(0.02) / 0.00	0.22

21. The benchmarks are the average of the 7-day London Interbank Bid Rate (LIBID) and 3-month LIBID respectively. These represent the average rate during the course of the year for investments for those periods. Performance exceeded benchmarks, due to availability of notice accounts offering higher deposit rates and undertaking longer term deposits where appropriate. As can be seen from the benchmarks, investment rates plunged during 2020/21 to near zero or into negative territory. Following a review led by the Bank of England, LIBOR will be phased out during 2021 and this means that the current LIBID investment benchmark will also be removed. The intention is to replace LIBID with the Sterling Overnight Index Average rate (SONIA) when the changes to LIBOR and LIBID have been completed.
22. The Bank of England and the Government also introduced new programmes of supplying the banking system and the economy with massive amounts of credit so that banks could help cash-starved businesses to survive the lockdown. This meant that for most of the year there was much more liquidity in financial markets than there was demand to borrow, with the consequent effect that investment earnings rates plummeted. These reductions will be reflected in interest receivable assumptions for 2021/22 and future years.
23. The Council continued to take a cautious approach to investing and is also fully appreciative of changes to regulatory requirements for financial institutions in terms of additional capital and liquidity that came about in the aftermath of the financial crisis. These requirements have provided a far stronger basis for financial institutions, with annual stress tests by regulators evidencing how institutions are now far more able to cope with extreme stressed market and economic conditions.

Borrowing and Outturn

24. Borrowing is undertaken to finance the Council's capital programme and manage any short-term cash flow requirements. The main sources of borrowing are identified in the table below.
25. At 31 March 2021, the Council had £810.7 million of external borrowing. This was predominantly fixed interest rate borrowing from the Public Works Loan Board (PWLB) payable on maturity.

31 March 2020			31 March 2021	
£m	Rate (%)		£m	Rate (%)
698.9		Public Works Loan Board	698.9	
51.0		Market (Lender Option Borrower Option)	51.0	
20.6		Welsh Government	22.5	
58.3		Local Authorities and other	38.3	
828.8	4.11	Total External Debt	810.7	4.17

26. All borrowing is in the name of the Council and a single pool of debt is maintained rather than having separate loans for the HRA. Total interest payable on external debt during 2020/21 was £34.0 million of which £12.7 million was payable by the Housing Revenue Account (HRA). In total £38.1 million was set aside from General Fund and HRA revenue budgets in line with the Councils approved policy on prudent provision for debt repayment.
27. Extracts from the borrowing strategy approved by Council in February 2020 are shown below.

The Council's Borrowing Strategy for 2020/21 and the capital financing revenue budgets included in the MTFP will consider all options to meet the long-term aims of:

- *promoting revenue cost stability to aid financial planning and avoid a stop-start approach to service delivery, although it is recognised that this may have a financial impact*
- *pooling borrowing and investments to ensure the whole Council shares the risks and rewards of treasury activities*
- *Ensuring borrowing plans are aligned to known capital expenditure spending plans and financial reserve levels*
- *achieving a balanced maturity profile*
- *having regard to the effects on current and future Council Tax and Rent Payers.*

External verses internal borrowing

Whilst interest rates for borrowing are greater than interest rates the Council receives for investments (the cost of carry), it makes financial sense to use any internal cash balances held in the short-term to pay for capital expenditure and minimise costs (internal borrowing), rather than undertake external borrowing. However, there is a risk that the Council may have to borrow at higher rates when it does actually need to borrow in future and so this position is kept under continuous review.

28. During 2020/21, the Council repaid £21.2 million of maturing loans. Interest free loans totalling £3.1 million were received from the Welsh Government in respect of Town Centre loan scheme and energy efficiency schemes. The overall effect of these transactions during the year was to increase the average rate on the Council's borrowing

to 4.17% at 31 March 2021 primarily due to the maturity of lower rate short term borrowing.

29. As part of its loan portfolio, the Council has six Lender Option Borrower Option (LOBO) loans totalling £51 million. These are where the lender can request a change in the rate of interest payable by the Council on pre-determined dates. The Council at this point has the option to repay the loan, but this option is conditional and would require the lender to ask for an increase in the current rates to trigger such an event. Apart from the option to increase rates these loans are comparable to PWLB and have no other complications such as variation in interest rates or complex terms.
30. Interest rates on the LOBO's held range between 3.81% and 4.35% which are not unreasonable given the council's average rate. Details of the loans are shown in the table below.
31. None of the LOBO's had to be repaid during 2020/21. £24 million of the LOBO loans are subject to the lender having the right to change the rate of interest payable during the next financial year. The Council has the right to refuse the change, triggering early repayment and the need to re-finance. This is a manageable refinancing risk as LOBO's form a relatively low proportion of the Council's overall borrowing at 6.29%.

