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## AGENDA

**Pwyllgor** PWYLLGOR LLYWODRAETHU AC ARCHWILIO

**Dyddiad ac amser y cyfarfod** DYDD MAWRTH, 23 TACHWEDD 2021, 2.00 PM

**Lleoliad** MS TEAMS

**Aelodaeth** Aelodau Annibynnol: David Hugh Thomas (Cadeirydd)  
Gavin McArthur, David Price a/ac Janet Wademan  
Cynghorywr Cowan, Cunnah, Goodway, Howells, K Jones, Simmons,  
Singh a/ac Williams

*Tua  
Amserx.*

**1 Ymddiheuriadau am Absenoldeb** 2.00 pm

Derbyn ymddiheuriadau am absenoldeb.

**2 Datgan Buddiannau**

I'w gwneud ar ddechrau'r eitem agenda dan sylw, yn unol â Chod Ymddygiad yr Aelodau.

**3 Cofnodion** (*Tudalennau 3 - 10*)

Cymeradwyo, fel cofnod cywir, cofnodion y cyfarfodydd a gynhaliwyd ar 28 Medi a 19 Hydref 2021.

**4 Andrew Gregory, Cyfarwyddwr Cynllunio, Trafnidiaeth a'r Amgylchedd** (*Tudalennau 11 - 56*)

Diweddariad ar yr Amgylchedd Rheoli Cyfarwyddiaethau

**5 Archwilio Mewnol** 2.30 pm

**5.1 Y Tîm Ymchwilio ac Archwilio - Diweddariad ar Gynnydd** (*Tudalennau 57 - 136*)

**6 Cyllid** 2.45 pm

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- 6.1 Diweddariad ar Gyllid gan gynnwys Materion Gwydnwch (*Tudalennau 137 - 142*)
- 7 **Archwilio Cymru** 2.55 pm
- 7.1 Datganiad Drafft y Cyfrifon wedi eu Harchwilio (*Tudalennau 143 - 198*)  
ACI 260 a Datganiad Cyfrifon wedi eu Harchwilio 2020/21 ar gyfer  
Cronfa Bensiwn Caerdydd a Bro Morgannwg

### **EGWYL - 3.20PM**

- 7.2 Adroddiadau Cynaliadwyedd Ariannol Cenedlaethol a Lleol 3.25 pm  
(*Tudalennau 199 - 272*)
- 7.3 Y Rhaglen Waith a Diweddariad ar Amserlen AC (*Tudalennau 273 - 294*)
- 8 **Perfformiad** 3.45 pm
- 8.1 Cwynion a Chanmoliaeth y Cyngor - Adroddiad Canol Blwyddyn  
(*Tudalennau 295 - 302*)
- 9 **Llywodraethu a Rheoli Risg** 4.00 pm
- 9.1 Rheoli Risg Gorfforaethol 2021/22 (Canol y Flwyddyn) (*Tudalennau 303 - 334*)
- 10 **Rheoli'r Trysorlys** 4.15 pm
- 10.1 Adroddiad Hanner Blwyddyn Rheoli'r Trysorlys (*Tudalennau 335 - 362*)
- 11 **Camau Eto i'w Cyflawni** (*Tudalennau 363 - 364*) 4.30 pm
- 12 **Gohebiaeth**
- 13 **Diweddariad ar y Rhaglen Waith** (*Tudalennau 365 - 366*)
- 14 **Eitemau Brys (os oes rhai)**
- 15 **Dyddiad y cyfarfod nesaf**

Mae'r cyfarfod nesaf wedi'i drefnu ar gyfer 7 Rhagfyr 2021 (l'w gadarnhau)

**Davina Fiore**

**Cyfarwyddwr Llywodraethu a Gwasanaethau Cyfreithiol**

Dyddiad: Dydd Mercher, 17 Tachwedd 2021

Cyswllt: Graham Porter, 02920 873401, g.porter@caerdydd.gov.uk



Mae'r dudalen hon yn wag yn fwriadol

GOVERNANCE AND AUDIT COMMITTEE

28 SEPTEMBER 2021

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

21 : APOLOGIES FOR ABSENCE

Apologies were received from Councillors Cunnah and Simmons.

22 : DECLARATIONS OF INTEREST

The Chairperson declared a personal interest in Item 12 on the agenda – Urgent Item – Appointment of an Independent Member to the Governance and Audit Committee as the applicant recommended by the Appointment Panel was known to him. The Chairperson remained in the meeting but took no part in the debate or decision.

23 : MINUTES

The minutes of the meeting held on 20 July 2021 were approved by the Committee as a correct record.

24 : DAVINA FIORE, DIRECTOR OF LEGAL, GOVERNANCE AND  
MONITORING OFFICER - UPDATE ON DIRECTORATE CONTROL  
ENVIRONMENT

The Committee received a report providing an update on the control environment within Democratic and Legal Services. The Chairperson welcomed Davina Fiore, Director of Governance and Legal Services to the meeting. The Director was invited to deliver a presentation on the Directorate's control environment. The report provided an overview of the departmental structure of the Directorate and its core functions including a breakdown of staff numbers and a summary of KPIs and external monitoring.

Members were advised that the Directorate Management Team has met weekly since the beginning of the COVID-19 pandemic. Risk and any matters of concern in relation to performance, governance and ongoing issues are discussed. The Directorate Risk Champion and Performance Lead also meets with Operational Managers individually on a quarterly basis to review the risk registers, prior to the risk registers being reviewed by the Director and the Management Team. Where appropriate, a project plan and a more detailed risk register for that project are produced and reviewed at project team meetings, for example during preparations for elections.

Details of the Directorate's approach to risk management and internal audit engagement were also set out in the report.

The Chairperson invited the Committee to comment or raise questions on the information received. Those discussions are summarised as follows:

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- Members asked the Director to provide an overview of risk management within the Directorate in terms of how risks are identified and managed. Members were advised that a Directorate Risk Register is in place. Significant risks, such as Safeguarding Children, are escalated to the Corporate Risk Register. A Risk Champion is responsible for managing risk and attends Management Teams meetings. Mitigations for each risk are identified and monitored. Some major directorate risks are managed by project teams, such as the Election Project Team, which has an elections risk register that identifies potential risks in finer detail.

The Chairperson thanked the Director for attending.

RESOLVED – That the report be noted.

25 : INTERNAL AUDIT

26 : COUNTER-FRAUD ANNUAL REPORT 2020/21

The Committee received a report providing Members with an overview of the counter-fraud activities and outcomes during 2020/21. The report provided an appraisal of the Counter-Fraud issues, developments and outcomes in accordance with the Council's Counter Fraud and Corruption Strategy.

Members were reminded by the Audit Manager that investigation team / counter-fraud progress reports are provided to the Governance and Audit Committee on a regular basis. Counter-fraud activities, initiatives risks and issues are also discussed with the Corporate Director Resources and the Cabinet Member for Finance, Modernisation and Performance.

The Counter Fraud Annual Report 2020/21 was appended to the report at Appendix A. The annual report provided details of the counter-fraud developments, campaigns, resources, work and collaboration during the year.

Details set out in Section 2 of the report, included 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

Section 3 of the report provided detailed the resources available for counter-fraud purposes within the Corporate Investigation Team supplemented by a wider resource.

The counter-fraud work and collaboration activities during the year were documented within section 4 of the report and Section 5 outlined the impact of the count-fraud work.

The approach to fraud measurement and assurance was outlined in Section 6 of the report. This 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 contained 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.

The Chairperson, on behalf of the Committee, commended the Audit Manager on the report.

A Member asked whether, in terms of policy development and strategy, there is a standardised process within the authority that requires colleagues to seek the advice of the Count-Fraud and Corruption Team or others. The Audit Manager stated that the Audit and Counter-Fraud Teams are particularly involved in the reviews of core financial procedures such as financial procedure rules and contract standing order and procurement rules. However, their audit engagement takes place across a range of policies. The Counter-Fraud and Corruption Strategy requires Audit and Counter-Fraud to be appropriately engaged by directorates. The Audit Manager confirmed that structural and procedural arrangements are in place and operating in practice.

RESOLVED – That the report be noted.

27 : FINANCE

28 : FINANCIAL UPDATE INCLUDING RESILIENCE ISSUES

The Corporate Director Resources provided an update on current issues, including financial resilience issues and the Budget Strategy for 2022/23.

The Corporate Director confirmed that at Month 4 there was a projected overspend of £4.42 million across all directorates. An overspend of approximately £1.5 million was projected at year-end. The Corporate Director highlighted the significant risks in the Economic Development and Adult Services directorates that were related to the ongoing Covid-19 pandemic. A significant part of the revenue position within Economic Development related to culture and events venues income. Officers have taken a prudent view to within the Month 4 statement that assumed 50% recovery funding from Welsh Government. However, if higher recovery funding is received then this will affect the position. Members were also asked to note the commentaries in the appendix to the Month 4 Monitoring Cabinet report circulated prior to the Committee.

The Corporate Director confirmed that the authority continues to receive support in relation to Covid-19 measures from the Welsh Government. A summary of the total expenditure and income claims made to Welsh Government between April and July 2021 was included in the presentation. The Corporate Director also provided an update on the Budget Strategy 2022/23.

Members asked whether the financial modelling, cost increases and financial pressures referred to in the presentation included fundamental reviews of existing projects and an assessment that the cost benefit is still justified. The Corporate Director stated that the Cabinet is giving consideration to the totality of the Capital Programme and there may need to be choices made where costs have been exceeded. Members were asked to note that the Capital Programme is reviewed on an annual basis.

Responding to comments from the Committee the Corporate Director agreed to circulate a copy of the letter from Policy Review and Performance Scrutiny Committee to the Cabinet Member for Finance, Modernisation and Performance on Month 4 budget monitoring report.

29 : PERFORMANCE

30 : PLANNING AND PERFORMANCE FRAMEWORK - UPDATE AND OVERVIEW ON THE ROLE OF GOVERNANCE AND AUDIT COMMITTEE

The Committee received a presentation providing an update on the role of the Committee. The Head of Performance and Partnerships was invited to deliver the presentation.

The Head of Performance and Partnerships provided an overview of the new and existing legislative requirements in relation to performance management, the framework in place to discharge those responsibilities and the role of the Governance and Audit Committee. Members were advised that a report on this issue will be presented to Cabinet later in the year.

A Member requested further information on how the performance evaluation processes referred in the presentation link into the performance evaluation and training of staff across the authority. The Member noted that there are two substantive corporate evaluations at the mid-year and the year-end. The Member asked whether the performance evaluation of staff through the setting of objectives, monitoring those objectives and their impact also follows a twice-yearly format. The Head of Performance and Partnerships indicated that 95% of staff currently undergo a twice-yearly performance evaluation. Members were advised that as part of their work force planning, when the corporate plan is set each senior manager will undertake a workforce assessment and will produce a workforce action plan based on the performance evaluation of staff. The guidance for managers undertaking Personal Reviews had been reviewed and may need to be updated to reflect the self-assessment process and quality assurance.

Members considered that it was challenging for large organisations to ensure that their corporate planning is integrated with individual performance assessment and demonstrate that integration. A Member recommended that quality assurance testing focussed on demonstrating that there was a continuity between objective setting at a corporate level and the activities and actions of individual members of staff. A Member suggested that a line of enquiry for a future meeting would be to evidence that individual and corporate processes are integrated.

RESOLVED – That the report be noted.

31 : TREASURY MANAGEMENT

32 : TREASURY MANAGEMENT ANNUAL REPORT

The Committee received a report on the Draft Treasury Management Annual Report prior to its submission to Council in October 2021. The Operational Manager,



Capital, Corporate and Treasury stated that the report provides an overview of treasury management activities that are undertaken in accordance with a code of practice developed by CIPFA. CIPFA are currently updating the code and a revised version is anticipated at end of November 2021, the key changes of which will be presented to the Committee.

Members were asked to note that as of 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 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.

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.

The level of internal borrowing is £30 million as at 31 March 2021. Due to restrictive penalty costs, no debt rescheduling was undertaken during the year. Members were asked to note the commentary in the borrowing section of the annual report regarding recent changes to the Public Works Loan Board lending policy aimed at addressing the issue of investment funded by borrowing. In light of this issue, CIPFA are also currently reviewing the Prudential Code and the Treasury Management Code, both of which govern the Council's investment and treasury management. Therefore, this could potentially impact on future reports.

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.

A Member asked whether it was appropriate to include some commentary in the report regarding the resilience of the Treasury Management Team throughout the pandemic. The Operational Manager agreed to reflect on this. Members were advised that one of the changes expected from the updated CIPFA code of practice is around skills and knowledge. Therefore, it may be more appropriate to include comments around the resilience of the team in the Treasury Management Strategy which is due to be presented to the Committee in January 2022.

Members were advised that during the pandemic the Treasury team moved to homeworking early. Additional loans were secured to ensure liquidity for the Council at a time when markets were challenged. The Operational Manager reported that team members moved to homeworking effectively, although the pace and impact of continued change in treasury management, as highlighted with examples in the report, will need to be continued to be reflected on. The Corporate Director took the opportunity to thank the Operational Manager and the Treasury Management team for their efforts during the pandemic.

RESOLVED – That the report be noted.

### 33 : OUTSTANDING ACTIONS

The Corporate Director noted that there were a number of actions listed regarding the Statement of Accounts. Responses had been completed in relation to a number of queries. The Corporate Director agreed to circulate the Statement of Account responses received prior to Special Committee meeting on 19 October 2021.

RESOLVED – That the report be noted.

### 34 : CORRESPONDENCE

No correspondence was received.

### 35 : WORK PROGRAMME UPDATE

RESOLVED – That the report be noted.

### 36 : URGENT ITEMS (IF ANY)

*The Chairperson declared a personal interest in this item. He remained in the meeting but took no part in the discussion or decision.*

The Committee received a report on the appointment of an independent member. The report provided details of the composition of the panel and the recruitment process.

Members were advised that Appointment Panel convened on 24 September 2021 and recommended the appointment of the successful candidate.

RESOLVED – That the Committee recommend that Council approve the appointment of the Independent Member shown in Appendix A of the report to the Governance and Audit Committee, subject to receipt of satisfactory references, for an initial a 5-year term of office, with the possibility of reappointment for one further 5-year term.

### 37 : DATE OF NEXT MEETING

The next special meeting of the Committee is scheduled for 2 November 2021.

The meeting terminated at 4.00 pm

## GOVERNANCE AND AUDIT COMMITTEE

19 OCTOBER 2021

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

### 38 : APOLOGIES FOR ABSENCE

There were no apologies for absence

The Chairman welcomed the following observers to the meeting:

- Dr Janet Wademan the new independent member of the committee and on completion of her induction she would become a full member of the Committee
- Natalie Painter from Audit Wales as a learning opportunity.

### 39 : DECLARATIONS OF INTEREST

None

### 40 : DRAFT AUDITED STATEMENT OF ACCOUNTS, AUDIT OF ACCOUNTS REPORTS (ISA 260) AND ANNUAL GOVERNANCE STATEMENT FOR FINANCIAL YEAR 2020-21

The Chairman advised the Committee that many of these documents had been considered previously by the Committee and this provided an opportunity to concentrate on the reports from Audit Wales.

The meeting was informed that the accounts had been prepared in accordance with the codes of practice developed by Chartered Institute of Public Finance and Accountancy (CIPFA) and the relevant accounts and audit regulations before being signed as draft by the Section 151 Officer on 15 June 2021. The accounts were then made available for a period of public inspection with responses being provided where appropriate to any queries that were raised.

The ISA 2060 report from Audit Wales provided an unqualified audit opinion of the accounts with the main amendments being presentational and technical. Officers had worked closely with Audit Wales to make as many amendments as possible to the accounts, but it was re-iterated that these had no impact on the financial performance of the Council in 2020-21.

During the audit period the Annual Governance Statement had been updated to reflect the presentational and grammatical issues identified by Audit Wales.

The Chair and the Section 151 Officer emphasised the comments of Audit Wales in the report which reflected the commitment of the accounts team in the face of the considerable challenge and thanked the team for their work.

The Audit Director from Audit Wales stated that the key conclusion was the unqualified audit opinion in relation to the annual statement of accounts which showed a true and fair view of the transactions of the Authority. He added that

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auditors could not give complete assurance but had worked to a materiality level of £13 million. The response from Audit Wales included two emphases of matter where the valuer had placed a material valuation uncertainty of the council dwellings and high-rise properties due to the coronavirus pandemic and the Grenfell Tower fire respectively which had been reflected the declaration made by the Council in its accounts. The report made reference to £2million adjustment, which was a technical matter, but it had been agreed that this will not be done on consolidation. There were no significant issues arising during the audit.

The committee members clarified issues relating to: their concerns regarding Appendix 3 but Audit Wales stated there were no concerns; the £25 million of debtors which was due to the classification of agency arrangements and which had now be rectified; the level of materiality which was a percentage of 1% of gross revenue expenditure and the possibility for production of percentage and amount of materiality in future reports.

The representatives from Audit Wales stated that there were no matters of concern regarding the Cardiff Harbour report.

The Committee was provided the opportunity to make proposals regarding future reports. Suggestions included: having a more balanced approach to the narrative of the report; to include the complexity of the operating environment and acknowledging the work being undertaken in respect of flood defences. In addition, it was requested that the information on pension liability be enhanced to enable assurance of the various factors which made up these liabilities would be beneficial for the committee. The officers welcomed these views and would reflect on how future reports could be enhanced without duplicating information provided in other documents. The officers also identified that in addition to flood defences other policies and developing risks including One Planet Cardiff needed to be reflected in the report.

The Governance and Audit Committee agreed to note the:

1. 2020/21 Draft Audited Statement of Accounts for Cardiff Council and Cardiff Harbour Authority.
2. 2020/21 Draft Audit of Accounts Reports (ISA 260) for the Statement of Accounts for Cardiff Council and Cardiff Harbour Authority.
3. Draft 2020/21 Annual Governance Statement

41 : URGENT ITEMS (IF ANY)

None

42 : DATE OF NEXT MEETING

A special meeting of the Governance and Audit Committee was scheduled for 02 November 2021 and the Chair advised that he had requested that the Vice-Chair to take the lead during this meeting.

The meeting terminated at 2.45pm

## **GOVERNANCE & AUDIT COMMITTEE: 23 NOVEMBER 2021**

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### **PLANNING, TRANSPORT & ENVIRONMENT, CONTROL ENVIRONMENT UPDATE**

### **REPORT OF THE DIRECTOR, PLANNING, TRANSPORT & ENVIRONMENT**

### **AGENDA ITEM: 4**

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#### **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 Planning, Transport and Environment 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. Cardiff Council's Planning, Transport & Environment Directorate (PTE) has responsibility for a wide and complex range of statutory and discretionary duties, functions and services. From a Capital Ambition and Corporate Plan perspective our core remit is hugely significant as we help to ensure that "Cardiff grows in a resilient way", with the ambitious aim to be among the very best cities in the UK and Europe. Our remit within the Council's Corporate Plan and Directorate Delivery Plan includes 31 Corporate Plan Steps and supporting measures (see examples below). The directorate employs circa 460 staff and teams comprising:
  - Transport policy and delivery
  - Planning
  - Highways infrastructure and operations
  - Energy & sustainability

- Air Quality
- Bereavement and registration
- Finance, Policy and Performance (Business Support)

4. To illustrate the scale and complexity of directorate priorities being taken forward, below are examples of our Corporate Steps within the current Corporate Plan and Directorate Delivery Plan referenced against respective Priorities:

| <b>Wellbeing Objective 6: Cardiff Grows in a Resilient Way</b>                         |  |
|--|--|
| <b>Priority</b>  | <b>Corporate Steps</b>   |
| <b>Delivering One Planet Cardiff to decarbonise the city and lead a green recovery</b> | <ul style="list-style-type: none"> <li>• Approve the final One Planet Cardiff Strategy</li> <li>• Finalise the delivery contract for the Cardiff Heat Network</li> <li>• Deliver a Housing Energy Efficiency Retrofit programme</li> <li>• Ensuring good air quality, including the transition to clean vehicles</li> <li>• Delivering the Cardiff Food strategy</li> </ul>  |
| <b>Transforming Cardiff's public transport and active travel systems</b>               | <ul style="list-style-type: none"> <li>• Deliver a programme of strategic transport projects (Metro etc)</li> <li>• City Centre Network Improvements</li> <li>• Investing in a safe cycling network across the city</li> <li>• Develop a new Active Travel Network Map</li> <li>• Supporting Schools with Active Travel Plans</li> <li>• Roll out 20mph speed limits</li> <li>• Adopting a healthy streets initiative</li> <li>• Prepare an Intelligent Transport System (ITS) Strategy</li> </ul> |
| <b>Putting sustainability and well-being at the heart of the city's growth</b>         | <ul style="list-style-type: none"> <li>• Conduct a full review of the Local Development Plan</li> <li>• Delivery of the Council's Master Planning Principles</li> <li>• Deliver the Council's Green Infrastructure Plan</li> </ul>   |
| <b>Building resilience into our highway network</b>                                    | <ul style="list-style-type: none"> <li>• Deliver residential LED lighting</li> <li>• Deliver programmes of resurfacing and patching</li> </ul>   |
| <b>Enhancing Cardiff's flood defences</b>  | <ul style="list-style-type: none"> <li>• Develop a water, flood and drainage strategy</li> <li>• Coastal defence improvements</li> </ul>   |
| <b>Investing in community facilities</b>   | <ul style="list-style-type: none"> <li>• Deliver the Northern Cemetery</li> <li>• Further enhancing the Bereavement Services Strategy</li> </ul>   |

5. The Director and Directorate Management Team lead on governance, risk management and internal control to ensure there is a process for management surveillance, monitoring and control within the directorate, examples of these systems are outlined in the Report together with an explanation of how these are managed, pertinent areas being, but not limited to:

- Risk Management – Corporate and Directorate Risks (see para 6)
- Internal Audit Assurance (see para 11)
- Performance Management (see para 18)
- Significant Partnership / Collaboration Governance (see para 23)
- Senior Management Assurance Statements (see para 34)
- External Assurance (see para 35)
- Value for Money (see para 42)

## Issues

### (a) Risk Management

6. Risks relevant to the directorate are captured and detailed in two main Registers: Corporate (strategic risks) and Directorate (essentially delivery plan and operational risks). In conjunction with these and feeding into the risk reporting process are Team ('day to day' work delivery risks) and Programme (project risks) Registers. Team leaders meet with Operational Managers on a weekly / fortnightly basis to discuss any Team specific issues. From this process new potential risks are identified and cascaded upwards to the Directorate Management Team (DMT) weekly management meeting, where risk is an agenda item, for intervention / escalation decisions by the Director as necessary. Similarly, weekly Programme Management meetings are held with responsible officers (Project Leads, Operational Manager's, Director and Risk Champion) where key project delivery risks are raised, discussed, monitored and reported to the Director, for intervention and escalation decisions as necessary. On a Corporate level, our two main Registers (Corporate & Directorate) are monitored formally on a quarterly basis, within an embedded and well-established process. Meetings are scheduled and held with responsible officers (Operational Managers, Team Leaders and Risk Champion) to review and update the risk position on all risks, including any newly identified risks, then both Registers are reviewed and approved by the Director prior to formal reporting, to ensure that:

- Risks are relevant (including adoption of new risks)
- Status / risk rating is appropriate
- Controls are in place and supporting mitigations are working
- Interventions are provided by the director to ensure risks are robust
- Decisions made to help manage the process
- Updates on the latest position are recorded accordingly
- Key performance indicators / measures are in place to monitor / track risk reduction, which include:
  - Statistics / data
  - Milestones
  - Reports
  - Experience / feedback
  - Results
  - Documented issues from management meetings to inform the risks

7. Escalation of high-level risks within the directorate is part of the Council's Senior Management Team (SMT) review process, whereby they can be considered for inclusion on the Corporate Risk Register if required. This includes any new significant risks identified outside of the quarterly reporting cycle. There have been no risks escalated to SMT in the last year that are not sitting on the Corporate Risk Register.

### **High Level Corporate Risks (see Appendix B for full detail)**

8. The directorate has a number of high-level corporate risks sitting on the Corporate Risk Register (CRR) which have been identified, assessed and escalated through the risk management process via DMT, then SMT, as described above. The Climate Change risk was originally one generic risk, however, due to the diverse and specific nature of the elements that make up that risk, it was agreed in conjunction with the Corporate Risk team from 20/21 that the specific elements would be reported on in their own right, in order to capture / monitor the specific risk / consequences / ratings / controls / planned actions etc, however, there is an overarching Climate Change summary on the CRR.

### **High Level Directorate Risks (see Appendix C for full detail)**

9. The Directorate Risk Register (DRR) is a strategic document and is directly aligned with the Directorate Delivery Plan and relevant Capital Ambition objectives, as well as capturing any other key risk perspectives, such as:
  - Financial
  - Legal & regulatory
  - Health & safety
  - Service delivery
  - Reputational
10. There are a number of identified directorate risks, of varying severity, examples of key red / amber risks after mitigation are included in Appendix C – the full detail of all directorate risks can be found in the Directorate Risk Register.

### **(b) Internal Audit Engagement and Response**

11. The directorate works closely and meets on a regular basis with the Internal Audit Team to ensure robust management of internal audits and actions arising. This includes our Audit Champion providing key supporting information to the Audit Team on audits to be undertaken and reports to Directorate Management Team on the schedule, outcomes and progress made. The paragraphs and table below provide an up-to-date position for the directorate:

#### **Internal Audit Assurance**

12. The directorate currently has 5 audits with open recommendations, with 13no. outstanding actions; 0 red, 7 red / amber, 5 amber / green and 1 green. The directorate has completed 80% of the audit recommendations in the last two years. The directorate response to some of the recommendations has been affected by the COVID-19 pandemic and this has led to some delays in closing recommendations. It should also be noted that a number of the outstanding actions are in relation to specific projects, therefore the actions will only close in line with the project delivery programme, as outlined below.



## **2019/20 Recommendations**

### **Building Control**

13. 1 no. outstanding recommendation regarding work instructions for new software system. The design of the new software system is currently underway, the launch date is planned for Summer 2022. Work instructions and processes will be reviewed and revised during this period and will be in place prior to launch.

## **2020/21 Recommendations**

### **Programme, Project & Governance**

14. All recommendations are in place, the Transport Programme Team has been formed and weekly programme meetings with the Director and Cabinet Member are in progress.

### **Bereavement Services**

15. All Recommendations are progressing however progress has been affected by the Covid – 19 pandemic. 1 no. red / amber is in progress and the contract is due to go to tender shortly. 2 no. amber / green are progressing, the website, IT / admin system and online payments are all due to be in place by March 2022.

### **Commissioning and Procurement**

16. 2 no. recommendations related to C&P training are progressing, the directorate is developing Commissioning & Procurement bespoke training with Procurement and the training sessions are due to commence Jan 2021. 2. no. recommendations relating to a procurement contract register have been delayed due to staffing constraints in procurement. Revised completion date for C&P audit in totality is March 2022.

### **Asset Management**

17. 2 no. outstanding actions which are progressing.  
The publication of the Highways Asset Management Plan is due to be complete by June 2022, and the migration of all Highways Assets to a central asset management system will be complete once the conversion of residential streetlighting to LED is in place.

## **2021/222 Recommendations**

### **Income & Debtors**

All outstanding recommendations are progressing, 2 actions are due to be complete by the end of December 2021, the remaining action will be complete once the new Bereavement & Registration website is in place, March 2022.

| Audit                             | Report Status | Assurance Rating                           | Outstanding Actions | Completed Actions | Total Actions | Implementation Status                     |
|-----------------------------------|---------------|--|---------------------|-------------------|---------------|---|
| <b>2021/22</b>                    |               |  |                     |                   |               |   |
| Income and Debtors – PTE          | Final         | Effective with opportunity for improvement | 3                   | 1                 | 4             | 1 action due 31/12/21 and 2 due 31/03/22  |
| <b>2020/21</b>                    |               |  |                     |                   |               |   |
| Programme and Project Governance  | Final         | Effective with opportunity for improvement | 0                   | 3                 | 3             | All actions in place                      |
| Bereavement Services              | Final         | Insufficient with major improvement needed | 3                   | 29                | 32            | 1 action due 31/12/21 and 2 due 01/04/22  |
| Commissioning and Procurement-PTE | Final         | Effective with opportunity for improvement | 4                   | 1                 | 5             | 3 actions due 31/01/22 and 1 due 31/03/22 |
| PTE - Asset Management - 2019-20  | Final         | Insufficient with major improvement needed | 2                   | 4                 | 6             | 1 due 01/06/22 and 1 due 31/03/23         |
| <b>2019/20</b>                    |               |  |                     |                   |               |   |
| Health & Safety Audit             | Final         | Effective with opportunity for improvement | 0                   | 8                 | 8             | Completed                                 |
| Building Control                  | Final         | Effective with opportunity for improvement | 1                   | 5                 | 6             | 1 action due 31/08/22                     |
| <b>Total</b>                      |               |  | <b>13</b>           | <b>51</b>         | <b>64</b>     |   |

### (c) The Wider Control Environment

#### Performance Management

18. Performance Reviews in the main, are undertaken on a quarterly basis in line with the Council's Performance Management Framework. This comprises a review of Corporate Plan Priorities, Corporate Steps as outlined in item 4 above, Directorate Plan Headline Actions and Corporate Plan Measures (Key Performance Indicators. Each Corporate Step has been allocated an owner Operational Managers and Team Leaders) and timescales, and each quarter these are responded to by respective owners to provide details on progress, relevant issues and mitigating actions, as well as providing a RAG rating; **Red** – where serious issues have occurred and it is unlikely that any further progression can be made without some form of assistance from outside of the directorate, **Amber** - where issues have occurred but they are not serious enough to require assistance and **Green** - where there are no issues with progress / performance.
19. Similarly Corporate Measures have respective owners and data is provided by them each quarter, for example the percentage of all planning applications determined within required time periods, all Measures have pre-determined targets which are reviewed by owners and agreed by the director annually. RAG ratings are allocated automatically through use of a Corporate Database as follows; **Red** - measure result is 10% or more away from target, **Amber** - measure result is within 10% of target and **Green** - measure result is on or above target. Where the review outcome is Red or Amber, mitigating actions are identified and actioned accordingly to bring matters back on track.
20. Both of these reviews are reported to Directorate Management Team meetings where the director contributes to the overall position and intervenes as required, for example where ratings emerge as Red or Amber the director challenges and seeks further explanation on the matter to establish the root cause and readjusts as required.

21. The outcome of these reviews is included in respective Sharepoint Databases and where queries arise, these are answered accordingly before being reported to Senior Management Team meetings, Cabinet and Scrutiny. The director attends these meetings or liaises to answer any further queries that may arise.
22. Furthermore, the directorate has a number of accreditations and registrations to support performance and wider quality management stems, these form part of an external validation process and impact on the directorate as assessments and audits. These provide external assurance that the directorate is compliant with a host of relevant criteria intended to ensure that they are maintained and retained, additionally these accreditations provide confidence and compliance for the effective and safe delivery of operations, actions arising from these reviews are logged, an owner allocated together with an appropriate timescale for completion and areas for improvement managed as appropriate, current accreditations and registrations are as follows:
- British Standards Institute (BSI) – accreditation to BS ISO 9001:2015 Quality Management System for Highway Maintenance (Street Lighting, Highway Electrical Apparatus, Barrier Repair and Traffic Management).
  - National Highway Sector Schemes 8 covering electrical apparatus i.e. streetlighting.
  - National Highway Sector Scheme 10b covering highway barrier repair.
  - National High Sector Schemes 12a & 12b covering highway traffic management.
  - Highway Electrical Association (HEA/HERS) – which provides a standard of excellence for highway operations and in particular streetlighting and highway electrical apparatus.
  - Association for Public Service Excellence (APSE) – providing validation for performance benchmarking for Cemetery and Crematorium Services, Roads, Highways and Winter Maintenance.

### Significant Partnership / Collaboration Governance

23. In order to maximise our contribution to delivering the Council's priorities, corporate steps and wellbeing objectives the directorate has a well-developed approach for working with partners and collaborations, this helps to put the directorate in a strong position to deliver key pieces of work, indeed this allows us to become more resilient, mitigate risks, fill skill and resource gaps, enrich delivery and reap the benefits of working arrangements as outlined below. Governance and assurance of this approach is controlled via a number of mechanisms including programme board management, project reviews, key performance indicators, performance reviews, procurement frameworks and financial monitoring. Below are partnering and collaborative examples from three of the directorate teams and services:

#### **Transport**

24. Many of the objectives included in the Capital Ambition, Corporate Plan, Transport White Paper and One Planet Strategy involves significant partnership working arrangements to deliver targeted outcomes. The Climate Emergency Programme Board meets quarterly with public sector organisations including Natural Resources Wales, National Health Service, Public Health Wales, South Wales Police, South Wales Fire, Universities, Third Sector Council and statutory undertakers to share plans and strategies and agree actions working towards carbon reduction targets. This has included working towards travel charter targets by encouraging sustainable travel, reviewing vehicle fleets and energy.

25. Several programme board and steering group meetings have been established with Welsh Government and Transport for Wales to discuss the scope of Cardiff Metro improvements, prepare business cases and study work for future extensions, bid for funding, manage risks and programmes and monitor progress managed with agendas, minutes and action logs. Similar arrangements have been established recently in working with the Burns Unit on a programme of improvements to deliver the recommendations of the South-East Wales Transport Commission that were endorsed by the Welsh Government.
26. In addition, regular meetings, engagement and correspondence is undertaken with key stakeholders and partners on specific transport related schemes and initiatives e.g. database of stakeholder consultees including Equalities Engagement Liaison Forum, disability representatives, Cycling Liaison Group, Emergency Services, Bus Operators, Public Health Wales, Natural Resources Wales, Regional Transport Groups, FOR Cardiff, Business, Developers, Universities, Cardiff Research Centre engagement with under-represented and community groups, Schools, Cardiff's Child Friendly City Programme, Cardiff Youth Council, Councillors, Charities and through social media / "Keeping Cardiff Moving" website) seeking to inform and obtain feedback and ideas according to the five ways of working (long-term, integration, involvement, collaboration and prevention) and promotion and adoption of best practice in relation to active travel, public transport, sustainability initiatives, regeneration, clean air and carbon reduction.
27. The Council is also engaged in the Cardiff Capital Region Board and working group arrangements delivering the City Deal and working towards establishing the South-East Wales Corporate Joint Committee that will be tasked with preparing the Regional Transport Plan.
28. Regional working is set up through the City Deal arrangements and working towards establishing the Corporate Joint Committees which is a statutory requirement. Authority to engage on the Metro was established through a Cabinet report and the subsequent working arrangements have needed to be flexible to facilitate the work-streams as they are progressed. Transport for Wales set up the more formal Strategic Metro Board. The Burn's Unit initiated the engagement with Cardiff Council based on delivering the Welsh Government approval of the South-East Wales Transport Commission recommendations which also aligns closely with the Transport White Paper and One Planet Strategy and the working arrangements are structured around delivering the programme they are managing. The establishment of the Climate Emergency Partnership Board is an action in the One Planet Strategy. It is an informal approach but structured around achieving key objectives in the strategy which effectively forms the framework. Other partnership working arrangements are project based in less formal ways to encourage open engagement and facilitate flexible changes in scope and participation to meet the Equality Act and Wellbeing of Future Generations Act requirements.

### **Clean Air**

29. The team works in partnership with Capital City Region (CCR) via the Regional Transport Authority (RTA) to facilitate transition to Ultra Low Emission Vehicles (ULEVs) including Electric Vehicle (EV) charging infrastructure and the forthcoming EV taxi trial and Cardiff Taxi Lease Scheme (subject to political sign off).
30. Through funding from Welsh Government, we have led work with Welsh Water and South-East Wales Local Authorities and other public sector colleagues, including Health Board, South Wales Police, on a Hydrogen Feasibility and Demand assessment study, the outcome of this study is to present a paper to the City Region to seek funding from the City Region Challenge Fund to allow the project to move to initial stage of piloting a number of H2 vehicles

in 2022. If secured a collaborative working group will be formed with appropriate terms of reference established to ensure the project objectives are agreed and delivered to enable the pilot project to be further advanced subject to funding.

31. The Clean Air Plan is being implemented with full backing of Welsh Government, and officers work collaboratively to ensure the progression of the plan will deliver forecasted improvements in air quality to ensure legal compliance is achieved. As part of the Plan, the Council has worked in partnership with Bus Operators to facilitate the bus retrofitting programme to improve NOx emissions by up to 95% on older polluting buses operating in the city. This was a formal process whereby operators were invited to apply for funding and the project was subject to formal terms and conditions.
32. We are also continuing to work in partnership with bus operators to identify and support funding bids to facilitate transition of zero emission buses, as per the bid to secure an initial 36 electric buses for Cardiff Bus which are now being delivered throughout November and December 2021.

### **Planning**

33. The Planning Service is actively engaged in a wide range of partnership and collaborative arrangements. In terms of planning policy, the Council is actively engaged in working collaboratively as we prepare a replacement Local Development Plan for Cardiff. This is a statutory duty on all Local Planning Authorities prescribed by Welsh Government including an agreed "Delivery Agreement" which was approved by full Council. A further example is the preparation of a Strategic Flood Consequences Assessment, working collaboratively and jointly with all South-East Wales Authorities. The Council attends the Planning Officers Society for Wales (POSW) meetings attended by all Heads of Planning across Wales, as well as regional collaboration through SEWSPG (South-East Wales Strategic Planning Group), and regional Development Management meetings on a regular basis. These meetings have agreed terms of reference and support collaborative working across Planning Services in Wales and within the region. The Service also attends, and hosts Core Cities meetings attended by Chief Planners across all UK Core Cities. These meetings also have agreed terms of reference and input into wider core city governance arrangements. The directorate has a commitment to creating strategic partnerships across Council Service Areas, with key stakeholders in the development sector, as well as with other statutory bodies such as Local Health Boards, Universities and Welsh Government Departments. Furthermore, the Planning Service, in partnership with the Housing and Communities Directorate, has a Service level agreement with the District Valuation Service to ensure transparency and consistency of decision making with regard to independent verification of development viability, as well as benefiting from economies of scale in terms of fees and charging.