£m	Rate	Potential Repayment Date	Option Frequency	Full Term Maturity
6	4.28%	21/05/2021	6 months	21/11/2041
6	4.35%	21/05/2021	6 months	21/11/2041
6	4.06%	21/05/2021	6 months	23/05/2067
6	4.08%	01/09/2021	6 months	23/05/2067
5	4.10%	16/01/2023	5 years	17/01/2078
22	3.81%	21/11/2020	5 years	23/11/2065

32. In accordance with the strategy, the Council has been in a position of undertaking internal borrowing which is when it uses temporary cash balances it holds in the short term instead of undertaking external borrowing. The level of internal borrowing is £30 million as at 31 March 2021, and this is confirmed by a comparison of the Council's external level of debt and its Capital Financing Requirement at 31 March 2021 as shown later in this report.
33. In October 2019, the Government introduced an unexpected policy increase of 100 (1%) basis points in PWLB rates on top of the then current margin over gilt yields of 80 basis points and in March 2020, started a consultation process for reviewing PWLB borrowing for different types of local authority capital expenditure.
34. On 25 November 2020, the Chancellor announced the conclusion to the review and the standard and certainty margins were reduced by 1%. However, a prohibition was introduced to deny access to borrowing from the PWLB for any local authority which had purchases of 'assets for yield'.

35. In summary, an approach of avoiding new borrowing by running down cash balances currently results in short term savings and this was the approach taken in 2020/21, where new borrowing was limited (except for £3.1 of specific loans from Welsh Government referred to in Para 28). PWLB borrowing policy changes were also a key factor in decision making in terms of timing of borrowing. The borrowing strategy will continue to look at options to manage the Council's future borrowing requirement, taking a cautious approach and taking advantage of rates to secure long term certainty where possible.

Debt Rescheduling

36. No debt rescheduling or early repayment of debt was undertaken during 2020/21. The main obstacle remains the level of premium (penalty) that would be chargeable on early repayment by the PWLB. The premium payable on the balance of PWLB loans at 31 March 2021, which are eligible for early repayment (£693 million), is £474 million. This premium is payable primarily because:-

- Interest rates on loans of equivalent maturities compared to those held are currently lower
- A penalty rate or lower early repayment rate was introduced by HM Treasury in November 2007, which increased the cost of premiums and reduced flexibility of Local Authorities to make savings. This has been a significant thorn in the ability of local authorities to manage debt more effectively.

37. The Council has previously considered the opportunity for early repayment of LOBO loans but any required premiums payable are unviable. Whilst the cost of premiums can be spread over future years, options for restructuring that have been considered result in an adverse Net Present Value (NPV). Whilst there may have been short terms savings, these were outweighed by potentially longer-term costs and not deemed cost effective.

Compliance with treasury limits and prudential indicators

38. During the financial year the Council operated within the treasury limits and prudential indicators set out in the annual Treasury Management Strategy. The actual outturn is shown in the following paragraphs and compared to the original estimates contained in the 2020/21 Budget Report. Future year's figures are taken from the Budget Report for 2021/22 and will be updated in the Budget Report for 2022/23.

Capital Expenditure

39. The "Prudential Code" requires the Council to estimate the capital expenditure that it plans to incur over the Medium Term. The actual capital expenditure incurred in 2020/21 and estimates of capital expenditure for the current and future years as set out in the Budget Report of March 2021 are as follows:-

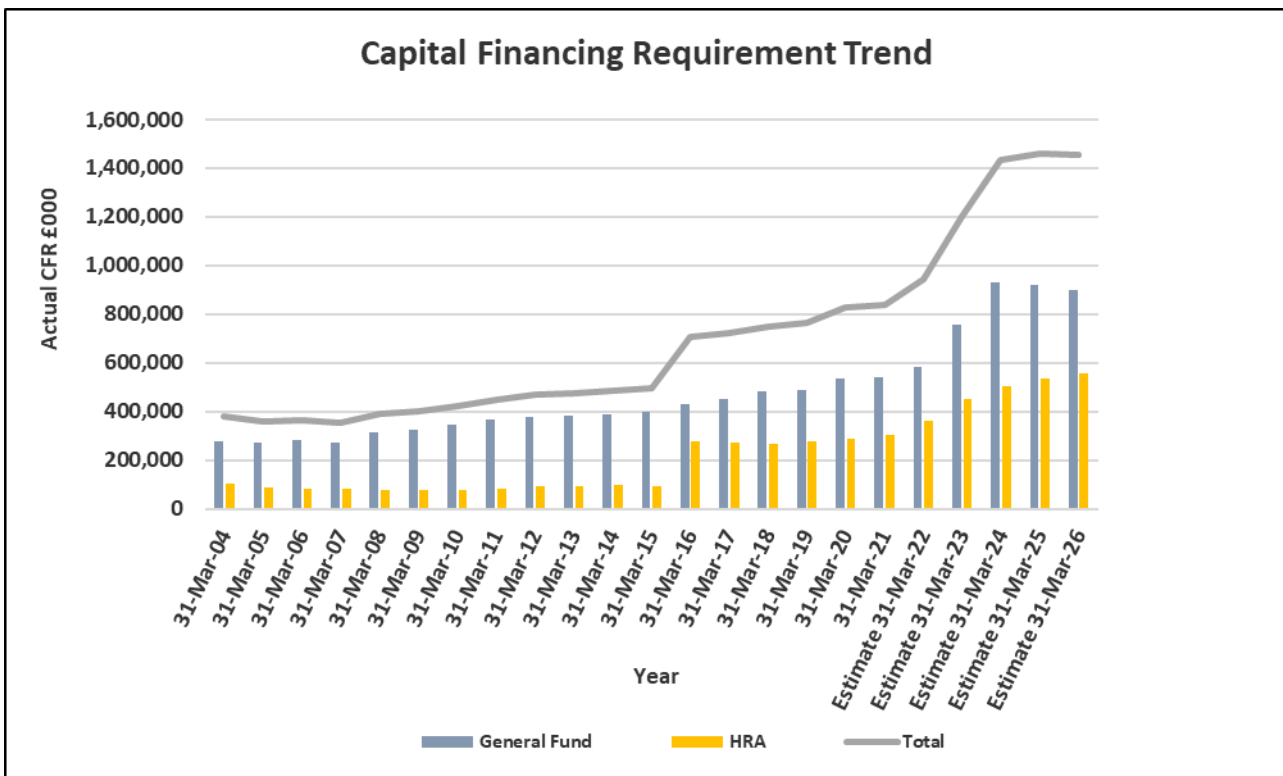
Capital Expenditure							
	2020/21 Actual	2020/21 Original Estimate	2021/22 Estimate Month 4	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate
	£m	£m	£m	£m	£m	£m	£m
General Fund	112	137	168	251	271	121	69
Housing Revenue Account	54	57	66	118	91	70	51
Total	166	194	234	369	362	191	120

Capital Financing Requirement (CFR) – The Borrowing Requirement (Excluding Landfill Provision)

40. Where capital expenditure has been incurred without a resource to pay for it i.e. when proposed to be paid for by supported or unsupported borrowing, this will increase what is termed the Council's Capital Financing Requirement (CFR) which is the Council's underlying need to borrow. The Council is required to make a prudent provision for the repayment of historic capital expenditure from its revenue budget in line with its agreed policy which reduces the CFR. Calculation of the CFR is summarised in the table below and results in the need to borrow money.

Movement	Opening Capital Financing Requirement (CFR)
+	Capital expenditure incurred in year
-	Grants, contributions, reserves and receipts used for capital expenditure
-	Prudent Minimum Revenue Provision and Voluntary Repayment
=	Closing Capital Financing Requirement (CFR)

41. The chart below shows the trend in the CFR including the Housing Revenue Account. The latter includes the £187 million payment made from the HRA to HM Treasury to exit the subsidy system in 2015/16 and also future expenditure to create new Council owned affordable housing in accordance with the Housing 30 Year Business Plan. The increase for the general fund relates to previous commitments and new expenditure commitments primarily those assumed to pay for themselves from future income or savings such as the indoor arena, City Deal and the 21st century school's financial model. Future projections of the CFR are based on the timing of the Capital investment programme and resources deemed available to fund it.



42. The CFR as at 01 April 2020 was £829 million. The actual CFR as at 31 March 2021, estimates for current and future years (estimated in the March 2021 budget) are shown in the table below and exclude non cash backed provisions in relation to Landfill after care provision:-

Capital Financing Requirement (Excludes landfill provision)							
	2020/21 Actual £m	2020/21 Original Estimate £m	2021/22 Estimate £m	2022/23 Estimate £m	2023/24 Estimate £m	2024/25 Estimate £m	2025/26 Estimate £m
General Fund	540	544	584	755	930	920	900
Housing Revenue Account	301	326	362	449	505	538	555
Total CFR	841	870	946	1,204	1,435	1,458	1,455
External Debt	811						
Over / (Under) Borrowing	30						

43. By comparing the CFR at 31 March 2021 (£841 million) and the level of external debt at the same point in time (£811 million), it can be seen that the Council is internally borrowed. i.e. it is using internal cash balances to finance its capital expenditure as at 31 March 2021 (£0 million at 31 March 2020).

44. As set out in the March 2021 Budget Report, the CFR is forecast to increase over the next five years due to capital programme investment in existing assets, major projects

including the arena, development of new affordable housing, and the 21st century school's programme. Forecasts will be updated in the 2022/23 Budget Report.

Actual External Debt

45. The Code requires the Council to indicate its actual external debt at 31 March 2021 for information purposes. This was £811 million as shown in the earlier paragraphs.

Affordable Borrowing Limit

46. The Council has a statutory duty under section 3 of the Local Government Act 2003 and supporting regulations to determine and keep under review how much it can afford to borrow and to enter into credit arrangements (the "Affordable Borrowing Limit"). This cannot be breached without Council approval. Council must have regard to the Prudential Code when setting this limit which is intended to ensure that total capital investment remains within sustainable limits and that the impact upon future council tax/rent levels is affordable.

47. During 2020/21 the Council remained within the authorised limit of £1,126 million set for that year.

Operational Boundary

48. The operational boundary is the estimated level of external borrowing set at the start of the year and is subject to the level and timing of borrowing decisions during the year. The actual level of borrowing can therefore be below or above this initial estimate, but what cannot be breached is the affordable borrowing limit mentioned above. The boundary was estimated to be £870 million at 31 March 2021, to match the forecast for the CFR when setting the 2020/21 budget in March 2020.