### **Senior Management Assurance**

34. The Directorate Management Team continues to be actively engaged in the review of Senior Management Assurance Statements (SMAS), with the most recent review taking place at the half-year stage during November 2021. Statements are reviewed individually by management team who allocate a rating to each statement, evidence is provided by giving examples of what each area is doing in practice and identifying what could be done to improve matters to raise ratings accordingly. These reviews and ratings are then profiled to portray the wider picture across the directorate, from which the Director and SMAS Champion undertakes the directorate review, the work undertaken by managers acts as good reference points and indicators to base the directorate review on. The overall profile and directorate position is reviewed at Directorate Management Team meetings at

half-year and year-end and interventions agreed accordingly, for example, during this current review an action plan was agreed to help improve ratings where statements are currently deemed to be of “mixed application”, the action plan is included below and will be taken forward and monitored via Directorate Management Team meetings:

| <b>SMAS Section</b>          | <b>Opportunity for Improvement</b>  | <b>Responsibility</b>                   | <b>Target Date</b> |
|------------------------------|---|---|--------------------|
| All Sections                 | Further awareness to be provided to management team on purpose of SMAS to help promote an alignment of scores and overall consensus across the directorate – I Allwood to attend future DMT meeting.  | Directorate Management Team / I Allwood | Jan 2021           |
| Future Generations Act (FGA) | Further awareness to be provided on the Future Generations Act and Wellbeing Goal   | S Parker                                | Dec 2021           |
| Future Generations Act (FGA) | The directorate needs to consider what further partnership and collaborate reports / requirements are needed to ensure robust programme management, governance, risk management and control.  | G Harcombe / J Dixon                    | Jan 2021           |
| Future Generations Act (FGA) | Examples to be provided by managers how the directorate is applying the FGA and Goals to operations.  | Directorate Management Team             | Jan 2021           |
| Compliance                   | Continue to promote and implement actions arising from internal and external audits to help maximise assurance and compliance across the directorate  | Directorate Management Team / D Samuel  | Ongoing            |
| Planning - Decisions         | The business planning process within the directorate could be made more robust by developing another layer of plans at team leader level, this would close the gap between directorate delivery planning and personal reviews.  | Directorate Management Team / S Parker  | May 2022           |
| Control                      | Directorate to ensure that robust safeguards are place for physical assets and management actions are taken forward from respective asset audits  | Directorate Management Team             | Jan 2021           |
| Performance                  | The quality of individual personal reviews requires a review across the directorate to gauge the quality of content etc, this in practice could further ensure that the potential of staff is maximised, and they are contributing more effectively to objectives, tasks and workload | Directorate Management Team / K Palmer  | April 2022         |

The overall position for our current review is attached in **Appendix A**

**Cardiff Council – Well-being of Future Generations Examination**

35. During 2019, Audit Wales examined the extent to which the Council (PTE) is acting in accordance with the sustainable development principle in developing and launching a new Transport and Clean Air Vision for the City.
36. Audit Wales found that the Council has incorporated the sustainable development principle in its approach to developing the vision for Transport and Clean Air in Cardiff. The Council now needs to embed a consistent understanding and application of the principle and five ways of working in its endeavours to improve outcomes for its citizens.
37. The findings in the Audit Wales Report are based on fieldwork that was undertaken during the period February 2019 to March 2019. These findings include 5 Areas of Development and 15 Management Responses (actions). These actions have been allocated to managers to ensure that they can be implemented, and updates provided as required, reviews have been undertaken by respective managers and the director and reports made at Directorate Management Team meetings and to the Corporate Performance Team via an audit tracker, the actions also appear in the Directorate Delivery Plan see table for further details:

| Area of Development   | Management Response / Action   | Rating / Status |
|---|--|-----------------|
| <p><b>Long term</b> – The Council has a good understanding of current and future need. However, the potential impact of the Metro and the Council’s other priorities should be factored into any long-term interventions.</p>   | Benchmarking of transport solutions with national and international cities.  | Green / Closed  |
|   | Fully articulate in the White Paper the interdependencies between the long-term transport plans for the city and the successful implementation of the Metro.   | Green / Closed  |
|   | Work with the Welsh Government, Cardiff City Region and partners supported by Cardiff Council match funding to ensure long-term investment in sustainable travel behaviour change activities and initiatives.        | Green / Closed  |
| <p><b>Integration</b> – There is clear integration of the sustainable development principle in the Council’s policy priorities focussing on critical public health issues and sustainable transport solutions, but there is scope to strengthen its approach to integration, for example with neighbouring councils</p> | Ensure that the White Paper is explicit that in order to reduce car travel into Cardiff the transport plans for Cardiff, City Region and nationally will be interdependent.  | Green / Closed  |
|   | Ensure that the White Paper is specific about how the aspirations of the Well-being of Future Generations Act will be supported and the five ways of working applied.  | Green / Closed  |
|   | Build upon emerging city-regional governance arrangements, alongside the Welsh Government, Transport for Wales and key stakeholders to agree priorities for transport and land use investment in the Capital Region. | Green / Closed  |
| <p><b>Involvement</b> – Extensive, independent and well-resourced consultation process undertaken with significant response to the ‘Big Ideas’. However, there is scope for clearer involvement of the full diversity of citizens in the design of interventions.</p>   | Create opportunities for the full diversity of stakeholders and underrepresented groups to be involved in the design of transport interventions.   | Green / Ongoing |
|   | Establish tailored and iterative design processes for co-production of transport schemes and initiatives that provide opportunities for citizen involvement.   | Green / Closed  |
| <p><b>Collaboration</b> – The Council is collaborating with PSB partners to develop long-term</p>   | Build upon emerging city-regional governance arrangements, alongside the Welsh Government and  | Green / Closed  |

|  |  |   |
|--|--|---|
| <p>solutions for active travel and public health. The Council would benefit from introducing a similar approach to collaboration with other Capital Region Councils.</p>       | <p>Transport for Wales to enable modal shift, capitalising on the Cardiff Metro investments.</p> <p>Explore opportunities to build upon the existing relationships with Natural Resources Wales through the Public Services Board, Air Quality Forum and Schools Monitoring Programme.</p> <p>Continue to work with Public Health Wales during the preparation of the White Paper.</p>   | <p><b>Green / Closed</b></p> <p><b>Green / Closed</b></p>   |
| <p><b>Prevention</b> – Prevention activity is at the centre of the Green Paper with targets established to monitor the impact of preventative interventions and solutions.</p> | <p>Prepare a monitoring strategy that identifies the effectiveness of sustainable travel and air quality interventions and quantifies the variance and accuracy in the measures.</p> <p>Continue to plan and monitor the prioritised phasing of sustainable transport interventions for new developments to prevent reliance on car use from the outset.</p> <p>Continue to target sustainable and active travel interventions where the air quality is worst.</p> <p>Expand messaging on the benefits to health and the environment being key rationales for modal shift.</p> | <p><b>Green / Closed</b></p> <p><b>Green / Closed</b></p> <p><b>Green / Closed</b></p> <p><b>Green / Closed</b></p> |

### British Standards Institute Strategic Review

38. During the 18th to 20th January 2021 a Strategic Review was undertaken by the British Standards Institute (BSI) on the directorate's ISO 9001:2015 Quality Management System Accreditation covering highway electrical apparatus, barrier repair, highway infrastructure maintenance and road traffic management operations.

39. The objective of this assessment was to conduct a surveillance audit and look for positive evidence to verify that elements of the scope of certification as outlined above and the requirements of the ISO Standard were being effectively addressed by the directorate and that the system in place is demonstrating the ability to support the achievement of statutory, regulatory and contractual requirements as well as meetings the directorate's and Council's specified objectives, example areas covered during the assessment included:

- Leadership and commitment
- Management support system
- Planning and resourcing
- Objectives, performance, monitoring and measurement
- Human resource management
- Training, development and competence
- Risk management
- Supply chain
- Operational processes and control
- Internal audit
- Continuous improvement

40. During the assessment interviews took place with the directorate's Management Representative (BSI Standard Champion), Team Leaders and the Assistant Director to establish compliance and assurance, no non-conformities or areas for improvement were raised during the assessment.



41. BSI stated in their feedback Report that “in line with the directorate’s strategic goals to establish and maintain a Quality Management System in accordance with ISO 9001:2015, the System has demonstrated it is supporting its strategic direction. This has been evidenced through interviews, documentation, visual aids and actual video footage of operations; therefore, the Standard has been maintained and retained”. BSI commented on the professionalism of staff and the enthusiastic way in which evidence was presented.

### **Value for Money**

42. The directorate has responsibility for a wide and complex range of statutory duties, functions and services. Some services are statutory and some services discretionary. Many are now reliant on income generation and grant funding to be sustained. The importance of securing income / grant funding is driving an improved value for money culture across the directorate.

43. A range of methodologies are used to provide assurance including testing the market through procurement, benchmarking, budget monitoring, general performance management (KPIs) and customer satisfaction surveys. Some examples are outlined below.

44. A key priority for the directorate is ‘to continue to provide high quality services and excellent value for money’. This means working smarter, driving efficiencies and embracing digitalisation to maximise income generation. The directorate has reviewed processes, procedures and payments to ensure best practice. Examples of opportunities realised include:

- Engaging a third-party recovery agency to settle insurance debt resulting in a significant increase in recovery.
- Introduction of e licensing, fine and data management for environmental and highway licencing resulted in online payments, automatic notification of license renewal, and automated correspondence and case management.
- Introduction of hybrid mail solution in Civil Parking Enforcement, reducing maintenance costs of physical printers, reduced postal costs and staff efficiencies.
- Engagement of external third-party advertising company to provide Council wide advertising on highway street assets
- Introduction of Smart Parking, informs road users where there are parking spaces across the City Centre, thereby improving revenue from parking, provides information on parking behaviour to support tariff setting, and reduce congestion and pollution from car movements.
- Parking - introduction of pay by phone, 3G card reader, contactless payments, have increased income, reduced cash collections, and improved customer satisfaction.

45. The private sector has an important role in the delivery of service across the directorate. The procurement of goods and services is undertaken in accordance with the Council’s Contract Standing Orders and Procedures Rules. Obtaining value for money is a fundamental principle of these rules. Where appropriate, framework contracts have been put in place in accordance with these rules, for example, SEWTAPS (South East Wales Technical and Professional Services) is utilised to ensure maximisation of buying power, shorter lead times, experienced, technical and professional suppliers.

46. The directorate has implemented a number of Value for Money schemes especially in relation to streetlighting energy. These include streetlighting dimming, introduction of LED lighting on strategic routes, and the Radyr LED residential lighting trial. These schemes

have reduced energy consumption and achieved saving targets as per the Medium-Term Financial Plan. The directorate is currently implementing LED lighting on the remaining residential highway, converting 23,750 residential streetlights to LED; achieving further savings relating to the Medium-Term Financial Plan through energy reduction and a reduction in the Council's operational CO2 emissions', the Council has secured an interest free Salix loan of £4.578m for the LED residential lighting scheme which will optimise savings as it funds 70% of the scheme costs.

47. The directorate has implemented a long-term strategic approach and intelligent asset management solution to Cardiff's Highways management. New material technologies have been embraced, surface treatments such as micro asphalts are now utilised extensively on large scale highway projects. Such treatments are substantially less expensive to deliver than standard resurfacing projects, negate the need for excavation and disposal and therefore reduce the environmental impact. They prolong the life of the asset and are delivered in less time with less disruption. The ability to be able to deliver a range of solutions to highway maintenance management ensures that value for money is achieved.
48. In addition, another example of improved material prolonging the life of an asset is evidenced in the change in material for the Millennium Boardwalk that borders the iconic Principality Stadium has been introduced. The original timber deck and structural members had reached end of their design life at 20 years and deteriorated to such an extent that they would soon become a significant safety hazard and potentially result in the closure of the boardwalk. The boardwalk is not only an important route for active travel, but also essential to enable the stadium to be opened at full capacity. Therefore, the timber elements have been removed and replaced with a composite material made of recycled materials. The new material has a far superior life span, double that of timber, does not require regular maintenance and has a slip resistant surfacing for safer passage. Although a significant investment, when the city-wide economic effect of the stadium opening to events at full capacity is considered and the reduction in long term maintenance burdens, value for money has been achieved.
49. Cardiff Council's Planning Service is the only cost-neutral planning service in Wales. This has been achieved by closely aligning and monitoring future income to service area budgets and delivering innovative methods of income generation beyond traditional planning fees. Examples include facilitating planning performance agreements for strategic developments and securing additional income from pre-application advice requests from future developments. The Planning Service closely monitors future income potential, often several years in advance, to ensure that budgets can be met, and risks identified and addressed in a timely fashion. This is reviewed on a monthly basis and assessed against income received. Furthermore, the Service has to prepare Annual Performance Reports to Welsh Government where Cardiff is consistently within the upper quartile of national performance indicators across all Welsh Local Planning Authorities.
50. Energy Projects – the development of the Solar Farm at Lamby Way capped landfill site. The Solar Farm is a long term invest to save facility project which is projected to be self-financing as well as delivering long term financial benefits to the Council in addition to the significant carbon reduction benefits. The scheme demonstrates Value for Money by:
- Providing a substantial amount of clean, renewable energy to supply the local electricity grid and connected buildings.
  - Makes a positive contribution to national and local renewable energy generation and carbon reduction targets.

- Providing a localised economic activity and long-term productive use for a site that would be otherwise difficult to develop.

51. Bereavement Service's profile has been raised both within the Council and nationally on a consistent basis. Each year Bereavement Services undertakes a Best Value Assessment run by the Institute of Crematorium and Cemetery Management based upon the Charter for the Bereaved. The Charter for the Bereaved was launched in 1994 by the Institute of Cemetery and Crematorium Management (ICCM). The objective was to provide a number of Charter Rights that the bereaved could expect to receive as a minimum standard of service. Since 1994 the Charter has evolved and is now used as the only national benchmark for Cemeteries and Crematoria throughout the UK by means of an annual Charter Assessment process. The Charter for the Bereaved includes 33 Charter Rights as well as guidance to offer enhanced and better services. Cardiff consistently achieves the highest Gold-level on an annual basis. This assessment is the only nationally recognised benchmarking process for cemetery and crematorium services based purely on quality of service rather than financial assessments. This scheme measures the service by using a framework developed by the Charter for the Bereaved based upon the service satisfying all 33 rights connected with funerals. The Charter also contains objectives and assists cemeteries and crematoria to set priorities for future developments and improvements. It is a self –assessment process in the form of a questionnaire related to bereavement services and the associated social and environmental impacts. Although this process is undertaken annually, the ranking achieved will change throughout the year as more authorities complete their returns, and recently the assessment criteria were updated. In 2021 Cardiff was again ranked as a Gold level service.

52. The Bereavement Services team have won a number of prestigious national awards. These include the Association for Public Service Excellence (APSE) Award for Service Team of the Year in the Cemetery and Crematorium category at the APSE event for the second time and were again nominated as finalists in 2021. Additionally, Thornhill Cemetery won the 2019 and 2020 Cemetery of the Year award for Large Burial Grounds of over 10,000 graves. Awards have also been received for the Most Improved Service and Crematorium and Cemetery of the year from the Natural Death Centre.

53. Customer satisfaction for Bereavement services is high, with the services regularly achieving over 97% satisfaction levels based on service provision questionnaires sent to families after each funeral service undertaken in order to measure how well we have performed. In the current year, the figure is at 100% satisfaction of providing a Good or Excellent service.

## **Legal Implications**

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

## **Financial Implications**

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

## **RECOMMENDATIONS**

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

**Andrew Gregory**  
**Director, Planning, Transport, & Environment**

The following are attached:

**Appendix A:** Governance and Audit Committee Presentation

**Appendix B:** Corporate Risks

**Appendix C:** Directorate Risks

# Appendix A – Presentation Slides



**Audit Committee 23<sup>rd</sup> November 2021 – Andrew Gregory Director PTE**

Tudalen 29



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



# Contents



- Directorate Team outline
- Key Priorities and Remit
- Risks Management
- Internal Audit Assurance
- Performance Management
- Partnership & Collaboration
- Senior Management Assurance Statement Review
- External Assurance
- Value for Money



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

# Directorate Teams



- Andrew Gregory – Director, Planning, Transport & Environment
- Matt Wakelam - Assistant Director, Street Scene
- Paul Carter - Transport Policy and Delivery
- Simon Gilbert - Planning
- Gary Brown - Highways Infrastructure and Operations
- Gareth Harcombe - Energy & Sustainability
- Jason Bale – Clean Air
- Martin Birch – Bereavement, Registration and Cardiff Dogs Home

Tudalen 31



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

# Key Priorities and Remit



Directorate has an extensive remit with the Council's Corporate Plan:

Crucial part to play in ensuring Wellbeing Objective 6 is accomplished -  
***“Cardiff Grows in a Resilient Way”***

Tudalen 32

Six Corporate Priorities to deliver on:

- Delivering One Planet Cardiff to decarbonise the city and lead a green recovery
- Transforming Cardiff's public transport and active travel systems
- Putting sustainability and well-being at the heart of the city's growth
- Building resilience into our highway network
- Enhancing Cardiff's flood defences
- Investing in community facilities



Gweithio dros Gaerdydd, gweithio gyda'n gilydd  
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# Key Priorities and Remit (cont)



Hugely important Corporate Plan Steps (31 objectives) to deliver on and implement, including for example:

- One Planet Cardiff Strategy
- Ensuring good air quality
- Strategic transport project delivery
- Active Travel Planning
- Review of the Local Development Plan
- Deliver programmes of resurfacing and patching
- Coastal defence improvements
- Bereavement Services Strategy enhancements

Tudalen 33

Corporate Steps have been planned and firmed up with timescales, milestones and owners identified, progress is well underway and being reported via SMT and Cabinet



Gweithio dros Gaerdydd, gweithio gyda'n gilydd  
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# Risk Management



**Key risks include (see Appendices B & C for full detail)**

## **Corporate (high level risks):**

- Climate Change
- Air Quality
- Coastal Erosion

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## **Directorate (operational risks)**

- Highway investment levels
- Metro delivery
- Financial savings
- City centre transport improvements



# Internal Audit Assurance



Tudalen 35

| Audit                             | Report Status | Assurance Rating                           | Outstanding Actions | Completed Actions | Total Actions | Implementation Status                     |
|-----------------------------------|---------------|--|---------------------|-------------------|---------------|---|
| <b>2021/22</b>                    |               |  |                     |                   |               |   |
| Income and Debtors – PTE          | Final         | Effective with opportunity for improvement | 3                   | 1                 | 4             | 1 action due 31/12/21 and 2 due 31/03/22  |
| <b>2020/21</b>                    |               |  |                     |                   |               |   |
| Programme and Project Governance  | Final         | Effective with opportunity for improvement | 0                   | 3                 | 3             | All actions in place                      |
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| PTE - Asset Management - 2019-20  | Final         | Insufficient with major improvement needed | 2                   | 4                 | 6             | 1 due 01/06/22 and 1 due 31/03/23         |
| <b>2019/20</b>                    |               |  |                     |                   |               |   |
| Health & Safety Audit             | Final         | Effective with opportunity for improvement | 0                   | 8                 | 8             | Completed                                 |
| Building Control                  | Final         | Effective with opportunity for improvement | 1                   | 5                 | 6             | 1 action due 31/08/22                     |
| <b>Total</b>                      |               |  | <b>13</b>           | <b>51</b>         | <b>64</b>     |   |



# Performance Management



Well embedded Performance Management Framework in place and being adhered to:

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Quarterly monitoring and review process in place for reporting on progress of delivery of Corporate Steps and Measures (KPIs)

Robust governance and assurance in place for reviewing and reporting:

- RAG rating by owners of Corporate Steps and Measures
- Progress, issues and mitigations included in review and reporting
- Outcomes challenged by director and performance team
- Feedback from corporate planning team acted upon
- Reports to SMT, Cabinet and Scrutiny with director interface



# Partnership & Collaboration



Examples have been provided in the main body of the Audit Committee Report of Partnerships, Collaborations and how these are governed, these relate to:

- Transport White Paper
- Clean Air
- Planning

Tudalen 37

The partnerships and collaborations linked to the above helps to put the directorate in a strong position to deliver key programmes and pieces of work, indeed this allows us to become more resilient, mitigate risks, fill skill and resource gaps, enrich delivery and reap relevant benefits



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# Senior Management Assurance Statement Review



Half Year Review undertaken in November 21 by Operational Managers, SMAS Champion and Director, including evidence for each statement

Vast majority of statement reviews rated as “Strong Application”

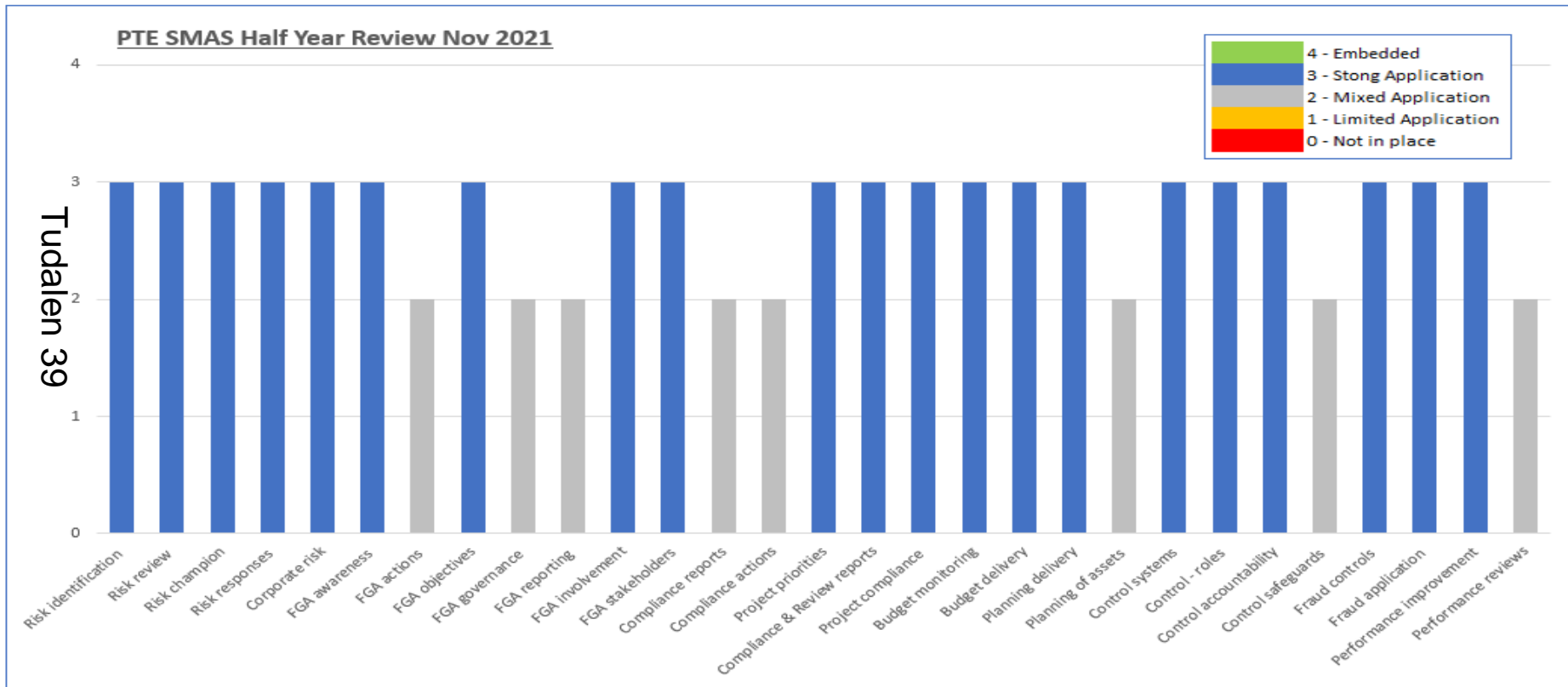
“Mixed Application” ratings and areas for improvement used to develop Directorate SMAS Action Plan, including opportunities for improvement, owners and timescales for completion – reviews to be undertaken at DMT meetings

Chart on following slide portrays outcome across all statements

Tudalen 38



# Senior Management Assurance Statement Review



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# External Assurance



Two key external assessments have been undertaken in the directorate over the past 18 months:

- Tudalen 40
- Audit Wales: Well-being of Future Generations Examination – covering the Vision for Transport and Clean Air in Cardiff
  - 5 Areas of Development and 15 Management Responses (actions) were raised, of which 14 have been closed down, 1 is ongoing

British Standards Institute: Strategic Review Assessment on Highways element of ISO 9001:2015 Quality Management System Standard (highway electrical apparatus, barrier repair, highway infrastructure maintenance and road traffic management operations)

- No non-conformities or observations raised, accreditation successfully retained





# Value for Money



The directorate has itemised a number of Value for Money areas in the main body of the Audit Committee Report, some examples are as follows:

- Introduction of Residential LED Streetlighting to reduce costs
- Achieving cost-neutral planning services
- Solar Farm at Lamby Way for clean and renewable energy supply
- Hybrid mail solution in CPE to reduce printing costs
- Bereavement Services achieving exceptional customer satisfaction

Tudalen 41





# Questions

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## Appendix B - High Level Corporate Risks

| Climate Change  | Current Risk Rating                           | Target Risk Rating                             | Target Reduction Date                           |
|---|---|--|---|
| <p><b>Risk:</b><br/>Cardiff is not able to manage the effects of climate change and energy security due to lack of future proofing for key (social and civil) infrastructure and business development</p>   | <p><b>A1</b><br/>(very likely/<br/>major)</p> | <p><b>B2</b><br/>(likely/<br/>significant)</p> | <p>(phased reduction – A2/B1 by March 2022)</p> |
| <p><b><u>What we've done/are currently doing to achieve the Residual Risk Rating</u></b></p> <p>The Council has declared a Climate Emergency and instigated a One Planet Cardiff Strategy as its strategic response to this (approved October 14<sup>th</sup> 2021).</p> <p>The following specific risk areas have been identified:</p> <ul style="list-style-type: none"> <li>• Coastal Erosion (reported separately)</li> <li>• Flooding</li> <li>• Extreme Weather</li> <li>• Energy Security &amp; Decarbonisation</li> <li>• Biodiversity</li> </ul> <p>Number of initiatives progressed to help mitigate risk including:</p> <ul style="list-style-type: none"> <li>• Introduction of Flood Incident Management software to provide better understanding of spatial distribution of flood events filtered by source, and determine priority areas for future flood alleviation schemes to be implemented</li> <li>• Ongoing CCTV and asset capture work taking place in drainage networks to review high risk areas</li> <li>• Applications to WG have been successful for further grant funding in 2021/22 to support studies and implementation of localised flood preventions schemes</li> <li>• Development of Flood Risk Management Strategy</li> <li>• Working with Partners in the LRF to warn them of anticipated heatwave impacts upon vulnerable groups and support response to such a risk</li> <li>• Implementation of Council's Cold Weather Response Plans</li> <li>• Winter Service review undertaken to consider the potential impact of Covid-19 - Despite challenging &amp; sub-zero weather conditions, plus resource pressures, service was delivered in line with statutory requirements in 20/21</li> <li>• Established internal and external partnership and governance boards to steer our response to the climate emergency</li> </ul> |   |  |   |

- Energy efficiency measures being installed through Re-Fit and Salix projects
- Lamby Way solar farm completed and operational in 2020.
- District Heat Network - funding in place, contractor appointed and Special Purpose Vehicle for delivery established - construction planned to start in January 2022
- Electric Vehicle strategy – WG funding secured to install EV chargers at council buildings for small fleet vehicles and charging infrastructure in car parks.
- Carbon baselining and impact modelling process now finalised to assess progress against One Planet Cardiff Objectives
- Developed a Biodiversity and Resilience of Ecosystems Duty Forward Plan, to implement the statutory duty to seek to maintain and enhance biodiversity and in doing so to promote ecosystem resilience (includes Action Plan)

#### **What we plan to do to meet target**

- Development of a new iteration of the Local Flood Management Strategy & Flood Risk Management Plan in conjunction with WLGA steering group (due for completion October 2023) - an enhanced engagement programme with partners supporting the public in enhancing their own resilience is a key aspect of the Plan.
- Develop enhanced engagement programme with partners supporting the public in enhancing their own resilience - this will be a key aspect of the above Plan - initial discussions with Dwr Cymru/Welsh Water and Natural Resources Wales (NRW) have taken place
- Improvements to the service provided by the SuDS Approval Body (SAB) – planned with additional resource
- Develop a 20-year heat mitigation strategy for the city
- Implement and monitor the One Planet Cardiff Strategy with carbon reduction targets and associated action plan for delivery over to 2030
- Implement the Cardiff District Heat Network
- Complete a Private Wire connection from the Lamby Way Solar Farm to the Welsh Water treatment works nearby to help decarbonise the city's waste-water processing activities
- Work with WG Energy Services advisors to assess future renewable generation and carbon reduction schemes - ongoing as part of the One Planet Cardiff Project
- Electric Vehicle strategy – Proposals to convert council fleet to electric being reviewed/ assessed to allow for impact of Covid-19 and changes to requirements / working practices
- Implement Coed Caerdydd Programme to increase tree canopy cover within Cardiff to 25% of land area by 2030, subject to funding bids
- Update the Cardiff Biodiversity and Resilience of Ecosystems Duty Forward Plan, including the Action Plan, in 2022 in line with legislative requirements
- Biodiversity Declaration to be signed as agreed in OPC report
- Seek opportunities for partnership working under the 5 main themes of the South Wales Area Statement (building resilient ecosystems, working

with water, connecting people with nature, improving our health, improving our air quality)

- Develop the local Nature Recovery Action Plan through the Local Nature Partnership (LNP)

**Key indicators/ measures:**

- Storm Events that meet silver & gold emergency intervention
- Annual number of flooded properties and severity (statutory reporting)
- Energy use / renewable energy production of Cardiff Council
- Extent of Green Infrastructure in the City

| Air Quality   | Current Risk Rating                            | Target Risk Rating                            | Target Reduction Date   |
|---|--|---|---|
| <p><b>Risk:</b><br/>Air quality in Cardiff does not meet statutory requirements set by legislation and continues to have a detrimental impact on health for residents and visitors to Cardiff</p> | <p><b>B2</b><br/>(likely/<br/>significant)</p> | <p><b>C3</b><br/>(possible/<br/>moderate)</p> | <p>March 2022<br/>(subject to ongoing review &amp; evaluation of Castle Street changes to ensure compliance – further measures may be required)</p> |

**What we've done / are currently doing to achieve the Residual Risk Rating**

**Monitoring:**

- Non-automatic nitrogen dioxide (NO2) monitoring sites at 136 locations.
- Data includes monitoring at schools as part of the TRO pilot projects at schools
- There are three live 24/7 monitoring stations:
  - Cardiff Frederick Street: measuring levels of NO2, PM10 & PM2.5, SO2, CO and O3
  - Richard's Terrace, Newport Road: measuring levels of NO2 & PM10
  - Castle Street measuring levels of NO2 PM10 and PM2.5
- 7 near real time indicative automatic analysers located predominantly in Cardiff's City Centre (5), one in Llandaff within the established AQMA and one in Canton on Lansdowne Road. These sites measure on a 24/7 basis, continuously monitoring for Nitric Oxide, Nitrogen Dioxide, Ozone, PM10 & PM2.5, and does so every 15 minutes
- Funding secured via One Planet to implement Ph1 of wider real-time monitoring network - to be established Q3/4

### **Air Quality Management Areas (AQMA's)**

- Cardiff has 4 existing declared Air Quality Management Areas (AQMA's) all as a result of elevated NO2 concentrations from road traffic emissions.
- Ongoing recovery measures e.g., closure of Castle Street has enabled maintenance of reduced air quality concentrations. 2020 APR indicated compliance at all monitoring locations across Cardiff, but results are influenced by COVID impacts and overall reduced traffic volumes.
- Construction of Ph1 City Centre West scheme (Wood St & Central Square) - ongoing.
- Completion of Bus Retrofitting Programme of 49 buses – buses have been fitted with exhaust technology which reduces NOx emissions from the buses by 90%
- Ongoing discussions with WG on Castle Street Options, as contract for Interim arrangements has been awarded.

### **Taxi Scheme**

- T&Cs for Scheme signed off from legal advisors and website being updated.
- 5 WAV EV taxis delivered ongoing discussion with CTS regarding management of lease scheme
  - awaiting political decision for launch

### **Clean Air Strategy and Action Plan**

- A wider Clean Air Strategy and Action Plan has been developed to satisfy the requirements of LAQM. The strategy includes measures that will likely provide further AQ improvements including AQMAs.

### **What we plan to do to meet target**

#### **Implement Clean Air Plan:**

- Package of measures as detailed in Final Plan
- Continue ongoing discussions with Welsh Gov on future of Castle Street and funding of permanent scheme. Agree with WG ongoing monitoring plan to assess impacts of interim scheme.
- Finalisation of Evaluation Plan following comments from expert panel on existing proposals.
- Work with Public Health Wales to quantify future health benefits and improvements from reduced emissions/ NO2 concentrations

#### **Clean Air Strategy and Action Plan:**

- Roll out of measures (subject to grant bids / funding and COVID restrictions:
  - Risk assess wider roll out of real time monitoring project which would look to target sensitive locations such as primary schools, health centres, nursing homes etc
  - Pilot project – Non-Idling Zones, targeted around schools and work with active travel team to launch

- Living Walls and other Green Infrastructure projects where funding has been secured.
- Progression of EV Infrastructure and Council Fleet working with CTS.
- Air Quality Planning Guidance
- Schools Active Travel
- Behavioural Change Promotion, Car Free Day, Clean Air Day etc.

**Key indicators/ measures:**

- Implementation Plan for measures (funding dependent)
- Monitoring and Evaluation Plan for Clean Air Plan
- Ongoing monitoring and reporting under LAQM

| <b>Coastal Erosion</b>   | <b>Current Risk Rating</b>                     | <b>Target Risk Rating</b>                        | <b>Target Reduction Date</b> |
|--|--|--|------------------------------|
| <p><b>Risk:</b><br/>Breach of current defences resulting in widespread flooding (current defences are ad hoc and are in a very poor condition)</p>   | <p><b>B2</b><br/>(likely/<br/>significant)</p> | <p><b>C2</b><br/>(possible/<br/>significant)</p> | <p>March 2024</p>            |
| <p><b><u>What we've done/are currently doing to achieve the Residual Risk Rating</u></b></p> <ul style="list-style-type: none"> <li>• Incident management arrangements are in place, which whilst not preventative, represent a level of emergency management for a flood and coastal erosion risk event occurring in a significant storm event.</li> <li>• Awareness and consultation events undertaken to raise awareness to those who could be affected</li> </ul> <p><b>Coastal Defence Scheme:</b></p> <ul style="list-style-type: none"> <li>• The Flood Risk Management Team are undertaking detailed design for the coastal defence scheme</li> <li>• The necessary works are holistic and cannot be phased. Therefore, the residual risk rating cannot be lowered until the completed construction of the coastal defence scheme in its entirety</li> <li>• The inundation risk will be improved by implementing the coastal defence scheme. The scheme will provide defence for a 1 in 200-year severe weather event, plus an allowance for climate change influence of 40%</li> <li>• Formal application has been submitted to Welsh Government (WG) under the WG Coastal Risk Management Programme and development of the Detailed Design and Full Business Case (FBC) for the coastal defence scheme was programmed for completion in May 2020, however this has been impacted by Covid-19</li> <li>• Ground Investigation commenced February 2020. Due to Covid 19 restrictions, ground investigations were postponed during March 2020</li> </ul> |  |  |                              |

- Work ongoing with Emergency Management to formulate interim measures
- Draft Full Business Case submitted to Welsh Government for review
- Prequalification questionnaire (PQQ) procurement process commenced in September and 6 returns assessed.
- The Marine Licence application has been submitted to NRW and has been advertised, as per licence requirements, in the local press on two occasions. The Flood Risk Management Team will now continue to work with NRW through their consideration and review of the application

**What we plan to do to meet target**

We will be designing & delivering an effective coastal flood protection scheme as a matter of priority - Detailed design and full business case ongoing

**Key steps:**

- Full Business Case (draft) submitted to WG & refined as necessary - final Welsh Government approval & funding confirmation anticipated by late 2021 /early 2022
- Tender scheme promptly following support from Welsh Government. Contract will be developed as part of detailed design process to support tender process.
- Extensions for timescales due to Covid 19 delays, and complexities of the ground conditions and therefore design, have been agreed with WG - funding for FBC has been increased to cover additional costs (plus WG grant % increase) and extended to 16 March 2022.
- Anticipated construction starting 2022, subject to the above, with completion 2024.
- The costs associated with the Outline and Full Business Cases and Design have been 100% funded by WG. To allow for the increase of the allowance for climate change to 40% and additional works required from the ground investigation results the construction phase is now estimated at £25m (Welsh Government 85% funding = £21,250,000 and CC 15% funding = £3,750,000)
- Following assessment of returns, the full tender process will begin with the 5 successful PQQ candidates. The submission, assessment, selection and award process are forecast to be completed by early 2022

**Key indicators/ measures:**

- Award of contract for detailed design and Full Business Case - achieved



- Completion of detailed design and Full Business Case by Feb 2021 & submitted to WG for final approval (was May 2020 – extension granted due to pandemic)
- Delivery programme of coastal protection scheme

Mae'r dudalen hon yn wag yn fwriadol

## Appendix C - High Level Directorate Risks

| Risk Title  | Current Risk Rating              | Target Risk Rating            | Target Reduction Date  |
|---|----------------------------------|-------------------------------|--|
| Delivery of phased programme of well-maintained highway asset and public realm  | C2<br>(possible/<br>significant) | D3<br>(unlikely/<br>moderate) | 22/23<br><i>(subject to confirmed continued future investment)</i> |
| <b>Risk:</b><br>Investment levels do not meet steady state / improving asset levels   |                                  |                               |  |
| <b><u>What we've done / are currently doing to achieve the Residual Risk Rating</u></b>   |                                  |                               |  |
| <b>Funding</b>  |                                  |                               |  |
| <ul style="list-style-type: none"> <li>• An investment plan (Highways Asset Investment Strategy - HAIS) has been communicated to Cabinet to achieve steady state by 2022/23.</li> <li>• Increased GCF investment has been achieved for a number of years now, supplemented by WG Public Highways Refurbishment grant (£5.2M 18/19 -20/21), with £1.715M allocated in 21/22. However, future years indicative budgets reduce to a lower level than the HAIS required for 'steady state', hence still risk of deteriorating asset going forward - risk is very likely to increase again unless further funding is secured to maintain steady state.</li> <li>• FRM funding has reduced placing further pressure on existing budgets when considering the management of a deteriorating asset.</li> <li>• Future maintenance of City Centre/ Cycleway schemes flagged as part of MTFP - £125K in 23/24 &amp; 24/25 currently allocated</li> <li>• Covid 19 impact - budgets &amp; contracts modified/ funding re-purposed to seek best value e.g. footway renewal funding re-allocated in 20/21 to resurfacing due to concerns around delivering footway works with social distancing measure in place.</li> </ul> |                                  |                               |  |
| <b>Programme &amp; Monitoring</b>   |                                  |                               |  |
| <ul style="list-style-type: none"> <li>• Projects such as LED street lighting investment and infrastructure projects being delivered to improve the position.</li> <li>• Residential LED streetlighting to be rolled out across the city, which will enhance the asset of street lighting, as columns and other concerns will be addressed as part of roll-out – (see REF)</li> <li>• A48 Barriers replacement to address issues highlighted in report - design now progressing following procurement and covid delays</li> <li>• Eastern Avenue Street lighting and cabling replacement - design now progressing following procurement and covid delays</li> <li>• AMX asset management is in place for assets and information on assets is being collated so asset data and performance is held for informed decision-making, allowing investment in key areas.</li> </ul>  |                                  |                               |  |

- Patching and Preventative Treatment programme is supporting the delay of investment in highways assets. However, this is not a replacement to steady state investment.
- Issue around Tree Cutting (A4232 & A48 has substantial overgrowth of trees causing H&S related issues for all users) – responsibility for tree maintenance lies with Parks Services in Economic Development. Risk has been highlighted to them, however ash tree die-back (of which some of these trees will be included) is taking priority at present No additional funding allocated, therefore risk remains.
- Monitoring taking place to achieve steady state target 2022/23

### **What we plan to do to meet target**

#### **Funding**

- Funding pressure bids have been submitted to support longer term financial model to maintain steady state (capital & revenue/ FRM) - will continue to liaise with corporate finance as part of the 22/23 budget setting process - outcome Feb 2022
- Review/ assessment to be undertaken re MTFP to determine impact of Capital Schemes & future maintenance requirements (high end materials & related assets)
- Issue around Tree Cutting to be re-raised with Parks Services in Economic Development and Corporate Finance

#### **Programme & Monitoring**

- Programme of new C/way & F/way works have been tendered, high speed route programme has been delivered to improve overall condition and resilience. Extensive preventative treatment programme commenced in September and will continue through to completion, possibly in early 2022, weather dictates progress. Preventative footway programme and further resurfacing programmes to be let during the year.
- A48 Barrier design to be completed and works tendered - design process nearing completion in view of tender during 21/22
- Eastern Ave S/L design to be completed and works to be tendered
- Work to continue looking at how Developments and projects can support improving highway assets

#### **Key indicators/ measures:**

- Condition related data
- Continued asset management / appraisal
- Complaints/dissatisfaction of stakeholders

| Risk Title   | Current Risk Rating     | Target Risk Rating                 | Target Reduction Date                         |
|--|-------------------------|------------------------------------|---|
| Metro  | D1<br>(unlikely/ major) | E3<br>(very unlikely/<br>moderate) | 23/24 once<br>business cases are<br>finalised |
| <p><b>Risk:</b><br/>Risk of the specification for the Metro within the Wales &amp; Borders Rail Franchise not accounting for the full scope of improvements needed to support improved rail, light rail or tram services and access in Cardiff</p>   |                         |                                    |   |
| <p><b><u>What we've done/are currently doing to achieve the Residual Risk Rating</u></b></p> <p><b>Governance</b></p> <ul style="list-style-type: none"> <li>• Close liaison with senior officers in the Welsh Government (WG), Transport for Wales (TfW) and Local Authorities (LA's) in the Region</li> <li>• Working relationships with the Cardiff Capital Region City Deal, TfW and WG have progressed, enabling agreement on investments in the Central Interchange Transport Hub and Central Station.</li> <li>• Strategic Programme Board established with associated working groups - for governance and working relationships with City Deal Partners, WG, TfW and appointed Franchise contractor Keolis Amey.</li> <li>• Overarching business case for the Metro, including the Cardiff Core Metro/Cross-rail, is being developed</li> <li>• Continued engagement with non-statutory Cardiff City Region Transport Authority as part of the City Deal at Member and Officer levels.</li> <li>• Working groups with TfW and TfW Rail have been established to progress the preparation of business cases for improvements to stations, new stations and line extensions in Cardiff.</li> <li>• Discussions on feasibility/ timescales of aspirations are continuing, working towards a programme of delivery.</li> <li>• Key studies currently being progressed include: <ul style="list-style-type: none"> <li>- Cardiff Central to Cardiff Bay</li> <li>- Cardiff Central to Pontyclun in the North-West Corridor</li> </ul> </li> <li>• Cardiff Council provided input and endorsement of South-East Wales Transport Commission recommendations to WG for greater investment in sustainable travel including Cardiff Cross-Rail/Core Metro network extensions and new train stations.</li> <li>• Working arrangements to progress improvements at stations have also been established and further study work is progressing by TfW following transfer of ownership of the Core Valley Lines from Network Rail to the Welsh Government including a collaborative bid to the Department for Transport for a new station at Ely Mill/Victoria Park.</li> <li>• Cardiff Metro/Bus programme manager appointed in June 2021/22.</li> </ul> <p><b>Current Study Work in Progress</b></p> <ul style="list-style-type: none"> <li>• North-West Corridor Phase 1 Stage 2 WeITAG</li> <li>• Cardiff Crossrail Technical Feasibility Studies including Western Junction</li> </ul> |                         |                                    |   |

- Cardiff Central to Cardiff Bay Technical Studies
- Cardiff Metro Master Planning/Option Development for Cardiff Bay/Roath Dock

### **What we plan to do to meet target**

#### **Governance**

- Strategic Programme Board Meetings ongoing
- Cardiff Metro Steering Group Meetings ongoing

#### **Planned Study work**

- Further extensions as part of the Core Metro/Cross-rail will involve further study work for the sections:
  - Radyr to Coryton - Discussions with TfW and Velindre on future study work have been progressed.
  - Roath Dock to Newport Road/Cardiff Parkway St Mellons - Newport Road Station Study currently being scoped along with the WG Burns Unit.

At the appropriate time, the Council will need to support bids for funding to progress the Metro schemes. This will need to be reported to Cabinet taking into consideration the Cabinet Reports of Feb 2014 and June 2021.