Maturity Structure of Fixed Rate Borrowing

49. The maturity structure remains within the limits below approved as part of the 2020/21 strategy below. These limits are set to avoid having large amounts of debt maturing in a short space of time, thus being exposed to significant liquidity risk and interest rate risk.

	31-Mar-20		Upper limit	31-Mar-21			
	Loans to Maturity			Loans to Maturity		Loans if LOBO's Paid Early	
	%	£m		%	£m	%	£m
Under 12 months	2.6	21.2	10	3.33	27.0	6.29	51.0
12 months and within 24 months	3.3	27.0	10	2.80	22.7	3.42	27.7
24 months and within 5 years	3.7	30.5	15	1.65	13.4	4.36	35.4
5 years and within 10 years	6.5	53.8	20	8.18	66.3	8.18	66.3
10 years and within 20 years	21.0	174.3	30	21.62	175.3	21.62	175.3
20 years and within 30 years	20.4	169.0	35	20.97	170.0	19.49	158.0

30 years and within 40 years	25.6	212.7	35	26.24	212.7	26.24	212.7
40 years and within 50 years	16.3	135.3	35	14.59	118.3	10.40	84.3
50 years and within 60 years	0.6	5.0	15	0.62	5.0	0.00	0.0

50. The maturity profile of the Council's borrowing as at 31 March 2021 is also shown in a chart in **Annexe D**. In the medium to long term, efforts will be made to restructure loans maturing in 2056/57 and to review LOBO maturities in order to reduce refinancing risk. Benchmarking previously undertaken has demonstrated that the Council's maturity profile is not inconsistent with other local authorities where information is available.

Ratio of financing costs to net revenue stream

51. This indicator identifies the trend in the cost of capital financing, showing the percentage of the Council's revenue budget that is committed for this purpose. Financing costs include:

- interest payable on borrowing and receivable on treasury investments
- penalties or any benefits receivable on early repayment of debt
- prudent revenue budget provision for repayment of capital expenditure paid for by borrowing and
- re-imburement of borrowing costs from directorates in respect of Invest to Save/Earn schemes.

52. For the General Fund, net revenue stream is the amount to be met from non-specific WG grants and Council Tax, whilst for the HRA it is the amount to be met from rent payers.

Ratio of financing costs to Net Revenue Stream							
	2020/21 Original Estimate %	2020/21 Actual %	2021/22 Estimate %	2022/23 Estimate %	2023/24 Estimate %	2024/25 Estimate %	2025/26 Estimate %
General Fund – Net Capital Financing Budget	4.61	4.73	4.68	4.81	5.19	5.40	5.34
General Fund – Gross Capital Financing Budget	6.94	6.99	7.27	7.42	8.82	9.76	9.56
HRA	34.66	32.72	33.93	34.09	36.70	38.00	38.53

53. Although there may be short term implications, invest to save/earn schemes are intended to be net neutral on the capital financing budget. However, there are risks that the level of income, savings or capital receipts anticipated from such schemes will be delayed or will not materialise. This would have a detrimental long-term consequence on the Revenue budget and requires careful monitoring when considering future levels of additional borrowing.

54. Accordingly, an additional local indicator is calculated for the general fund to support decision making and is shown in the table below for the period up to 2025/26. These

indicators, which will be updated in the budget proposals report for 2022/23, show capital financing costs of the Council as a percentage of its controllable budget, excluding treasury investment income:

Capital Financing Costs as percentage of Controllable Budget									
	2011/12	2020/21	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	Difference
	Actual	Original Estimate	Actual	Estimate	Estimate	Estimate	Estimate	Estimate	11/12-25/26
	%	%	%	%	%	%	%	%	%
Net	13.47	11.21	11.34	11.00	11.40	12.52	13.11	12.98	(3.64)
Gross	15.17	16.02	16.37	17.02	17.51	21.19	23.59	23.13	52.47

55. An increasing percentage indicates that a greater proportion of the controllable budget is required for capital financing costs which are committed in the long term. The requirement to meet these additional costs can only come from future savings or from increases in Council Tax. An increasing ratio limits the scope for additional borrowing in future years and reduces the Council's overall flexibility when making decisions on the allocation of its revenue resources. The percentages take into account the impact on the controllable base budget of the level of savings having to be found in 2021/22 and over the medium term. They are based on future assumptions in respect to Aggregate External Financing, council tax income and housing rents at a point in time. Any adverse change in these variables may have a significant impact on the outlook for this indicator.

Principal Invested for over 364 days

56. An upper limit for principal invested over 364 days was set at £90 million and this was not breached during the year, primarily due to the strategy adopted of minimising the period for which investments were made during 2020/21

Treasury Management issues for 2021/22 and future years

57. Whilst this report is primarily backward looking in relation to Treasury Activities for 2020/21, some key issues for 2021/22 are:
- The timing of external borrowing to pay for the Council's longer term need to borrow and securing some certainty whilst interest rates remain low.
 - Highlighting need for the Council to ensure compliance with HM Treasury revised lending policies and processes aimed to prevent borrowing undertaken to fund investment purely for financial gain. It should be noted that any such expenditure would preclude any borrowing from the PWLB.
 - Maximising value from temporary cash balances and avoiding negative interest rates in a low interest rate environment.
 - Assessing the impact of and implementing changes expected in respect of treasury skills, processes and reporting requirements likely to be introduced as part of the CIPFA Treasury Management Code update.