#### **Key indicators/ measures:**

- Agreement of governance and working arrangements
- Agreement of a programme of Metro improvements
- TfW dedicated Strategic Programme Metro Manager for SE Wales tracks & monitors progress & risks
- WeITAG 1-5 stages met – guidance requires the establishment of a Review Group by Stage 2 where the key risks and dependencies are required to be presented

| Risk Title  | Current Risk Rating          | Target Risk Rating        | Target Reduction Date                       |
|---|------------------------------|---------------------------|---|
| Delivery of Financial Savings targets (current & future) & monitoring of revenue expenditure  | C2<br>(possible/significant) | C3<br>(possible/moderate) | March 21/22<br><i>(plus ongoing review)</i> |
| <p>Risk:</p> <ul style="list-style-type: none"> <li>- Unachieved savings from previous &amp; current years having a detrimental impact on financial position</li> <li>- 'Invest to save' schemes not meeting savings targets or not being delivered on time</li> <li>- Unfunded / unforeseen financial pressures</li> <li>- Potential shortfall against income targets</li> <li>- Revenue implications of capital schemes</li> </ul>  |                              |                           |   |
| <p><b><u>What we've done/are currently doing to achieve the Residual Risk Rating</u></b></p> <p><b>Savings</b></p> <ul style="list-style-type: none"> <li>• Savings model accounts for and mitigates unachievable savings to ensure realistic savings plan</li> <li>• Finance Officers work closely with accountants to ensure that savings are identified and appropriately allocated</li> <li>• Closely monitoring - highlighting potential shortfalls - in process of identifying mitigations</li> <li>• Working with Cabinet Members and providing good evidence/ support through associated reports</li> </ul> <p><b>Invest to Save</b></p> <ul style="list-style-type: none"> <li>• Monthly monitoring &amp; reporting of 'Invest to Save' schemes: <ul style="list-style-type: none"> <li>- scheme delivery progress</li> <li>- highlighting potential delays which will impact completion &amp; payback/ savings</li> <li>- income generation</li> <li>- highlighting any anticipated shortfall/ delay in income &amp; identify any mitigation</li> </ul> </li> </ul> <p><b>Emerging Financial Pressures</b></p> <ul style="list-style-type: none"> <li>• Monthly monitoring with Team leaders and OMs to ensure all financial pressures are highlighted as soon as understood &amp; known</li> <li>• Unforeseen/ unfunded costs flagged to Corporate Finance and impact on financial position - corrective action to mitigate where possible</li> <li>• Working closely with Corporate Finance to ensure appropriate Covid 19 costs are claimed from WG</li> </ul> <p><b>Income</b></p> <ul style="list-style-type: none"> <li>• Monthly monitoring with Team leaders and OMs to ensure all income shortfall issues are highlighted as soon as understood &amp; known</li> </ul> |                              |                           |   |

- Analysis/ modelling undertaken to try to understand trends/ economic conditions and project future patterns
- Projected shortfall & reasons flagged to Corporate Finance to ensure appropriate Covid 19 costs are claimed from WG

### **Capital schemes**

- Revenue implications of major capital schemes raised as a risk at Major Projects meetings with Corporate Finance e.g:
  - maintenance - materials spec of high-end products
  - cleansing - new equipment required to service cycle lanes
  - staff resources - increased staff required to deliver capital ambition
- Information submitted as part of capital bid process to feed into MTFP (currently £125K allocated in 23/24 & 24/25)

### **What we plan to do to meet target**

#### **Monitoring & Mitigation**

- Continue to identify the financial impact of Covid 19, understanding current and predicting future trends to support the recovery strategy
- Continue to submit Hardship claims to WG where appropriate to support income shortfall/ additional costs (as was successfully achieved in 20/21)
- Claims have been submitted for Q1&Q2
- Monthly monitoring & reporting - ongoing
- Month 06 Position - £296k overspend mainly due energy management - historical unachievable targets and scheme delays. Mitigation is ongoing.

#### **Invest to Save**

- As raised in CEX Budget Challenge meeting - Energy projects need to have remedies put in place, so savings start to be achieved (Radyr Weir & Solar farm) - Action for consideration:
  - Should operational delivery of Energy projects sit in PTE or within FM / Estates, discussions ongoing

#### **Capital Schemes**

- Review to be undertaken of revenue implications for highways maintenance/ Cleansing to better understand additional cost/ budget requirements to inform MTFP. GS to pull together list to include:
  - Scheme
  - Type of specialist treatment e.g. granite, segregated cycle lanes, SUDs
  - Construction completion date
  - Maintenance start date
  - Anything else deemed pertinent
- Meetings ongoing (Transport/ Highways/ Cleansing/ Finance) as schemes/ detail develops to discuss & identify realistic costs/ time profile to feed into MTFP.



Key indicators/ measures:

- Directorate Financial Position
- Improvement against previous years unachieved savings target
- Implementation of audit recommendations
- WG funding claims submitted/ claims paid (£30.233M for 20/21 - capital £16.951M & revenue £13.282M)
- Economic conditions e.g. Parking (covid impact)

| Risk Title  | Current Risk Rating              | Target Risk Rating            | Target Reduction Date   |
|---|----------------------------------|-------------------------------|---|
| City Centre Transport Improvements including delivery of supporting highway improvements for new Central Transport Interchange & the delivery of Segregated Cycleways   | A3<br>(very likely/<br>moderate) | D3<br>(unlikely/<br>moderate) | March 21/22<br><i>(plus ongoing review, for duration of delivery programme)</i> |
| <p>Risk:<br/>Transport network being adversely impacted due to implementation of multiple major transport schemes concurrently within City Centre and along key routes</p>  |                                  |                               |   |
| <p><b><u>What we've done/are currently doing to achieve the Residual Risk Rating</u></b></p> <ul style="list-style-type: none"> <li>• <b>Bus Operator Engagement</b> <ul style="list-style-type: none"> <li>- regular contact with bus operators to share construction phasing plans and identify issues on the network</li> </ul> </li> <li>• <b>Internal Network Review Group</b> <ul style="list-style-type: none"> <li>- internal group of officers set up to monitor the network impacts</li> </ul> </li> <li>• <b>Programme of Enabling and Mitigation Works</b> <ul style="list-style-type: none"> <li>- a series of projects purposely developed &amp; set up to support and enable key strategic transport scheme, as well as ad-hoc projects and network changes to directly tackle network impacts as and when they occur</li> </ul> </li> <li>• <b>Monitoring &amp; On-Site Staff Presence</b> <ul style="list-style-type: none"> <li>- regular traffic monitoring via UTC Control Room, automatic and manual counting of junctions and links, plus staff presence on site and deployment to hot spot areas where required</li> </ul> </li> </ul> <p><b><u>What we plan to do to meet target</u></b></p> <ul style="list-style-type: none"> <li>• <b>Current controls</b> <ul style="list-style-type: none"> <li>- continuation &amp; monitoring of the existing mitigation controls ongoing</li> </ul> </li> </ul> |                                  |                               |   |

- **Funding**
  - work with PTE finance and corporate finance to identify internal budgets to be used to implement controls, and seek further funding e.g. external where possible/ opportunity allows
- **Resource**
  - review of staff resource to supplement and support the Transportation Programme Team

**Key indicators / measures:**

- Key stakeholder feedback/ endorsement
- Traffic flow data
- Delivery programme milestones
- Complaints receive

**GOVERNANCE & AUDIT COMMITTEE: 23 November 2021**

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**INTERNAL AUDIT & INVESTIGATION TEAM - PROGRESS REPORT****REPORT OF THE AUDIT MANAGER****AGENDA ITEM: 5.1**

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

**Reason for this Report**

1. The Terms of Reference of the Governance and Audit Committee requires that Members:
  - Consider reports from the Audit Manager on Internal Audit's performance during the year.
  - Review the assessment of fraud risks and potential harm to the council from fraud and corruption.
  - Monitor the Counter-fraud strategy, actions and resources.
2. A progress report has been prepared to provide the Governance and Audit Committee with an update on the work and performance of the Internal Audit and Investigation Teams. This progress report covers the quarter two period 2021/22, and follows the updates provided in the Committee meeting held on 20 July 2021.

**Background**

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

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

## Issues

### Delivery 2021/22 (to date)

#### a) Audit

8. Annex 1 outlines how during quarter two the priorities and approach of the audit team were to deliver a combination of management support through consultation and engagement in high-risk areas, and to progress targeted assurance engagements from the Audit Plan.
9. Following a Control Risk Self-Assessment (CRSA) exercise completed towards the end of the financial year 2020/21, action plans containing recommendations have been issued for twenty-seven of the thirty-two schools sampled. The remaining five actions plans were being prepared for issue at the quarter end. Alongside individual school audits being completed this year, the implementation of recommendations through the CRSA exercise will be tracked, monitored and reported to support effective control environments across schools.
10. The Internal Audit Team has continued to provide advice and guidance on the design and implementation of effective controls in the administration of Welsh Government COVID-19 grants schemes to achieve compliance and control, and arrangements for the effective prevention and detection of fraud.
11. Audits continue to be undertaken predominantly on a desktop basis, and as at 30 September 2021, twenty-eight new audit engagements had been completed to at least draft output stage and sixteen audit engagements from the prior year had been finalised. Sixty-seven percent of audit opinions provided were of 'effective' or 'effective with opportunity for improvement'. Further details are provided within section 2.4. 'Current Activities'.
12. Section 2.5 'Resources, outlines that there has been a reduced capacity in the team during quarter two. One long-term sick case which began towards the end of quarter four 2020/21 has remained ongoing, there have been some instances of short-term sickness absence and greater development / wellbeing initiatives time has been used by the team. The Audit Management Team is monitoring the ongoing resources available closely, and in the event of a risk to the sufficient level of assurance work to support the annual audit opinion, options for additional temporary resourcing will be explored.
13. Section 2.6 'Annual Plan' outlines how the annual Audit Plan is designed to be of sufficient size to enable decisions on the timing and prioritisation of audit engagements to be made as each year progresses. Reflecting on audit coverage, in order to provide a sufficient body of assurance work to provide a full audit opinion for the year as a whole, at the mid-year point the Audit Plan has been subject to audit management review and senior officer engagement.

14. For the remainder of the year, it is proposed to target all planned audits of fundamental systems, a high level of coverage in areas of core governance and a spread of directorate level systems. Appendix B shows twenty-nine audit engagements highlighted in green which at this stage are not intended to be targeted for completion during 2021/22. The approval of the Committee is sought to formalise deferring these items from the current Audit Plan. It should be noted that the proposal does not impact the performance target, it instead indicates strategic priorities. The revised Audit Plan would still contain 75% of the audit engagements approved by Committee at the beginning of the year. The target is to deliver 70% of the original plan.
15. Making up the audits proposed for deferral are a small number of corporate audits, for which the reasons are contained within the section 2.6 'Annual Plan'. At a directorate level, it is proposed that a thematic audit in each directorate of performance management is deferred until early 2022/23 and replaced in 2021/22 with a single corporate audit of performance management, which would review the overall system and would contain testing of directorate application and compliance. This would release audit time to be applied in prioritised areas of the Audit Plan, whilst providing assurance on the performance framework and its application through the proposed single audit, for which Committee approval is requested. A spread of further directorate audits which it is not proposed to commence during 2021/22 are indicated within Appendix B.
16. In quarter two 2021/22, four audit outputs were issued with draft audit opinions of 'insufficient with major improvement' audit assurance. The findings of these audits are outlined within Annex 1, section 2.7 'Critical Findings or Emerging Trends (Q2 2021/22)'.
17. Performance against the indicators set for the financial year is detailed within section 3.2 'Performance'. Lower audit delivery than planned is indicative of the lower capacity of the team as outlined in Section 2.5 'Resources'. Work is being prioritised and the position is being monitored by Audit Management Team, who will take steps to mitigate any risk to audit coverage in respect of the annual audit opinion. All draft outputs have been delivered within four weeks of completing fieldwork, in recognition of the importance of prompt reporting and timely management assurance. The importance of a timely response to audit recommendations has been reinforced through Senior Management Team agenda items and updates.
18. **Appendix A** shows a list of audits and their reporting status in the current year, and the current position for the full Audit Plan is shown in **Appendix B**.
19. The recommendations and progress at the reporting date are provided in the following appendices.

|                   |   |
|-------------------|---|
| <b>Appendix C</b> | Recommendations Summary   |
| <b>Appendix D</b> | Contains the red & red / amber open recommendations   |
| <b>Appendix E</b> | Contains the red and red / amber recommendations completed since the last Committee meeting in July 2021. |

## **a) Investigations**

20. Annex 2 outlines the activities of the Investigation Team in quarter one. For the year as a whole there are four hundred and forty-two chargeable days available based on current resources (2.5 fte), indicatively split between strategic (80 days) and operational activities (362 days).
21. Excluding one-off business grants work, in respect of all other casework in the current financial year (as at 30 September 2021):
- Two hundred and fifty cases were identified for investigation, compared to one hundred and eight for the same period last year.
  - One hundred and thirty-one investigations are ongoing, compared to one hundred and fifty-seven for the same period last year.
  - Two hundred and sixteen investigations have concluded, compared to one hundred and seventy-nine over the same period last year.
  - £420,709 has been attributed concluded investigations, compared to £349,505 for the same period last year.
22. In addition to identifying and progressing investigation cases, the team has continued to provide targeted counter-fraud advice, guidance and checks to support the control environment and the prevention and detection of fraud and error in the administration of grants on behalf of the Welsh Government.
23. Through four separate post payment verification and assurance exercises in respect of Welsh Government Business Grants linked to non-domestic properties, one thousand two hundred and fifty-six priority matches were identified for review, of which thirty-nine are subject to ongoing enquiry.
24. The Investigation Team has worked with colleagues across the Council to prepare a series of articles to be communicated, as part of the internal campaign publicising International Fraud Awareness Week (commencing 15 November 2021). Particular areas of focus are: Corporate Criminal Offence, Insurance fraud, Payment Cards - Payment Card Industry Data Security Standard (PCI DSS).
25. Mandatory Fraud Awareness training continues to be delivered, and as at the 30 September, more than five thousand seven hundred employees had completed the eLearning or attended a face-to-face session.
26. The summary report in Annex 2 provides further details in respect of the above, in addition to outlining the current position in respect of the roll out of fraud awareness training.

## **Legal Implications**

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

## **Financial Implications**

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

## RECOMMENDATIONS

29. The Governance and Audit Committee is recommended to:

- Note and consider the contents of the Internal Audit and Investigation Team Progress Reports.
- Approve the addition of a corporate audit on performance management
- Approve the deferral of 29 audit engagements from the Audit Plan 2021/22 as identified within the Audit Plan (Appendix B)

**CHRIS PYKE**  
**AUDIT MANAGER**

The following are attached:

**Annex 1 - Internal Audit Progress - Summary Report**

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

**Annex 2 - Investigation Team Progress – Summary Report**

Mae'r dudalen hon yn wag yn fwriadol





# Resources Directorate Internal Audit Section



## Internal Audit Progress Report (As at 30 September 2021)

|   |  |
|---|--|
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| Continuing Professional Development               | 2  |
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| <b>Appendix B</b>                                 | Audit Plan   |
| <b>Appendix C</b>                                 | Recommendations Summary  |
| <b>Appendix D</b>                                 | Red & red / amber open recommendations                           |
| <b>Appendix E</b>                                 | Red & red / amber recommendations completed since last Committee |

**Prepared by: Chris Pyke, Audit Manager**

# INTERNAL AUDIT PROGRESS REPORT

## 1. INTRODUCTION

### 1.1 Background

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

The Audit Plan 2021/22 was approved on 23 March 2021. The Plan provides the framework for audit work each year and is aligned to the Council's corporate governance arrangements, whilst also being responsive to any changes to the risks faced by the Council during the year.

This progress report provides a summary account of the audit activities, findings and progress against the Audit Plan as at 30 September 2021.

### 1.2 Independence and objectivity

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

### 1.3 Continuing professional development

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

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

## 2. SUMMARY OF WORK PERFORMED

The following audit summary covers the work programme for 2021/22, and the associated activities, resources, findings and measures of performance as at 30 September 2021.

### 2.4 Current activities

During the year to date the priorities and approach of the audit team were to deliver a combination of management support through consultation and engagement in high-risk areas, and to progress targeted assurance engagements from the Audit Plan.

#### Schools control risk self-assessment (CRSA) action plans

Members will be aware of the Control Risk Self-Assessment (CRSA) exercise completed towards the end of the financial year 2020/21 through which all schools were required to respond to a detailed set of internal control statements, identify actions for improvement in the event of any gaps, and to provide a portfolio of evidence to support the assertions made within their returns.

Following this exercise and associated reporting to Headteacher and Chair of Governors forums, action plans containing recommendations for 27 of the schools sampled have been issued. A further 5 schools were sampled, for which the actions plans were being prepared for issue at the quarter end. Alongside individual school audits being completed this year, the implementation of recommendations through the CRSA exercise will be tracked, monitored and reported to support effective control environments across schools.

#### COVID-19 related consultancy services

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

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

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

### Audits completed

A number of assurance audit engagements have commenced, and this work continues to be undertaken predominantly on a desktop basis.

The table below shows a list of audits and their reporting status as at 30 September 2021, whereby 28 new audit engagements were completed to at least draft output stage and 16 audit engagements from the prior year have been finalised. A summary of the audit outputs and opinions in the year to date is shown below.

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

| Status       | Number of completed audits | Opinion   |  |  |                |                  |
|--------------|----------------------------|---|--|--|----------------|------------------|
|              |                            | Effective                                       | Effective with opportunity for improvement | Insufficient with major improvement needed | Unsatisfactory | No opinion given |
| Draft        | 13                         | 1   | 8  | 4  | 0              | 0                |
| Final        | 31                         | 3   | 13   | 8  | 0              | 7                |
| <b>TOTAL</b> | <b>44</b>                  | <b>4</b>  | <b>21</b>                                  | <b>12</b>                                  | <b>0</b>       | <b>7</b>         |
|              | 28                         | <i>New Audit Engagements completed</i>          |  |  |                |                  |
|              | 16                         | <i>Finalised Audit Engagements from 2020/21</i> |  |  |                |                  |

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

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

| No. | Assurance Audit Engagement             | Audit Opinion                              |
|-----|--|--|
| 1.  | Fraud, Bribery and Corruption          | Effective                                  |
| 2.  | Housing Rents                          |  |
| 3.  | Homelessness - Temporary Accommodation |  |
| 4.  | Education - SOP - Review of Band B     | Effective with opportunity for improvement |
| 5.  | PTE – Income and Debtors               |  |
| 6.  | Resources – Income and Debtors         |  |
| 7.  | Members' Remuneration and Allowances   |  |
| 8.  | Marlborough Primary School             |  |
| 9.  | Mary Immaculate High School            |  |
| 10. | Special Leave                          |  |

|                                      |  |   |
|--------------------------------------|--|---|
| 11.                                  | Treasury Management  |   |
| 12.                                  | Governance and Legal Services - Pre-Contract Assurance             |   |
| 13.                                  | Bilingual Cardiff  |   |
| 14.                                  | City Deal 2020/21  |   |
| 15.                                  | Disciplinary Policy  |   |
| 16.                                  | Establishment Reviews  | Insufficient with major improvement needed      |
| 17.                                  | Joint Equipment Service  |   |
| 18.                                  | Payments to Care Leavers   |   |
| 19.                                  | Economic Development - Pre-Contract Assurance                      |   |
| 20.                                  | Waste Collections  |   |
| 21.                                  | Education and Lifelong Learning - Pre-Contract Assurance           |   |
| Audit Work with 'No Opinion'         |  |   |
| 22.                                  | Joint Committees - Prosiect Gwyrdd                                 | Consultancy, certification, advice and guidance |
| 23.                                  | Joint Committees - Port Health Authority                           |   |
| 24.                                  | Joint Committees - Glamorgan Archives                              |   |
| 25.                                  | Service and Process Consultancy – Welsh Government Grants          |   |
| 26.                                  | Rumourless Cities Grant  |   |
| 27.                                  | Creditor Payments CRSA 2021/22                                     | Control Risk Self-Assessments                   |
| 28.                                  | Payroll CRSA 2021/22   |   |
| Concluded Audits from the Prior Year |  |   |
| 29.                                  | Risk Based Verification  | Effective                                       |
| 30.                                  | Wellbeing of Future Generations                                    |   |
| 31.                                  | Audit of scrutiny functions  | Effective with opportunity for improvement      |
| 32.                                  | Follow-up audit - contracts in Waste Management                    |   |
| 33.                                  | Norwegian Church Preservation Trust 2019/20                        |   |
| 34.                                  | Creditor Payments - In year testing 2020-21                        |   |
| 35.                                  | Council Tax  |   |
| 36.                                  | Housing Benefit / Local Housing Allowances / Council Tax Reduction |   |
| 37.                                  | IT Business Continuity   |   |
| 38.                                  | Follow-up audit - St. Peter's                                      |   |
| 39.                                  | Gatehouse  | Insufficient with major improvement needed      |
| 40.                                  | Follow-up audit - fly tipping                                      |   |
| 41.                                  | Recycling in HWRCs   |   |

|     |  |  |
|-----|--|--|
| 42. | St. Cuthbert's RC Primary School                           |  |
| 43. | Payment Card Industry                                      |  |
| 44. | Cardiff Bus - governance relationship with Cardiff Council |  |

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

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

| Audit  | Comments   |
|--|--|
| Joint Committees - Prosiect Gwyrdd                                 | Work to support completion of Statement of Accounts. |
| Joint Committees - Port Health Authority                           |  |
| Joint Committees - Glamorgan Archives                              |  |
| Service and Process Consultancy – Welsh Government COVID-19 Grants | Compliance, control and counter-fraud guidance       |
| Rumourless Cities Grant  | Grant certification                                  |
| Creditor Payments CRSA 2021/22                                     | Developing and coordinating a Control Risk           |
| Payroll CRSA 2021/22   |  |
|  | Self-Assessment                                      |

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

## 2.5 Resources

There has been reduced capacity in the team during quarter two. One long-term sick case which began towards the end of quarter four 2020/21 has remained ongoing and there have been some instances of short-term sickness absence.

Timesheet data contained 667 chargeable days across the team as at the end of quarter two, against a pro-rata plan of 817 days. The primary reasons for the difference were a vacant Principal Auditor post during much of quarter one, long-term sickness, nine weeks of work for accountancy by a CIPFA trainee as part of their development, and more time coded in respect of development activities and general meetings than anticipated across the team, some of which related to participation in wellbeing initiatives. The Audit Management Team is monitoring the ongoing resources available closely, and in the event of a risk to the sufficient level of assurance work to support the annual audit opinion, options for additional temporary resourcing will be explored.

During quarter two the CIPFA trainee placement ended, as the member of staff passed their exams and was successful in their application for a post in accountancy. On behalf of the team, we wish them well. There has been further exam success, as the remaining member of the team who was being supported to study a CIA qualification with the IIA passed their final exam. There is one ongoing auditor with funding for study in place, for the Certified Information Systems Auditor (CISA) Qualification with ISACA.

## 2.6 Annual plan

The Committee approved the Audit Plan 2021/22 in its meeting in March 2021. The annual Audit Plan is designed to be of sufficient size to enable decisions on the timing and prioritisation of audit engagements to be made as each year progresses. Each year a proportion of the Audit Plan is targeted for delivery, and the target for 2021/22 is 70%.

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

Delivery of the Audit Plan 2021/22 is proportionately lower than targeted as at the end of quarter two, for which the reasons primarily relate to resources as outlined in section 2.5 'Resources' for which the position is shown in section 3.2 'performance'. It is also not uncommon for performance to be lower at this point in the year, following the assignment of a new portfolio of audit engagements in quarter one and the summer holidays; however, the position is being monitored on an ongoing basis by the Audit Management Team so that decisions can be made as and when required.

Reflecting on audit coverage in order to provide a sufficient body of assurance work to provide a full audit opinion for the year as a whole, at the mid-year point the Audit Plan has been subject to audit management review and senior officer engagement. For the remainder of the year, it is proposed to target all planned audits of fundamental systems, a high level of coverage in areas of core governance and a spread of directorate level systems.

As a result of this review Appendix B shows 29 audit engagements highlighted in green which at this stage are not intended to be targeted for completion during 2021/22. The approval of the Committee is sought to formalise deferring these items from the current Audit Plan.

In respect of corporate audits, in the remainder of the financial year it is not proposed to review:

- directorate risk management, as this area is subject to very regular audit review and there is good visibility, awareness and regular use of directorate risk registers by the audit team
- delegation and decision making, as there has been sufficient assurance in this area through wider audits, such as the thematic pre contract assurance audit work and through audit engagements covering a range of general systems and functions
- procurement and contract variations, due to assurance testing completed through pre-contract assurance work, the thematic audit of commissioning and procurement across directorates during 2020/21, and a recent contract monitoring and management audit
- Mileage and subsistence, as the area was reviewed last year, and management are reviewing systems and communications in response to the audit with the engagement of the audit team
- Value for money in Council vehicles, as value for money is considered as a standard objective in the majority of audit engagements, and an audit of value for money in digital initiatives has been prioritised this year.

At a directorate level it is proposed that a thematic audit in each directorate of performance management is deferred until early 2022/23 and replaced in 2021/22 with a single corporate audit of performance management, which would review the overall system and would contain testing of directorate application and compliance. This would release audit time to be applied in prioritised areas of the Audit Plan, whilst providing assurance on the performance framework and its application through the proposed single audit, for which Committee approval is requested. A spread of further directorate audits which it is not proposed to commence during 2021/22 are indicated in green in Appendix B.

It should be noted that the proposal does not impact the performance target, it instead indicates strategic priorities. The revised Audit Plan would still contain 75% of the audits approved by Committee at the beginning of the year. The target is to deliver 70% of the original plan.



## 2.7 Critical findings or emerging trends (Q2 2021/22)

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

An audit of Payments to Care Leavers provided a draft audit opinion of insufficient with major improvement needed as, whilst payments sampled had been appropriately authorised, wider process control gaps were noted. Pathway Plans should be in place for relevant young people by the time they turn 16 with Personal Advisors (PAs) engaged thereafter. However, process enhancements are recommended as cases were seen where delays in the preparation of Pathway Plans delayed the appointment of PAs. Increased use of digital payments to young people are recommended to provide more modern and efficient service administration, as a high proportion of payments to care leavers were being made via cash. Steps were being taken at the time of the audit to review safe and security arrangements following some reported safe discrepancies. Staff access to the safe was recommended for review, to be limited as far as reasonably possible, and safe insurance limits were noted to have been breached at times. Improvements were also required in transactional records, as gaps in records of cash transfers to young people were noted, and in cases where cash was allocated to young people in advance, for an approved purpose, receipts / evidence of expenditure were not consistently received. Some VAT treatment discrepancies were noted; these matters have been referred to Council's lead VAT Officers to resolve, with relevant staff recommended to complete the corporate VAT training.

Thematic audits of pre-contract assurance in Economic Development and Education and Lifelong Learning each provided draft audit opinions of insufficient with major improvement needed. The audits identified good working relationships and engagement with Commissioning & Procurement and other professional disciplines, but there were gaps in the completeness of processes followed to achieve an effective level of assurance prior to entering contracts. In both directorates, it was considered that procurement plans required greater detail, including critical success factors and more detailed assessments of risk. There were also cases in both directorates where the supplier suitability, capability and capacity and financial vetting had not been completed in accordance with corporate guidance. In respect of Education and Lifelong Learning,

there was one instance where a reduced number of tenders / single supply had not received Commissioning and Procurement approval, one case where a data protection impact assessment had not been completed and another where the assessment was completed retrospectively.

An audit of Waste Collections provided a draft audit opinion of insufficient with major improvement needed. The audit identified strong management controls over staffing and payroll with the areas proposed for improvement isolated to service operations oversight and control, which were being developed following changes to waste collection rounds and through embedding technology. Since February 2021, when a 4-day working model was introduced, management have proactively reviewed route achievability and made relevant adjustments. Citizens have had the ability to log missed collections and complaints via the Council's App and other means since February, where previously the only route was via the C2C phone line. There was good management information on performance available during the audit through the technology in place which assisted audit interrogation and enquiry. Greater use of management information available from various systems is recommended, including Bartec technology and the associated PowerBI report generated, for supervision, oversight and response to relevant operational matters. Supplementary spreadsheets were in use to identify where outstanding jobs were reassigned, and it is recommended that the functionality of Bartec is reviewed to ensure full utilisation. Some isolated instances of repeated missed collections were noted to certain properties, including those registered as assisted lifts. Although these were outliers in the service, more detailed reviews at supervisor and management levels would assist in targeting the service response.

## 2.8 Value for Money findings (Q2 2021/22)

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

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

### 3. AUDIT PERFORMANCE AND ADDED VALUE

#### 3.1 Added value

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

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

In the audit outputs issued to date (as at 30 September 2021), there have been 283 recommendations made, of which 102 have been agreed and 181 are being considered by audit clients through draft audit outputs. These are summarised below:

**Figure 7.** Recommendations raised and agreed

| Rating        | Recommendations made | Recommendations agreed | Recommendations being considered |
|---------------|----------------------|------------------------|----------------------------------|
| Red           | 6                    | 1                      | 5                                |
| Red / amber   | 102                  | 31                     | 71                               |
| Amber / green | 162                  | 62                     | 100                              |
| Green         | 13                   | 8                      | 5                                |
| TOTAL         | 283                  | 102                    | 181                              |

#### 3.2 Performance

The priorities and approach of the audit team are outlined in section 2.4 ('Current Activities'). Figure 8 contains performance indicators and targets for 2021/22, together with the outcomes for 2020/21.

The primary reasons why the audit service is operating at a lower capacity during the quarter are outlined in 2.5 ('Resources'). At the outset of the year, a proposed target for delivery of the Audit Plan was set at 70% and integrated into audit planning and performance management processes. The target was considered to be stretching and achievable, for which slippage against this measure in the year to date has been primarily affected by long-term sickness and greater development / wellbeing initiatives time used by the team. The targets of audit productive days

and audits per FTE are in alignment with the audit plan target percentage, for which performance is below target due primarily to the same factors.

The team are working with management to agree audit actions and, whilst performance in finalising audits has improved during quarter two, further progress is required to meet the target set for the year. Alongside Increasing the number of draft reports issued during the remainder of the year, progress in finalising audits will continue to be monitored closely and communicated at both auditor and directorate management levels.

All draft outputs have been delivered within four weeks of completing fieldwork, in recognition of the importance of prompt reporting and timely management assurance.

The percentage of audit recommendations implemented within the agreed timescale, are 64% against a target of 80% for the year overall. The outcome measure, which allows for slippage of two working weeks from the target set for actions to be evidenced as achieved, showed a small dip against the prior quarter. Following the quarter end, the Audit Manager attended Senior Management Team to present the recommendation tracker on two occasions to support and emphasise the importance of improvements going forward.

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

| Performance Indicator  | 2020/21 Outcome | 2021/22 Target | Q1 Outcome | Q2 Outcome |
|--|-----------------|----------------|------------|------------|
| The percentage of the Audit Plan completed   | 55%             | 70%            | 13%        | 24%        |
| The average number of audit productive days per FTE  | 145             | 150            | 32.56      | 64.29      |
| The average number of finalised audits per FTE   | 8.51            | 9              | 1.64       | 3.4        |
| The percentage of draft audit outputs delivered within four weeks*<br><i>*indicator changed from within 'six weeks' from 2021/22</i> | 97%             | 90%            | 100%       | 100%       |
| The percentage of audit recommendations implemented within the agreed timescale  | 69%             | 80%            | 69%        | 64%        |

### 3.3 Audit Plan Delivery

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

As outlined in section 2.4 – Current Activities, there have been twenty-eight new audit engagements completed in the financial year to date. The current position for the full Audit Plan 2021/22 is shown in **Appendix B** – Audit Plan.

### 3.4 Recommendations

To support Committee monitoring and review, **Appendix C** contains a summary of all open audit actions, **Appendix D** contains the detail of all red and red/amber open recommendations and includes the current management response. **Appendix E** contains the red and red/amber recommendations, which have been completed since the last Committee meeting. Amber / green and green recommendations are provided to Committee via a separate route.

The table below shows the instances where implementation dates have been revised typically by audit clients, for audits which are not recognised as fully addressed (as at 30.09.21).

**Figure 9.** Revised recommendation implementation dates and status

| Directorate / Audit Category            | Number of recommendations with revised dates | Actions now implemented | Actions still open |
|---|--|-------------------------|--------------------|
| Fundamental                             | 12   | 9                       | 3                  |
| Corporate                               | 38   | 32                      | 6                  |
| External and grants                     | 8  | 4                       | 4                  |
| Adult Services, Housing and Communities | 21   | 2                       | 19                 |
| Children' Services                      | 2  | 0                       | 2                  |
| Economic Development                    | 26   | 24                      | 2                  |
| Education and Lifelong Learning         | 65   | 36                      | 29                 |
| Planning Transport and Environment      | 31   | 17                      | 14                 |
| People and Communities                  | 17   | 16                      | 1                  |
| Resources                               | 20   | 16                      | 4                  |
| Governance and Legal Services           | 5  | 5                       | 0                  |
| Waste Management                        | 69   | 60                      | 9                  |
|   | 314  | 221                     | 93                 |
| Schools                                 | 222  | 179                     | 43                 |
| <b>TOTAL</b>                            | <b>536</b>                                   | <b>400</b>              | <b>136</b>         |

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

The position against recommendations is reported in quarterly relationship management meetings to monitor progress and target discussions on effective risk management, and the Audit Manager attends Senior Management Team meetings at periodic intervals during the year to outline and discuss the management response.

#### **4. CONCLUSION**

##### **4.1 Summary**

During the year to date, the priorities and approach of the audit team were to deliver a combination of management support through consultation and engagement in high-risk areas, and to progress targeted assurance engagements from the Audit Plan.

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

There has been reduced capacity in the team during quarter two. There is slippage against the Audit Plan in the year to date primarily due to a long-term sickness and greater development / wellbeing initiatives time used by the team. The Audit Management Team is monitoring the ongoing resources available closely, and in the event of a risk to the sufficient level of assurance work to support the annual audit opinion, options for additional temporary resourcing will be explored.

Reflecting on audit coverage, in order to provide a sufficient body of assurance work to provide a full audit opinion for the year as a whole, at the mid-year point the Audit Plan has been subject to audit management review and senior officer engagement. For the remainder of the year, it is proposed to target all planned audits of fundamental systems, a high level of coverage in areas of core governance and a spread of directorate level systems. Accordingly, 29 audit engagements are not intended to be targeted for completion during 2021/22. The approval of the Committee

is sought to formalise deferring these audits and the inclusion of a corporate audit on performance management in the Audit Plan 2021/22.

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

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## Report Status (as at 30 September 2021)

| Audit Opinion                              | Audit Area   | High Risk Recommendations |        | Status (If not Final) |
|--|--|---------------------------|--------|-----------------------|
|  |  | Proposed                  | Agreed |                       |
| <b>Fundamental / High</b>                  |  |                           |        |                       |
| Effective                                  | People and Communities – Commissioning & Procurement (cf. 2020/21)                     |                           |        | Draft                 |
|  | Resources – Income and Debtors   |                           |        | Issued                |
|  | Risk Based Verification (cf. 2020/21)  |                           |        |                       |
|  | Housing Rents  |                           |        |                       |
|  | Fraud, Bribery and Corruption  |                           |        |                       |
| Effective with opportunity for improvement | Resources - Health and Safety (cf. 2020/21)  |                           |        | Drafts                |
|  | Taxation (cf. 2020/21)   |                           |        | Issued                |
|  | Programme and Project Risk Management (cf. 2020/21)                                    |                           |        |                       |
|  | Directorate Risk Management (cf. 2020/21)  |                           |        |                       |
|  | Social Services – Income and Debtors (cf. 2020/21)                                     |                           |        |                       |
|  | Special Leave  |                           |        |                       |
|  | Treasury Management  |                           |        |                       |
|  | Disciplinary Policy  |                           |        |                       |
|  | Governance & Legal Services – Pre-Contract Assurance                                   |                           |        |                       |
|  | Wellbeing of Future Generations (cf. 2020/21)  |                           |        |                       |
|  | Creditor Payments in-Year Testing (cf. 2020/21)  |                           |        |                       |
|  | PTE – Income and Debtors   |                           |        |                       |
|  | Council Tax (cf. 2020/21)  |                           |        |                       |
|  | Housing Benefit – Local Housing Allowance – Council Tax Reduction Scheme (cf. 2020/21) |                           |        |                       |
|  | IT Business Continuity (cf. 2020/21)   |                           |        |                       |
| Education - SOP - Review of Band B         |  |                           |        |                       |
| Insufficient with major improvement        | Education – Asset Management (cf. 2020/21)   | 1                         |        | Drafts                |
|  | Mileage and Subsistence (cf. 2020/21)  | 1                         |        | Issued                |
|  | Contract Monitoring and Management (cf. 2020/21)                                       |                           |        |                       |
|  | Economic Development – Pre-Contract Assurance  | 1                         |        |                       |
|  | Education & LL – Pre-Contract Assurance  | 1                         |        |                       |

| Audit Opinion                              | Audit Area   | High Risk Recommendations                               |        | Status (If not Final) |
|--|--|---|--------|-----------------------|
|  |  | Proposed  | Agreed |                       |
|  | Establishment Reviews  |   |        |                       |
|  | Payment Card Industry (chip and pin devices) (cf. 2020/21)               |   |        |                       |
|  | Cardiff Bus – Governance relationship with Cardiff Council (cf. 2020/21) | 1   | 1      |                       |
| <b>Medium</b>                              |  |   |        |                       |
| Effective with opportunity for improvement | Marlborough Primary School   |   |        | Draft                 |
|  | Mary Immaculate High School  |   |        | Issued                |
|  | Bilingual Cardiff  |   |        |                       |
|  | Follow Up - Contracts in Waste Management (cf. 2020/21)                  |   |        |                       |
|  | Audit of Scrutiny Functions (cf. 2020/21)                                |   |        |                       |
|  | Members' Remuneration and Allowances                                     |   |        |                       |
|  | Follow Up - St Peters R.C Primary (cf. 2020/21)                          | 2   | 2      |                       |
|  | Homelessness - Temporary Accommodation                                   |   |        |                       |
| Insufficient with major improvement needed | Children's Placements (cf. 2020/21)                                      | 1   |        | Drafts                |
|  | Dominions Way Temporary Stores (cf. 2020/21)                             | 2   |        | Issued                |
|  | Payments to Care Leavers   | 2   |        |                       |
|  | Waste Collections  | 1   |        |                       |
|  | Gatehouse (cf. 2020/21)  | 2   | 2      |                       |
|  | Follow up – Fly Tipping (cf. 2020/21)                                    | 2   | 2      |                       |
|  | Recycling in HWRCs (cf. 2020/21)   | 1   | 1      |                       |
|  | St. Cuthberts (cf. 2020/21)  | 4   | 4      |                       |
|  | Joint Equipment Service  | 1   | 1      |                       |
| <b>Grants / Accounts / External Bodies</b> |  |   |        |                       |
| No assurance opinion given                 | Joint Committees - Prosiect Gwyrdd                                       | Statement of Accounts Reviews / Certification / Support |        |                       |
|  | Joint Committees - Port Health Authority                                 |   |        |                       |
|  | Joint Committees - Glamorgan Archives                                    |   |        |                       |
|  | Rumourless Cities Grant  |   |        |                       |
| Effective with opportunity for improvement | Education Improvement Grant 2019/20 (cf. 2020/21)                        |   |        | Draft                 |
|  | City Deal 2020/21  |   |        | Issued                |
|  | Norwegian Church 2019/20 (cf. 2020/21)                                   |   |        |                       |

| Audit Opinion                   | Audit Area  | High Risk Recommendations                      |        | Status (If not Final) |
|---------------------------------|---|--|--------|-----------------------|
|                                 |   | Proposed                                       | Agreed |                       |
| <b><i>Other assignments</i></b> |   |  |        |                       |
| No assurance opinion given      | Service and Process Consultancy – Welsh Government Grants | compliance, control and counter-fraud guidance |        |                       |
|                                 | Purchasing and Payments - CRSA                            | Control Risk Self-Assessment (CRSA)            |        |                       |
|                                 | Payroll & HR - CRSA                                       |  |        |                       |

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| Audit Category                             | Risk | Engagement Type | CIPFA Classification   | Audit Plan, 2020/21         | Original Audit Plan 2021/22  | Assignment   | Days                                       | Audit Scope   | National Issue | Defer Audit  | Audit Output Status                        | Audit Opinion                              |
|--|------|-----------------|--|-----------------------------|--|--|--|---|----------------|--------------|--|--|
| <b>Fundamental Audits - S151 Assurance</b> |      |                 |  |                             |  |  |  |   |                |              |  |  |
| Purchasing and Payments                    | High | Assurance       | Chargeable   | 55                          | 50   | CRSA   | 5  | Purchases and Payments are compliant, authorised, accurate and timely   |                |              | Final Issued                               | No Opinion                                 |
|  |      |                 |  |                             |  | In-year testing  | 25   |   |                |              |  |  |
|  |      |                 |  |                             |  | P Cards  | 20   |   |                |              |  |  |
|  |      |                 |  | 0                           | 0  | Creditor Payments - In year testing 2020-21 (carried forward from 2020/21) | 0  | Purchases and Payments are compliant, authorised, accurate and timely   |                |              | Final Issued                               | Effective with opportunity for improvement |
| Payroll & HR                               |      |                 |  | 60                          | 50   | CRSA   | 5  | Recruitment processes are transparent and robust, leave processes are well governed, only bona fide, authorised and accurate payments are made, with effective prevention, detection and recovery of errors |                |              | Final Issued                               | No Opinion                                 |
|  |      |                 |  |                             |  | In-year testing  | 15   |   |                |              |  |  |
|  |      |                 |  |                             |  | Special Leave  | 15   |   |                |              | Draft Issued                               | Effective with opportunity for improvement |
|  |      |                 |  |                             |  | Establishment Reviews  | 15   |   |                |              | Final Issued                               | Insufficient with major improvement needed |
| NNDR                                       |      |                 |  | 0                           | 20   | NNDR in-year testing   | 20   | Business rate collection and control is working effectively and efficiently   |                |              |  |  |
| Treasury Management                        |      |                 |  | 0                           | 20   | Treasury Management  | 20   | Effective treasury management strategy, governance, risk management and monitoring framework  |                |              | Draft Issued                               | Effective with opportunity for improvement |
| Main Accounting                            |      |                 |  | 0                           | 20   | Main Accounting  | 20   | The main accounting system and processes are well controlled and operating effectively  |                |              |  |  |
| Income and Debtors                         |      |                 |  | 0                           | 20   | Income and Debtors   | 20   | Operation of appropriate arrangements to record, monitor and recover sundry debts.  |                |              |  |  |
| Asset Management                           |      |                 |  | 0                           | 20   | Asset Management   | 20   | Effective recording, monitoring, management and control of physical assets  |                |              |  |  |
| Housing Rents                              | 0    | 10              | Housing Rents  | 10                          | Effective control processes are in place for managing and recovering housing rents | Final Issued   | Effective                                  |   |                |              |  |  |
| Council Tax                                | 20   | 0               | Council Tax (carried forward from 2020/21)   | 0                           | Compliance and control, with effective and efficient processes.                    | Final Issued   | Effective with opportunity for improvement |   |                |              |  |  |
| HB / LHA/ CTRS                             | 20   | 0               | Housing Benefit / Local Housing Allowances / Council Tax Reduction Scheme (carried forward from 2020/21) | 0                           | Effective controls to ensure accurate processing of bona fide claims               | Final Issued   | Effective with opportunity for improvement |   |                |              |  |  |
| <b>Total</b>                               |      |                 |  | <b>155</b>                  | <b>210</b>   |  | <b>210</b>                                 |   |                |              |  |  |
| <b>Corporate Audit</b>                     |      |                 |  | <b>Original audit plan,</b> | <b>Original audit plan</b>   | <b>Assignment</b>  | <b>Days</b>                                |   |                |              |  |  |
| Risk Management                            | High | Assurance       | Chargeable   | 20                          | 15   | Directorate Risk Management  | 15   | Risk management arrangements are effective and operated consistently  |                | yes          |  |  |
|  |      |                 |  |                             | 0  | Directorate Risk Management (carried forward from 2020/21)                 | 0  | Risk management arrangements are effective and operated consistently  |                | Draft Issued | Effective with opportunity for improvement |  |

|   |
|---|
|   |
| Audit of ethics and values                |
| Health and safety                         |
| Safeguarding                              |
| Information governance                    |
| Investigation Processes                   |
| Delegation and decision making            |
| Contract Audit                            |
| Tudalen                                   |
| Taxation                                  |
| Procurement                               |
| Mileage & subsistence                     |
| Welsh Government Covid Grants - Assurance |
| Directorate Recovery Plans                |
| ICT Audit                                 |

|    |    |  |    |  |     |  |              |  |
|----|----|--|----|--|-----|--|--------------|--|
|    | 0  | Programme and Project Risk Management (carried forward from 2020/21) | 0  | Risk management arrangements are effective and operated consistently                       |     |  | Draft Issued | Effective with opportunity for improvement |
| 20 | 15 | Whistleblowing Processes   | 15 | Whistleblowing processes are compliant and effective                                       |     |  |              |  |
| 0  | 20 | Health and safety  | 20 | Effective and compliant application of the Council's health and safety framework           |     |  |              |  |
| 0  | 20 | Safeguarding   | 20 | Effective safeguarding governance and control processes                                    |     |  |              |  |
| 0  | 20 | Information governance   | 20 | Effective mechanisms and systems operated in accordance with the data protection act 2018  |     |  |              |  |
| 0  | 30 | Disciplinary Policy  | 15 | Disciplinary policy processes are effective and operating consistently                     |     |  | Draft Issued | Effective with opportunity for improvement |
|    |    | Fraud, Bribery and Corruption  | 15 | Fraud, bribery and corruption policy processes are effective and operating consistently    |     |  | Final Issued | Effective                                  |
| 0  | 20 | Delegation and decision making                                       | 20 | Effective application of delegated authority and decision making                           | yes |  |              |  |
| 40 | 40 | Cradle to grave audit  | 20 | Effective contract compliance, control and delivery of objectives                          |     |  |              |  |
|    |    | Contract Variations  | 20 |  | yes |  |              |  |
|    | 0  | Contract Monitoring & Management (carried forward from 2020/21)      | 0  | Effective contract compliance, control and delivery of objectives                          |     |  | Draft Issued | Insufficient with major improvement needed |
| 20 | 20 | Schools VAT Assurance  | 15 | Effective compliance and control.  |     |  |              |  |
|    |    | Adhoc VAT reviews  | 5  |  |     |  |              |  |
|    | 0  | Taxation (carried forward from 2020/21)                              | 0  | Effective compliance and control.  |     |  | Draft Issued | Effective with opportunity for improvement |
| 0  | 20 | Procurement  | 20 | Effective and compliance commissioning and procurement compliance and control arrangements | yes |  |              |  |
| 15 | 15 | Mileage & subsistence  | 15 | Accurate claiming and authorisation for reasonable expenditure.                            | yes |  |              |  |
|    |    | Mileage & subsistence (carried forward from 2020/21)                 | 0  | Accurate claiming and authorisation for reasonable expenditure.                            |     |  | Draft Issued | Insufficient with major improvement needed |
| 12 | 20 | Welsh Government Covid Grants - Assurance                            | 20 | Sample check of effective compliance and control in administering WG Grants                | y   |  |              |  |
| 0  | 30 | Directorate Recovery Plans   | 30 | Effective directorate recovery plans from the COVID-19 pandemic                            |     |  |              |  |
| 50 | 30 | Cloud Computing  | 15 | Effective co-ordination, risk management and control.                                      |     |  |              |  |
|    |    | PCI - Process Consultancy  | 15 | Consultancy on process and policy development  |     |  |              |  |

|  |        |               |
|--|--------|---------------|
|  |        | Consultation  |
| National Fraud Initiative                      |        | Participation |
| Value for Money studies                        | Medium | Assurance     |
| Stores   |        |               |
| Business Continuity                            |        |               |
| Members' allowances                            |        |               |
| Education - School Organisation Programme      | High   |               |
| Partnership / Arm's-length Assurance           |        |               |
| Wellbeing of Future Generations                |        |               |
| Pensions and Investments Insurance             |        |               |
| Fleet Management (pool cars, grey fleet, etc.) |        |               |
| Governance Arrangements                        |        |               |
| Performance Management                         |        |               |
| Digital Services Scrutiny Functions            | Medium |               |

|    |   |  |   |   |              |  |  |
|----|---|--|---|---|--------------|--|--|
| 0  | IT Business Continuity (carried forward from 2020/21)                       | 0  | Effective co-ordination, risk management and control. |   | Final Issued | Effective with opportunity for improvement |  |
| 0  | Payment Card Industry (chip and pin devices) (carried forward from 2020/21) | 0  | Effective compliance and control.                     |   | Final Issued | Insufficient with major improvement needed |  |
| 10 | 10  | National Fraud Initiative                                      | 10  | Data matching counter-fraud exercise.   |              |  |  |
| 20 | 30  | Value for money in Digital Initiatives                         | 15  | Assurance on value for money in digital initiatives                           |              |  |  |
|    |   | VFM in use of Council vehicles                                 | 15  | Value for money in use of consultants   | yes          |  |  |
| 10 | 10  | Joint Equipment Service  | 10  | Effective and efficient stores management, and stock / equipment control      |              | Final Issued                               | Insufficient with major improvement needed |
|    | 0   | Dominions Way Temporary Stores (carried forward from 2020/21)  | 0   | Effective and efficient stores management, and stock / equipment control      |              | Draft Issued                               | Insufficient with major improvement needed |
| 20 | 20  | Business Continuity and Incident Management                    | 20  | Effective business recovery and incident management systems.                  | y            |  |  |
| 15 | 15  | Members' Remuneration and Allowances                           | 15  | Effective governance and management of Members' allowances                    |              | Final Issued                               | Effective with opportunity for improvement |
| 0  | 0   | Education - SOP - Review of Band B cf                          | 5   | Delivery of objectives, with effective compliance and control                 |              | Final Issued                               | Effective with opportunity for improvement |
| 10 | 0   | Cardiff Bus - governance relationship with Cardiff Council     | 0   | Section 151 Assurance on governance arrangements                              |              | Final Issued                               | Insufficient with major improvement needed |
| 20 | 0   | Wellbeing of Future Generations (carried forward from 2020/21) | 0   | Effective application of Wellbeing of Future Generations requirements.        | y            | Final Issued                               | Effective with opportunity for improvement |
| 0  |   |  |   |   |              |  |  |
| 15 |   |  |   |   |              |  |  |
| 0  |   |  |   |   |              |  |  |
| 20 |   |  |   |   |              |  |  |
| 0  | 0   | Performance Management   | 20  | Performance management arrangements are effective, and operated consistently. |              |  |  |
| 0  |   |  |   |   |              |  |  |
| 0  |   |  |   |   |              |  |  |

|                               |      |             |            |                             |                            |   |             |   |     |  |                |  |
|-------------------------------|------|-------------|------------|-----------------------------|----------------------------|---|-------------|---|-----|--|----------------|--|
| Programmes and Projects       |      |             |            | 20                          |                            |   |             |   |     |  |                |  |
| System Development            |      |             |            | 30                          |                            |   |             |   |     |  |                |  |
| <b>Total</b>                  |      |             |            | <b>367</b>                  | <b>400</b>                 |   | <b>425</b>  |   |     |  |                |  |
| <b>Service Specific Audit</b> |      |             |            | <b>Original audit plan,</b> | <b>Original audit plan</b> | <b>Assignment</b>   | <b>Days</b> |   |     |  |                |  |
| Service / Process Consultancy | High | Consultancy | Chargeable | 100                         | 40                         | Provision for Service / Process Consultancy                         | 40          | Consultancy support across the Council, as appropriate  |     |  | Work Completed | No Opinion                                 |
| Resources                     | High | Assurance   | Chargeable | 90                          | 65                         | Performance Management  | 15          | Performance management arrangements are effective, and operated consistently.                           | yes |  |                |  |
|                               |      |             |            |                             |                            | Pre-Contract Assurance  | 15          | Relevant compliance and due diligence checks are undertaken   |     |  |                |  |
|                               |      |             |            |                             |                            | Income and Debtors of   | 5           | Operation of appropriate arrangements to record, monitor and recover sundry debts.                      |     |  | Draft Issued   | Effective                                  |
|                               |      |             |            |                             |                            | Resources Health and Safety (carried forward from 2020/21)          | 0           | Directorate health and safety compliance and risk management.   |     |  | Draft Issued   | Effective with opportunity for improvement |
|                               |      |             |            |                             |                            | Telecare  | 15          | Delivery of service objectives with effective compliance and control.                                   |     |  |                |  |
|                               |      |             |            |                             |                            | Central Transport Service   | 15          |   | yes |  |                |  |
| Governance and Legal Services | High | Assurance   | Chargeable | 60                          | 50                         | Performance Management  | 15          | Performance management arrangements are effective, and operated consistently.                           | yes |  |                |  |
|                               |      |             |            |                             |                            | Pre-Contract Assurance  | 10          | Relevant compliance and due diligence checks are undertaken   |     |  | Draft Issued   | Effective with opportunity for improvement |
|                               |      |             |            |                             |                            | Electoral Services  | 15          | Effective systems, compliance and control   | yes |  |                |  |
|                               |      |             |            |                             |                            | Glamorgan Archives  | 10          | Effective systems, compliance and control   |     |  |                |  |
|                               |      |             |            |                             |                            | Audit of scrutiny functions (carried forward from 2020/21)          | 0           | Effective scrutiny activities and outcomes  |     |  | Final Issued   | Effective with opportunity for improvement |
| People and Communities        | High | Assurance   | Chargeable | 75                          | 45                         | Performance Management  | 15          | Performance management arrangements are effective, and operated consistently.                           | yes |  |                |  |
|                               |      |             |            |                             |                            | Pre-Contract Assurance  | 15          | Relevant compliance and due diligence checks are undertaken   |     |  |                |  |
|                               |      |             |            |                             |                            | Commissioning and Procurement (carried forward from 2020/21)        | 0           | Commissioning and Procurement compliance and control  |     |  | Draft Issued   | Effective                                  |
|                               |      |             |            |                             |                            | Income and debtors - Social Services (carried forward from 2020/21) | 0           | Operation of appropriate arrangements to record, monitor and recover sundry debts.                      |     |  | Draft Issued   | Effective with opportunity for improvement |
|                               |      |             |            |                             |                            | Bilingual Cardiff   | 15          | Effective compliance and control in delivering services in accordance with the Welsh Language Standards |     |  | Draft Issued   | Effective with opportunity for improvement |
| Adults, Housing & Communities | High | Assurance   | Chargeable | 150                         | 145                        | Performance Management  | 15          | Performance management arrangements are effective, and operated consistently.                           | yes |  |                |  |
|                               |      |             |            |                             |                            | Risk Based Verification (carried forward from 2020/21)              | 0           | Delivery of service objectives with effective compliance and control.                                   |     |  | Final Issued   | Effective                                  |
|                               |      |             |            |                             |                            | Pre-Contract Assurance  | 15          | Relevant compliance and due diligence checks are undertaken   |     |  |                |  |



|                              |                     |           |           |     |  |                        |   |   |              |  |
|------------------------------|---------------------|-----------|-----------|-----|--|------------------------|---|---|--------------|--|
| Tudor<br>68 up to<br>89      | Medium              |           |           |     | Mental Health Day Services   | 15                     | Delivery of service objective with effective compliance and control           | yes   |              |  |
|                              |                     |           |           |     | Get me home service  | 15                     |   |   |              |  |
|                              |                     |           |           |     | Independent Living   | 10                     |   | yes   |              |  |
|                              |                     |           |           |     | ICF schemes (incl. Families First)   | 10                     |   |   |              |  |
|                              |                     |           |           |     | Residential Care   | 15                     |   | yes   |              |  |
|                              |                     |           |           |     | Libraries  | 10                     |   |   |              |  |
|                              |                     |           |           |     | Homelessness - Temporary Accommodation   | 10                     |   |   |              |  |
|                              |                     |           |           |     | Social Services - CHAD   | 15                     | Delivery of service objective with effective compliance and control           |   | Final Issued | Effective with opportunity for improvement |
|                              |                     |           |           |     | Emergency Duty Team  | 15                     |   | yes   |              |  |
|                              | Childrens' Services | High      | Assurance | 130 | 70   | Performance Management | 15  | Performance management arrangements are effective, and operated consistently. | yes          |  |
|                              | Medium              |           |           |     | Pre-Contract Assurance   | 15                     | Relevant compliance and due diligence checks are undertaken                   |   |              |  |
|                              |                     |           |           |     | Payments to Care Leavers   | 20                     | Delivery of service objective with effective compliance and control           |   | Draft Issued | Insufficient with major improvement needed |
|                              |                     |           |           |     | Youth Offending Service  | 20                     |   |   |              |  |
|                              |                     |           |           |     | Children's Placements (including out of county) (carried forward from 2020/21) | 0                      | Delivery of service objective with effective compliance and control           |   | Draft Issued | Insufficient with major improvement needed |
| Economic Development         | High                | Assurance | 105       | 100 | Performance Management (inc Waste Management)                                  | 15                     | Performance management arrangements are effective, and operated consistently. | yes   |              |  |
|                              | Medium              |           |           |     | Pre-Contract Assurance (inc Waste Management)                                  | 15                     | Relevant compliance and due diligence checks are undertaken                   |   | Draft Issued | Insufficient with major improvement needed |
|                              |                     |           |           |     | Harbour Authority  | 10                     | Effective systems, compliance and control                                     | yes   |              |  |
|                              |                     |           |           |     | Leisure Contract Governance  | 20                     | Delivery of service objective with effective compliance and control           |   |              |  |
|                              |                     |           |           |     | Shared Regulatory Services in Cardiff  | 15                     |   |   |              |  |
|                              |                     |           |           |     | Disposal of Land and Buildings   | 15                     |   |   |              |  |
|                              |                     |           |           |     | White International White Water  | 10                     |   |   |              |  |
| Economic Development (Waste) | Medium              | Assurance | 100       | 60  | Commercial Waste   | 15                     | Delivery of service objective with effective compliance and control           | yes   |              |  |
|                              |                     |           |           |     | Waste Collections  | 15                     |   |   | Draft Issued | Insufficient with major improvement needed |
|                              |                     |           |           |     | Cardiff Organic Waste Treatment Contract                                       | 15                     |   | yes   |              |  |
|                              |                     |           |           |     | Waste Management Enforcement   | 15                     |   |   |              |  |
|                              |                     |           |           |     | Recycling in HWRCs (carried forward from 2020/21)                              | 0                      | Effective systems, compliance and control                                     |   | Final Issued | Insufficient with major improvement needed |

|                                 |  |                               |   |     |   |  |  |  |  |  |  |
|---------------------------------|--|-------------------------------|---|-----|---|--|--|--|--|--|--|
|                                 |  |                               |   |     | 0   | Compliance and control in gatehouse / weighbridge systems.                     |  | Final Issued   | Insufficient with major improvement needed |  |  |
|                                 |  |                               |   |     | 0   | Follow-up audit - contracts in Waste Management (carried forward from 2020/21) |  | Final Issued   | Effective with opportunity for improvement |  |  |
|                                 |  |                               |   |     | 0   | Follow-up audit - flytipping (carried forward from 2020/21)                    |  | Final Issued   | Insufficient with major improvement needed |  |  |
| Education and Lifelong Learning | High                                     | Assurance                     | 245   | 190 |   | Performance Management   | 15   | Performance management arrangements are effective, and operated consistently.  | yes  |  |  |
|                                 |  |                               |   |     |   | Pre-Contract Assurance   | 15   | Relevant compliance and due diligence checks are undertaken                    |  | Draft Issued                               | Insufficient with major improvement needed |
|                                 |  |                               |   |     |   | Health and Safety  | 15   | Directorate health and safety compliance and risk management.                  | yes  |  |  |
|                                 |  |                               |   |     |   | School Health and Safety - Thematic  | 20   | Schools health and safety compliance and risk management.                      |  |  |  |
|                                 |  |                               |   |     |   | School Asset Management - Thematic   | 17   | Schools asset management compliance and control.                               |  |  |  |
|                                 |  |                               |   |     | Asset Management (carried forward from 2020/21) | 0  | Effective Directorate recording, monitoring, management and control of physical assets |  | Draft Issued                               | Insufficient with major improvement needed |  |
|                                 | Medium                                   |                               |   |     |   | Llanedeyrn Primary   | 5  | Audits of systems of governance and internal control within individual schools |  |  |  |
|                                 |  |                               |   |     |   | Marlborough Primary  | 5  |  |  | Draft Issued                               | Effective with opportunity for improvement |
|                                 |  |                               |   |     |   | Cantonian High School  | 7  |  |  |  |  |
|                                 |  |                               |   |     |   | primary school audit - tbc   | 5  |  | yes  |  |  |
|                                 |  |                               |   |     |   | primary school audit - tbc   | 5  |  | yes  |  |  |
|                                 |  |                               |   |     |   | St. Cuthbert's RC Primary School (carried forward from 2020/21)                | 0  | Audits of systems of governance and internal control within individual schools |  | Final Issued                               | Insufficient with major improvement needed |
|                                 |  |                               |   |     |   | Follow-up audit - St. Peter's (carried forward from 2020/21)                   | 0  | Audits of systems of governance and internal control within individual schools |  | Final Issued                               | Effective with opportunity for improvement |
|                                 |  |                               |   |     |   | Cardiff West Community High School <i>cf</i>                                   | 5  | Audits of systems of governance and internal control within individual schools |  |  |  |
|                                 |  |                               |   |     |   | Mary Immaculate  | 7  |  |  | Draft Issued                               | Effective with opportunity for improvement |
|                                 |  | secondary school audits - tbc | 7   |     |   |  |  |  |  |  |  |
|                                 | Schools with Surplus Balances - Thematic | 12                            | Assurance on management and use of surplus balances in a sample of individual schools |     |   |  |  |  |  |  |  |

|  |              |               |            |                             |                            |  |             |  |   |              |  |  |
|--|--------------|---------------|------------|-----------------------------|----------------------------|--|-------------|--|---|--------------|--|--|
|  |              |               |            |                             |                            | British Council Grants - Follow up   | 15          | Follow up audit  |   |              |  |  |
|  |              |               |            |                             |                            | Catering in Opted out schools  | 15          | Delivery of objectives, with effective compliance and control                      |   | yes          |  |  |
|  |              |               |            |                             |                            | School Admissions  | 15          | Effective and well governed arrangements for school admissions                     |   | yes          |  |  |
|  |              |               |            |                             |                            | Cashless catering in secondary schools                                     | 10          | Effective and controlled arrangements to receive, record and monitor income        |   | yes          |  |  |
| Planning, Transportation and                       | High         | Assurance     |            | 80                          | 55                         | Performance Management   | 15          | Performance management arrangements are effective, and operated consistently.      |   | yes          |  |  |
|  |              |               |            |                             |                            | Pre-Contract Assurance   | 15          | Relevant compliance and due diligence checks are undertaken                        |   |              |  |  |
|  |              |               |            |                             |                            | Income and Debtors cf  | 5           | Operation of appropriate arrangements to record, monitor and recover sundry debts. |   |              | Final Issued                               | Effective with opportunity for improvement |
|  | Medium       |               |            |                             |                            | S106 Agreements  | 10          | Effective systems, compliance and control  |   |              |  |  |
|  |              |               |            |                             |                            | Concessionary Travel   | 10          |  |   |              |  |  |
| <b>Total</b>                                       |              |               |            | <b>1,135</b>                | <b>820</b>                 |  | <b>825</b>  |  |   |              |  |  |
| <b>External</b>                                    |              |               |            | <b>Original audit plan,</b> | <b>Original audit plan</b> | <b>Assignment</b>  | <b>Days</b> |  |   |              |  |  |
| Tudalen 91   | High         | Assurance     | Chargeable | 30                          | 35                         | City Deal 2020/21  | 10          | Scope as per rolling SLA   | y |              | Draft Issued                               | Effective with opportunity for improvement |
|  | Low          | Certification |            |                             |                            | Cardiff Further Education Trust Fund -- tbc                                | 2           | Grant certification / statement of accounts work                                   |   |              |  |  |
|  |              |               |            |                             |                            | Norwegian Church Preservation Trust - tbc                                  | 2           |  |   |              |  |  |
|  |              |               |            |                             |                            | Norwegian Church Preservation Trust 2019/20 (carried forward from 2020/21) | 0           | Grant certification / statement of accounts work                                   |   | Final Issued | Effective with opportunity for improvement |  |
|  |              |               |            |                             |                            | Joint Committees   | 6           | Grant certification / statement of accounts work                                   |   | Final Issued | No Opinion                                 |  |
|  |              |               |            |                             |                            | Education Improvement Grant 2019/20 (carried forward from 2020/21)         | 0           | Grant certification / statement of accounts work                                   |   | Draft Issued | Effective with opportunity for improvement |  |
|  |              |               |            |                             |                            | Education Improvement Grant - tbc  | 5           | Grant certification / statement of accounts work                                   |   |              |  |  |
|  |              |               |            |                             |                            | Rumourless Cities Grant  | 10          |  |   | Final Issued | No Opinion                                 |  |
|  | <b>Total</b> |               |            |                             | <b>30</b>                  | <b>35</b>  |             | <b>35</b>  |   |              |  |  |
| <b>Contingencies</b>                               |              |               |            | <b>Original audit plan,</b> | <b>Original audit plan</b> | <b>Assignment</b>  | <b>Days</b> |  |   |              |  |  |
| General Audit                                      | TBC          | TBC           | Chargeable | 30                          | 10                         | General Audit (provision for carried forward audits / other work)          | 0           | TBC  |   |              |  |  |
| <b>Total</b>                                       |              |               |            | <b>30</b>                   | <b>10</b>                  |  | <b>0</b>    |  |   |              |  |  |
| <b>Management</b>                                  |              |               |            | <b>Original audit plan,</b> | <b>Original audit plan</b> | <b>Assignment</b>  | <b>Days</b> |  |   |              |  |  |
| Corporate work – Audit Committee, Audit Wales etc. | Medium       | Management    | Chargeable | 50                          | 50                         | Corporate work – Audit Committee, Audit Wales etc.                         | 50          | Internal Audit management, planning, guidance and support activities.              |   |              |  |  |
| Assurance mapping                                  |              | Management    | Chargeable | 10                          | 10                         | Assurance mapping  | 10          |  |   |              |  |  |

|                                  |            |            |              |              |  |              |  |  |  |
|----------------------------------|------------|------------|--------------|--------------|--|--------------|--|--|--|
| CRSA development                 | Management | Chargeable | 0            | 0            | CRSA development   | 0            |  |  |  |
| Process development              | Management | Chargeable | 20           | 15           | Process development  | 15           |  |  |  |
| Work for Audit Manager           | Management | Chargeable | 30           | 30           | Work for Audit Manager   | 30           |  |  |  |
| Planning, monitoring & reporting | Management | Chargeable | 30           | 30           | Planning, monitoring & reporting                                   | 30           |  |  |  |
| Review of financial rules etc.   | Management | Chargeable | 20           | 15           | Review of financial rules etc.                                     | 15           |  |  |  |
| General advice and guidance      | Management | Chargeable | 20           | 10           | General advice and guidance  | 10           |  |  |  |
| <b>Total</b>                     |            |            | <b>180</b>   | <b>160</b>   |  | <b>160</b>   |  |  |  |
|                                  |            |            |              |              | Time for performance management audit applied from deferred audits | -20          |  |  |  |
| <b>Total chargeable days</b>     |            |            | <b>1,897</b> | <b>1,635</b> |  | <b>1,635</b> |  |  |  |

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

5.1 Annex 1 - Appendix C

| Directorate / Area                            | No. of Audits | No. of Red Recs | No. of Red/ Amber Recs | 'open recommendations' - by audit assurance rating |  |  |                            |                     | 'open recommendation' by status      |  |                                 |
|---|---------------|-----------------|------------------------|--|--|--|----------------------------|---------------------|--------------------------------------|--|---------------------------------|
|   |               |                 |                        | No. of Recs Effective                              | No. of Recs Effective with Opportunity for Improvement | No. of Recs Insufficient with major improvement needed | No. of Recs Unsatisfactory | No. of Recs Limited | No. of Recs with Amended Action Date | No. of Recs where action date has passed | Current target date not yet due |
| Economic Development                          | 1             |                 | 1                      |  |  | 1  |                            |                     | 1                                    |  | 1                               |
| Economic Development - Waste /RNS             | 5             | 2               | 4                      |  | 2  | 4  |                            |                     | 6                                    |  | 6                               |
| Education & Lifelong Learning - Schools       | 15            | 5               | 66                     |  | 53   | 18   |                            |                     | 41                                   | 25                                       | 46                              |
| Education & Lifelong Learning                 | 8             | 6               | 13                     |  | 9  | 4  | 6                          |                     | 12                                   | 12                                       | 7                               |
| External and Grants (Resources)               | 1             |                 | 4                      |  | 4  |  |                            |                     | 4                                    | 4  |                                 |
| Governance & Legal Services                   | 1             |                 | 1                      |  | 1  |  |                            |                     | 1                                    | 0  | 1                               |
| Planning, Transport & Environment             | 5             | 1               | 7                      |  | 4  | 4  |                            |                     | 7                                    |  | 8                               |
| Fundamental (Resources)                       | 1             |                 | 2                      |  |  | 2  |                            |                     |                                      |  | 2                               |
| Other Assurance (Resources)                   | 1             | 1               | 2                      |  |  | 3  |                            |                     | 1                                    |  | 3                               |
| People and Communities                        | 1             |                 | 1                      |  | 1  |  |                            |                     | 1                                    |  | 1                               |
| Resources (CTS)                               | 1             |                 | 2                      |  |  | 2  |                            |                     | 2                                    | 2  |                                 |
| Adults Social Services, Communities & Housing | 4             | 1               | 7                      |  | 1  | 7  |                            |                     | 6                                    | 0  | 8                               |
| Social Services - General                     | 2             | 1               | 3                      |  |  | 4  |                            |                     | 3                                    | 1  | 3                               |
| <b>TOTALS</b>                                 | <b>46</b>     | <b>17</b>       | <b>113</b>             | <b>0</b>   | <b>75</b>  | <b>49</b>  | <b>6</b>                   | <b>0</b>            | <b>85</b>                            | <b>44</b>                                | <b>86</b>                       |

25 = 2 overdue actions are carried forward to current audit, and will be updated/closed when final report issued; 17 overdue actions are reported as complete and evidence has been requested to verify their completion prior to closure. There is ongoing engagement with the schools over the remaining 6 overdue actions.

4 overdue actions are carried forward to current audit, and will be updated/closed when final report issued. 4 overdue actions are reported as complete and evidence has been requested to verify their completion prior to closure. 4 overdue actions where update is under review by Audit.

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

2 actions where update requested

1 action, liaising with Audit

Mae'r dudalen hon yn wag yn fwriadol

Yn rhinwedd paragraff (au) 14, 21 Rhan (nau) 4 a 5 o Atodlen 12A  
o Ddeddf Llywodraeth Leol 1972.

Mynediad Cyfyngedig i'r Ddogfen

Mae'r dudalen hon yn wag yn fwriadol



Yn rhinwedd paragraff (au) 14, 21 Rhan (nau) 4 a 5 o Atodlen 12A  
o Ddeddf Llywodraeth Leol 1972.

Mynediad Cyfyngedig i'r Ddogfen

Mae'r dudalen hon yn wag yn fwriadol



# Resources Directorate Internal Audit Section



## Investigation Team Progress Report

(As at 30 September 2021)

### 2021/22

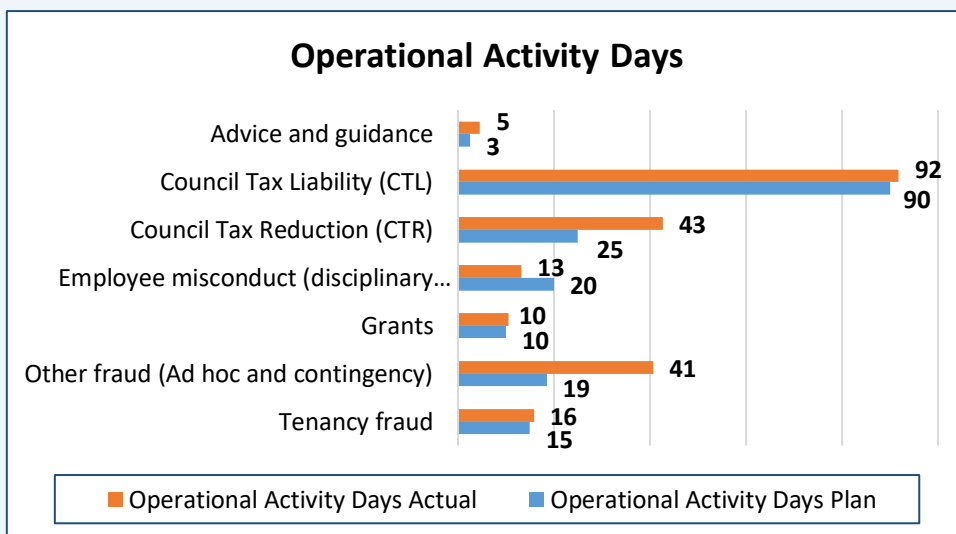
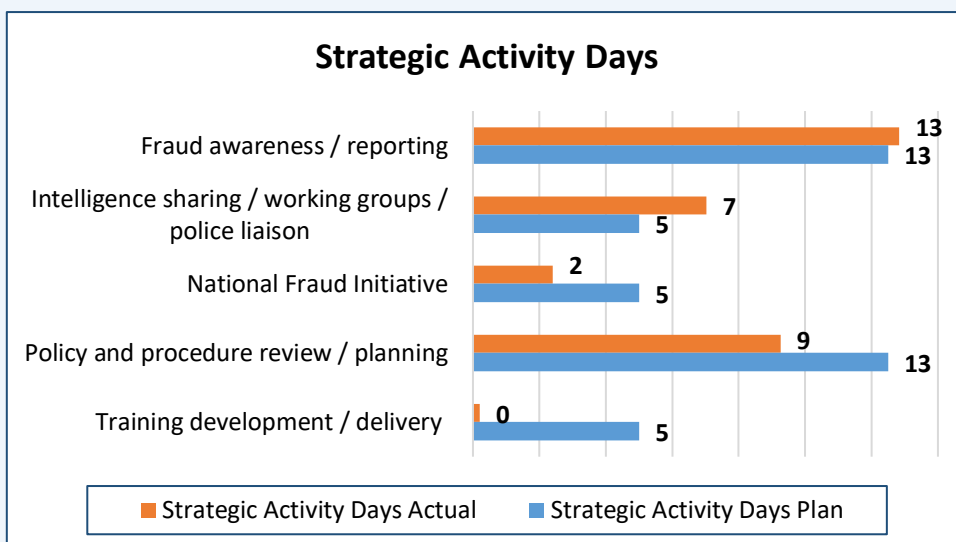
**Planning & Resources**



For the year as a whole there are four hundred and forty-two chargeable days available based on current resources (2.5 fte), indicatively split between strategic (80 days) and operational activities (362 days). During the quarter an Investigator’s request to temporarily reduce their working time by 3 hours per week, has been agreed for an initial period of 12 weeks, in accordance with the Council’s Flexible Working Policy.

**Activities**

In the financial year to 30 September 2021, the team have applied 251 days as follows:



\*Additional time applied against ‘other fraud (ad hoc and contingency)’, related primarily to proactive data matching exercises targeting Payroll, Creditors and VAT.

## Training & Awareness

The Investigation Team has worked with colleagues across the Council to prepare a series of articles to be communicated, as part of the internal campaign publicising International Fraud Awareness Week (commencing 15 November 2021). Particular areas of focus are: Corporate Criminal Offence, Insurance fraud, Payment Cards - Payment Card Industry Data Security Standard (PCI DSS).

Mandatory Fraud Awareness training continues to be delivered, and as at the 30 September, more than five thousand seven hundred employees had completed the eLearning or attended a face-to-face session.

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

## COVID Grants and Schemes

### Business Grants

Audit and Investigation Team staff supported a multi-disciplinary team of Council officers to administer business grants on behalf of Welsh Government, linked to non-domestic properties.

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

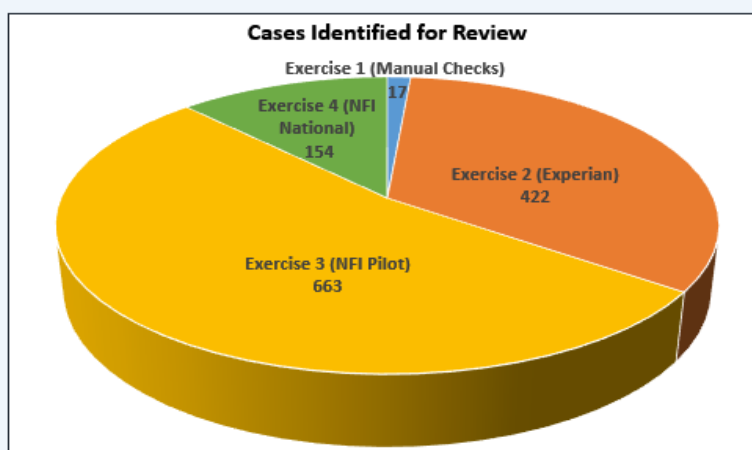
**Exercise 1** - Manual checks utilising open-source information to confirm businesses were trading.

**Exercise 2** - Digital comparison of grant applicant information to Experian's commercial database.

**Exercise 3** - Participation in a pilot NFI data matching exercise, working with Audit Wales and the Cabinet Office.

**Exercise 4** – Participation in the national NFI data matching exercise.

One thousand two hundred and fifty-six priority matches were identified for review through the above activities. Investigation Team staff have worked with the Business Rates Team, to review the matches generated.



All matches have been reviewed:

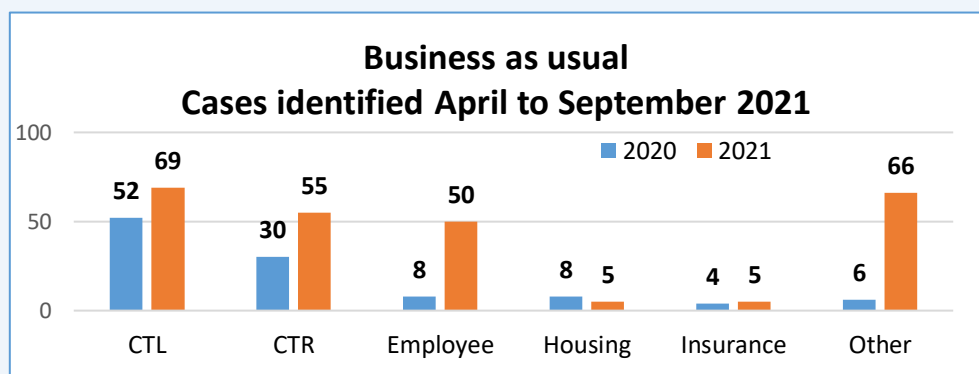
- thirty-nine cases are subject to ongoing enquiry
- nineteen payments have been identified as paid in error

**Current Outcomes**

As a result of Audit, Investigation and Business Rate colleagues interrogating systems, records, and data matching output, eighty-seven grants have been identified as paid in error with a total value of £875,000. Of this, £509,000 has been recovered and work continues to recover the remainder.

**'General' Cases Identified for Investigation**

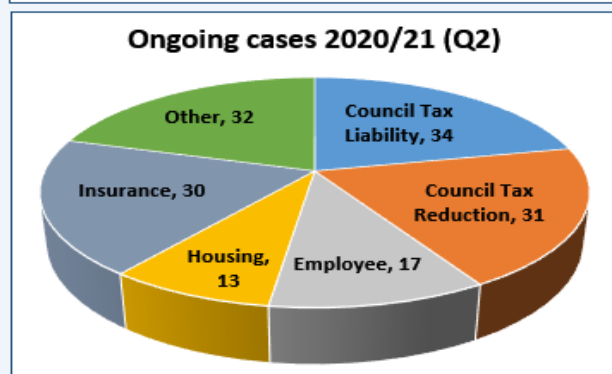
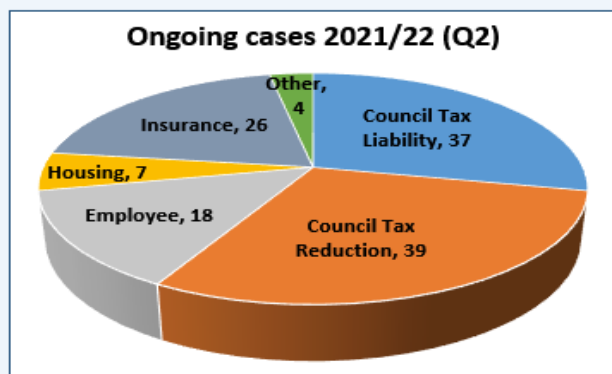
Excluding the stand-alone Business Grants work, as detailed above, two hundred and fifty cases have been identified for investigation so far this year, compared to one hundred and eight for the same period last year:



The cases designated as Other in 2021 related to two grants, NFI creditor / payroll and VAT overpaid.

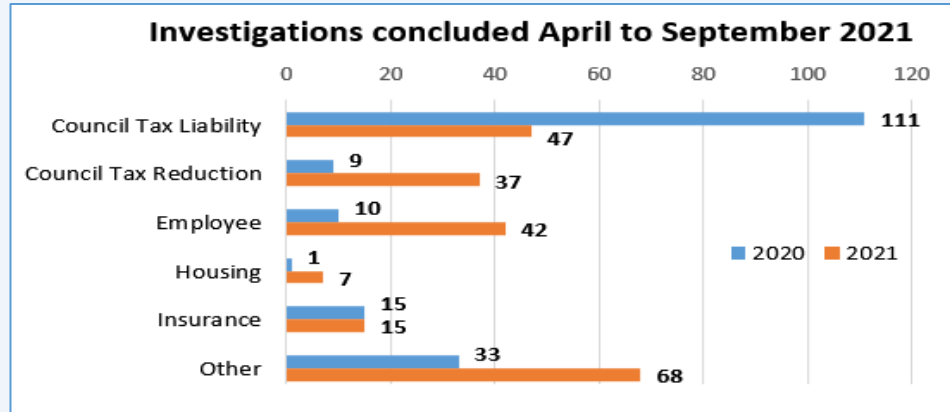
**'General' Ongoing Cases**

Excluding the stand-alone Business Grants work, there are currently one hundred and thirty-one investigations ongoing, compared to one hundred and fifty-seven, for the same period last year:



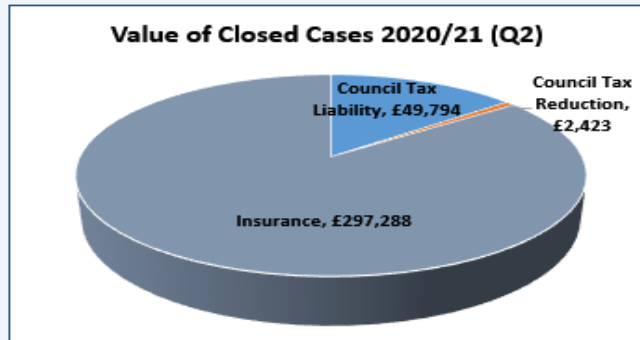
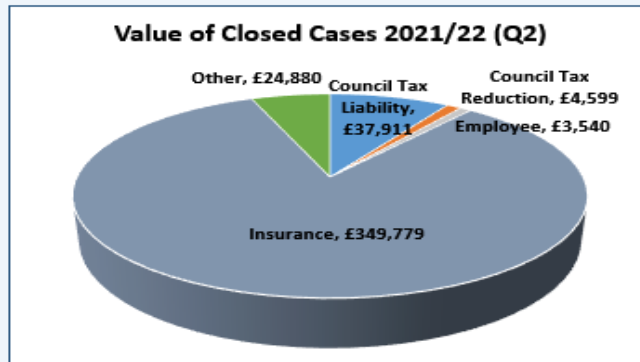
**'General'  
Concluded  
Cases**

Excluding the stand-alone Business Grants work, as detailed separately, two hundred and sixteen investigations have concluded so far this year, compared to one hundred and seventy nine over the same period last year:



**Financial  
Value**

Excluding the stand-alone Business Grants work, £420,709 has been attributed to concluded cases in the 2021/22 year to date, compared to £349,505 for the same period last year:



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



On-street enforcement activity continues, this year forty-five badges were seized, there are fifty-five cases ongoing which are at various stages of investigation, including being prepared for / due to go to Court. Between April and the 30 September 2021 seventeen sanctions were administered (one caution and sixteen prosecutions).