- Understanding and developing processes and impact on Capital and Treasury Management indicators in respect to Lease accounting and reporting changes introduced as part of International Financial Reporting Standard 16 in 2022/23.
- Updating the Treasury Management Strategy for the 2022/23 budget in line with any updates to the Capital Investment Programme forecasts and scheme delivery including the impact of major regeneration projects.
- Ongoing financial market uncertainty.

58. In accordance with the Council's Treasury Management Policy, Council will receive a further update on Treasury Management issues as part of the 2021/22 Mid-Year Treasury Management report in November 2021.

Christopher Lee

Corporate Director Resources

28 September 2021

The following Annexes are attached:-

Annexe A – Treasury Management Policy and Four Clauses of Treasury Management

Annexe B – Investments at 31 March 2021

Annexe C – Investment charts at 31 March 2021

Annexe D – Maturity analysis of debt as at 31 March 2021

Annexe E – Glossary of Treasury Management terms

Annexe A – Treasury Management Policy and Four Clauses of Treasury Management adopted by Council 25/02/2010

Council's treasury management Policy / Activities

1. This Council defines its treasury management activities as: the management of its investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.
2. This Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications.
3. This Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.

Four Clauses of Treasury Management

4. In compliance with the First Clause, this Council will create and maintain, as the cornerstones for effective treasury management:-
 - A treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities
 - Suitable Treasury Management Practices (TMPs), setting out the manner in which the Council will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities
5. In compliance with the Second Clause, this Council will receive reports on its treasury management policies, practices and activities, including, as a minimum, an annual strategy in advance of the year, a mid-year review and an annual report after the year's close, in the form prescribed in its TMPs.
6. In compliance with the Third Clause, this Council delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to the Executive, and for the execution and administration of treasury management decisions to the Corporate Director Resources in accordance with existing delegations, who will act in accordance with the Policy Statement, TMPs and CIPFA's Standard of Professional Practice on Treasury Management.
7. In compliance with the Fourth Clause, this Council requires the scrutiny of the accounting, audit and commercial issues of its Treasury Management Strategy and Practices to be undertaken by the Council's Audit Panel due to the technical nature of the documents.

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

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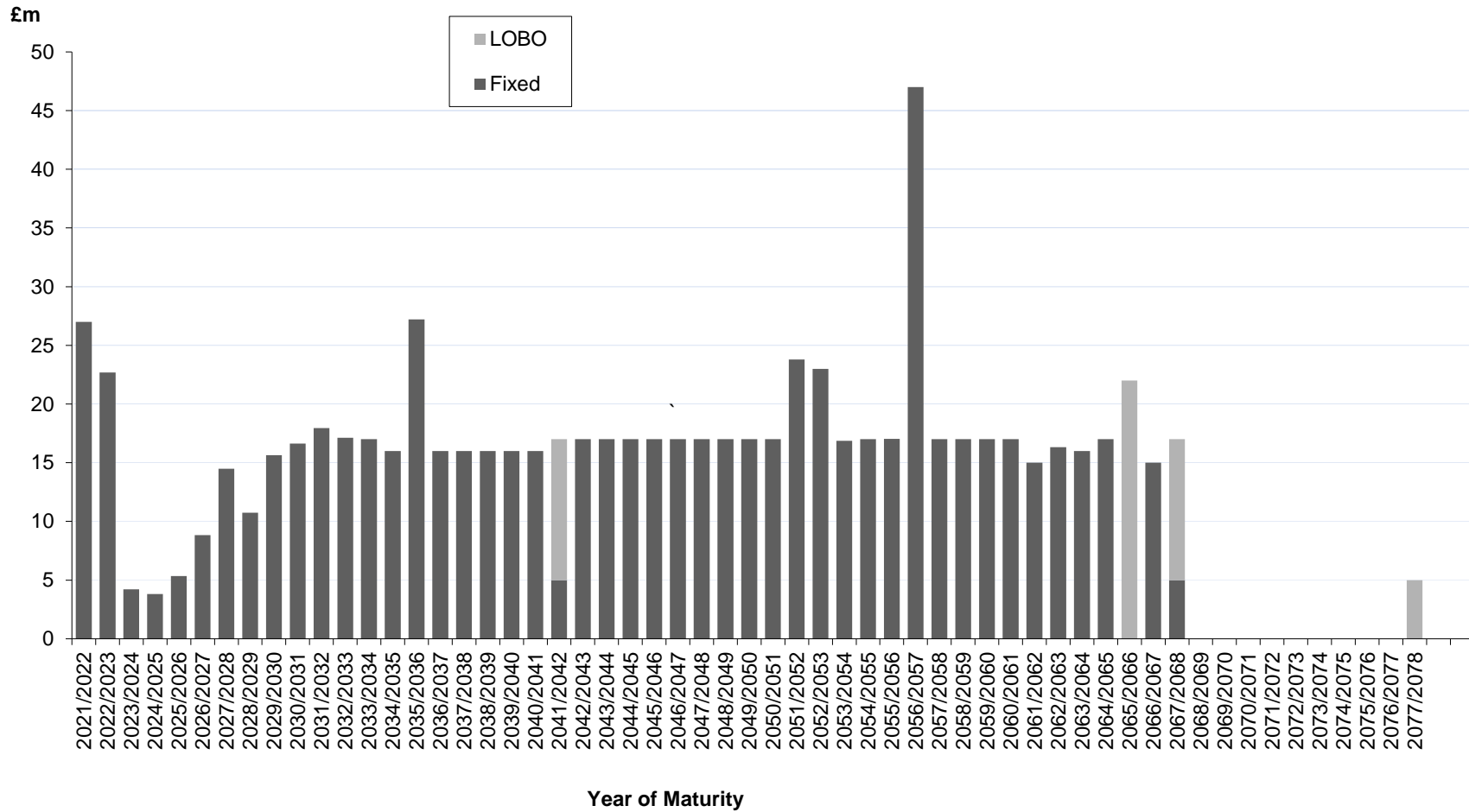
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By virtue of paragraph(s) 14, 21 of Part(s) 4 and 5 of Schedule 12A of the Local Government Act 1972.