# Governance and Audit Committee Financial Update 23<sup>rd</sup> November 2021

Tudalen 139



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

CONFIDENTIAL - NO STATUS DRAFT



## To Cover

- Current Year Issues (Month 6 Report to Cabinet 18<sup>th</sup> November)
- Budget Strategy Work 2022/23

Tudalen 140



CONFIDENTIAL - NO STATUS DRAFT





# COVID-19: Expenditure Claims to M6

| Expenditure claimed by Month | April £000   | May £000     | June £000    | July £000    | August £000  | Sept. £000   | Total £000    |
|------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|
| Adult Services               | 1,092        | 1,239        | 1,162        | 1,201        | 984          | 850          | 6,528         |
| Childrens Services           | 116          | 149          | 187          | 200          | 243          | 250          | 1,145         |
| Infection Control            | 49           | 75           | 38           | 50           | 23           | 112          | 347           |
| FSM                          | 407          | 58           | 56           | 570          | 1,422        | 3            | 2,516         |
| Homelessness                 | 28           | 58           | 98           | 86           | 24           | 118          | 412           |
| SIPS                         | 103          | 42           | 47           | 228          | 248          | 389          | 1,057         |
| Delegated Schools            | 125          | 194          | 266          | 118          | 130          | 320          | 1,153         |
| Other                        | 157          | 140          | 94           | 63           | 47           | 122          | 623           |
| <b>Total</b>                 | <b>2,077</b> | <b>1,955</b> | <b>1,948</b> | <b>2,516</b> | <b>3,121</b> | <b>2,164</b> | <b>13,781</b> |

Tudalen 141



CONFIDENTIAL - NO STATUS DRAFT



# COVID-19: Income

## Q2 Claim

|                   | Claimed<br>£000 | Reimbursed<br>£000 | Held<br>£000 |
|-------------------|-----------------|--------------------|--------------|
| Parking           | (1,144)         | (964)              | 0            |
| Planning          | (204)           | 0                  | (204)        |
| Property          | (664)           | (523)              | 0            |
| Schools Income    | (253)           | (130)              | 0            |
| Schools Catering  | (1,280)         | (136)              | 0            |
| Sport & Leisure * | (2,215)         | (619)              | 0            |
| Venues            | (2,871)         | (1,868)            | 0            |
| Other             | (1,305)         | (565)              | 0            |
| <b>Total</b>      | <b>(9,936)</b>  | <b>(4,805)</b>     | <b>(204)</b> |

Tudalen 142

## Ongoing income shortfalls projected for 2022/23

|  | £000         |
|--|--------------|
| Arts Venues                            | 1,349        |
| Cardiff Castle                         | 575          |
| Catering and Functions                 | 882          |
| Sport, Leisure, Development            | 523          |
| Other ECD                              | 143          |
| Planning - projected 2022/23 shortfall | 800          |
| Highways and Transport                 | 197          |
| School Catering                        | TBC          |
| Music Service                          | TBC          |
| <b>Total</b>                           | <b>4,469</b> |



# Month 6 Overview

Tudalen 143

| Directorate                       | Directorate Position<br>(£000) |
|-----------------------------------|--------------------------------|
| Corporate Management              | 0                              |
| Economic Development:             |                                |
| Economic Development              | 827                            |
| Recycling & Neighbourhood         | 0                              |
| Education & Lifelong Learning     | 1,045                          |
| People & Communities:             |                                |
| Housing, & Communities            | (277)                          |
| Performance & Partnerships        | (7)                            |
| Adult Services                    | (87)                           |
| Children's Services               | 1,414                          |
| Planning, Transport & Environment | 289                            |
| Resources:                        |                                |
| Governance & Legal Services       | 157                            |
| Resources                         | (214)                          |
| <b>Total Directorate Position</b> | <b>3,147</b>                   |
| Capital Financing                 | 250                            |
| General Contingency               | (3,000)                        |
| Summary Revenue Account           | 0                              |
| <b>Total Council Position</b>     | <b>397</b>                     |



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# Budget Strategy 2022/23

## Revenue Budget Update

- Work continuing at pace to set a robust budget strategy for 22/23
  - Budget Gap of £21.3 million next year and £80.9 million over the next four years
  - 21<sup>st</sup> December - Provisional Local Government Settlement
  - Significant savings will be required
- Current position
  - Modelling work critical
    - Pricing / Inflation
    - Addressing Month 6 Issues
    - Recovery eg withdrawal of Hardship Fund Support in 2022/23
    - Demand pressures and modelling
  - Identified savings not yet at target level
  - Alongside service operating opportunities, Key focus on transformation is needed including:
    - Digital Transformation
    - Workforce
    - Income / commercial activity
    - The Council's new operating model
    - Key change programme requirements – eg Social Care

## Capital Budget Update

- Parallel work this year and assessment currently underway of requirements following receipt of returns from Services .... This will include new requests but also a risk assessment on the deliverability of the existing programme





# CARDIFF COUNCIL CYNGOR CAERDYDD

## GOVERNANCE AND AUDIT COMMITTEE: 23 November 2021

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### DRAFT AUDITED STATEMENT OF ACCOUNTS AND AUDIT OF ACCOUNTS REPORTS (ISA 260) FOR CARDIFF AND VALE OF GLAMORGAN PENSION FUND FOR FINANCIAL YEAR 2020/21

### REPORT OF CORPORATE DIRECTOR RESOURCES

**AGENDA ITEM: 7.1**

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#### Reason for this Report

1. The Governance and Audit Committee Terms of Reference sets out their responsibility for Financial Reporting:
  - To review the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council.
  - To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts

#### Background

2. Governance and Audit Committee received an electronic copy of the signed draft financial statements for comment on 24 June 2021 and this was also considered at its meeting on 20 July 2021 in parallel with the public inspection period. A response to all questions received was circulated to committee in accordance with the actions from that meeting. Following the substantial completion of the audit, attached for 2020/21 are the draft Statement of Accounts for the Cardiff and Vale of Glamorgan Pension Fund – **Appendix 1**.

The revised draft includes any agreed amendments arising from the audit and feedback from Governance and Audit Committee.

3. Also attached is the draft Audit of Accounts Report (ISA 260) for 2020/21 in respect of the Cardiff and Vale of Glamorgan Pension Fund – **Appendix 2**.
4. This report has been prepared to:
  - allow Audit Wales to present their audit findings to those charged with governance in accordance with International Standard on Auditing 260 and
  - provide Governance and Audit Committee with the opportunity to consider the audit findings, the audit opinion, seek assurances on the delivery of the audit and any resulting adjustments made to the accounts and Annual Governance Statement.

5. The final Audit of Accounts Reports (ISA 260) along with the final audited financial statements are to be considered by Council at its meeting on 25 November 2021.

### **Legal Implications**

6. No direct legal implications arise from this report.

### **Financial Implications**

7. No direct financial implications arise from this report.

### **RECOMMENDATIONS**

8. That Governance and Audit Committee:
  1. Note the 2020/21 Draft Audited Statement of Accounts for Cardiff and Vale of Glamorgan Pension Fund.
  2. Note the 2020/21 Draft Audit of Accounts Reports (ISA 260) for the Cardiff and Vale of Glamorgan Pension Fund.
  3. To ask questions of the auditor in respect to the appendices ahead of the request for Council approval on 25 November 2021.

### **CHRISTOPHER LEE**

Corporate Director Resources

16 November 2021

Appendix 1 – Draft Audited Statement of Accounts 2020/21 – Cardiff and Vale of Glamorgan Pension Fund.

Appendix 2 – Draft Audit of Accounts Report (ISA 260) 2020/21 – Cardiff and Vale of Glamorgan Pension Fund.



Cardiff & Vale of Glamorgan  
**Pension Fund**



# Statement of Accounts 2020/21

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



## ***Narrative Report***

County Council of the City and County of Cardiff (Cardiff Council) is the Administering Authority for the Cardiff and Vale of Glamorgan Pension Fund (the Fund) which is itself part of the national Local Government Pension Scheme (LGPS) for England & Wales. The LGPS is the statutory occupational pension scheme for all local government employees (except teachers) and the regulations are determined by the UK Government.

The Council's responsibilities as manager of the Fund are discharged through the Pensions Committee which has oversight of the Fund's strategies and policies. Operational management of the Fund has been delegated to the Corporate Director Resources. The Local Pension Board assists the Council to secure compliance with the LGPS regulations and the requirements of the Pensions Regulator and to ensure the effective and efficient administration of the scheme.

In terms of membership there are currently over 16,900 contributing employees and more than 12,100 pensioners and dependents receiving benefits from the Fund.

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

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

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

The Fund's key objective continues to be to deliver an effective and efficient service to over 42,300 contributing employees, pensioners and deferred members, and to minimise the financial burden on contributing employers over the long term.

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

## **Actuarial Statement**

### **Introduction**

The Scheme Regulations require that a full actuarial valuation is carried out every third year. The purpose of this is to establish that the Cardiff and Vale of Glamorgan Pension Fund (the Fund) is able to meet its liabilities to past and present contributors and to review employer contribution rates. The last full actuarial investigation into the financial position of the Fund was completed as at 31 March 2019 by Aon, in accordance with Regulation 62 of the Local Government Pension Scheme Regulations 2013.

### **Actuarial Position**

1. The valuation as at 31 March 2019 showed that the funding level of the Fund had increased since the previous valuation with the market value of the Fund's assets as at 31 March 2019 (of £2.178 billion) covering 96% of the liabilities allowing, in the case of pre- 1 April 2014 membership for current contributors to the Fund, for future increases in pensionable pay.

2. The valuation also showed that the aggregate level of contributions required to be paid by participating employers with effect from 1 April 2020 was:

- 18.8% of pensionable pay. This is the rate calculated as being sufficient, together with contributions paid by members, to meet the liabilities arising in respect of service after the valuation date (the primary rate),

**Plus**

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

**Plus**

- Monetary amounts to restore the assets to 100% of the liabilities in respect of service prior to the valuation date over a recovery period of 17 years from 1 April 2020, equivalent to 1.8% of pensionable pay (or £5.7 million in 2020/21, and increasing by 3.1% p.a. thereafter), which together with the allowance above comprises the secondary rate.

3. In practice, each individual employer's or group of employers' position is assessed separately and contributions are set out in Aon's report dated 30 March 2020 (the "actuarial valuation report"). In addition to the contributions certified, payments to cover additional liabilities arising from early retirements (other than ill-health retirements) will be made to the Fund by the employers.

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

| <b>Year from 1 April</b> | <b>% of pensionable pay</b> | <b>Plus total contribution amount (£M)</b> |
|--------------------------|-----------------------------|--|
| 2020                     | 20.9%                       | 1.6  |
| 2021                     | 20.9%                       | 1.8  |
| 2022                     | 20.9%                       | 2.0  |

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

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

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

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

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

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

The assets were valued at market value.

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

6. The key demographic assumption was the allowance made for longevity. The post retirement mortality assumption adopted for the actuarial valuation was in line with standard self-administered pension scheme (SAPS) S2N mortality tables with appropriate scaling factors applied based on an analysis of the Fund's pensioner mortality experience and a Fund membership postcode analysis using Aon's Demographic Horizons™ longevity model, and included an allowance for improvements based on the 2018 Continuous Mortality Investigation (CMI) Projections Model (CMI2018) with  $s_k$  of 7.5 and parameter A of 0.0 assuming a long term annual rate of improvement in mortality rates of 1.5% p.a. The resulting average future life expectancies at age 65 (for normal health retirements) were:

|  | Men  | Women |
|--|------|-------|
| Current pensioners aged 65 at the valuation date     | 22.1 | 24.5  |
| Current active members aged 45 at the valuation date | 23.1 | 25.9  |

7. The valuation results summarised in paragraphs 1 and 2 above are based on the financial position and market levels at the valuation date, 31 March 2019. As such the results do not make allowance for changes which have occurred subsequent to the valuation date. The Administering Authority, in conjunction with the Actuary, monitors the funding position on a regular basis.

8. The formal actuarial valuation report and the Rates and Adjustments Certificate setting out the employer contribution rates for the period from 1 April 2020 to 31 March 2023 were signed on 30 March 2020. Other than as agreed or otherwise permitted or required by the Regulations and reflected in the Funding Strategy Statement as appropriate, employer contribution rates will be reviewed at the next actuarial valuation of the Fund as at 31 March 2022 in accordance with Regulation 62 of the Local Government Pension Scheme Regulations 2013.

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

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

The 2019 valuation allows for the extension of the 'interim solution' for public service schemes to pay full inflationary increases on GMPs for those reaching State Pension Age (SPA) between 6 April 2016 and 5 April 2021. On 23 March 2021, the Government published a response to its consultation on the longer term solution to achieve equalisation for GMPs as required by the High Court judgement in the Lloyds Bank case. The response sets out its proposed longer term solution, which is to extend the interim solution further to those reaching SPA after 5 April 2021.

The results of the 2019 valuation do not allow for the impact of this proposed longer term solution. Based on approximate calculations, at a whole of fund level, the impact of providing full pension increases on GMPs for those members reaching State Pension Age after 5 April 2021 is an increase in past service liabilities of between 0.1% to 0.2% across the Fund as a whole.

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

Initial results from the Scheme Advisory Board 2016 cost management process indicated that benefit improvements / member contribution reductions equivalent to 0.9% of pay would be required. However, the cost management process was paused following the Court of Appeal ruling that the transitional arrangements in both the Judges' Pension Scheme (McCloud) and Firefighters' Pension Scheme (Sargeant) constituted illegal age discrimination. Government confirmed that the judgement would be treated as applying to all public service schemes including the LGPS (where the transitional arrangements were in the form of a final salary underpin) and a consultation on changes to the LGPS was issued in July 2020.

The employer contributions certified from 1 April 2020 as part of the 2019 valuation include an allowance of 0.9% of pay in relation to the potential additional costs following the McCloud judgement / cost management process. This was a simplified approach which didn't take account of different employer membership profiles or funding targets and may be more or less than the assessed cost once the details of the LGPS changes arising from the McCloud judgement and the 2016 cost management process have been agreed.

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

● **Goodwin:**

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

10. This Statement has been prepared by the Actuary to the Fund, Aon, for inclusion in the accounts of the Fund. It provides a summary of the results of the actuarial valuation which was carried out as at 31 March 2019. The valuation provides a snapshot of the funding position at the valuation date and is used to assess the future level of contributions required.

This Statement must not be considered without reference to the formal actuarial valuation report which details fully the context and limitations of the actuarial valuation.

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

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

<https://www.cardiffandvalepensionfund.org.uk/wp-content/uploads/Cardiff-2019-actuarial-valuation-report-FINAL.pdf>

**Aon Solutions UK Limited**

**May 2021**

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

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

As administering authority of the Cardiff and Vale of Glamorgan Pension Fund, Cardiff Council is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In 2020/21 that officer was Christopher Lee, Corporate Director Resources;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- approve the statement of accounts.

**Councillor Rod McKerlich**  
**Lord Mayor**

**Date:**

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

The Corporate Director Resources (who holds the statutory post of Section 151 Officer) is responsible for the preparation of the Council's financial statements in accordance with proper practices as set out in the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 (the Code).

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

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

The Corporate Director Resources has also:

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

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

The financial statements for the Cardiff and Vale of Glamorgan Pension Fund give a true and fair view of its income and expenditure for the financial year 2020/21 and financial position at 31 March 2021.

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

**Date:**

# ***The Independent Auditor's Report of the Auditor General for Wales to the Members of the County Council of the City and County of Cardiff as administering authority for Cardiff & Vale of Glamorgan Pension Fund***

## **Opinion on financial statements**

I have audited the financial statements of Cardiff & Vale of Glamorgan Pension Fund for the year ended 31 March 2021 under the Public Audit (Wales) Act 2004. Cardiff & Vale of Glamorgan Pension Fund's financial statements comprise the fund account, the net assets statement and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2020-21.

In my opinion the financial statements:

- give a true and fair view of the financial transactions of the pension fund during the year ended 31 March 2021, and of the amount and disposition at that date of its assets and liabilities;
- have been properly prepared in accordance with legislative requirements and international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2020-21.

## **Basis of opinion**

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the pension fund in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

## **Conclusions relating to going concern**

In auditing the financial statements, I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the pension fund's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the responsible financial officer with respect to going concern are described in the relevant sections of this report.

## **Other information**

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

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

## **Report on other requirements**

### **Opinion on other matters**

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

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

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

In the light of the knowledge and understanding of the pension fund and its environment obtained in the course of the audit, I have not identified material misstatements in the Narrative Report.

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

- adequate accounting records have not been kept, or returns adequate for my audit have not been received from branches not visited by my team;
- the financial statements are not in agreement with the accounting records and returns; or
- I have not received all the information and explanations I require for my audit.

## **Responsibilities**

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

As explained more fully in the Statement of Responsibilities for the financial statements set out on page 7, the responsible financial officer is responsible for the preparation of the financial statements, which give a true and fair view, and for such internal control as the responsible financial officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

My procedures included the following:



- Enquiring of management and those charged with governance, including obtaining and reviewing supporting documentation relating to Cardiff & Vale of Glamorgan Pension Fund's policies and procedures concerned with:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- Considering as an audit team how and where fraud might occur in the financial statements and any potential indicators of fraud.
- Obtaining an understanding of Cardiff & Vale of Glamorgan Pension Fund's framework of authority as well as other legal and regulatory frameworks that Cardiff & Vale of Glamorgan Pension Fund operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of Cardiff & Vale of Glamorgan Pension Fund.

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management and the Governance and Audit Committee about actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance and the administering authority; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential fraud risks to all audit team and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the Cardiff & Vale of Glamorgan Pension Fund's controls, and the nature, timing and extent of the audit procedures performed.

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

**Certificate of completion of audit**

I certify that I have completed the audit of the accounts of Cardiff & Vale of Glamorgan Pension Fund in accordance with the requirements of the Public Audit (Wales) Act 2004 and the Auditor General for Wales' Code of Audit Practice.

Adrian Crompton  
Auditor General for Wales  
[Date]

24 Cathedral Road  
Cardiff  
CF11 9LJ

## Fund Account

| 2019/20            |  | Note | 2020/21            |
|--------------------|--|------|--------------------|
| £000               |  |      | £000               |
|                    | <b>Dealings with members, employers and others directly involved in the fund</b> |      |                    |
|                    | <b>Contributions</b>   |      |                    |
| (75,323)           | From employers   | 8    | (69,615)           |
| (19,522)           | From employees   | 8    | (21,174)           |
| (8,864)            | Individual transfers from other schemes or funds                                 |      | (3,510)            |
| (3,452)            | Other income (capitalised payments and interest on deficit funding)              |      | (269)              |
| <b>(107,161)</b>   |  |      | <b>(94,568)</b>    |
|                    | <b>Benefits Payable</b>  |      |                    |
| 70,038             | Pensions   | 9    | 71,463             |
| 19,166             | Lump sums, grants and other payments   | 9    | 12,941             |
|                    | <b>Payments to and on account of leavers</b>                                     |      |                    |
| 274                | Refunds of contributions   |      | 86                 |
| 0                  | Group transfers to other schemes or funds  |      | 0                  |
| 6,621              | Individual transfers to other schemes or funds                                   |      | 3,817              |
| <b>96,099</b>      |  |      | <b>88,307</b>      |
| <b>(11,062)</b>    | <b>Net (additions)/withdrawals from dealings with members of the Fund</b>        |      | <b>(6,261)</b>     |
| 8,429              | Management expenses  | 10   | 8,189              |
| <b>(2,633)</b>     | <b>Net (additions)/withdrawals including fund management expenses</b>            |      | <b>1,928</b>       |
|                    | <b>Returns on Investment</b>   |      |                    |
| (27,397)           | Investment income  | 11   | (9,810)            |
| 180,253            | Change in market value of investments  | 12a  | (482,650)          |
| <b>152,856</b>     | <b>Net returns on investments</b>  |      | <b>(492,460)</b>   |
| <b>150,223</b>     | <b>Net (increase)/decrease in the Fund during year</b>                           |      | <b>(490,532)</b>   |
| (2,177,828)        | Opening net assets of the scheme   |      | (2,027,605)        |
| <b>(2,027,605)</b> | <b>Closing net assets of the scheme</b>  |      | <b>(2,518,137)</b> |

## Net Assets Statement

| 2019/20          |  | Note | 2020/21          |
|------------------|--|------|------------------|
| £000             |  |      | £000             |
| 1,975,769        | Investments at market value                              | 12   | 2,464,573        |
| 38,457           | Cash (including derivatives) and investment proceeds due | 12   | 45,502           |
| <b>2,014,226</b> | <b>Total investments</b>                                 |      | <b>2,510,075</b> |
| 71               | UK & overseas tax  |      | 78               |
| 4,599            | Contributions due from employers and deficit funding     |      | 4,499            |
| 839              | Sundry debtors   |      | 633              |
| 1,642            | Pension strain costs due within one year                 |      | 1,380            |
| <b>7,151</b>     | <b>Total current assets</b>                              |      | <b>6,590</b>     |
| 4,654            | Deficit funding (former employers)                       |      | 2,359            |
| 3,688            | Pension strain costs due after one year                  |      | 2,327            |
| <b>8,342</b>     | <b>Total non-current assets</b>                          |      | <b>4,686</b>     |
| (163)            | Unpaid benefits  |      | (267)            |
| (1,214)          | Sundry creditors   |      | (1,893)          |
| 0                | Provision – death grants                                 | 20   | (320)            |
| <b>(1,377)</b>   | <b>Total current liabilities</b>                         |      | <b>(2,480)</b>   |
| (737)            | Provision - death grants                                 | 20   | (734)            |
| <b>(737)</b>     | <b>Total non-current liabilities</b>                     |      | <b>(734)</b>     |
| <b>2,027,605</b> | <b>Net assets of the scheme</b>                          |      | <b>2,518,137</b> |

## **Notes to the Accounts**

### **1. Description of Fund**

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

#### **General**

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

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

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

#### **Membership**

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

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

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

#### **Funding**

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

#### **Benefits**

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

## *2. Basis of Preparation*

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

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

The accounts have been prepared on a going concern basis.

## *3. Significant Accounting Policies*

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

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

### ***Income and Expenditure***

Bond and dividend income has been taken into account on the contractual payment date. Property and private equity income is credited on receipt.

The Fund does not account for any benefits payable or receivable in respect of members wishing to transfer from one scheme to another until assets (either cash investments or other form) have been received by the receiving scheme.

All other income and expenditure has been accounted for on an accruals basis, except the liability to pay pensions and benefits in the future, which has been separately disclosed within the notes to the accounts.

### ***Acquisition costs of Investments***

Acquisition costs are included with the original book cost at the time of purchase. At the year end, however, investments on the balance sheet are valued at market value. The difference is recorded in the Accounts as "Change in Market Value of Investments".

### ***Valuation of Investments***

Investments are included in the financial statements on a fair value basis as at the reporting date. The values of investments as shown in the net assets statement have been determined in accordance with the requirements of the Code and IFRS 13. Valuation methods employed by the fund are detailed within Note 14c.

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

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

### ***Foreign Currency Transactions***

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

## Taxation

| Taxation                        | Treatment   |
|---------------------------------|---|
| <b>UK Income Tax</b>            | The fund is an exempt approved fund able to recover UK Income Tax.  |
| <b>UK Capital Gains Tax</b>     | No Capital Gains Tax is Chargeable.   |
| <b>Value Added Tax</b>          | Accounts are shown exclusive of VAT. As the Council is the administering Authority, VAT is recoverable on all Fund activities.  |
| <b>Overseas Withholding Tax</b> | Foreign investment income usually suffers withholding tax in the country of origin, some of which may be recoverable. Irrecoverable tax is netted off against income. |

## 4. Critical judgements in applying accounting policies

### **Unquoted private equity investments**

These are inherently based on forward looking estimates and judgements valued by the investment managers using two main sets of valuation guidelines that apply to private equity; the Private Equity Valuation Guidelines (PEVG) in the US and the International Private Equity and Venture Capital Valuation Guidelines (IPEVCG) outside the US.

### **Pension fund liability**

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

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

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

| Item  | Uncertainties   | Effect if actual results differ from assumptions  |
|---|---|---|
| <b>Actual present value of promised retirement benefits</b> | Estimations of the liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries increase, changes in mortality rates and expected returns on pension fund assets. The actuary provides the fund with advice regarding the assumptions to be used. | The effects on the net pension liability of changes in individual assumptions can be measured. For instance, an increase in the discount rate assumption would result in a decrease in the pension liability. An increase in assumed earnings inflation or assumed life expectancy would increase the value of the liabilities. |
| <b>Private Equity Valuations</b>                            | Private equity investments are valued at fair value in accordance with international accounting standards. These investments are not publicly listed and as such there is a degree of estimation involved in the valuation.   | The total private equity investments in the financial statements are £91 million. There is a risk that this investment may be under, or overstated in the accounts. Further information is provided on the sensitivity of these assets within the accounts.   |
| <b>Pooled Property Funds</b>                                | Valuation techniques are used to determine the carrying amount of pooled property funds.  | The total pooled property fund investments in the financial statements are £167 million. Changes in the valuation assumptions used, together with significant changes in rental   |

|  |  |  |
|--|--|--|
|  |  | growth could affect (increase or decrease) the fair value of property-based investments. Further information is provided on the sensitivity of these assets within the accounts. |
|--|--|--|

## 6. Titles of Ownership

Evidences of ownership for the property unit trusts and private equity holdings are held by Cardiff Council. All other evidences of ownership were held at 31 March 2021 by The Northern Trust Company for the benefit of the Council. Statements of holdings have been provided by Northern Trust.

## 7. Membership

Fund membership at 31 March 2021 is as follows:

| 2019/20<br>*  |                                     | 2020/21       |
|---------------|-------------------------------------|---------------|
| 48            | Contributing employers              | 43            |
| <b>48</b>     | <b>Total contributing employers</b> | <b>43</b>     |
| 16,402        | Contributors                        | 16,936        |
| 11,945        | Pensioners                          | 12,190        |
| 13,608        | Deferred pensioners                 | 13,755        |
| <b>41,955</b> | <b>Total membership</b>             | <b>42,881</b> |

\* 2019/20 contributors figure has been amended to reflect the number of contributors in Note 8.

In addition to the above, there are also members who at year end were not yet categorised as to whether they would be deferring their pension, transferring it to another scheme or requesting a refund of their contributions and accordingly are not actively contributing to the Pension Fund.

## 8. Employing Bodies – Contributions

| 2020/21                     | No. of contributors at 31/03/2021 | Employers       | Employees       | Total           | Additional lump sum* |
|-----------------------------|-----------------------------------|-----------------|-----------------|-----------------|----------------------|
|                             |                                   | £000            | £000            | £000            | £000                 |
| <b>Administering Body:</b>  |                                   |                 |                 |                 |                      |
| Cardiff Council             | 10,334                            | (42,186)        | (12,702)        | (54,888)        | 0                    |
| <b>Scheduled Bodies:</b>    |                                   |                 |                 |                 |                      |
| Vale of Glamorgan Council   | 4,116                             | (14,631)        | (4,644)         | (19,275)        | (8)                  |
| Town and Community Councils | 56                                | (239)           | (70)            | (309)           | 0                    |
| Education Bodies            | 1,654                             | (6,831)         | (2,537)         | (9,368)         | (16)                 |
| Other Scheduled Bodies **   | 6                                 | 922             | (17)            | 905             | 10                   |
| <b>Admitted Bodies:</b>     |                                   |                 |                 |                 |                      |
| Admitted Bodies             | 770                               | (6,650)         | (1,204)         | (7,854)         | (1,860)              |
| <b>Total</b>                | <b>16,936</b>                     | <b>(69,615)</b> | <b>(21,174)</b> | <b>(90,789)</b> | <b>(1,874)</b>       |

\*Memorandum account; totals included within Employers total.

\*\*Includes payment to Public Sector Ombudsmen for Wales calculated by actuary on exit from the fund of £974,000, actual contributions received were (£52,052).

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

\*Memorandum account; totals included within Employers total.

### Additional deficit funding

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



## 9. Employing Bodies - Benefits Payable

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

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

## 10. Management Expenses

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

\*2019/20 Management fees have been restated to provide additional information in line with 2020/21 presentation.

## 11. Investment Income

| <b>2019/20</b>  |                                      | <b>2020/21</b> |
|-----------------|--------------------------------------|----------------|
| <b>£000</b>     |                                      | <b>£000</b>    |
| (10,019)        | UK fixed interest securities         | (1,901)        |
| (5,445)         | Overseas equities                    | (3,845)        |
| (4,830)         | Overseas fixed interest securities   | (1,192)        |
| (4,209)         | UK equities and private equity funds | (910)          |
| (1,608)         | Pooled investments                   | (1,202)        |
| (948)           | Pooled Property Unit Trust Income    | (482)          |
| (218)           | Interest on UK cash                  | (230)          |
| (120)           | Securities lending                   | (48)           |
| <b>(27,397)</b> | <b>Total</b>                         | <b>(9,810)</b> |

## 12. Investments at Market Value

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

\*2019/20 figures have been amended to provide additional information in line with 2020/21 presentation.

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

## 12a. Reconciliation in movement in investments

| 2020/21                       | Value at 31/03/20 | Purchase at cost | Sale proceeds    | Change in market value | Value at 31/03/21 |
|-------------------------------|-------------------|------------------|------------------|------------------------|-------------------|
|                               | £000              | £000             | £000             | £000                   | £000              |
| Fixed interest securities     | 586,078           | 161,316          | (720,282)        | (27,112)               | 0                 |
| Equities                      | 164,067           | 32,814           | (28,340)         | 70,008                 | 238,549           |
| Pooled funds                  | 971,709           | 628,700          | 0                | 368,387                | 1,968,796         |
| Pooled property unit trusts   | 165,246           | 730              | 0                | 583                    | 166,559           |
| Private equity                | 88,669            | 8,810            | (14,269)         | 7,459                  | 90,669            |
| <b>Sub-total</b>              | <b>1,975,769</b>  | <b>832,370</b>   | <b>(762,891)</b> | <b>419,325</b>         | <b>2,464,573</b>  |
| Derivatives                   | 3212              | 0                | 0                | (3,212)                | 0                 |
| <b>Total derivatives</b>      | <b>3212</b>       | <b>0</b>         | <b>0</b>         | <b>(3,212)</b>         | <b>0</b>          |
| Managers' cash                | 6,730             |                  |                  |                        | 5,372             |
| Internal/custodian cash       | 26,051            |                  |                  |                        | 39,563            |
| Net investment proceeds due   | 2,464             |                  |                  |                        | 567               |
| <b>Total cash</b>             | <b>35,245</b>     |                  |                  |                        | <b>45,502</b>     |
| <b>Sub-total</b>              | <b>2,014,226</b>  |                  |                  | <b>416,113</b>         | <b>2,510,075</b>  |
| Net realised movement in cash |                   |                  |                  | 66,537                 |                   |
| <b>Total</b>                  | <b>2,014,226</b>  |                  |                  | <b>482,650</b>         | <b>2,510,075</b>  |

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

### Analysis of derivatives

#### Objectives and policies for holding derivatives

The holding in derivatives is to hedge liabilities or hedge exposures to reduce risk in the fund. The use of derivatives is managed in line with the investment management agreement between the fund and the various investment managers. Derivatives listed in 2019/2020 formed part of the Aberdeen investment that transferred to WPP, bringing the value to nil in the 2020/2021 accounts.

### 13. Summary of manager's portfolio values

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

#### 13a. Investments exceeding 5% of net assets

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

| 2019/20 |                 | Fund Manager  | 2020/21 |                 |
|---------|-----------------|---|---------|-----------------|
| £000    | % of net assets |   | £000    | % of net assets |
| 176,256 | 8.7             | Aberdeen Corporate Bond Fund                        | 0       | 0.0             |
| 112,789 | 5.5             | Aberdeen Target Return Bond Fund                    | 0       | 0.0             |
| 0       | 0.0             | Aberdeen Emerging Markets Equity Fund               | 126,759 | 5.00            |
| 123,686 | 6.1             | Aberdeen Global Government Bond Fund                | 0       | 0.0             |
| 106,332 | 5.2             | Aberdeen UK Fixed Interest Gilts                    | 0       | 0.0             |
| 209,032 | 10.3            | BlackRock Aquila Life UK Equities Indexed Fund      | 265,805 | 10.6            |
| 99,171  | 4.9             | BlackRock Aquila Life US Equities Indexed Fund      | 141,454 | 5.6             |
| 195,469 | 9.6             | BlackRock Low Carbon Tracker Fund                   | 268,675 | 10.7            |
| 159,560 | 7.9             | SSGA MPF Europe ex UK Equities Active Fund          | 221,637 | 8.8             |
| 0       | 0.0             | Wales Pension Partnership - Credit Fund             | 226,063 | 9.0             |
| 0       | 0.0             | Wales Pension Partnership - Government Bond Fund    | 252,534 | 10.0            |
| 0       | 0.0             | Wales Pension Partnership - Multi Asset Credit Fund | 154,266 | 6.1             |
| 163,824 | 8.1             | Wales Pension Partnership - UK Opportunities        | 230,285 | 9.1             |

## 14. Financial Instruments

### 14a. Classification of financial instruments

| Value at 31/03/20                  |                |  |                                    | Value at 31/03/21                  |                |  |
|------------------------------------|----------------|--|------------------------------------|------------------------------------|----------------|--|
| Fair value through profit and loss | Amortised Cost | Financial liabilities at amortised costs |                                    | Fair value through profit and loss | Amortised Cost | Financial liabilities at amortised costs |
| £000                               | £000           | £000                                     |                                    | £000                               | £000           | £000                                     |
| 586,078                            | 0              | 0  | Fixed interest securities          | 0                                  | 0              | 0  |
| 164,067                            | 0              | 0  | Equities                           | 238,549                            | 0              | 0  |
| 971,709                            | 0              | 0  | Pooled funds                       | 1,968,796                          | 0              | 0  |
| 165,246                            | 0              | 0  | Pooled property trusts             | 166,559                            | 0              | 0  |
| 88,669                             | 0              | 0  | Private equity                     | 90,669                             | 0              | 0  |
| 130,993                            | 0              | 0  | Derivatives                        | 0                                  | 0              | 0  |
| 0                                  | 35,245         | 0  | Cash                               | 0                                  | 45,502         | 0  |
| 0                                  | 20,230         | 0  | Debtors                            | 0                                  | 11,276         | 0  |
| <b>2,106,762</b>                   | <b>55,475</b>  | <b>0</b>                                 | <b>Total financial assets</b>      | <b>2,464,573</b>                   | <b>56,778</b>  | <b>0</b>                                 |
| (127,781)                          | 0              | 0  | Derivatives                        | 0                                  | 0              | 0  |
| 0                                  | 0              | (1,377)                                  | Creditors                          | 0                                  | 0              | (2,160)                                  |
| <b>(127,781)</b>                   | <b>0</b>       | <b>(1,377)</b>                           | <b>Total financial liabilities</b> | <b>0</b>                           | <b>0</b>       | <b>(2,160)</b>                           |
| <b>1,978,981</b>                   | <b>55,475</b>  | <b>(1,377)</b>                           | <b>Net financial assets</b>        | <b>2,464,573</b>                   | <b>56,778</b>  | <b>(2,160)</b>                           |

### 14b. Net gains and losses on financial instruments

| *31/03/20        |                                    | 31/03/21       |
|------------------|------------------------------------|----------------|
| £000             |                                    | £000           |
| (191,863)        | Fair value through profit and loss | 355,652        |
| <b>(191,863)</b> | <b>Total financial assets</b>      | <b>355,652</b> |
| 11,203           | Fair value through profit and loss | 127,781        |
| 407              | Amortised cost                     | (783)          |
| <b>11,610</b>    | <b>Total financial liabilities</b> | <b>126,998</b> |
| <b>(180,253)</b> | <b>Net financial assets</b>        | <b>482,650</b> |

\*Figures restated between financial assets and financial liabilities.

## 14c. Fair Value – Basis of Valuation

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

### 14d. Fair Value Hierarchy

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

| Value at 31/03/21                       | Quoted market price | Using observable inputs | With significant unobservable inputs | Total            |
|---|---------------------|-------------------------|--------------------------------------|------------------|
|   | Level 1             | Level 2                 | Level 3                              |                  |
|   | £000                | £000                    | £000                                 | £000             |
| Financial assets at fair value          | 238,549             | 1,968,796               | 257,228                              | 2,464,573        |
| Amortised Cost                          | 56,778              | 0                       | 0                                    | 56,778           |
| <b>Total financial assets</b>           | <b>295,327</b>      | <b>1,968,796</b>        | <b>257,228</b>                       | <b>2,521,351</b> |
| Financial liabilities at fair value     | 0                   | 0                       | 0                                    | 0                |
| Financial liabilities at amortised cost | (2,160)             | 0                       | 0                                    | (2,160)          |
| <b>Total financial liabilities</b>      | <b>(2,160)</b>      | <b>0</b>                | <b>0</b>                             | <b>(2,160)</b>   |
| <b>Net financial assets</b>             | <b>293,167</b>      | <b>1,968,796</b>        | <b>257,228</b>                       | <b>2,519,191</b> |

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

### 14e. Reconciliation of fair value measurements within Level 3

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



### 14f. Sensitivity of Assets Valued at Level 3

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

|                        | Assessed valuation range | Value at 31/03/21 | Value on increase | Value on decrease |
|------------------------|--------------------------|-------------------|-------------------|-------------------|
|                        | (%)                      | £000              | £000              | £000              |
| Private Equity         | 9.4                      | 90,669            | 99,192            | 82,146            |
| Pooled Property Trusts | 4.2                      | 166,559           | 173,554           | 159,564           |
| <b>Total</b>           |                          | <b>257,228</b>    | <b>272,746</b>    | <b>241,710</b>    |

### 15. Nature and extent of risks arising from financial instruments

The Fund maintains positions in a variety of instruments, as dictated by the Investment Strategy Statement (ISS), and is consequently exposed to credit and liquidity risk, as well as market risk including foreign exchange and interest rate risks.

The Fund's primary long-term risk is that the Fund's assets will fall short of its liabilities and will be unable to pay the promised benefits to members. The aim of investment risk management is to minimise the risk of an overall reduction in the value of the Fund and to maximise the opportunity for gains across the whole fund portfolio. The Fund achieves this through asset diversification to reduce exposure to market risk and credit risk to an acceptable level. In addition, the fund manages monitor its liquidity risk to ensure there is sufficient liquidity to meet the Fund's forecast cash flows.

The management of risk is a key objective of the Pension Fund. A policy of diversification of its asset classes and investment managers helps the Pension Fund to lower risk arising from financial instruments. Benchmarks for asset allocation and targets against which investment managers are expected to perform are further measures which are put in place in order to manage risk.

**Market risk** is the risk that the fair value or future cash flows of an institution will fluctuate because of a change in market price.

In order to manage risk, the Fund invests in a diversified pool of assets, split between a number of managers with different performance targets and investment strategies. In order to mitigate risk, the Fund regularly reviews the pension fund investment strategy together with regular monitoring of asset allocation and investment performance.

**Interest rate risk** is the risk to which the Pension Fund is exposed to fluctuations in interest rates and mainly relates to changes in bonds.

To mitigate the risk and diversify, the Fund holds three fixed interest sub funds managed by WPP.

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

| Asset Type                | Carrying Amount as at<br>31/03/21 | Change to the net assets<br>available to pay benefits |              |
|---------------------------|-----------------------------------|---|--------------|
|                           |                                   | + 100bps  | - 100bps     |
|                           | £000                              | £000  | £000         |
| Cash and cash equivalents | 45,502                            | 455   | (455)        |
| Fixed interest securities | 0                                 | 0   | 0            |
| <b>Total</b>              | <b>45,502</b>                     | <b>455</b>  | <b>(455)</b> |

| Asset Type                | Carrying Amount as at<br>31/03/20 | Change to the net assets<br>available to pay benefits |                |
|---------------------------|-----------------------------------|---|----------------|
|                           |                                   | + 100bps  | - 100bps       |
|                           | £000                              | £000  | £000           |
| Cash and cash equivalents | 38,457                            | 385   | (385)          |
| Fixed interest securities | 586,078                           | 5,861   | (5,861)        |
| <b>Total</b>              | <b>624,535</b>                    | <b>6,246</b>  | <b>(6,246)</b> |

**Currency risk** is the risk to which the Pension Fund is exposed to fluctuations in foreign currency exchange rates. Fund managers will also take account of currency risk in their investment decisions.

Following analysis of historical data and consulted with independent investment advisors Pensions and Investments Research Consultants Ltd (PIRC), the fund's aggregate currency change has been calculated as 8.36%. An 8.36% strengthening/weakening of the pound against the various currencies in which the fund holds investments would increase/decrease the net assets available to pay benefits as follows:

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

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

**Price risk** is the risk of losses associated with the movement in prices of the underlying assets. By diversifying investments across asset classes and managers, the Pension Fund aims to reduce the exposure to price risk. Diversification of asset classes seeks to reduce correlation of price movements, whilst employing specialist managers enables the Fund to benefit from investment expertise.

Potential price changes are determined based on the observed historical volatility of asset class returns. The potential volatilities are consistent with movement in the change in value of assets over the last three years, applied to the period end asset mix. The total volatility shown below for total assets incorporates the impact of correlation across currencies, which dampens volatility, therefore the value on increase and value on decrease figures for the currencies will not sum to the total figure.

| Asset type                | Value at 31/03/21 | Percentage change | Value on increase | Value on Decrease |
|---------------------------|-------------------|-------------------|-------------------|-------------------|
|                           | £000              | %                 | £000              | £000              |
| UK Equities               | 577,410           | 18.86             | 686,310           | 468,510           |
| Overseas Equities         | 1,629,935         | 14.05             | 1,858,941         | 1,400,929         |
| Fixed Interest (Bonds)    | 0                 | 4.59              | 0                 | 0                 |
| Cash and Cash Equivalents | 45,502            | 0.20              | 45,593            | 45,411            |
| Private Equity            | 90,669            | 9.35              | 99,147            | 82,191            |
| Property                  | 166,559           | 4.16              | 173,488           | 159,630           |
| <b>Total Assets</b>       | <b>2,510,075</b>  |                   | <b>2,863,479</b>  | <b>2,156,671</b>  |

| Asset type                | Value at 31/03/20 | Percentage change | Value on increase | Value on Decrease |
|---------------------------|-------------------|-------------------|-------------------|-------------------|
|                           | £000              | %                 | £000              | £000              |
| UK Equities               | 437,112           | 16.30             | 508,361           | 365,863           |
| Overseas Equities         | 698,664           | 12.32             | 784,739           | 612,589           |
| Fixed Interest (Bonds)    | 586,078           | 4.28              | 611,162           | 560,994           |
| Cash and Cash Equivalents | 38,457            | 0.15              | 38,515            | 38,399            |
| Private Equity            | 88,669            | 7.52              | 95,337            | 82,001            |
| Property                  | 165,246           | 4.18              | 172,153           | 158,339           |
| <b>Total Assets</b>       | <b>2,014,226</b>  |                   | <b>2,210,267</b>  | <b>1,818,185</b>  |

\*2019/20 figures have been amended in line with 2020/21 presentation.

**Credit risk** is the risk that a counterparty to a financial instrument will fail to discharge an obligation and cause the fund to incur a financial loss. The Fund reviews its exposure to credit and counterparty risk through its external investment managers. The Fund is also exposed to credit risk through its securities lending programme run by the Fund's custodian, Northern Trust who manages and monitors the counterparty risk, collateral risk and the overall lending programme.

The Pension Fund's bank accounts are held with Lloyds Bank (closed October 2020) and NatWest. Surplus cash is not invested with these but is placed with a selection of AAA Money Market institutions. The Fund's internally managed cash holding under its treasury management arrangements is held with the following institutions:

|   | Fitch Rating | 31/03/20      | 31/03/21      |
|---|--------------|---------------|---------------|
|   |              | £000          | £000          |
| <b>Money market funds</b>                   |              |               |               |
| Aberdeen Standard Liquidity - Sterling Fund | AAA          | 11,750        | 18,800        |
| Blackrock ICS Sterling Liquidity Fund       | AAA          | 11,230        | 18,120        |
| Deutsche Global Liquidity - Sterling Fund   | AAA          | 0             | 0             |
| <b>Bank current account</b>                 |              |               |               |
| Lloyds Bank                                 | A            | 479           | 0             |
| NatWest                                     | A            | 49            | (40)          |
| <b>Total</b>                                |              | <b>23,508</b> | <b>36,880</b> |

The Pension Fund has experienced no defaults from fund managers, brokers or bank accounts over the past ten years, therefore no expected credit loss provision is required.

**Liquidity risk** represents the possibility that the Fund may not have resources available to meet its financial obligations. The current position of the Fund is that it is cash positive, which reflects the fact that contributions into the Fund exceed benefits being paid out. The Fund's cash is kept in a separate bank account and the cash position is monitored on a daily basis. Surplus funds are deposited in money market funds on a short term basis. At an investment level, the Funds' investments are substantially made up of listed securities which are considered readily realisable.

## 16. Actuarial Present Value of Promised Retirement Benefits

CIPFA's Code of Practice requires the disclosure of the actuarial present value of promised retirement benefits calculated on an IAS 19 basis, as set out in IAS 26.

Therefore, in addition to the triennial funding valuation, the Fund's actuary undertakes a valuation of the pension fund liabilities on an IAS 19 basis at the same date. The IAS 19 valuation is carried out using updated actuarial assumptions from those used for setting fund contribution rates and the Fund accounts do not take account of liabilities to pay pensions and other benefits in the future.

The most recent actuarial valuation based on IAS 19 is shown below:

| 31/03/2016 |   | 31/03/2019 |
|------------|---|------------|
| £m         |   | £m         |
| 2,274      | Actuarial Present Value of Promised Retirement Benefits | 3,168      |

The estimated future Pension Fund liabilities will also be subject to the consideration of the McCloud judgement and GMP equalisation. The impact was considered by the actuary within the triennial valuation, which took place in 2019/20. The actuary confirmed that no further adjustments were made to the valuation at this stage and any further adjustments will be made at the next triennial valuation (see Actuarial Statement on pages 3-6 of this document).

## 17. Additional Voluntary Contributions (AVC)

Scheme members may elect to make additional voluntary contributions to enhance their pension benefits. Contributions are made directly from scheme members to the AVC provider and are therefore not represented in these accounts in accordance with section 4(2)b of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 (SI 2009/3093). However, as the administering authority, we oversee the following AVC arrangements:

| 2019/20 |   | 2020/21 |
|---------|---|---------|
| £000    |   | £000    |
| 577     | AVC paid during the year                  | 303     |
| 3,724   | Market Value of separately invested AVC's | 4,670   |

Information received from the primary AVC provider is based on draft figures available.

## *18. Contractual Commitments*

As at 31 March 2021 the Fund had outstanding private equity commitments of a maximum of £38.683 million (£53.466 million at 31 March 2020).

## *19. Securities Lending*

At the year end the value of quoted equities on loan was £37.335 million (£311.147 million at March 2020) in exchange for which the custodian held collateral of £40.253 million (£329.301 million at March 2020), the significant reduction is due to the transfer of Aberdeen fixed interest securities to WPP in 2020/21. For the year ending 31 March 2021, the Fund received income of £48,000 from the lending of stock (£120,000 in 2019/20). In addition, the fund received income from WPP of £17,000 from the lending of stock.

## *20. Provisions and Contingent Liabilities*

A number of death grants have been identified where the Fund has been unable to trace the next of kin meaning no payment has been made to date. In all of the outstanding cases, there has been difficulty in making contact, meaning that the payments are not likely to be settled within the next financial year.

Due to the uncertainty surrounding the timing of these payments and final amounts payable, a provision for £1,054,017 has been included in the accounts (£737,078 in 2019/20), which consists of £319,601.98 short term (£0 in 2019/20), £591,279 long term and £143,135 of estimated interest (£591,279 long term and £145,799 of estimated interest in 2019/20).

The Fund has no material contingent liabilities.

## *21. Related Party Transactions*

Cardiff Council is the administering authority for Cardiff & Vale of Glamorgan Pension Fund. The Pensions Committee includes members of the Council. There are two members of the Pension Fund Committee that are active members of the Pension Fund.

Examples of related party transactions with the Council are:

- Cash invested internally by the Council (for working capital purposes) – see Note 13 Summary of manager's portfolio values
- Administration expenses charged to the Fund by the Council are shown in Note 10 Management Expenses
- Paragraph 3.9.4.4 of the Code of Practice exempts Local Authorities from the key management personnel disclosure requirements of IAS24 on the basis that requirements for officer remuneration and members' allowances is detailed in section 3.4 of the Code and can be found in the Cardiff Council Statement of Accounts.

In addition to the related parties, the Investment Panel and the Pensions Board provide advisory support to the Pensions Committee. The Pensions Board includes representatives from participating employers and members of Cardiff Council. Four members of the Pension Fund Board are active members of the Pension

Fund. One of the active members on the Pension Fund Board was also in receipt of pension fund benefits from the Cardiff and Vale of Glamorgan Pension Fund.

Contributing Employers

The active contributing employers as at 31 March 2021 are detailed below:

| <b>Administering Body</b>            |                                       |
|--------------------------------------|---------------------------------------|
| Cardiff Council                      |                                       |
| <b>Scheduled Bodies</b>              |                                       |
| <b>Councils</b>                      | <b>Town and Community Councils</b>    |
| Vale of Glamorgan Council            | Barry Town Council                    |
| <b>Education Bodies</b>              | Cowbridge Town Council                |
| Cardiff and Vale College             | Lisvane Community Council             |
| Cardiff Metropolitan University      | Llantwit Major Council                |
| St David's Sixth Form College        | Penarth Town Council                  |
| Stanwell Comprehensive               | Penllyn Community Council             |
| <b>Other Scheduled Bodies</b>        | Pentyrch Community Council            |
| Cardiff Bus                          | Radyr & Morganstown Community Council |
| Public Services Ombudsman for Wales* | Wenvoe Community Council              |
| <b>Admitted Bodies</b>               |                                       |
| A and R Cleaning Gabalfa *           | Eisteddfod Genedlaethol Cymru         |
| A and R Cleaning Greenway            | Glen Cleaning (Barry Comprehensive)   |
| A and R Cleaning High Street *       | Glen Cleaning (Eastern High)          |
| A and R Cleaning Lansdowne           | Glen Cleaning (Gladstone Primary) *   |
| A and R Cleaning Trowbridge          | Glen Cleaning (Llandough)             |
| A and R Cleaning Whitchurch          | Greenwich Leisure Limited (GLL)       |
| Adult Learning Wales                 | Grangetown Primary Cleaning (APP)     |
| Big Fresh Cleaning                   | Mirus Wales                           |
| Cardiff Business Technology Centre   | National Trust (Dyffryn)              |
| Cardiff University                   | One Voice Wales                       |
| Careers Wales (Cardiff And Vale)     | Play Wales                            |
| Children In Wales                    | Sports Council for Wales              |
| Circle IT (Cowbridge Comprehensive)  | St Teilo's Cleaning (APP)             |
| Circle IT (Eastern High)             | Wales & West Housing Association*     |
| Colegau Cymru - Colleges Wales       | Wales Council For Voluntary Action    |
| Design Commission For Wales          |                                       |

\* Employers contributing to the Fund in 2019/20 that were not contributing to the Fund in 2020/21.

## *22. Events after the Reporting Period*

There are no events after the reporting period to report.

## *23. Date of Authorisation of the Accounts for Issue*

This Statement of Accounts was authorised for issue on 25<sup>th</sup> November 2021 by the Corporate Director Resources. Post balance sheet events have been considered up to this date.

## ***Glossary***

Knowledge of basic accountancy terminology is assumed. However, there are certain specialist terms related to local government finance, which are described below:

### ***Accruals Basis***

The accruals principle is that income is recorded when it is earned rather than when it is received, and expenses are recorded when goods or services are received rather than when the payment is made.

### ***Active / Passive Management***

Active management is the traditional form of investment management involving a series of individual investment decisions that seek to maximise returns by exploiting price inefficiencies i.e. 'beat the market'. Passive management is a low cost alternative where managers normally hold stocks in line with a published index, such as the FTSE All-Share, not seeking to outperform but to keep pace with the index being tracked.

### ***Actuary***

An independent consultant who advises on the long-term viability of the Fund. Every three years the Fund actuaries review the assets and liabilities of the Fund and report to the Council on the financial position and recommended employer contribution rates. This is known as the actuarial valuation.

### ***Actuarial Gains and Losses***

For a defined benefit pensions scheme, the changes in actuarial deficits or surpluses that arise because events have not coincided with the actuarial assumptions made for the last valuation, or the actuarial assumptions have changed.

### ***Active Member***

Current employee who is contributing to a pension scheme.

### ***Admitted Body***

An organisation, whose staff can become members of the Fund by virtue of an admission agreement made between the Council and the organisation. It enables contractors who take on the Council's services with employees transferring, to offer those staff continued membership of the Fund.

### ***Asset Allocation***

Apportionment of investment funds among categories of assets, such as Bonds, Equities, Cash, Property, Derivatives, and Private Equity. Asset allocation affects both risk and return.

### ***Benchmark***

A measure against which the investment policy or performance of an investment manager can be compared.

### ***Bonds***

Investments, mainly in government stocks, which guarantee a fixed rate of interest. The securities represent loans which are repayable at a future date but which can be traded on a recognised stock exchange in the meantime.

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

Sums of money available for immediate use and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

### ***Chartered Institute of Public Finance & Accountancy (CIPFA)***

CIPFA is the leading professional accountancy body which determines accounting standards and reporting standards to be followed by Local Government.

### ***Contingent Liabilities or Assets***

These are amounts potentially due to or from individuals or organisations which may arise in the future but which at this time cannot be determined accurately, and for which provision has not been made in the Council's accounts.

### ***Creditors***

Amounts owed by the Council for work done, goods received or services rendered, for which payment has not been made at the date of the balance sheet.

### ***Custodian***

Bank or other financial institution that keeps custody of stock certificates and other assets of a client, collects dividends and tax refunds due, and settles any purchases and sales.

### ***Debtors***

These are sums of money due to the Council that have not been received at the date of the Balance Sheet.

### ***Deferred Pensioner***

A member who has stopped paying into the scheme but is not yet retired.

### ***Defined Benefit Scheme (Pensions)***

This is a pension or other retirement benefit scheme other than a defined contribution scheme. Usually, the scheme rules define the benefits independently of the contributions payable and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded (including notionally funded).

### ***Defined Contribution Scheme (Pensions)***

A Defined Contribution Scheme is a pension or other retirement benefit scheme into which an employer pays regular contributions as an amount or as a percentage of pay and will have no legal or constructive obligation to pay further contributions if the scheme does not have sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

### ***Derivative***

A derivative instrument is a contract whose value is based on the performance of an underlying financial asset, index, or other investment.

### ***Emerging Markets***

Relatively new and immature stock markets for equities or bonds. Settlement and liquidity can be less reliable than in the more established 'developed' markets, and they tend to be more volatile.

### ***Employer Contribution Rates***

The percentage of the salary of employees that employers pay as a contribution towards the employees' pension.



**Equities**

Ordinary shares in UK and overseas companies traded on a recognised stock exchange. Shareholders have an interest in the profits of the company and may normally vote at shareholders' meetings.

**Fair Value**

Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

**Financial Assets**

Financial assets are cash, equity instruments within another entity (e.g. shares) or a contractual right to receive cash or another asset from another entity (e.g. debtors) or exchange financial assets or financial liabilities under potentially favourable conditions (e.g. derivatives).

**Financial Instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. The term 'financial instrument' covers both financial assets and financial liabilities and includes both the most straightforward financial assets and liabilities such as trade receivables and trade payables and the most complex ones such as derivatives and embedded derivatives.

**Financial Liabilities**

Financial liabilities are contractual obligations to deliver cash or another financial asset (e.g. creditors) or exchange financial assets or financial liabilities under potentially unfavourable conditions (e.g. derivatives).

**Fixed Interest Securities/Bonds**

Investments, especially in government stocks, with a guaranteed rate of interest. Conventional bonds have fixed rates, whilst Index Linked vary with inflation. They represent loans repayable at a stated future date, and which can be traded on a stock exchange in the meantime.

**Fund Manager**

A fund that handles investments on behalf of the pension fund according to an agreed investment mandate.

**Fund of Funds**

A pooled fund that invests in other pooled funds. They are able to move money between the best funds in the industry, and thereby aim to lower stakeholder risk with greater diversification than is offered by a single fund.

**Impairment**

A reduction in the value of assets below its value brought forward in the Balance Sheet. Examples of factors which may cause such a reduction in value include general price decreases, a significant decline in an asset's market value.

**Index**

A calculation of the average price of shares, bonds, or other assets in a specified market to provide an indication of the average performance and general trends in the market.

**ISS**

The Investment Strategy Statement which each LGPS fund is required to prepare and keep under review.

**Liabilities**

These are amounts due to individuals or organisations which will have to be paid at some time in the future. Current liabilities are usually payable within one year of the Balance Sheet date.

**LGPS**

The Local Government Pension Scheme, governed by regulations issued by the Department for Communities and Local Government.

**Materiality**

Information is material if omitting it or misstating it could influence the decisions that users make on the basis of financial information about a specific reporting authority.

**Pension Fund**

A fund built up from deductions from employees' pay, contributions from employers and investment income from which pension benefits are paid.

**Pensioner**

A scheme member who received a pension from the Fund.

**Pooled Funds**

Pooled investment vehicles issue units to a range of investors. Unit's prices move in response to changes in the value of the underlying portfolio, and investors do not own directly the assets in the fund. The main types are: unit trusts, open-ended investment companies (OEICs), insurance linked vehicles and investment trusts.

**Portfolio**

A collective term for all the investments held in a fund, market or sector. A segregated portfolio is a portfolio of investments of a specific type held directly in the name of the investor e.g. Global Bonds, or a specific market e.g. UK Equities, Far East Equities.

**Prior Period Adjustments**

These are material adjustments which are applicable to an earlier period arising from changes in accounting policies or for the correction of fundamental errors.

**Private Equity**

Investments made by specialist managers in all types of unlisted companies rather than through publicly tradable shares.

**Provisions**

Amounts set aside in respect of liabilities or losses which are likely or certain to be incurred, but in relation to which the exact amount and date of settlement may be uncertain.

**Related Parties**

Related parties are Central Government, other local authorities, precepting and levying bodies, subsidiary and associated companies, Elected Members, all senior officers from Director and above. For individuals identified as related parties, the following are also presumed to be related parties:

- members of the close family, or the same household; and
- partnerships, companies, trusts or other entities in which the individual, or member of their close family or the same household, has a controlling interest.

**Return**

The total gain from holding an investment, including both income and any increase or decrease in market value. Returns over periods longer than a year are usually expressed as an average annual return.

**Scheme Employers**

Local authorities and bodies specified in the LGPS Regulations, whose employees are entitled automatically to be members of the Fund, and Admission Bodies including voluntary, charitable and similar bodies, carrying out work of a public nature, whose staff can become members of the Fund by virtue of an admission agreement with the Council.

**Scheduled Body**

An organisation that has the right to become a member the Local Government Pension Scheme under the scheme regulations. Such an organisation does not need to be admitted, as its right to membership is automatic.

**Unit Trust**

A collective investment fund that is priced, bought and sold in units that represent a mixture of the securities underlying the fund.

**Unrealised Gains / Losses**

The increase or decrease in the market value of investments held by the fund since the date of their purchase. Note: values throughout these accounts are presented rounded to whole numbers. Totals in supporting tables and notes may not appear to cast, cross-cast, or exactly match to the core statements or other tables due to rounding differences.

Mae'r dudalen hon yn wag yn fwriadol

## Audit of Accounts Report – Cardiff and Vale of Glamorgan Pension Fund

Audit year: 2020-21

Date issued: November 2021

Document reference: 2708A2021-22

This document has been prepared as part of work performed in accordance with statutory functions.

In the event of receiving a request for information to which this document may be relevant, attention is drawn to the Code of Practice issued under section 45 of the Freedom of Information Act 2000. The section 45 code sets out the practice in the handling of requests that is expected of public authorities, including consultation with relevant third parties. In relation to this document, the Auditor General for Wales and the Wales Audit Office are relevant third parties. Any enquiries regarding disclosure or re-use of this document should be sent to the Wales Audit Office at [infoofficer@audit.wales](mailto:infoofficer@audit.wales).

We welcome correspondence and telephone calls in Welsh and English. Corresponding in Welsh will not lead to delay. Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg. Ni fydd gohebu yn Gymraeg yn arwain at oedi.

# Contents

We intend to issue an unqualified audit report on your Accounts. There are some issues to report to you prior to their approval.

## Audit of Accounts Report

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# Audit of Accounts Report

## Introduction

- 1 We summarise the main findings from our audit of your 2020-21 accounts in this report.
- 2 We have already discussed these issues with the Group Accountant and Head of Pensions.
- 3 Auditors can never give complete assurance that accounts are correctly stated. Instead, we work to a level of 'materiality'. This level of materiality is set to try to identify and correct misstatements that might otherwise cause a user of the accounts into being misled.
- 4 We set this level at £25 million for this year's audit. There are some areas of the accounts that may be of more importance to the reader and we have set a lower materiality level for these, for example related party transactions and senior officer remuneration.
- 5 At the date of this report, our audit is substantially complete, subject to completion of the following:
  - work on membership data;
  - checking all audit amendments agreed have been correctly reflected in the final draft;
  - director and manager review of audit files and clearance of any review points;
  - receipt and review of the of the signed Letter of Representation;
  - completing final checks on the signed financial statements after the Council have agreed them; and
  - a review of events after the reporting period up to signing date.
- 6 In our professional view, we have complied with the ethical standards that apply to our work; remain independent of yourselves; and, our objectivity has not been compromised in any way. There are no relationships between ourselves and yourselves that we believe could undermine our objectivity and independence.

## Impact of COVID-19 on this year's audit

- 7 The COVID-19 pandemic has had a significant impact on all aspects of our society and continues to do so. You are required by law to prepare accounts and it is of considerable testament to the commitment of your accounts team that you have succeeded in doing so this year in the face of the challenges posed by this pandemic. We are extremely grateful to the professionalism of the team in supporting us to complete our audit in such difficult circumstances.
- 8 The pandemic has unsurprisingly affected our audit and we summarise in **Exhibit 1** the main impacts. Other than where we specifically make recommendations, the detail in **Exhibit 1** is provided for information purposes only



to help you understand the impact of the COVID-19 pandemic on this year’s audit process.

**Exhibit 1 – impact of COVID-19 on this year’s audit**

|                              |  |
|------------------------------|--|
| <b>Timetable</b>             | We received the draft accounts on 22 June 2021. In line with the other pension fund audits in Wales, we undertook the audit in October/November 2021.  |
| <b>Electronic signatures</b> | We will continue to accept the use of electronic signatures and electronic transfer of files during the approval and signing process.  |
| <b>Audit evidence</b>        | We have been unable to conduct our audit at your premises due to the COVID-19 pandemic. As in 2019-20, we received audit evidence in electronic format. We have used various techniques to ensure its validity. Where we have been unable to obtain access to paper documents because of COVID-19 restrictions, we have devised alternative audit methodologies to obtain sufficient audit evidence. |

9 We will be reviewing what we have learned for our audit process from the COVID-19 pandemic and whether there are innovative practices that we might adopt in the future to enhance that process.

**Proposed audit opinion**

- 10 We intend to issue an unqualified audit opinion on this year’s accounts once you have provided us with a Letter of Representation based on that set out in **Appendix 1**.
- 11 We issue a ‘qualified’ audit opinion where we have material concerns about some aspects of your accounts; otherwise we issue an unqualified opinion.
- 12 The Letter of Representation contains certain confirmations we are required to obtain from you under auditing standards along with confirmation of other specific information you have provided to us during our audit.
- 13 Our proposed audit report is set out in **Appendix 2**.

## Significant issues arising from the audit

### Uncorrected misstatements

14 There are no misstatements identified in the accounts which remain uncorrected.

### Corrected misstatements

15 There were initially misstatements in the accounts that have now been corrected by management. These were mainly presentational or typographical in nature and they are set out with explanations in **Appendix 3**.

### Other significant issues arising from the audit

46 In the course of the audit, we consider a number of matters relating to the accounts and report any significant issues arising to you. There were **no** issues arising in these areas this year.

# Appendix 1

## Final Letter of Representation

[Audited body's letterhead]

Auditor General for Wales  
Wales Audit Office  
24 Cathedral Road  
Cardiff  
CF11 9LJ

[Date]

### Representations regarding the 2020-21 financial statements

This letter is provided in connection with your audit of the financial statements (including that part of the Remuneration Report that is subject to audit) of Cardiff and Vale of Glamorgan Pension Fund for the year ended 31 March 2021 for the purpose of expressing an opinion on their truth and fairness and their proper preparation.

We confirm that to the best of our knowledge and belief, having made enquiries as we consider sufficient, we can make the following representations to you.

### Management representations

#### Responsibilities

We have fulfilled our responsibilities for:

- The preparation of the financial statements in accordance with legislative requirements and CIPFA Code of Practice on Local Authority Accounting; in particular the financial statements give a true and fair view in accordance therewith.
- The design, implementation, maintenance and review of internal control to prevent and detect fraud and error.

### Information provided

We have provided you with:

- Full access to:
  - all information of which we are aware that is relevant to the preparation of the financial statements such as books of account and supporting documentation, minutes of meetings and other matters;

- additional information that you have requested from us for the purpose of the audit; and
- unrestricted access to staff from whom you determined it necessary to obtain audit evidence.
- The results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- Our knowledge of fraud or suspected fraud that we are aware of and that affects Cardiff and Vale of Glamorgan Pension Fund and involves:
  - management;
  - employees who have significant roles in internal control; or
  - others where the fraud could have a material effect on the financial statements.
- Our knowledge of any allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, regulators or others.
- Our knowledge of all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.
- The identity of all related parties and all the related party relationships and transactions of which we are aware.

## Financial statement representations

All transactions, assets and liabilities have been recorded in the accounting records and are reflected in the financial statements.

The methods, the data and the significant assumptions used in making accounting estimates, and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in the context of the applicable financial reporting framework.

Related party relationships and transactions have been appropriately accounted for and disclosed.

All events occurring subsequent to the reporting date which require adjustment or disclosure have been adjusted for or disclosed.

All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to the auditor and accounted for and disclosed in accordance with the applicable financial reporting framework.

The financial statements are free of material misstatements, including omissions.

## Representations by those charged with governance

We acknowledge that the representations made by management, above, have been discussed with us.

We acknowledge our responsibility for the preparation of true and fair financial statements in accordance with the applicable financial reporting framework. The financial statements were approved by full Council on 25 November 2021.

We confirm that we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that it has been communicated to you. We confirm that, as far as we are aware, there is no relevant audit information of which you are unaware.

Signed by:

[Officer who signs on behalf of management]

Date:

Signed by:

[Officer or Member who signs on behalf of those charged with governance]

Date:

# Appendix 2

## Proposed Audit Report

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

#### **Opinion on financial statements**

I have audited the financial statements of Cardiff & Vale of Glamorgan Pension Fund for the year ended 31 March 2021 under the Public Audit (Wales) Act 2004. Cardiff & Vale of Glamorgan Pension Fund's financial statements comprise the fund account, the net assets statement and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2020-21.

In my opinion the financial statements:

- give a true and fair view of the financial transactions of the pension fund during the year ended 31 March 2021, and of the amount and disposition at that date of its assets and liabilities;
- have been properly prepared in accordance with legislative requirements and international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2020-21.

#### **Basis of opinion**

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the pension fund in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

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

In auditing the financial statements, I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the pension fund's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the responsible financial officer with respect to going concern are described in the relevant sections of this report.

## Other information

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

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

## Report on other requirements

### Opinion on other matters

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

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

### Matters on which I report by exception

In the light of the knowledge and understanding of the pension fund and its environment obtained in the course of the audit, I have not identified material misstatements in the Narrative Report.

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

- adequate accounting records have not been kept, or returns adequate for my audit have not been received from branches not visited by my team;
- the financial statements are not in agreement with the accounting records and returns; or
- I have not received all the information and explanations I require for my audit.

## Responsibilities

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

As explained more fully in the Statement of Responsibilities for the financial statements set out on [page 7](#), the responsible financial officer is responsible for the preparation of the financial statements, which give a true and fair view, and for such internal control as the responsible financial officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

My procedures included the following:

- Enquiring of management and those charged with governance, including obtaining and reviewing supporting documentation relating to Cardiff & Vale of Glamorgan Pension Fund's policies and procedures concerned with:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- Considering as an audit team how and where fraud might occur in the financial statements and any potential indicators of fraud.
- Obtaining an understanding of Cardiff & Vale of Glamorgan Pension Fund's framework of authority as well as other legal and regulatory frameworks that Cardiff & Vale of Glamorgan Pension Fund operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of Cardiff & Vale of Glamorgan Pension Fund.

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management and the Governance and Audit Committee about actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance and the administering authority; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential fraud risks to all audit team and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the Cardiff



& Vale of Glamorgan Pension Fund's controls, and the nature, timing and extent of the audit procedures performed.

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

### **Certificate of completion of audit**

I certify that I have completed the audit of the accounts of Cardiff & Vale of Glamorgan Pension Fund in accordance with the requirements of the Public Audit (Wales) Act 2004 and the Auditor General for Wales' Code of Audit Practice.

Adrian Crompton  
Auditor General for Wales  
[Date]

24 Cathedral Road  
Cardiff  
CF11 9LJ

# Appendix 3

## Summary of Corrections Made

During our audit we identified the following misstatements that have been corrected by management, but which we consider should be drawn to your attention due to their relevance to your responsibilities over the financial reporting process.

### Exhibit 3: summary of corrections made

| Value of correction | Nature of correction  | Reason for correction   |
|---------------------|---|---|
| n/a                 | <p>Various presentational and arithmetical amendments including:</p> <ul style="list-style-type: none"><li>• Net Asset statement: splitting the provisions between short and long term;</li><li>• Notes 12a and 15 casting errors;</li><li>• Note 11 Investment income relating to securities lending omitted;</li><li>• Note 13a – inclusion of a fund manager with &gt;5% net assets omitted initially; and</li><li>• Note 20 – inclusion of prior year comparator.</li></ul> | <p>To provide enhanced understanding to the reader of the financial statements.</p> |





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We welcome correspondence and telephone calls in Welsh and English.  
Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg.



# Financial Sustainability of Local Government

COVID-19 Impact, Recovery  
and Future Challenges

September 2021

This document has been prepared as a summary of work performed in accordance with Section 17 of the Public Audit (Wales) Act 2004.

No responsibility is taken by the Auditor General or the staff of Audit Wales in relation to any member, director, officer or other employee in their individual capacity, or to any third party.

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

# Contents

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Councils have received significant extra funding to deal with the pandemic, but the future sustainability of the sector remains challenging against a backdrop of other financial pressures.

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# Background

---

## **Our work on local government financial sustainability during 2020-21**

Over 2020-21 we looked at the financial sustainability of each of the 22 councils in Wales, including:

- the financial impact of the pandemic;
- financial strategies;
- reserves position;
- performance against budget; and
- savings delivery and liquidity (the extent to which current assets are able to cover debt).

This report highlights some key themes and findings from our work, some commentary on funding pressures, and some reflections on how councils' future financial sustainability could be strengthened.



# Main report

---

## The bigger picture – borrowing, spending, and demand pressures

### Extra short-term funding has helped but longer-term challenges and uncertainties remain

- The UK and Welsh Governments put in place major funding streams and grants in response to the pandemic – but these spending patterns are unlikely to be sustained.
- Our Picture of Public Services report published in September 2021 set out further information and analysis of public sector spending and future projections.
- Local government has a key role in supporting and shaping recovery from the pandemic, both as a provider of a wide range of key local services, and also through its community leadership role, including working with a range of partners.

### Local government financial sustainability – how the situation in Wales compares with England

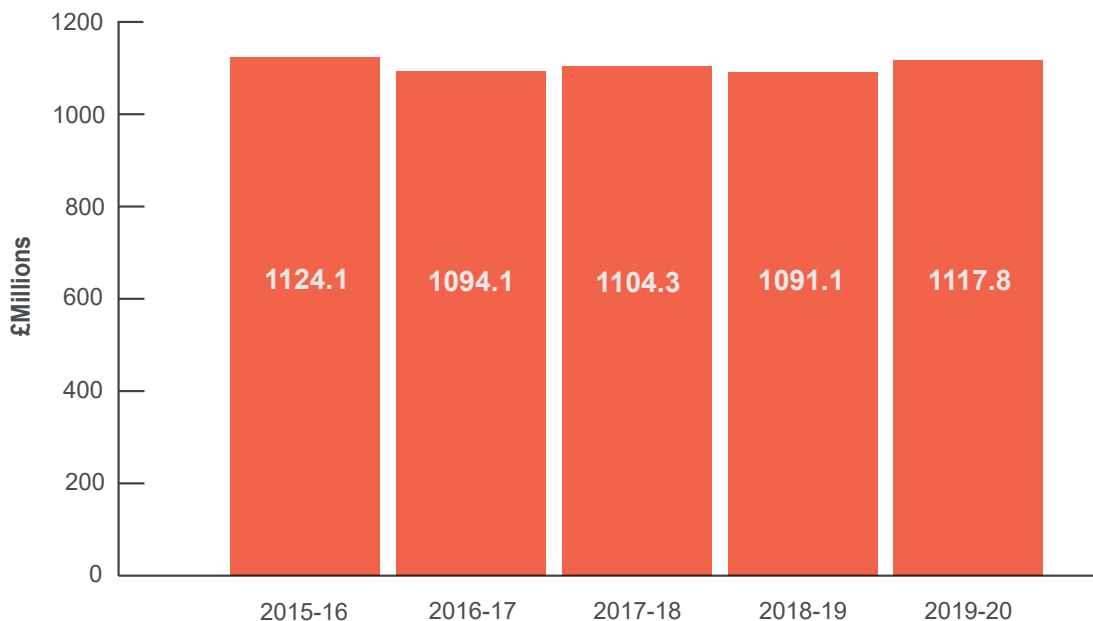
- England – the National Audit Office found that the financial position of local government remains a cause for concern with the outlook looking uncertain, and noted the reliance of many councils on using reserves to balance their 2020-21 budgets<sup>1</sup>.
- Wales – councils have not generally relied on their reserves to balance their 2020-21 budgets, largely due to the additional funding made available to them to mitigate the impact of the pandemic. But significant future challenges remain.

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1 National Audit Office, [Local government finance in the pandemic](#), 15 March 2021

### Exhibit 1: how councils’ usable financial reserves<sup>2</sup> had changed before the pandemic

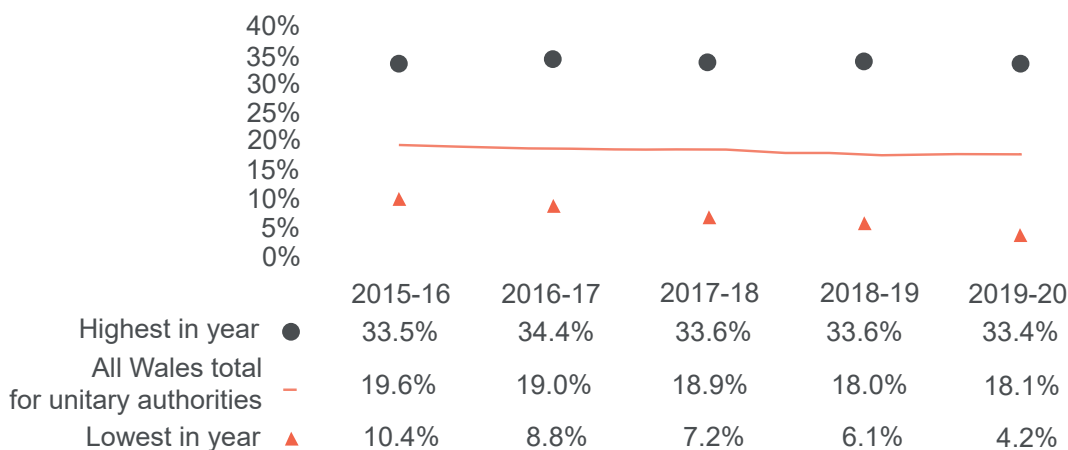
All Wales total for unitary authorities, Total usable revenue reserves not protected by law



### Exhibit 2: amount of usable reserves as a percentage of net cost of services over time

The following exhibit shows the average, highest and lowest values for the principal councils in Wales at the end of each financial year from 2015-16 to 2019-20.

Total Usable Reserves as a % of net cost of services



Lowest and highest refer to the value of an individual council in that particular year.

2 We define usable financial reserves as reserves usable for revenue costs, where the purpose is not protected by law. This is the total of the general fund, earmarked reserves and schools balances. It excludes Housing Revenue Account reserves, capital receipts and capital grants unapplied.

### **Public sector borrowing has increased during the pandemic and future funding levels are uncertain**

- UK government borrowing has increased significantly during the pandemic<sup>3</sup>.
- Future funding levels remain uncertain, for example, in March 2021 Cardiff University described the outlook for the Welsh budget as ‘highly uncertain’<sup>4</sup>. The Chartered Institute of Public Finance & Accountancy (CIPFA) have also highlighted the uncertainty around public sector funding in the future.
- There is likely to be significant pressure on local government funding, in particular for those service areas that are not prioritised as part of future budget-setting<sup>5</sup>.

### **Demand for some services is likely to increase**

- Our recent report on discretionary services<sup>6</sup> highlights rising demand for some council services. The infographic on the following page, from that report, summaries some key demand pressures.
- Demand pressures from the pandemic will potentially continue, for example, for additional education provision to catch up on lost time during school closures. The longer-lasting implications of the pandemic on demand for local government services are as yet unknown.

### **Spending on discretionary local government services had already reduced before the pandemic**

- Reductions in funding had already led to some service cuts before the pandemic<sup>7</sup>. Although the pandemic has raised the profile of local government services and in particular the role they play in helping to keep people safe and healthy.

---

3 CIPFA, [Local authorities face a financial reckoning](#), November 2020

4 Wales Fiscal Analysis, [Welsh Election 2021 Fiscal outlook and challenges for the next Welsh Government Welsh Election Briefing](#), April 2021

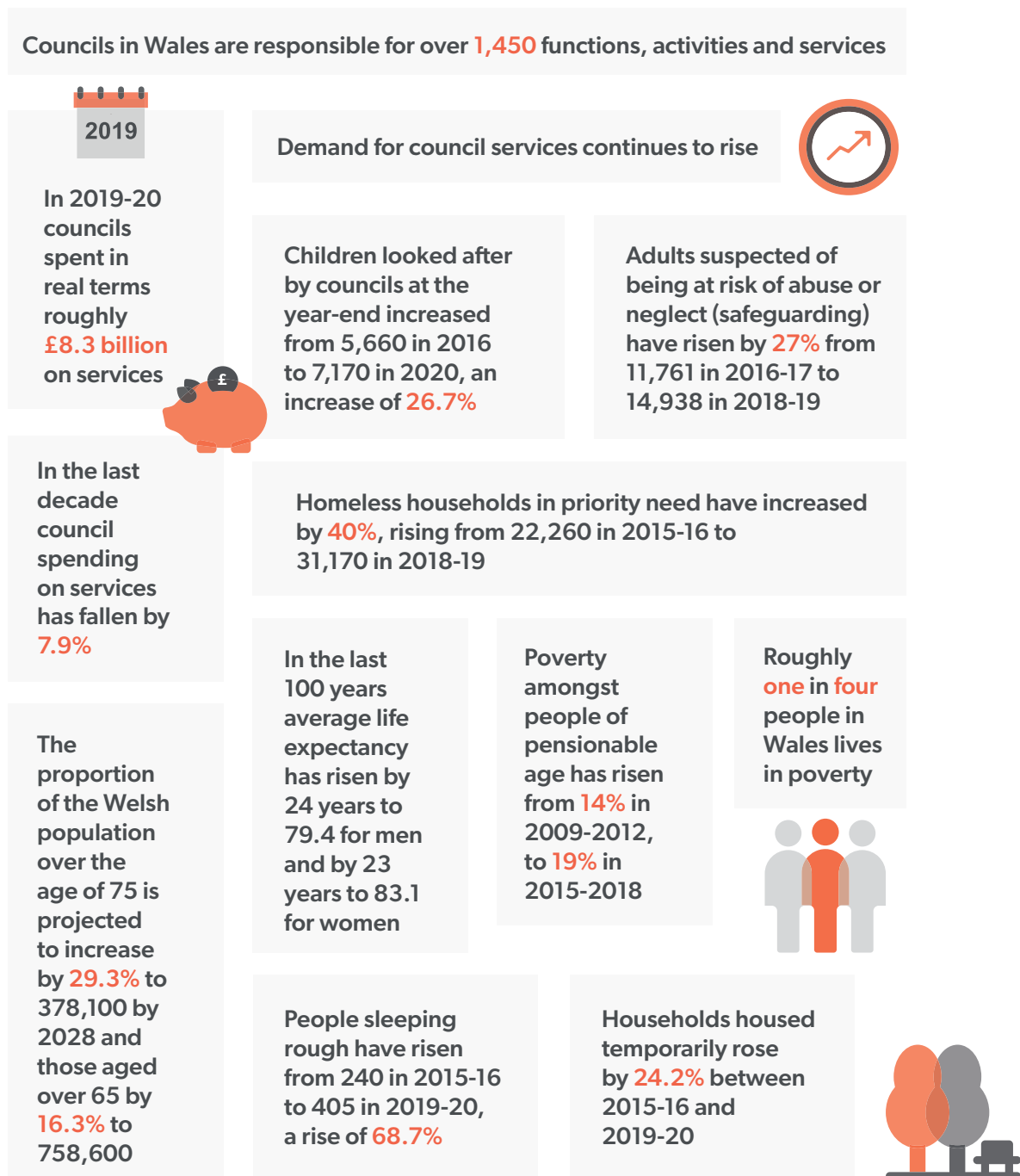
5 Wales Fiscal Analysis, [Local government finance: the state of play in 2021-22](#), March 2021

6 Audit Wales, [At your Discretion - Local Government Discretionary Services](#), April 2021

7 Audit Wales, [At your Discretion - Local Government Discretionary Services](#), April 2021

### Exhibit 3: key facts about council services and demand<sup>8</sup>

The following exhibit shows some key facts about council services including some key demand pressures.