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Annexe D – Maturity Profile of Debt at 31 March 2021



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Annexe E – Glossary of Treasury Management Terms

Bank Rate

1. The rate of interest set by the Bank of England as a benchmark rate for British banks.

Bonds

2. A long-term debt security issued by a company, a financial institution, a local authority, national government or its affiliated agencies. It represents an undertaking to repay the holder the fixed amount of the principal on the maturity date plus a specified rate of interest payable either on a regular basis during the bond's life (coupon) or at maturity.

Borrowing

3. Loans taken out by the authority to pay for capital expenditure or for the prudent management of the Council's financial affairs, which are repayable with interest.

Capital Expenditure

4. Capital expenditure pays for improvements to existing and new assets used in the delivery of Council services as well as other items determined by Regulation. Capital resources are scarce, costly and also have long term revenue implications over many years and even generations where capital expenditure is funded by borrowing. Hence the requirement of the Prudential Code to ensure what is charged as Capital Expenditure is Prudent, Sustainable and Affordable.
5. The statutory definition of capital expenditure is given in the Local Government Act 2003, the Local Authorities (Capital Finance) Regulations 2003 and 2004 as amended. Statute relies on the accounting measurement of cost in International Accounting Standard (IAS) 16 to determine whether expenditure is eligible to be capitalised or whether it should be treated as revenue expenditure. Key to what is eligible as capital spend are the following words in IAS 16 - 'Costs directly attributable to bringing the specific asset into working condition for its intended use'.

Capital Financing Requirement (CFR)

6. An authority's underlying need to borrow for a capital purpose. It measures capital expenditure incurred but not yet financed by the receipt of grants, contributions and charges to the revenue account.

Capital Market

7. A market for securities (debt or equity), where companies and governments can raise long-term funds (periods greater than one year). The raising of short-term funds takes place on other markets (e.g. the money market).

Capital Programme

8. The Capital Programme sets out the Council's capital expenditure plans for the forthcoming financial year as well as for the medium term. It is approved annually at Council and identifies the estimated cost of those schemes, their projected phasing over financial years as well as the method of funding such expenditure.

Certificates of Deposits (CDs)

9. A certificate issued for deposits made at a deposit-taking institution (generally a bank). The bank agrees to pay a fixed interest rate for the specified period of time and repays the principal at maturity. CDs can be purchased directly from the banking institution or through a securities broker. An active interbank secondary market exists to buy and sell CDs.

Chartered Institute of Public Finance & Accountancy (CIPFA)

10. CIPFA is the professional body for accountants in public finance. As a specialised public services body, it provides information, guidance, and determines accounting standards and reporting standards to be followed by Local Government.

Collective Investment Scheme Structures

11. Schemes whereby monies from a number of investors are pooled and invested as one portfolio in accordance with pre-determined objectives.

Corporate Bonds

12. Bonds that are issued by a company or other non-government issuers. They represent a form of corporate debt finance and are an alternative means of raising new capital other than equity finance or bank lending.

Counterparty

13. One of the parties involved in a financial transaction with whom the Council may place investments.

Counterparty / Credit Risk

14. Risk that a counterparty fails to meet its contractual obligations to the Council to repay sums invested.

Credit Criteria

15. The parameters used as a starting point in considering with whom the Council may place investments, aimed at ensuring the security of the sums invested.

Credit Default Swaps

16. A financial transaction which the buyer transfers the credit risk related to a debt security to the seller, who receives a series of fees for assuming this risk. The levels of fees reflect the perceived level of risk.