Note: The £8.3 billion figure for total council spending covers the total revenue spending on services and includes spending on some non-service areas such as repayment of borrowing, levies pensions and appropriations to reserves. The figure is net of income, such as charges and fees, generated by services. The gross expenditure on services in 2019-20 was £9.2 billion.

## Financial sustainability – key findings from our work

### Our findings from October 2020

- In October 2020, we said: ‘Councils and the Welsh Government have worked well together to mitigate the impact of the pandemic to date, but the future sustainability of the sector is an ongoing challenge.’ We also noted that ‘some Councils were better placed financially than others to deal with the financial challenges posed by the pandemic<sup>9</sup>.’

### Overall findings from our work in 2020-21

- We found that Councils have received significant extra funding to deal with the pandemic, but the future sustainability of the local government sector remains challenging against a backdrop of other financial pressures.
- After publishing our national summary report in October 2020, we then looked at the financial sustainability of each principal council in Wales.
- We produced local reports for each council.
- Due to the extra funding councils have received in response to the pandemic, the financial position has improved for all 22 councils this year.
- But the overall picture of councils’ financial sustainability remains mixed, some councils are still better placed than others to respond to future challenges.
- The next section summarises the key themes we identified through this work, including where relevant from our October 2020 report as well as our previous work on financial sustainability.

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9 Audit Wales, Financial Sustainability of Local Government as a Result of the COVID-19 Pandemic, October 2020

## Key themes from our 2020-21 work

### The financial impact of COVID-19

- We said in October 2020 that some councils were better placed financially than others to respond to the challenges of the pandemic.
- So far, the costs of COVID-19 have been mitigated at each council by extra funding from the Welsh Government.

### Exhibit 4: The cost of COVID-19 over 2020-21

The following exhibit sets out the extra funding provided to councils by Welsh Government over 2020-21 in response to the COVID-19 pandemic.

- £660 million additional funding allocated by the Welsh Government to the Hardship Fund to cover councils' lost income and extra expenditure<sup>10</sup>.
- Other funding from the Welsh Government such as extra funding for teachers for catch-up support from education and cleaning materials for schools.
- Personal protective equipment (PPE) has also been provided free of charge to most local government bodies by the Welsh Government through NHS Shared Services.



Source: Welsh Government

### Financial strategies

- Several councils have only undertaken limited analysis of the longer-term impact of COVID-19 (even in respect of working assumptions or scenarios) or the longer-term impact of changes to demand.
- Most, but not all councils include some council tax assumptions for the next four or five years in their financial strategies. These range from predicted increases of between 3% and 5%.
- Most, but not all, financial strategies also include Aggregate External Funding (AEF)<sup>11</sup> assumptions that vary between 0% and 3%. A few councils plan on the basis of best-to-worst-case scenarios.
- Overall, most of our local reports reflect on the ongoing work needed to develop a more sustainable approach to financial planning in the medium to long term.

<sup>10</sup> Although the Welsh Government allocated £660 million, by the end of the financial year it reports having spent £587 million.

<sup>11</sup> Aggregate External Funding data includes Revenue Support Grant from the Welsh Government and Non-Domestic Rates. **Tudalen 210**

## Reserves position

### Exhibit 5: usable reserves – what we said in our October 2020 report<sup>12</sup>

The following exhibit summaries our key findings on councils' usable reserves<sup>13</sup> position from our October 2020 report.

#### In October 2020 we reported:

- the usable reserves held by councils ranged from around £11 million to over £119 million.
- there was a wide range of usable reserves as a proportion of the net cost of services at each council: from 5% to 33%; and
- that Welsh councils in total held over £1 billion of usable reserves at the end of March 2020.



- Some councils have relatively high level of reserves that will support their ability to respond to challenges, and other councils have much lower levels of reserves, which will make meeting future challenges harder.
- After completing our local work we have also found that all councils increased the amount of reserves they held at the end of 2020-21. Councils have reported an increase of over £450 million in reserves during 2020-21. We will report further on this following our audit of 2020-21 accounts.
- Some councils have a good track record in recent years of avoiding using reserves to balance their budget.
- Some councils have relied on unplanned use of reserves to balance budgets. This approach is unlikely to be sustainable, particularly for those councils whose levels of usable reserves were already relatively low.
- A consistent pattern of using reserves, even in a planned way, to balance revenue expenditure is unlikely to be sustainable as it risks depleting reserves to unsustainable levels.

#### Performance against budget

- After large transfers to reserves, most councils reported either relatively small underspends or overspends overall in 2020-21, a similar pattern to the previous two financial years.

<sup>12</sup> Audit Wales, [Financial Sustainability of Local Government as a Result of the COVID-19 Pandemic, October 2020](#).

<sup>13</sup> By usable reserves we mean the total general fund balance, together with earmarked reserves that councils are not legally prevented from redirecting to use for another purpose. This is the total of the general fund, earmarked reserves and council's balances. It excludes the HRA, Capital receipts and capital grants unapplied.

- Most councils also continued to show significant overspends in some service areas; in many councils, social services were an example of this.
- The pandemic, along with longer-term challenges, means that now more than ever, councils will need to manage budgets effectively and ensure that services or areas of consistent overspends are addressed.

### **Savings delivery**

- Last year we found that most councils delivered the majority of their savings, but very few delivered all of their planned savings in previous years. We found the same pattern over 2020-21, as well as that some councils delivered all of their savings targets, although not as they had planned.
- Savings plans have understandably been affected by the pandemic. Changes in demand for services, workforce re-deployment and other action taken in response to the pandemic are all likely to have had an impact on the achievement of some savings.
- In a number of councils, service areas were still able to deliver their savings targets. Some service areas found it easier to deliver savings because of:
  - additional funding from the Welsh Government;
  - a reduced demand for services during the pandemic and/or;
  - reduced staff costs during the pandemic.
- Delivery of savings is likely to be even more challenging going forward given the scale of the projected funding gaps in some councils in future years, and that the above factors that helped some service areas to deliver savings over 2020-21 are unlikely to be recurring.
- Councils with robust and effective savings planning processes will be better placed to deliver on proposals and fulfil plans within the longer term.

### **Liquidity<sup>14</sup>**

- Overall, most councils show a favourable and stable liquidity ratio (the ratio of current assets to its current liabilities) which suggests that those councils are in a good position to meet their current liabilities.
- A few councils show a relatively low liquidity ratio. In itself this is not a particular problem. But if levels of reserves are also relatively low and if savings are not being achieved, taken together this could indicate a lack of resilience.

---


14 Liquidity means the ratio of the council's assets to its liabilities





## Four steps to help improve councils' financial sustainability

### Exhibit 6: four steps to help with councils' financial sustainability

Based on the findings from our local work, together with the themes and challenges reflected on in this paper, the exhibit below summarises some key steps setting out what councils can do to improve financial sustainability.

|   |  |   |
|---|--|---|
| 1 | <p><b>Financial strategies</b></p>  | <p><b>Understand short, medium and long-term challenges and clearly set out the overall priorities for the council's finances</b></p> <ul style="list-style-type: none"> <li>• The Chartered Institute of Public Finance &amp; Accountancy (CIPFA) highlights the uncertainty around public sector funding in the future, urging councils to use a range of data and forecasting work as part of their financial planning over the medium term<sup>15</sup>.</li> <li>• A clear and robust financial strategy is important to identify the likely level of funding available to a council, as well as the anticipated level of demand for, and cost of, providing services.</li> <li>• Given the anticipated funding pressures facing all councils, it is important to identify how to respond to those future pressures, and particularly how they will meet projected funding gaps.</li> <li>• Now is more important than ever to have a robust financial strategy that builds a picture of the council's financial situation over the medium to long term including well-evidenced projections around future demand pressures.</li> <li>• Councils should ensure that members are aware of, and understand, where their council's assumptions originate and where the assumptions sit in relation to those made by other councils.</li> <li>• The pandemic has also shown the benefits of building flexibility into financial strategies, and planning for different scenarios. Councillors should be presented with clear choices based on comprehensive and robust information including:             <ul style="list-style-type: none"> <li>- the total levels of reserves available to use;</li> <li>- future funding pressures; and</li> <li>- a full range of planning assumptions.</li> </ul> </li> </ul> |
|---|--|---|

|   |  |   |
|---|--|---|
| 2 | <p><b>Reserves</b></p>                      | <p><b>Plan your approach to, and use of, reserves to ensure that it supports longer-term financial sustainability</b></p> <ul style="list-style-type: none"> <li>• Healthy levels of usable reserves are an important safety net to support financial sustainability.</li> <li>• As well as being available to meet unexpected funding pressures, usable reserves can also be an important funding source to support ‘invest to save’ initiatives designed to reduce the ongoing cost of providing services or for transformation programmes.</li> <li>• Regularly reviewing the levels of reserves and considering if levels are appropriate will help to set priorities around use of reserves.</li> <li>• Councils should ensure that councillors understand the role of both usable and unusable reserves, and how these link to the overall and longer-term financial strategy for the Council.</li> </ul> |
| 3 | <p><b>Performance against budget</b></p>  | <p><b>Know what’s realistic for services to achieve and then understand and act on areas of consistent overspends</b></p> <ul style="list-style-type: none"> <li>• It is important that overspending and underspending are kept under control and that actual expenditure is as close to the levels planned as possible.</li> <li>• A council that is unable to accurately forecast and plan expenditure runs the risk of creating unforeseen financial pressures that may compromise the ability to set a balanced budget.</li> <li>• Significant patterns of underspending may be reducing the ability of a council to deliver its key objectives or meet its statutory responsibilities.</li> <li>• Seek to manage budgets effectively throughout the year, as opposed to one-off budget exercises.</li> </ul>   |

4

**Savings delivery**
**Understand what is realistic for services to deliver on savings or cost reductions and act on areas that do not consistently deliver planned savings**

- The ability to identify areas where specific financial savings can be made, and to subsequently make those savings, is a key aspect of ensuring ongoing financial sustainability.
- Where savings plans are not delivered this can result in overspends that require the use of reserves whilst increasing the level of savings required in future years to compensate.
- Where savings plans are not delivered and service areas are required to make unplanned savings, this increases the risk either of savings not being aligned to the Council's priorities, or of 'short-term' solutions that are not sustainable over the medium term.
- Now is more important than ever to get savings plans right, ensure that plans are realistic, and developed in collaboration between councillors, executive management teams and services.

## Audit Wales future work on councils' financial sustainability

- For 2021-22, we will continue to monitor the financial position of individual councils through our ongoing audit work.
- Following completion of our audits of 2020-21 accounts we will also publish a financial sustainability data tool, including data on councils' year-end position for 2020-21, and continue to update this annually.
- We may undertake further work at some councils where we identify specific risks.
- We will return to national work in future where we believe the situation merits it and where we could add value.
- We will also consider the possibility of comparing the financial position of local government bodies in Wales with those across the UK as well as potential national work in relation to specific themes.
- In undertaking any potential future work, we will continue to engage with the Society of Welsh Treasurers.



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# Cynaliadwyedd Ariannol Llywodraeth Leol

**Effaith COVID-19, Adferiad  
a Heriau yn y Dyfodol**

Medi 2021

Paratowyd y ddogfen hon fel rhan o waith a gyflawnir yn unol ag Adran 17 Deddf Archwilio Cyhoeddus (Cymru) 2004.

Ni chymerir unrhyw gyfrifoldeb gan yr Archwilydd Cyffredinol na staff Archwilio Cymru mewn perthynas ag unrhyw aelod, cyfarwyddwr, swyddog neu gyflogai arall yn eu cymhwyster unigol, nac mewn perthynas ag unrhyw drydydd parti.

Os ceir cais am wybodaeth y gall y ddogfen hon fod yn berthnasol iddi, tynnir sylw at y Cod Ymarfer a gyhoeddwyd o dan adran 45 Deddf Rhyddid Gwybodaeth 2000. Mae Cod adran 45 yn nodi'r arfer o ran trin ceisiadau a ddisgwylir gan awdurdodau cyhoeddus, gan gynnwys ymgynghori â thrydydd parti'n perthnasol. Mewn perthynas â'r ddogfen hon, mae Archwilydd Cyffredinol Cymru ac Archwilio Cymru yn drydydd parti'n perthnasol. Dylid anfon unrhyw ymholiadau ynglŷn â datgelu neu aildefnyddio'r ddogfen hon at Archwilio Cymru yn [swyddog.gwybodaeth@archwilio.cymru](mailto:swyddog.gwybodaeth@archwilio.cymru).

Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg. Ni fydd gohebu yn Gymraeg yn arwain at oedi.

Mae'r ddogfen hon hefyd ar gael yn Saesneg. This document is also available in English.

# Cynnwys

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Mae cynghorau wedi cael cyllid ychwanegol sylweddol i ymdrin â'r pandemig, ond mae cynaliadwyedd y sector yn y dyfodol yn dal i fod yn heriol yn erbyn cefnlen o bwysau ariannol eraill.

|  |    |
|--|----|
| Cefndir – Ein gwaith ar gynaliadwyedd ariannol llywodraeth leol yn ystod 2020-21 | 4  |
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| Gwaith Archwilio Cymru yn y dyfodol ar gynaliadwyedd ariannol cynghorau          | 16 |



# Cefndir

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## Ein gwaith ar gynaliadwyedd ariannol llywodraeth leol yn ystod 2020-21

Yn ystod 2020-21 fe wnaethom fwrw golwg ar gynaliadwyedd ariannol pob un o'r 22 o gynghorau yng Nghymru, gan gynnwys:

- effaith ariannol y pandemig;
- strategaethau ariannol;
- sefyllfa o ran cronfeydd wrth gefn;
- perfformiad yn erbyn y gyllideb, a
- chyflawni arbedion a hylifedd (i ba raddau y mae asedau cyfredol yn gallu cyflenwi dyled).

Mae'r adroddiad hwn yn amlygu rhai themâu a chanfyddiadau allweddol o'n gwaith, peth sylwebaeth ar bwysau o ran cyllid, a rhai myfyrdodau ynghylch sut y gellid cryfhau cynaliadwyedd ariannol cynghorau yn y dyfodol.



# Prif adroddiad

---

## Y darlun mwy – benthycu, gwario, a phwysau'r galw

**Mae cyllid byrdymor ychwanegol wedi helpu ond mae heriau ac ansicrwydd dros y tymor hwy yn dal i fodoli**

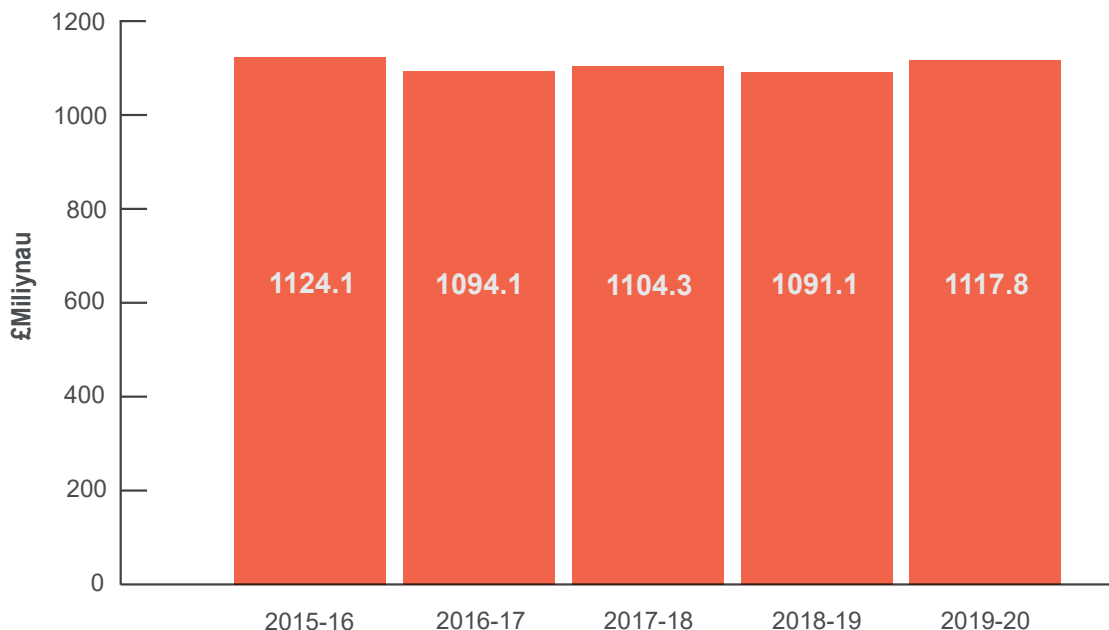
- Fe sefydlodd Llywodraeth y DU a Llywodraeth Cymru ffrydiau cyllid a grantiau pwysig mewn ymateb i'r pandemig – ond mae'n annhebygol y bydd y patrymau gwariant hyn yn cael eu cynnal.
- Mae'r adroddiad, Darlun o Wasanaethau Cyhoeddus, a gyhoeddwyd gennym ym mis Medi 2021 yn nodi rhagor o wybodaeth a dadansoddiad o wariant y sector cyhoeddus a rhagamcanion ar gyfer y dyfodol.
- Mae gan lywodraeth leol rôl allweddol o ran cefnogi a llunio adferiad o'r pandemig, fel darparwr ystod eang o wasanaethau lleol allweddol, a hefyd trwy ei rôl arweinyddiaeth gymunedol, gan gynnwys gweithio gydag ystod o bartneriaid.

## **Cynaliadwyedd ariannol llywodraeth leol – sut y mae'r sefyllfa yng Nghymru'n cymharu â Lloegr**

- Lloegr – Canfu'r Swyddfa Archwilio Genedlaethol fod sefyllfa ariannol llywodraeth leol yn dal i fod yn achos pryder gyda'r rhagolwg yn edrych yn ansicr, a nododd ddibyniaeth llawer o gynghorau ar ddefnyddio cronfeydd wrth gefn i fantoli eu cyllidebau ar gyfer 2020-21<sup>1</sup>.
- Cymru – Ar y cyfan, nid yw cynghorau wedi dibynnu ar eu cronfeydd wrth gefn i fantoli eu cyllidebau ar gyfer 2020-21, yn bennaf oherwydd y cyllid ychwanegol y trefnwyd ei fod ar gael iddynt i liniaru effaith y pandemig. Ond mae heriau sylweddol yn dal i fodoli wrth edrych tua'r dyfodol.

## Arddangosyn 1: sut yr oedd cronfeydd ariannol wrth gefn defnyddiadwy<sup>2</sup> cynghorau wedi newid cyn y pandemig

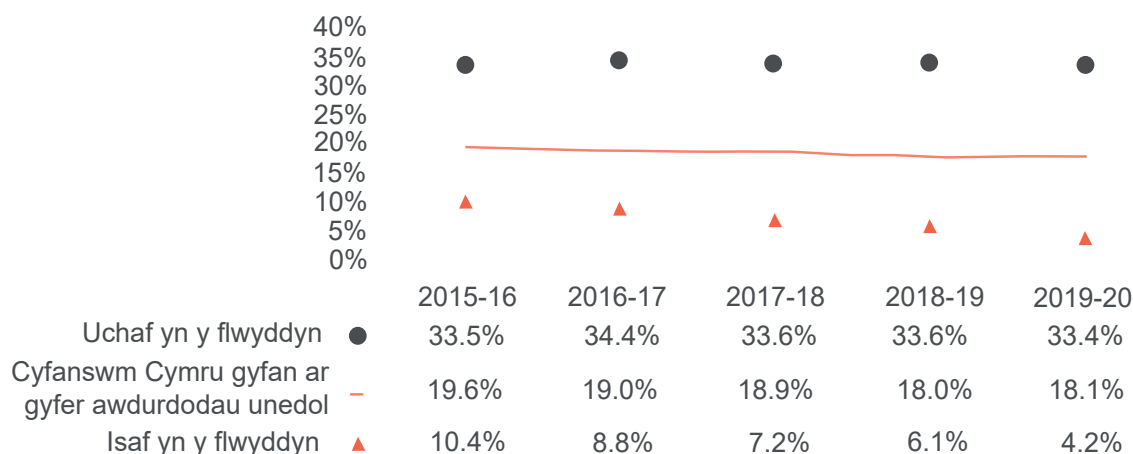
Cyfanswm Cymru gyfan ar gyfer awdurdodau unedol,  
Cyfanswm cronfeydd wrth gefn refeniw nas diogelir gan y gyfraith



## Arddangosyn 2: swm y cronfeydd wrth gefn defnyddiadwy<sup>2</sup> fel canran o gost net gwasanaethau dros amser

Mae'r arddangosyn canlynol yn dangos y gwerthoedd cyfartalog, uchaf ac isaf ar gyfer y prif gynghorau yng Nghymru ar ddiwedd pob blwyddyn ariannol rhwng 2015-16 a 2019-20.

Cyfanswm cronfeydd wrth gefn defnyddiadwy fel % o gost net gwasanaethau



Mae isaf ac uchaf yn cyfeirio at werth cyngor unigol yn y flwyddyn benodol honno.

2 Ein diffiniad o gronfeydd ariannol wrth gefn defnyddiadwy yw cronfeydd wrth gefn y gellir eu defnyddio ar gyfer costau refeniw, lle nad yw'r diben yn cael ei ddiogelu gan y gyfraith. Cyfanswm y gronfa gyffredinol, cronfeydd wrth gefn wedi'u clustnodi a balansau ysgolion yw hyn. Nid yw'n cynnwys cronfeydd wrth gefn y Cyfrif Refeniw Tai, derbyniadau cyfalaf a grantiau cyfalaf heb eu cymhwyso.

## Mae lefelau benthyca'r sector cyhoeddus wedi cynyddu yn ystod y pandemig ac mae lefelau'r cyllid yn y dyfodol yn ansicr

- Mae lefelau benthyca Llywodraeth y DU wedi cynyddu'n sylweddol yn ystod y pandemig<sup>3</sup>.
- Mae lefelau'r cyllid yn y dyfodol yn dal i fod yn ansicr; er enghraifft, ym mis Mawrth 2021 dywedodd Prifysgol Caerdydd fod y rhagolygon ar gyfer cyllideb Cymru yn 'hynod ansicr'<sup>4</sup>. Mae'r Sefydliad Siartredig Cyllid Cyhoeddus a Chyfrifyddiaeth (CIPFA) hefyd wedi amlygu'r ansicrwydd mewn perthynas â chyllid y sector cyhoeddus yn y dyfodol.
- Mae'n debygol y bydd pwysau sylweddol ar gyllid llywodraeth leol, yn arbennig ar gyfer y meysydd gwasanaeth hynny nad ydynt yn cael eu blaenoriaethu fel rhan o bennu cyllidebau ar gyfer y dyfodol<sup>5</sup>.

## Mae'r galw am rai gwasanaethau'n debygol o gynyddu

- Mae ein hadroddiad diweddar ar wasanaethau dewisol<sup>6</sup> yn amlygu bod y galw am rai gwasanaethau gan gynghorau'n cynyddu. Mae'r ffeithlun isod, o'r adroddiad hwnnw, yn crynhoi rhai o'r pwysau allweddol o ran y galw.
- Gallai pwysau'r galw o ganlyniad i'r pandemig barhau, er enghraifft am ddarpariaeth addysg ychwanegol i ddal i fyny oherwydd amser a gollwyd pan oedd ysgolion ar gau. Nid yw goblygiadau mwy hirbarhaol y pandemig ar gyfer y galw am wasanaethau llywodraeth leol yn hysbys eto.

## Roedd gwariant ar wasanaethau dewisol llywodraeth leol wedi gostwng yn barod cyn y pandemig

- Roedd gostyngiadau yn y cyllid eisoes wedi arwain at rai toriadau i wasanaethau cyn y pandemig<sup>7</sup>, er bod y pandemig wedi codi proffil gwasanaethau llywodraeth leol ac yn arbennig eu rôl o ran helpu i gadw pobl yn ddiogel ac yn iach.

---

3 CIPFA, [Local authorities face a financial reckoning](#), Tachwedd 2020

4 Dadansoddi Cyllid Cymru, [Welsh Election 2021 Fiscal outlook and challenges for the next Welsh Government Welsh Election Briefing](#), Ebrill 2021

5 Dadansoddi Cyllid Cymru, [Local government finance: the state of play in 2021-22](#), Mawrth 2021

6 Archwilio Cymru, [Yn Ôl Eich Doethineb – Gwasanaethau Dewisol Llywodraeth Leol](#), Ebrill 2021

7 Archwilio Cymru, [Yn Ôl Eich Doethineb – Gwasanaethau Dewisol Llywodraeth Leol](#), Ebrill 2021

### Arddangosyn 3: ffeithiau allweddol am wasanaethau cynghorau a'r galw amdanynt<sup>8</sup>

Mae'r arddangosyn canlynol yn dangos rhai ffeithiau allweddol am wasanaethau cynghorau gan gynnwys rhai pwysau allweddol o ran y galw

Mae cynghorau yng Nghymru yn gyfrifol am dros **1,450** o swyddogaethau, gweithgareddau a gwasanaethau

2019

Yn 2019-20 gwariodd cynghorau oddeutu **£8.3 biliwn** mewn termau real ar wasanaethau

Mae'r galw am wasanaethau'r cyngor yn dal i gynyddu



Cynyddodd y plant oedd yn derbyn gofal gan gynghorau ar ddiwedd y flwyddyn o 5,660 yn 2016 i 7,170 yn 2020, cynnydd o **26.7%**

Mae'r oedolion yr amheuir eu bod mewn perygl o gamdriniaeth neu esgeulustod (diogelu) wedi codi o **27%** o 11,761 yn 2016-17 i 14,938 yn 2018-19

Yn y degawd diwethaf mae gwariant y cyngor ar wasanaethau wedi gostwng o **7.9%**



Mae teuluoedd digartref mewn angen sy'n flaenoriaeth wedi cynyddu o **40%**, gan godi o 22,260 yn 2015-16 i 31,170 yn 2018-19

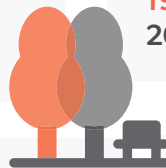
Rhagwelir y bydd y gyfran o boblogaeth Cymru dros 75 oed yn cynyddu o **29.3%** i 378,100 erbyn 2028 a'r rheiny dros 65 oed o **16.3%** i 758,600

Yn y 100 mlynedd ddiwethaf mae'r disgwyliad oes cyfartalog wedi codi o 24 o flynyddoedd i 79.4 i ddynion ac o 23 o flynyddoedd i 83.1 i ferched

Mae tlodi ymysg pobl yn oedran pensiwn wedi codi o **14%** yn 2009-2012 i **19%** yn 2015-2018

Yn fras, mae **un** mewn **pedwar** o bobl yng Nghymru'n byw mewn tlodi

Mae'r bobl sy'n cysgu allan wedi codi o 240 yn 2015-16 i 405 yn 2019-20, cynnydd o **68.7%**



Cododd y teuluoedd mewn cartrefi dros dro o **24.2%** rhwng 2015-16 a 2019-20



Nodyn: Mae'r ffigwr o £8.3 biliwn ar gyfer cyfanswm gwariant cynghorau'n cynnwys y cyfanswm gwariant refeniw ar wasanaethau ac yn cynnwys gwariant ar rai meysydd nad ydynt yn rhan o wasanaethau megis ad-dalu benthyciadau, ardollau, pensiynau a dyraniadau i gronfeydd wrth gefn. Nid yw'r ffigwr yn cynnwys incwm, megis taliadau a ffioedd, a grëir gan wasanaethau. Roedd y gwariant gros ar wasanaethau yn 2019-20 yn £9.2 biliwn.

## Cynaliadwyedd ariannol – canfyddiadau allweddol o'n gwaith

### Ein canfyddiadau o fis Hydref 2020

- Ym mis Hydref 2020, fe ddwedom ni: 'Mae cynghorau a Llywodraeth Cymru a wedi cydweithio'n dda i liniaru effaith y pandemig hyd yma ond mae cynaliadwyedd y sector yn y dyfodol yn her barhaus'. Fe wnaethom hefyd nodi bod 'rhai cynghorau mewn sefyllfa well yn ariannol na'i gilydd i ymateb i heriau'r pandemig'<sup>9</sup>.

### Canfyddiadau ar y cyfan o'n gwaith yn 2020-21

- Canfuom fod cynghorau wedi cael cyllid ychwanegol sylweddol i ymdrin â'r pandemig, ond bod cynaliadwyedd y sector llywodraeth leol yn y dyfodol yn dal i fod yn heriol yn erbyn cefnlen o bwysau ariannol eraill.
- Ar ôl cyhoeddi ein hadroddiad cryno cenedlaethol ym mis Hydref 2020, aethom ati wedyn i fwrw golwg ar gynaliadwyedd ariannol pob prif gyngor yng Nghymru.
- Fe wnaethom gynhyrchu adroddiadau lleol ar gyfer pob cyngor.
- Oherwydd y cyllid ychwanegol y mae cynghorau wedi'i gael mewn ymateb i'r pandemig, mae'r sefyllfa ariannol wedi gwella i bob yn o'r 22 o gynghorau eleni.
- Ond mae'r darlun ar y cyfan o ran cynaliadwyedd ariannol cynghorau'n dal i fod yn gymysg; mae rhai cynghorau'n dal i fod mewn sefyllfa well nag eraill i ymateb i heriau yn y dyfodol.
- Mae'r adran nesaf yn crynhoi'r themâu allweddol y gwnaethom eu hadnabod trwy'r gwaith yma gan gynnwys, lle y bo'n berthnasol, o'n hadroddiad ym mis Hydref 2020 yn ogystal â'n gwaith blaenorol ar gynaliadwyedd ariannol.

## Themâu allweddol o'n gwaith yn 2020-21

### Effaith ariannol COVID-19

- Fe ddwedom ni ym mis Hydref 2020 fod rhai cynghorau mewn sefyllfa well yn ariannol nag eraill i ymateb i heriau'r pandemig.
- Hyd yma, mae costau COVID-19 wedi cael eu lliniaru ym mhob cyngor gan gyllid ychwanegol gan Lywodraeth Cymru.

### Arddangosyn 4: Cost COVID-19 yn ystod 2020-21

Mae'r arddangosfa ganlynol yn nodi'r cyllid ychwanegol a roddwyd i gynghorau gan Lywodraeth Cymru dros 2020-21 mewn ymateb i bandemig COVID-19.

- £660 miliwn o gyllid ychwanegol wedi'i ddyrannu gan Lywodraeth Cymru i'r Gronfa Galedi i ariannu colledion incwm a gwariant ychwanegol cynghorau<sup>10</sup>.
- yn ogystal â chyllid arall gan Lywodraeth Cymru megis cyllid ychwanegol i athrawon ar gyfer cymorth dal i fyny ag addysg a deunyddiau glanhau ar gyfer ysgolion.
- Mae cyfarpar diogelu personol wedi cael ei ddarparu'n rhad ac am ddim hefyd i'r rhan fwyaf o gyrff llywodraeth leol gan Lywodraeth Cymru trwy Gydwasanaethau'r GIG.



Ffynhonnell: Llywodraeth Cymru

### Strategaethau ariannol

- Dim ond dadansoddiad cyfyngedig y mae llawer o gynghorau wedi'i gyflawni o effaith fwy hirdymor COVID-19 (hyd yn oed mewn perthynas â thybiaethau gweithio neu senarios) neu effaith fwy hirdymor newidiadau yn y galw.
- Mae'r rhan fwyaf o gynghorau, ond nid pob cyngor, yn cynnwys rhai tybiaethau ynghylch y dreth gyngor am y pedair neu bum mlynedd nesaf yn eu strategaethau ariannol. Mae'r codiadau rhagamcanol yn y rhain yn amrywio rhwng 3% a 5%.
- Mae'r rhan fwyaf o strategaethau ariannol, ond nid pob strategaeth ariannol, hefyd yn cynnwys tybiaethau ynghylch Cyllid Allanol Cyfun<sup>11</sup> sy'n amrywio rhwng 0% a 3%. Mae ychydig o gynghorau'n cynllunio ar sail senarios sy'n amrywio o'r achos gorau i'r achos gwaethaf.

<sup>10</sup> Er bod Llywodraeth Cymru wedi dyrannu £660 miliwn, erbyn diwedd y flwyddyn ariannol mae'n nodi ei bod wedi gwario £587 miliwn.

<sup>11</sup> Mae Cyllid Allanol Cyfun yn cynnwys Grant Cynnal Refeniw gan Lywodraeth Cymru ac Ardrethi Annomestig.

- Ar y cyfan, mae'r rhan fwyaf o'n hadroddiadau lleol yn myfyrio ynghylch y gwaith parhaus y mae ei angen i ddatblygu dull cynllunio ariannol mwy cynaliadwy yn y tymor canolog a hir.

## Sefyllfa o ran cronfeydd wrth gefn

### Arddangosyn 5: cronfeydd wrth gefn defnyddiadwy – yr hyn ddwedom ni yn ein hadroddiad ym mis Hydref 2020<sup>12</sup>

#### Roedd ein hadroddiad ym mis Hydref 2020 yn nodi fel a ganlyn:

- roedd y cronfeydd wrth gefn defnyddiadwy a oedd yn cael eu dal gan gynghorau'n amrywio o oddeutu £11 miliwn i dros £119 miliwn.
- roedd ystod eang o gronfeydd wrth gefn defnyddiadwy fel cyfran o gost net gwasanaethau pob cyngor: o 5% i 33%
- bod gan gynghorau Cymru ar y cyfan dros £1 biliwn o gronfeydd wrth gefn defnyddiadwy ar ddiwedd mis Mawrth 2020.



- Mae gan rai cynghorau lefelau cymharol uchel o gronfeydd wrth gefn a fydd yn cefnogi eu gallu i ymateb i heriau, ac mae gan gynghorau eraill lefelau is o lawer o gronfeydd wrth gefn, a fydd yn ei gwneud yn anos ymateb i heriau yn y dyfodol.
- Ar ôl cwblhau ein gwaith lleol rydym wedi canfod hefyd bod yr holl gynghorau wedi cynyddu swm y cronfeydd wrth gefn yr oeddent yn eu dal ar ddiwedd 2020-21. Mae cynghorau wedi nodi cynnydd o fwy na £450 miliwn mewn cronfeydd wrth gefn yn ystod 2020-21. Byddwn yn adrodd ymhellach ar hyn yn dilyn ein harchwiliad o gyfrifon 2020-21.
- Mae gan rai cynghorau hanes da dros y blynyddoedd diwethaf o osgoi defnyddio cronfeydd wrth gefn i fantoli eu cyllideb.
- Mae rhai cynghorau wedi dibynnu ar ddefnydd heb ei gynllunio o gronfeydd wrth gefn i fantoli cyllidebau. Mae'r dull hwn yn annhebygol o fod yn gynaliadwy, yn enwedig i'r cynghorau hynny yr oedd eu lefelau o gronfeydd wrth gefn defnyddiadwy eisoes yn weddol isel.

12 Archwilio Cymru, [Cynaliadwyedd Ariannol Llywodraeth Leol o Ganlyniad i Bandemig COVID-19](#), Hydref 2020.

13 Wrth y term cronfeydd wrth gefn defnyddiadwy, rydym yn golygu cyfanswm balans y gronfa gyffredinol, ynghyd â chronfeydd wrth gefn wedi'u clustnodi nad yw cynghorau wedi'u hatal yn gyfreithiol rhag eu hailgyfeirio i'w defnyddio ar gyfer diben arall. Cyfanswm y gronfa gyffredinol, cronfeydd wrth gefn wedi'u clustnodi a balansau ysgolion yw hyn. Nid yw'n cynnwys cronfeydd wrth gefn y Cyfrif Refeniw Tai, derbyniadau Cyfalaf a grantiau cyfalaf heb eu cymhwyso.

- Mae patrwm cyson o ddefnyddio cronfeydd wrth gefn, hyd yn oed mewn ffordd wedi'i chynllunio, i fantoli gwariant refeniw yn annhebygol o fod yn gynaliadwy gan ei fod yn achosi risg o ddisbyddu cronfeydd wrth gefn i lefelau anghynaliadwy.

### Perfformiad yn erbyn y gyllideb

- Ar ôl trosglwyddiadau mawr i gronfeydd wrth gefn, nododd y rhan fwyaf o gynghorau naill ai tanwariannau cymharol fach neu orwariannau ar y cyfan yn 2020-21, sy'n batrwm tebyg i'r ddwy flynedd ariannol flaenorol.
- Fe wnaeth y rhan fwyaf o gynghorau barhau i ddangos gorwariannau sylweddol mewn rhai meysydd gwasanaeth hefyd; mewn llawer o gynghorau, roedd gwasanaethau cymdeithasol yn enghraifft o hyn.
- Mae'r pandemig, ynghyd â heriau tymor hwy, yn golygu yn awr, yn fwy nag erioed, y bydd angen i gynghorau reoli cyllidebau'n effeithiol a sicrhau yr ymdrinnir â gwasanaethau neu feysydd lle ceir gorwariannau cyson.

### Cyflawni arbedion

- Y llynedd canfuom fod y rhan fwyaf o gynghorau wedi cyflawni'r mwyafrif o'u harbedion, ond mai ychydig iawn oedd wedi cyflawni eu holl arbedion wedi'u cynllunio mewn blynyddoedd blaenorol. Canfuom yr un patrwm yn ystod 2020-21, a hefyd bod rhai cynghorau wedi cyrraedd eu holl dargedau arbedion, ond nid fel yr oeddent wedi'i gynllunio.
- Mae'n naturiol bod y pandemig wedi effeithio ar gynlluniau arbedion. Mae newidiadau yn y galw am wasanaethau, adleoli'r gweithlu a chamau gweithredu eraill a gymerwyd mewn ymateb i'r pandemig i gyd yn debygol o fod wedi cael effaith ar gyflawni rhai arbedion.
- Mewn nifer o gynghorau, roedd meysydd gwasanaeth yn dal i allu cyrraedd eu targedau arbedion. Cafodd rhai meysydd gwasanaeth hi'n haws cyflawni arbedion oherwydd:
  - cyllid ychwanegol gan Lywodraeth Cymru,
  - llai o alw am wasanaethau yn ystod y pandemig a/neu;
  - costau staff is yn ystod y pandemig.
- Mae cyflawni arbedion yn debygol o fod yn fwy byth o her wrth edrych tua'r dyfodol o ystyried maint y bylchau o ran cyllid a ragamcanir mewn rhai cynghorau yn y blynyddoedd sydd i ddod, a'r ffaith bod y ffactorau uchod a helpodd rai meysydd gwasanaeth i gyflawni arbedion yn ystod 2020-21 yn annhebygol o ailddigwydd.
- Bydd cynghorau â phrosesau cynllunio arbedion cadarn ac effeithiol mewn sefyllfa well i fwrw'r maen i'r wal gyda chynigion a chyflawni cynlluniau yn y tymor hwy.




## Hylifedd<sup>14</sup>



- Ar y cyfan, mae'r rhan fwyaf o gynghorau'n dangos cymhareb hylifedd ffafriol a sefydlog (y gymhareb rhwng eu hasedau cyfredol a'u rhwymedigaethau cyfredol) sy'n awgrymu bod y cynghorau hynny mewn sefyllfa dda i gyflawni eu rhwymedigaethau cyfredol.
- Mae ychydig o gynghorau'n dangos cymhareb hylifedd gymharol isel. Ynndo'i hun nid yw hyn yn broblem yn arbennig. Ond os yw lefelau cronfeydd wrth gefn yn gymharol isel hefyd ac os nad yw arbedion yn cael eu cyflawni, gyda'i gilydd gallai hyn ddynodi diffyg cydnerthedd.