Credit Rating

17. A credit rating assesses the credit worthiness of an individual, corporation, or even a country. Credit ratings are calculated from financial history and current assets and liabilities. Typically, a credit rating tells a lender or investor the probability of the subject being able to pay back a loan. Ratings usually consist of a long-term, short term, viability and support indicators. The Fitch credit rating of F1 used by the Council is designated as "Highest Credit Quality" and indicates the strongest capacity for timely payment of financial commitments.

Debt Management Account Deposit Facility (DMADF)

18. The Debt Management Office provides this service as part of its cash management operations and of a wider series of measures designed to improve local and central government's investment framework and cash management. The key objective of the DMADF is to provide users with a flexible and secure facility to supplement their existing range of investment options while saving interest costs for central government.

Debt Restructuring

19. Debt restructuring is a process that allows an organisation to reduce, renegotiate and undertake replacement debt.

Diversification of Investments

20. The process of creating a portfolio of different types of financial instruments with regard to type, price, risk issuer, location, maturity, etc. in order to reduce the overall risk of the portfolio as a whole.

Duration (Maturity)

21. The length of time between the issue of a security and the date on which it becomes payable.

External Borrowing

22. Money borrowed from outside of the Council.

Financial Instrument

23. Any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. Typical financial liabilities are borrowing and financial guarantees. Typical financial assets include bank deposits, amounts owed by customers, loans receivable and investments.

Fitch Credit Ratings

24. A commercial organisation providing an opinion on the relative ability of an entity to meet financial commitments, such as interest, preferred dividends, repayment of principal, insurance claims or counterparty obligations. The opinion is usually provided in the form of a credit rating.

Fixed Rate

25. An interest rate that does not change over the life of a loan or other form of credit.

Floating Rate Notes

26. A money market security paying a floating or variable interest rate, which may incorporate a minimum or floor.

Fraud / Error Risk

27. Risk of losses being incurred as a result of fraud, error or corruption in treasury management and failure to institute adequate systems, procedures and other arrangements to prevent irregularities.

Housing Revenue Account (HRA)

28. The HRA is an account of expenditure and income that every local authority housing department must keep in accordance with the Local Government & Housing Act 1989. The account is kept separate or ring fenced from other Council activities. Income is primarily generated by the rents and service charges paid by tenants, while expenditure is on the management and maintenance of the housing stock, and capital financing charges on the HRA's outstanding loan debt.

Interest Rate Risk

29. Risk that fluctuations in interest rates could impose extra costs against which the Council has failed to protect itself adequately.

Internal Borrowing

30. Money borrowed from within the Council, sourced from temporary internal cash balances.

Investments

31. The purchase of financial assets in order to receive income and/or make capital gain at a future time, however with the prime concern being security of the initial sum invested.

Lender Option Borrower Option Loans (LOBOs)

32. Loans to the Council where the lender can request a change in the rate of interest payable by the Council at pre-defined dates and intervals. The council at this point has the option to repay the loan.

Liquidity

33. The ability of the Council to meet its financial obligations as they fall due.

Market Loans

34. Borrowing that is sourced from the market i.e. organisations other than the Public Works Loan Board or a Public Body.

Medium Term Financial Plan

35. Plan outlining the financial strategies and actions that are envisaged by the Council in the medium term regarding the budget.

Markets in Financial Instruments Directive (MiFID)

36. EU legislation that regulates firms who provide financial instrument services. MiFID was applied in the UK from November 2007 but was revised with changes taking effect from 3 January 2018 (MiFID II).
37. The aim is to ensure financial institutions undertake more extensive checks on their client's suitability for investment products. Organisations undertaking investments will be either classified as 'retail' or 'professional'.

38. MiFID II requires all Local Authorities to be initially treated as “retail clients” unless they “opt up” to a “professional client”. The assumption being that retail clients require a greater level of due diligence and support for investment decision making. Financial institutions will owe a greater duty of care to retail clients, however, they will have no greater financial protection than professional clients.

Minimum Revenue Provision (MRP)

39. This is the amount which must be charged to the authority’s revenue account each year and set aside as provision for repaying external loans and meeting other credit liabilities. The prudent amount is determined having regard to guidance issued by WG. This has the effect of reducing the Capital Financing Requirement (CFR).

Money Market

40. The market for short-term securities or investments, such as certificates of deposit, commercial paper or treasury bills, with maturities of up to one year.

Money Market Funds

41. An investment fund which pools the investments of numerous depositors, spreading those investments over a number of different financial instruments and counterparties. Funds with a Constant Net Asset Value (CNAV) are those where the sum invested is the same on maturity, Low Volatility Net Asset Value (LVNAV) are those where any sum invested is likely to be the same on maturity. Funds with a Variable Net Asset Value (VNAV) are those where the sum on maturity could be higher or lower due to movements in the value of the underlying investments.

Net Asset Value (NAV)

42. The market value of an investment fund’s portfolio of securities as measured by the price at which an investor will sell a fund’s shares or units.

Pooling

43. The process whereby investments or loans are held corporately rather than for specific projects or parts of the Council, with recharges to those areas for their share of the relevant income and expenditure using an agreed methodology, where such a recharge is required to be made.

Prudential Code for Capital Finance

44. The system introduced on 1 April 2004 by Part 1 of the Local Government Act 2003 which allows local authorities to borrow without Government consent, provided that they can afford to service the debt from their own resources and that any such borrowing is prudent and sustainable. This requires the preparation and approval of various indicators.

Public Works Loans Board (PWLB)

45. The Public Works Loans Board is a statutory body operating within the United Kingdom Debt Management Office, an Executive Agency of HM Treasury. PWLB’s function is to lend money from the National Loans Fund to local authorities and other prescribed bodies, and to collect the repayments.

Refinancing Risk

46. Risk that maturing borrowing or other financing of capital projects cannot be renewed on terms that reflect existing assumptions and that the Council will suffer extra costs as a result.

Regulatory Risk

47. Risk that actions by the Council or by any person outside of it are in breach of legal powers or regulatory requirements resulting in losses to the Council, or the imposition of extra costs.

Ring Fencing

48. The largest UK banks, (those with more than £25bn of retail / Small and Medium-sized Enterprise (SME) deposits), are required, by UK law, to separate core retail banking services from their investment and international banking activities. Whilst smaller banks with less than £25bn in deposits are exempt, they can choose to opt up. Several banks are very close to the threshold already and so may come into scope in the future regardless.
49. Ring-fencing is a regulatory initiative created in response to the global financial crisis. It mandates the separation of retail and SME deposits from investment banking, in order to improve the resilience and resolvability of banks by changing their structure. In general, simpler, activities offered from within a ring-fenced bank, (RFB), will be focused on lower risk, day-to-day core transactions, whilst more complex and “riskier” activities are required to be housed in a separate entity, a non-ring-fenced bank, (NRFB). This is intended to ensure that an entity’s core activities are not adversely affected by the acts or omissions of other members of its group.

Security

50. Protecting investments from the risk of significant loss, either from a fall in value or from default of a counterparty.

Sovereign Credit Ratings

51. The credit rating of a country. It indicates the risk level of the investing environment of a country, taking into account political risk and other factors.

Sterling

52. The monetary unit of the United Kingdom (the British pound).

Term Deposits

53. A term deposit is a money deposit at a banking institution that cannot be withdrawn for a certain "term" or period of time.

Treasury Management

54. The management of the organisation’s borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

Treasury Bills

55. Debt securities issued by a government with a short-term maturity of up to 6 months.

UK Government Gilts

56. Fixed-interest debt securities issued or secured by the British Government. Gilts are always denominated in sterling though the Government occasionally also issues instruments in other currencies in the Eurobond market or elsewhere.

Variable Rate

57. An interest rate that changes in line with market rates.

Yield

58. The annual rate of return paid out on an investment, expressed as a percentage of the current market price of the relevant investment.

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(Updated following meeting held on 20 July 2021)

Minute No. /Agenda No.	Actions	Timeline	Action Owner
Finance (Budget)			
	Statement of Accounts		
20.07.21	Response to be provided on how any pension liability, resulting from the business failure of any member, would be spread between the members of the pension fund.		AH
20.07.21	Responses to questions raised regarding the Statement of Accounts to be circulated to all members of the Committee.		AH
20.07.21	Reply to be circulated to the 'Compensation for Loss of Employment' Chief HR Officer on Page 220 of the agenda pack		AH
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
20.07.21	Committee agreed to convene an additional meeting with a single item on the agenda – Governance, Internal Control and Risk Management within Waste Management scoped within the authority of the Committee's Terms of Reference on a date to be agreed.	Meeting to be arranged for 2 November 2021	CP
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.		PP
Internal Audit			
Treasury Management			
Operational Items			
23.03.21	Committee to be provided, in due course, with information on the preparation for 'IFRS 16 – Leases' for the Statement of Accounts 2022/23.		AH
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	CL / CP
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			

Minute No. /Agenda No.	Actions	Timeline	Action Owner
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.	<p>Complete 20 July 2021</p> <p>Initially, Audit Wales 'Recommendation Tracker' item received on 26 January 2021, expanded in Committee update on 20 July 2021. Audit Wales updates in 2021/22 have expanded to include external Review Body work programme information.</p>	GN
Scrutiny Engagement / Letters			
20.07.21	That the Committee receive an update report in respect of the working relationship between Governance and Audit Committee and the Scrutiny Committees at a future meeting.		CP / DHT

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)	TBC Special Committee Meeting Tuesday 19.10.21 (2pm)	TBC Special Committee Meeting Tuesday 02.11.21 (2pm)	Tuesday 23.11.21 (2pm)	Tuesday 25.01.22 (4:30pm)	Tuesday 15.03.22 (4:30pm)	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 & Trust Funds		National & Local Financial Sustainability Reports	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				Mid-Year Self-Assessment Report Update		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 (Q3)	Corporate Risk Management (Year-End)
	Recommendation Tracker – Reports of External Review Bodies					Recommendation Tracker – Reports of External Review Bodies		
Senior Officer Updates (Operational Matters / Key Risks / Other)		<i>Davina Fiore – Update on Governance and Legal Services Directorate Control Environment</i>		<i>Neil Hanratty – Governance, Internal Control and Risk Management within Waste Management</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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