## Pedwar cam i helpu i wella cynaliadwyedd ariannol cyngorau

### Arddangosyn 6: pedwar cam i helpu gyda chynaliadwyedd ariannol cyngorau

Yn seiliedig ar y canfyddiadau o'n gwaith lleol, ynghyd â'r themâu a'r heriau y myfyrir yn eu cylch yn y papur hwn, mae'r arddangosyn isod yn crynhoi rhai camau allweddol sy'n nodi beth all cyngorau ei wneud i wella cynaliadwyedd ariannol.

|          |  |   |
|----------|--|---|
| <b>1</b> | <p><b>Strategaethau ariannol</b></p>  | <p><b>Deall heriau tymor byr, canolig a hir a nodi'n glir beth yw'r blaenoriaethau ar y cyfan ar gyfer sefyllfa ariannol y cyngor</b></p> <ul style="list-style-type: none"> <li>• Mae'r Sefydliad Siartredig Cyllid Cyhoeddus a Chyfrifyddiaeth (CIPFA) yn amlygu'r ansicrwydd ynghylch cyllid y sector cyhoeddus yn y dyfodol, gan erfyn ar gynghorau i ddefnyddio amrywiaeth o ddata a gwaith rhagweld fel rhan o'u trefniadau cynllunio ariannol dros y tymor canolig<sup>15</sup>.</li> <li>• Mae strategaeth ariannol eglur a chadarn yn bwysig i adnabod y lefel debygol o gyllid sydd ar gael i gyngor, yn ogystal â lefel ddisgwyliedig y galw am wasanaethau a chost eu darparu.</li> <li>• O ystyried y pwysau disgwyliedig o ran cyllid sy'n wynebu'r holl gynghorau, mae'n bwysig nodi sut i ymateb i'r pwysau hynny yn y dyfodol, ac yn arbennig sut y byddant yn cau bylchau o ran cyllid a ragamcanir.</li> <li>• Mae'n bwysicach yn awr nag erioed i fod â strategaeth ariannol gadarn sy'n adeiladu darlun o sefyllfa ariannol y cyngor dros y tymor canolig a hir gan gynnwys amcanestyniadau sy'n seiliedig ar dystiolaeth dda o ran pwysau'r galw yn y dyfodol.</li> <li>• Dylai cynghorau sicrhau bod aelodau'n ymwybodol ac yn deall beth yw tarddiad tybiaethau eu cyngor a sut mae'r tybiaethau'n cymharu â'r rhai a wnaed gan gynghorau eraill.</li> <li>• Mae'r pandemig hefyd wedi dangos manteision cynnwys hyblygrwydd mewn strategaethau ariannol, a chynllunio ar gyfer gwahanol senarios. Dylid cyflwyno dewisiadau eglur i gynghorwyr a'r rheiny'n seiliedig ar wybodaeth gynhwysfawr a chadarn gan gynnwys:       <ul style="list-style-type: none"> <li>- cyfanswm lefelau'r cronfeydd wrth gefn sydd ar gael i'w defnyddio;</li> <li>- pwysau o ran cyllid yn y dyfodol; ac</li> <li>- ystod lawn o dybiaethau cynllunio.</li> </ul> </li> </ul> |
|----------|--|---|

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|---|---|---|
| 2 | <p><b>Cronfeydd wrth Gefn</b></p>                | <p><b>Cynllunio eich ymagwedd tuag at gronfeydd wrth gefn a'ch defnydd ohonynt i sicrhau bod hynny'n cefnogi cynaliadwyedd ariannol tymor hwy</b></p> <ul style="list-style-type: none"> <li>• Mae lefelau iach o gronfeydd wrth gefn defnyddiadwy'n rhwyd ddiogelwch bwysig i gefnogi cynaliadwyedd ariannol.</li> <li>• Yn ogystal â bod ar gael i ariannu pwysau annisgwyl o ran cyllid, gall cronfeydd wrth gefn defnyddiadwy fod yn ffynhonnell cyllid bwysig hefyd i gefnogi mentrau 'buddsoddi i arbed' sydd wedi'u bwriadu i leihau cost barhaus darparu gwasanaethau neu ar gyfer rhaglenni trawsnewid.</li> <li>• Bydd mynd ati'n rheolaidd i adolygu lefelau cronfeydd wrth gefn ac ystyried a yw lefelau'n briodol yn helpu i bennu blaenoriaethau o ran defnyddio cronfeydd wrth gefn.</li> <li>• Dylai cynghorau sicrhau bod cynghorwyr yn deall rôl cronfeydd wrth gefn defnyddiadwy ac annefnyddiadwy, a sut y mae'r rhain yn cysylltu â'r strategaeth ariannol gyffredinol a thymor hwy ar gyfer y Cyngor</li> </ul> |
| 3 | <p><b>Perfformiad yn erbyn y gyllideb</b></p>  | <p><b>Gwybod beth y mae'n realistig i wasanaethau ei gyflawni ac yna deall a gweithredu ar feysydd lle ceir gorwariannau cyson</b></p> <ul style="list-style-type: none"> <li>• Mae'n bwysig bod gorwariant a thanwariant yn cael eu cadw dan reolaeth a bod gwariant gwirioneddol mor agos at y lefelau a gynlluniwyd â phosibl.</li> <li>• Mae cyngor sy'n methu â rhagweld a chynllunio gwariant yn gywir yn achosi risg o greu pwysau ariannol nas rhagwelwyd a all beryglu'r gallu i bennu cyllideb fantoledig.</li> <li>• Gall patrymau sylweddol o danwariant fod yn lleihau gallu cyngor i gyflawni ei amcanion allweddol neu gyflawni ei gyfrifoldebau statudol.</li> <li>• Dylid ceisio rheoli cyllidebau'n effeithiol trwy gydol y flwyddyn, yn hytrach nag ymarferion cyllidebol untro.</li> </ul>  |

4

**Cyflawni arbedion****Deall yr hyn y mae'n realistig i wasanaethau ei gyflawni o ran arbedion neu ostyngiadau mewn costau a gweithredu ar feysydd nad ydynt yn gyson yn cyflawni arbedion wedi'u cynllunio**

- Mae'r gallu i adnabod meysydd lle gellir gwneud arbedion ariannol penodol, ac i wneud yr arbedion hynny'n ddiweddarach, yn agwedd allweddol ar sicrhau cynaliadwyedd ariannol parhaus.
- Lle na chaiff cynlluniau arbedion eu cyflawni gall hyn arwain at orwariannau sy'n golygu bod angen defnyddio cronfeydd wrth gefn gan hefyd gynyddu lefel yr arbedion y mae eu hangen mewn blynyddoedd yn y dyfodol i wneud iawn am hyn.
- Lle nad yw cynlluniau arbedion yn cael eu cyflawni a bod angen i feysydd gwasanaeth wneud arbedion heb eu cynllunio, mae hyn yn cynyddu'r risg naill ai na fydd arbedion yn gyson â blaenoriaethau'r Cyngor, neu o ddatrysiadau 'byrdymor' nad ydynt yn gynaliadwy dros y tymor canolig.
- Mae cael cynlluniau arbedion yn iawn, a sicrhau bod cynlluniau'n realistig ac y cânt eu datblygu ar y cyd rhwng cynghorwyr, timau rheoli gweithredol a gwasanaethau yn bwysicach yn awr nag a fu erioed.

**Gwaith yn y dyfodol gan Archwilio Cymru ar gynaliadwyedd ariannol cynghorau**

- Ar gyfer 2021-22, byddwn yn parhau i fonitro sefyllfa ariannol cynghorau unigol trwy ein gwaith archwilio parhaus.
- Yn dilyn cwblhau ein harchwiliadau o gyfrifon 2020-21 byddwn hefyd yn cyhoeddi offeryn data cynaliadwyedd ariannol, gan gynnwys data ar sefyllfa diwedd blwyddyn cynghorau ar gyfer 2020-21, a byddwn yn parhau i ddiweddarau hwn yn flynyddol.
- Efallai y byddwn yn gwneud gwaith pellach mewn rhai cynghorau lle'r ydym yn canfod risgiau penodol.
- Byddwn yn dychwelyd at waith cenedlaethol yn y dyfodol lle'r ydym yn credu bod y sefyllfa'n teilyngu hynny a lle gallem ychwanegu gwerth.
- Byddwn hefyd yn ystyried y posibilrwydd o gymharu sefyllfa ariannol cyrff llywodraeth leol yng Nghymru â'r rhai ledled y DU yn ogystal â gwaith cenedlaethol posibl mewn perthynas â themâu penodol.
- Wrth wneud unrhyw waith posibl yn y dyfodol, byddwn yn parhau i ymgysylltu â Chymdeithas Trysorwyr Cymru.



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Mae'r dudalen hon yn wag yn fwriadol

## Aseiad o Gynaliadwyedd Ariannol – Cyngor Caerdydd

Blwyddyn archwilio: 2020-21

Mis/Blwyddyn cyhoeddi: Awst 2021

Cyfeirnod y ddogfen: 2556A2021-22

Paratowyd y ddogfen hon fel rhan o waith a gyflawnir yn unol ag adran 17 Deddf Archwilio Cyhoeddus (Cymru) 2004 (Deddf 2004) ac adran 18 Mesur Llywodraeth Leol (Cymru) 2009. Gall hefyd oleuo astudiaeth ar gyfer gwella gwerth am arian dan adran 41 Deddf 2004, a/neu archwiliad a gyflawnir gan yr Archwilydd Cyffredinol dan adran 15 Deddf Llesiant Cenedlaethau'r Dyfodol (Cymru) 2015.

Ni chymerir unrhyw gyfrifoldeb gan yr Archwilydd Cyffredinol na staff Archwilio Cymru mewn perthynas ag unrhyw aelod, cyfarwyddwr, swyddog neu gyflogai arall yn eu cymhwyster unigol, nac mewn perthynas ag unrhyw drydydd parti.

Os ceir cais am wybodaeth y gall y ddogfen hon fod yn berthnasol iddi, tynnir sylw at y Cod Ymarfer a gyhoeddwyd o dan adran 45 Deddf Rhyddid Gwybodaeth 2000. Mae Cod adran 45 yn nodi'r arfer o ran trin ceisiadau a ddisgwylir gan awdurdodau cyhoeddus, gan gynnwys ymgynghori â thrydydd partiön perthnasol. Mewn perthynas â'r ddogfen hon, mae Archwilydd Cyffredinol Cymru ac Archwilio Cymru yn drydydd partiön perthnasol. Dylid anfon unrhyw ymholiadau ynglŷn â datgelu neu aildddefnyddio'r ddogfen hon at Archwilio Cymru yn [swyddog.gwybodaeth@archwilio.cymru](mailto:swyddog.gwybodaeth@archwilio.cymru).

Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg. Ni fydd gohebu yn Gymraeg yn arwain at oedi.

Mae'r ddogfen hon hefyd ar gael yn Saesneg. This document is also available in English.



# Cynnwys

Mae'r Cyngor yn wynebu nifer o risgiau ariannol allweddol ac mae ganddo fwch sylweddol yn y gyllideb dros y tymor canolig ond mae ganddo drefniadau i reoli ei gynaliadwyedd ariannol.

## Adroddiad cryno

Yr hyn y gwnaethom fwrw golwg arno a pham 4

Cynigion ar gyfer gwella 5

## Adroddiad manwl

Mae'r Cyngor yn wynebu nifer o risgiau ariannol allweddol ac mae ganddo fwch sylweddol yn y gyllideb dros y tymor canolig ond mae ganddo drefniadau i reoli ei gynaliadwyedd ariannol 6

Mae effaith uniongyrchol COVID-19 ar gynaliadwyedd ariannol y Cyngor wedi cael ei lliniaru gan gyllid ychwanegol gan Lywodraeth Cymru 6

Mae'r Cyngor yn dal i fod â bwch sylweddol yn y gyllideb dros y tymor canolig ac mae'r pandemig wedi effeithio ar ei allu i ystyried sut y bydd yn mynd i'r afael â hwn, ond mae bellach yn dechrau llunio ei gynlluniau i gau'r bwch 8

Roedd lefel cronfeydd wrth gefn defnyddiadwy'r Cyngor wedi aros yn sefydlog ar y cyfan dros y blynyddoedd diwethaf, ond mae wedi cynyddu'n sylweddol yn 2020-21 11

Mae'r Cyngor yn dal i reoli ei wariant ar y cyfan o fewn y gyllideb, ond mae angen gwaith pellach i reoli gorwariannau mewn rhai gwasanaethau allweddol i helpu i gefnogi ei gynaliadwyedd ariannol 13

Mae'r Cyngor wedi cyflawni swm sylweddol is o arbedion nag yr oedd wedi'u cynllunio, yn rhannol oherwydd y pandemig, ac mae'n cydnabod yr angen i barhau i gryfhau ei broses o gynllunio arbedion, yn enwedig o ystyried maint yr arbedion y mae angen iddo'u cyflawni dros y tymor canolig 15

Mae sefyllfa hylifedd y Cyngor yn sefydlog ac yn cefnogi ei gynaliadwyedd ariannol 17

# Adroddiad cryno

## Yr hyn y gwnaethom fwrw golwg arno a pham

- 1 Fe gynhaliom ni'r asesiad hwn gan bod cynaliadwyedd ariannol yn dal i fod yn risg i allu cynghorau i sefydlu trefniadau priodol i sicrhau gwerth am arian wrth ddefnyddio adnoddau. Yn rhannol, cafodd hyn ei oleuo gan brofiadau rhai cynghorau yn Lloegr, ein gwybodaeth am y sefyllfa ariannol mewn cynghorau yng Nghymru, a'r duedd gyffredinol o ran adnoddau gostyngol ar gyfer llywodraeth leol ar y cyd â galw cynyddol am rai gwasanaethau. Fe gynhaliom ni brosiect tebyg yn 2019-20, cyn pandemig COVID-19.
- 2 Cynhaliwyd ein hasesiad yn 2020-21 o gynaliadwyedd ariannol cynghorau mewn dau gam. Roedd Cam 1 yn asesiad sylfaenol o effaith gychwynnol COVID-19 ar sefyllfa ariannol cynghorau lleol. Roedd Cam 1 yn seiliedig ar: y sefyllfa diwedd blwyddyn ar gyfer 2019-20; y sefyllfa ar ddiwedd chwarter 1 ar gyfer 2020-21; ac amcanestyniadau ar gyfer chwarter 2 yn 2020-21. Yn dilyn Cam 1, ym mis Hydref 2020 fe gyhoeddodd ni adroddiad cryno cenedlaethol – **Cynaliadwyedd Ariannol Llywodraeth Leol o ganlyniad i Bandemig COVID-19**<sup>1</sup>. Canfuom fod cynghorau a Llywodraeth Cymru wedi cydweithio'n dda i liniaru effaith y pandemig hyd yma, ond bod cynaliadwyedd y sector yn y dyfodol yn her barhaus.
- 3 Mae'r pandemig wedi cael effaith uniongyrchol a dwfn ar gyllid y sector cyhoeddus yn ei gyfanrwydd ac, o ganlyniad, ar sefyllfa ariannol cynghorau. Roedd yr adroddiad cryno'n nodi sefyllfa sylfaenol lefel uchel, gan gynnwys sefyllfa cynghorau lleol o ran eu cronfeydd wrth gefn cyn y pandemig. Roedd hefyd yn nodi goblygiadau ariannol cychwynnol y pandemig i gynghorau lleol a maint yr her a ddisgwyliid wrth edrych tua'r dyfodol.
- 4 Mae'r adroddiad hwn yn benllanw ar gam 2 ein gwaith i asesu cynaliadwyedd ariannol yn ystod 2020-21. Fel rhan o hyn rydym yn cynhyrchu adroddiad lleol ar gyfer pob un o'r 22 o brif gynghorau yng Nghymru.
- 5 Fe gynhaliom ni'r asesiad hwn rhwng mis Chwefror 2021 a mis Mehefin 2021.

<sup>1</sup> Archwilio Cymru, [Cynaliadwyedd Ariannol Llywodraeth Leol o Ganlyniad i Bandemig COVID-19](#), Hydref 2020.

## Cynigion ar gyfer gwella

### Arddangosyn 1: cynigion ar gyfer gwella

Mae'r tabl isod yn nodi'r cynigion ar gyfer gwella yr ydym wedi'u hadnabod yn dilyn yr adolygiad hwn.

#### Cynigion ar gyfer gwella

##### Mynd i'r afael â'r bwch yn y gyllideb a chynllunio arbedion

- C1 Mae angen i'r Cyngor lunio a chanlyn arni â'i gynlluniau i gau'r bwch yn y gyllideb dros y tymor canolig, gan gynnwys:
- parhau i gryfhau ei broses ar gyfer cynllunio arbedion;
  - adnabod lefel yr arbedion y gall eu cyflawni trwy ei raglen drawsnewid;
  - ystyried ei gynlluniau eraill, er enghraifft o ran ei ystâd, ei weithlu a'i ddefnydd o dechnoleg ddigidol;
  - cynnwys unrhyw oblygiadau a chyfleoedd yn y tymor canolig a hir sy'n deillio o'r pandemig; a
  - gwerthuso pam nad yw arbedion wedi cael eu cyflawni er mwyn dysgu gwersi a goleuo cynlluniau yn y dyfodol.

##### Rhaglen gyfalaf

- C2 Mae angen i'r Cyngor sicrhau bod ei raglen gyfalaf yn dal i fod yn fforddiadwy yn y tymor canolig a hir.

##### Patrwm o orwario

- C3 O ystyried y patrwm o orwario mewn rhai gwasanaethau allweddol, mae angen i'r Cyngor gynnal ei ffocws ar ddeall y rhesymau dros y goriannau hyn a mynd i'r afael â hwy i sicrhau nad ydynt yn cael effaith negyddol ar ei gynaliadwyedd ariannol yn y tymor canolig, yn enwedig o ystyried y bwch a ragamcanir yn ei gyllideb dros y tymor canolig a phwysau cynyddol o ran y galw.

# Adroddiad manwl

**Mae'r Cyngor yn wynebu nifer o risgiau ariannol allweddol ac mae ganddo fwllch sylweddol yn y gyllideb dros y tymor canolig ond mae ganddo drefniadau i reoli ei gynaliadwyedd ariannol**

**Mae effaith uniongyrchol COVID-19 ar gynaliadwyedd ariannol y Cyngor wedi cael ei lliniaru gan gyllid ychwanegol gan Lywodraeth Cymru**

- 6 Mae'r adran hon yn nodi'r effaith y mae COVID-19 wedi'i chael hyd yma ar sefyllfa ariannol y Cyngor ac i ba raddau y mae wedi cael ei lliniaru gan gyllid ychwanegol gan Lywodraeth Cymru.
- 7 Canfuom fel a ganlyn:
  - fel a ddangosir yn **Arddangosyn 2**, mae gwariant y Cyngor a'r colledion incwm a ddiodefyd ganddo mewn perthynas â COVID-19 yn sylweddol, ond mae'r mwyafrif wedi cael eu hariannu gan gyllid a ddarparwyd gan Lywodraeth y DU a Llywodraeth Cymru. Felly nid yw'r pandemig wedi cael effaith niweidiol ar sefyllfa ariannol fyrdymor y Cyngor hyd yma.
  - mae ymrwymiad Llywodraeth Cymru i gynnal cymorth ariannol i gynghorau am chwe mis cyntaf 2021-22 yn rhoi rhywfaint o sicrwydd i'r Cyngor ynghylch lefel ddisgwylidig y cyllid y gall ddisgwyl ei gael ar gyfer rhan gynnar 2021-22. Fodd bynnag, oherwydd natur barhaus y pandemig, mae risg o hyd o ran lefel yr incwm a'r gwariant y mae'r Cyngor yn disgwyl ei gael / ei ysgwyddo yn ail hanner y flwyddyn ariannol.
  - mae'r Cyngor yn defnyddio dull gweddol ddarbodus o wneud ei waith cynllunio ariannol ac nid yw'n tybio y bydd lefelau'r cyllid gan Lywodraeth Cymru a Llywodraeth y DU yn parhau i'r un graddau ag y maent wedi gwneud dros y 12 mis diwethaf.
  - mae'r Cyngor yn dechrau ystyried y goblygiadau a'r cyfleoedd tymor hwy sy'n deillio o'r pandemig ar gyfer ei wasanaethau a'i fodel gweithredu.
  - mae ei gynllun ariannol tymor canolig (CATC), y cytunwyd arno ym mis Mawrth 2021, yn amlygu rhai o'r risgiau allweddol sy'n gysylltiedig â Covid, fel cyngor ac fel prifddinas. Mae hyn yn cynnwys risgiau sy'n ymwneud â methiant busnes a thrafnidiaeth, yn ogystal â'r newidiadau posibl mewn ymddygiad a'r effaith ar wasanaethau. Fodd bynnag, mae'r Cyngor yn cydnabod yn ei CATC nad yw wedi cynnwys effaith ariannol yr holl risgiau hyn yn ei waith cynllunio eto ond bydd yn adolygu hyn yn gyson.
  - mae'r Cyngor yn cynhyrchu ciplun o gydnerthedd ariannol i'w helpu i reoli a monitro ei gydnerthedd ariannol. Caiff y ciplun ei ystyried yn rheolaidd gan y

Cabinet ac mae'n nodi sefyllfa'r Cyngor yn erbyn ystod o ddangosyddion ariannol ac yn nodi'r risgiau allweddol i'w gynaliadwyedd ariannol.

## **Arddangosyn 2: cost COVID-19 i'r Cyngor yn ystod 2020-21 [Adroddiad Alldro 2020-21 i'r Cabinet, Mehefin 2021]**

Mae'r tabl isod yn dangos gwariant ychwanegol y Cyngor a'r incwm a gollwyd ganddo yn ystod 2020-21 o ganlyniad i COVID-19 yn ôl yr amcangyfrifon, a faint o hyn a liniarwyd gan gyllid ychwanegol gan Lywodraeth Cymru.

|   |                |
|---|----------------|
| Y swm ychwanegol y mae'r Cyngor yn amcangyfrif y bydd wedi ei wario o ganlyniad i COVID-19 yn ystod 2020-21.                              | £50.849 miliwn |
| Swm yr incwm y mae'r Cyngor yn amcangyfrif y bydd wedi'i gollu o ganlyniad i COVID-19 yn ystod 2020-21.                                   | £38.155 miliwn |
| Swm y cyllid ychwanegol y mae'r Cyngor yn amcangyfrif y bydd yn ei gael gan Lywodraeth Cymru yn ystod 2020-21 i liniaru effaith COVID-19. | £85.859 miliwn |
| Cost COVID-19 i'r Cyngor yn ystod 2020-21, ar ôl ystyried y cyllid ychwanegol a ddarparwyd gan Lywodraeth Cymru.                          | £2.114 miliwn  |

## Mae'r Cyngor yn dal i fod â bwlch sylweddol yn y gyllideb dros y tymor canolig ac mae'r pandemig wedi effeithio ar ei allu i ystyried sut y bydd yn mynd i'r afael â hwn, ond mae bellach yn dechrau llunio ei gynlluniau i gau'r bwlch

### Pam fod cynllunio ariannol strategol yn bwysig

8 Mae strategaeth ariannol eglur a chadarn yn bwysig i adnabod lefel debygol y cyllid sydd ar gael i gyngor, yn ogystal â lefel ddisgwyliedig y galw am wasanaethau a chost eu darparu. O ystyried y pwysau diweddar a'r pwysau a ddisgwyliir o ran cyllid ar gyfer yr holl gynghorau mae hefyd yn bwysig adnabod sut y mae'n bwriadu ymateb i'r pwysau hynny, ac yn arbennig sut y bydd yn cwrdd â bylchau a ragamcanir o ran cyllid.

Canfuom fel a ganlyn:

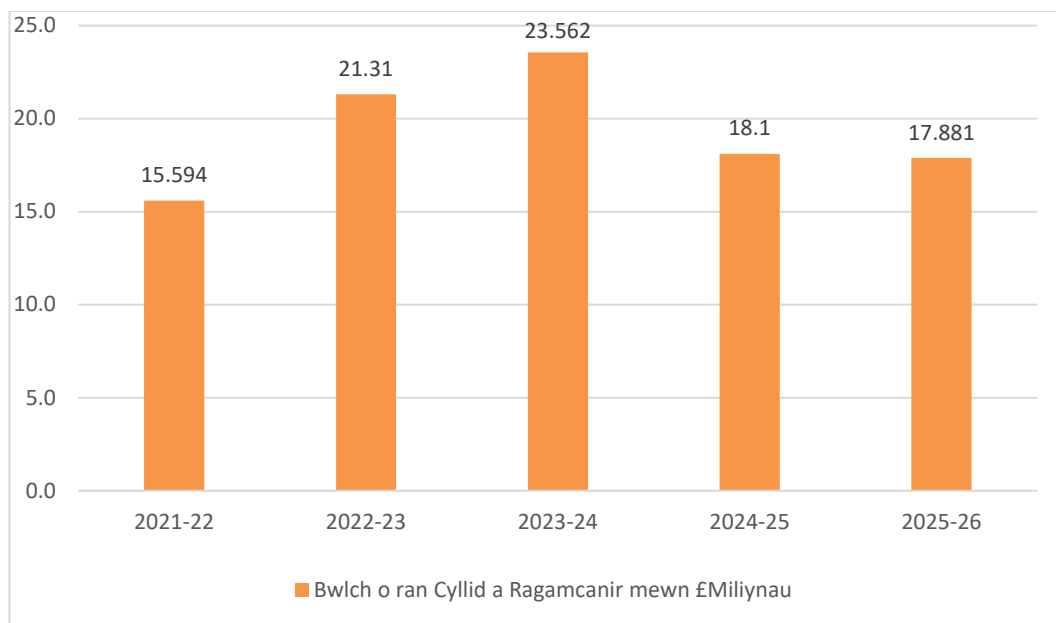
- mae'r Cyngor wedi adnabod bwlch yn ei gyllideb o oddeutu £15.5 miliwn ar gyfer 2021-22, a bwlch o ychydig o dan £81 miliwn rhwng 2022-23 a 2025-26 felly mae ei ragolwg ariannol yn gryn her.
- roedd sefyllfa alldro referniw'r Cyngor yn 2020-21 yn fwy cadarnhaol yn bennaf am ei fod wedi cael lefel sylweddol o gyllid grant gan Lywodraeth Cymru ar ddiwedd y flwyddyn ariannol. Mae'r Cyngor wedi achub ar y cyfle i gynyddu ei gronfeydd wrth gefn wedi'u clustnodi, a fydd yn ei helpu i leihau'r bwlch yn ei gyllideb dros y tymor canolig. Fodd bynnag, fel y dengys **Arddangosyn 3**, mae maint y bwlch dros y tymor canolig yn dal i fod yn sylweddol.
- mae'r Cyngor eisoes wedi gwneud dros £200 miliwn o arbedion yn y 10 mlynedd ddiwethaf.
- canfu ein hadroddiad ar Gynaliadwyedd Ariannol yn 2019-20 fod gan y Cyngor gynllun ariannol tymor canolig sy'n seiliedig ar dybiaethau rhesymol ond bod angen iddo ystyried sut yr oedd yn mynd i gau ei fwlch o ran cyllid yn y tymor hwy, gan gynnwys cryfhau'r cysylltiadau rhwng ei raglen drawsnewid a'i gynllun ariannol tymor canolig.
- mae ein hadolygiad o gynaliadwyedd ariannol yn 2020-21 wedi canfod mai felly y mae hi o hyd i raddau helaeth gan bod effaith y pandemig wedi gohirio ei allu i ystyried y camau gweithredu allweddol y mae angen iddo'u cymryd i fynd i'r afael â'r bwlch o ran cyllid a ragamcanir yn y tymor canolig, ond mae'n dechrau ystyried ei gynlluniau.
- mae'r Cyngor wedi adnabod ei bwysau ariannol sylweddol dros y tymor byr a chanolig yn ei Gynllun Ariannol Tymor Canolig gan ystyried ei flaenoriaethau strategol, demograffeg, a phwysau'r galw.
- mae'r Cyngor wedi ystyried cyfres o adroddiadau ym mis Mai 2021 am ei fodel gweithredu a'i wasanaethau yn y dyfodol, ei raglen effeithlonrwydd barhaus, adferiad y ddinas, a'r newid yn yr hinsawdd. Y rhain fydd yn

darparu'r fframwaith allweddol ar gyfer y diweddariad arfaethedig nesaf i'w CATC ym mis Gorffennaf 2021.

- mae'r Cyngor wedi nodi ei fod yn bwriadu mynd i'r afael â'r bwlch yn ei gyllideb o £15.549 miliwn yn 2021-22 trwy gyfuniad o arbedion effeithlonrwydd parhaus, mentrau creu incwm a chynnydd yn y Dreth Gyngor o 3.5%.
- mae'r Cyngor wedi dechrau ystyried ei gynlluniau ar gyfer 2022-23, ond mae'n cydnabod bod angen gwaith ychwanegol sylweddol i nodi'n fwy eglur sut y mae'n bwriadu cau'r bwlch yn y gyllideb dros gyfnod y CATC, gan gynnwys lefel yr arbedion y mae'n disgwyl eu cyflawni trwy drawsnewid.
- er ei fod yn cydnabod yr anhawster gyda modelu hirdymor, mae'n gadarnhaol bod CATC y Cyngor yn nodi ei ragolwg ariannol tymor hir posibl a'i waith i fodelu'r gyllideb hyd at 2035-36 yn seiliedig ar allosod tueddiadau hanesyddol. Yn arbennig, mae'n dangos y gostyngiad posibl yn y gyllideb ar gyfer gwasanaethau y tu allan i addysg a gwasanaethau cymdeithasol, ond mae hefyd yn amlygu bod y gwasanaethau eraill hyn yn cynnwys gwasanaethau statudol ac y bydd angen i'r Cyngor ystyried hyn yn ei waith cynllunio ariannol.
- mae gan y Cyngor raglen gyfalaf uchelgeisiol iawn ac mae wedi amcangyfrif y bydd ei wariant ar ei raglen fuddsoddi gyfalaf ar gyfer y cyfnod o bum mlynedd rhwng 2021-22 a 2025-26 yn agos at £1.3 biliwn (£869 miliwn o'r gronfa gyffredinol a £417 miliwn o'r gyllideb tai cyhoeddus). Rhagfynegir codiadau sylweddol mewn costau cyllido cyfalaf o ganlyniad. Y rhagolygon ar hyn o bryd yw y bydd costau cyllid cyfalaf y Cyngor a fynegir fel canran o'i gyllideb reoladwy'n codi o 16.4% yn 2020-21 i fwy na 23% yn 2024-25 a 2025-26 ac y bydd bwlch cyllido cyfalaf o oddeutu £14.2 miliwn yn y cyfnod hyd at 2025-26.
- mae'r tybiaethau allweddol yn CATC y Cyngor yn weddol ddarbodus. Er enghraifft, mae'r rhain yn cynnwys tybiaeth y bydd codiadau yn y cyllid gan Lywodraeth Cymru islaw'r hyn a gafwyd yn 2020-21 gyda'r disgwyliad y bydd cyllid yn cynyddu 1% y flwyddyn rhwng 2022-23 a 2025-26. Mae'r CATC yn cynnwys dadansoddiad sensitifrwydd sy'n egluro'r effaith pe bai amrywiad i rai o'r tybiaethau allweddol yn y CATC.
- mae'r Cyngor wedi cynnwys rhwymedigaeth ddigwyddiadol ar gyfer treth tirlenwi yn ei ddatganiadau ariannol ers 2017-18. Mae'r Cyngor wedi gwneud peth cynnydd cadarnhaol o ran ymdrin â hyn gyda Cyllid a Thollau EM ond nes bydd y broses hon wedi'i chwblhau, mae maint unrhyw rwymedigaeth bosibl yn dal i fod yn anhysbys ac felly gallai fod yn risg bosibl i gydnerthedd ariannol y Cyngor. Mae'r Cyngor yn darparu diweddariadau rheolaidd ar ein cyfer am hyn a byddwn yn parhau i fonitro'r sefyllfa.

**Arddangosyn 3: mae gan y Cyngor gyfanswm bwloch o ran cyllid a ragamcanir ar gyfer y pum mlynedd rhwng 2021-22 a 2025-26 o £96.447 miliwn (Ffynonellau: Strategaeth y Cyngor ar gyfer y gyllideb 2021-22, Chwefror 2021, a'i strategaeth ar gyfer y gyllideb 2022/23 a'i gynllun ariannol tymor canolig wedi'i ddiweddarau, Gorffennaf 2021)**

Mae'r graff hwn yn dangos y bwloch o ran cyllid y mae'r Cyngor wedi'i adnabod ar gyfer y pum mlynedd ganlynol.





## Roedd lefel cronfeydd wrth gefn defnyddiadwy'r Cyngor wedi aros yn sefydlog ar y cyfan dros y blynyddoedd diwethaf, ond mae wedi cynyddu'n sylweddol yn 2020-21

### Pam ei bod yn bwysig rheoli cronfeydd wrth gefn yn gynaliadwy

9 Mae lefelau iach o gronfeydd wrth gefn defnyddiadwy'n rhwyd ddiogelwch bwysig i gefnogi cynaliadwyedd ariannol. Yn ogystal â bod ar gael i ariannu pwysau annisgwyl o ran cyllid, gall cronfeydd wrth gefn defnyddiadwy fod yn ffynhonnell cyllid bwysig hefyd i gefnogi mentrau 'buddsoddi i arbed' sydd wedi'u bwriadu i leihau cost barhaus darparu gwasanaethau. Mae cynghorau sy'n dangos patrwm o ddefnydd heb ei gynllunio o gronfeydd wrth gefn i lenwi bylchau yn eu cyllideb refeniw, sy'n arwain at ostyngiadau ym malansau'r cronfeydd wrth gefn, yn lleihau eu cydnerthedd i ariannu pwysau cyllidebol nas rhagwelwyd mewn blynyddoedd yn y dyfodol.

Canfuom fel a ganlyn:

- canfu ein hadolygiad o gynaliadwyedd ariannol yn y Cyngor yn 2019-20 nad oedd y Cyngor wedi gwneud unrhyw ddefnydd heb ei gynllunio o gronfeydd wrth gefn i ariannu ei gyllideb refeniw.
- fel a ddangosir yn **Arddangosyn 4**, mae lefel y Cyngor o gronfeydd wrth gefn defnyddiadwy wedi aros yn weddol sefydlog dros y pedair blynedd ddiwethaf, ond mae wedi cynyddu cyfanswm ei gronfeydd wrth gefn defnyddiadwy yn 2020-21 o ychydig dros £47 miliwn. Mae hyn i'w briodoli'n bennaf i gael peth cyllid grant ychwanegol gan Lywodraeth Cymru ar ddiwedd y flwyddyn ariannol.
- mae'r Cyngor yn bwriadu defnyddio £0.75 miliwn o'i gronfa wrth gefn strategol ar gyfer y gyllideb i gefnogi'r gyllideb bob blwyddyn rhwng 2021-22 a 2025-26 felly mae'n rhagweld y bydd ei gronfa wrth gefn strategol ar gyfer y gyllideb yn lleihau £3.75 miliwn dros y blynyddoedd nesaf.
- mae'r Cyngor yn parhau i fod ag ystod o gronfeydd wrth gefn a chyllidebau digwyddiadol, sy'n rhoi opsiynau iddo i gefnogi ei gydnerthedd ariannol a rheoli pwysau parhaus ar y gyllideb yn ystod y flwyddyn. Mae'r rhain yn cynnwys:
  - Cronfa'r Cyngor
  - cyllideb ddigwyddiadol plant sy'n derbyn gofal
  - cyllideb ddigwyddiadol gyffredinol
  - cronfa wrth gefn strategol y gyllideb
  - mecanwaith cydnerthedd ariannol.
- mae setliadau mwy cadarnhaol o ran y grant cynnal refeniw yn y ddwy flynedd ddiwethaf wedi golygu nad yw'r Cyngor wedi gorfod defnyddio'i fecanwaith cydnerthedd ariannol, a sefydlwyd i helpu'r Cyngor i reoli unrhyw

ansicrwydd ynghylch cyllid. Nid yw'r Cyngor yn bwriadu defnyddio hwn yn 2021-22 i ymdrin ag unrhyw ansicrwydd ariannol; yn lle hynny, mae'n bwriadu ei ddefnyddio i ariannu buddsoddiadau unigol.

- mae'r Cyngor yn cydnabod bod lefelau ei gronfeydd wrth gefn yn weddol isel o'i gymharu â chynghorau eraill yng Nghymru. Fodd bynnag, ar hyn o bryd mae'r Cyfarwyddwr Adnoddau a'r Aelod Cabinet dros Gyllid, Moderneiddio a Pherfformiad yn fodlon bod lefelau'r cronfeydd wrth gefn yn ddigonol, ond y bydd y Cyngor yn achub ar y cyfle i ailgyflenwi ei gronfeydd wrth gefn ar ddiwedd pob blwyddyn lle gall wneud hynny.
- hyd yma, mae'r Cyngor wedi defnyddio ei gronfeydd wrth gefn yn ddarbodus i helpu i reoli ei gynaliadwyedd ariannol. Mae wedi cynnal cronfa'r Cyngor ar lefel o oddeutu £14.25 miliwn am y tair blynedd ddiwethaf ac mae'n bwriadu ei chadw ar y lefel hon oni bai bod angen iddo ddefnyddio rhywfaint yn 2020-21 i wrthbwysu gorwariannau.

#### **Arddangosyn 4: swm y cronfeydd wrth gefn o'i gymharu â'r gyllideb flynyddol [Datganiad Cyfrifon y Cyngor ar gyfer 2016-17 – 2019-20, ei ddatganiad cyfrifon drafft ar gyfer 2020-21]**

Mae'r arddangosyn hwn yn dangos swm y cronfeydd wrth gefn defnyddiadwy a oedd gan y Cyngor yn ystod 2020-21 a'r pedair blynedd flaenorol fel cyfran o gost net y gwasanaethau y mae'r Cyngor yn eu darparu.

|  | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21                                |
|--|---------|---------|---------|---------|--|
| Cost Net Gwasanaethau mewn £ miliynau <sup>2</sup>                                   | 657.1   | 667.4   | 692.4   | 712.1   | 646.6                                  |
| Cyfanswm Cronfeydd Wrth Gefn Defnyddiadwy mewn £ miliynau <sup>3</sup>               | 73.6    | 76.1    | 68      | 69.1    | 116.7                                  |
| Cyfanswm Cronfeydd Wrth Gefn Defnyddiadwy fel % o gost net gwasanaethau <sup>4</sup> | 11.2%   | 11.4%   | 9.8%    | 9.7%    | 18.1%                                  |
| Safle o'i gymharu â chynghorau eraill Cymru  | 17/22   | 16/22   | 18/22   | 18/22   | [cymhariaeth 2020-21 ddim ar gael eto] |

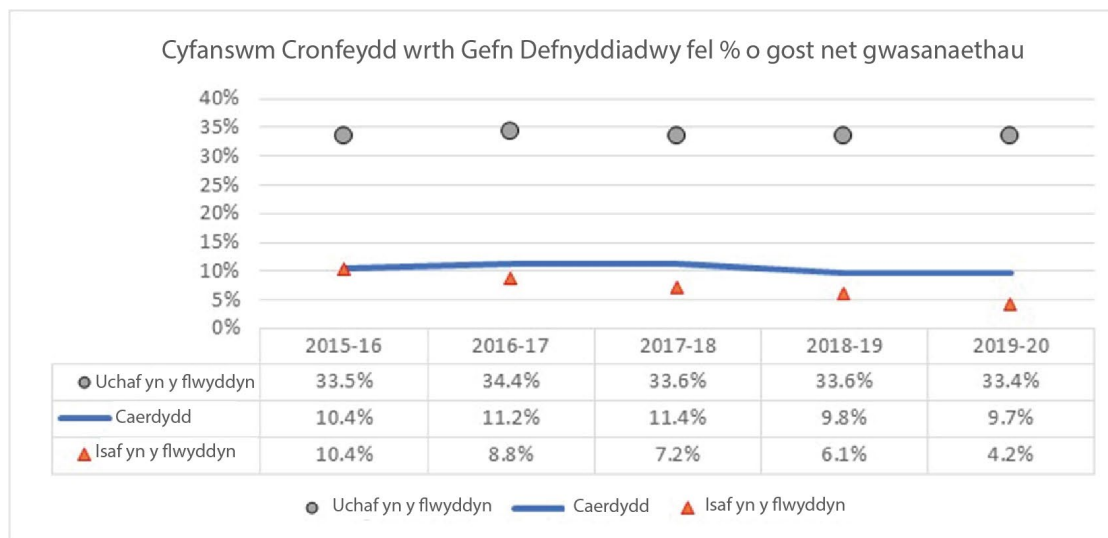
<sup>2</sup> Y gwerth a ddefnyddiwyd yw cost net gwasanaethau a godwyd ar y gronfa gyffredinol o'r Dadansoddiad Ariannu Gwariant, namyn unrhyw gost gwasanaethau a ariennir o'r Cyfrif Refeniw Tai, gan ychwanegu praeseptau, ardollau a llog ar ddyledion. Ffynhonnell: Datganiad Cyfrifon

<sup>3</sup> Wrth y term cronfeydd wrth gefn defnyddiadwy, rydym yn golygu cyfanswm balans y gronfa gyffredinol, ynghyd â chronfeydd wrth gefn wedi'u clustnodi nad yw cynghorau wedi'u hatal yn gyfreithiol rhag eu hailgyfeirio i'w defnyddio ar gyfer diben arall. Ffynhonnell: Datganiad Cyfrifon

<sup>4</sup> Cyfrifiad Archwilio Cymru.

## Arddangosyn 5: cyfanswm cronfeydd wrth gefn defnyddiadwy fel canran o gost net gwasanaethau (ffynhonnell: dadansoddiad Archwilio Cymru)

Mae'r arddangosyn yn dangos y cyfanswm cronfeydd wrth gefn defnyddiadwy oedd gan y Cyngor rhwng 2015-16 a 2019-20 fel canran o gost net gwasanaethau ac o'i gymharu â'r uchaf a'r isaf o blith cyngorau eraill Cymru.



**Mae'r Cyngor yn dal i reoli ei wariant ar y cyfan o fewn y gyllideb, ond mae angen gwaith pellach i reoli gorwariannau mewn rhai gwasanaethau allweddol i helpu i gefnogi ei gynaliadwyedd ariannol**

### Pam ei bod yn bwysig rhagweld gwariant yn gywir

- 10 Mae'n bwysig bod gorwariant a thanwariant yn cael eu cadw dan reolaeth a bod gwariant gwirioneddol mor agos â phosibl at y lefelau a gynlluniwyd. Mae cyngor sy'n methu â rhagweld a chynllunio gwariant yn gywir yn achosi risg o greu pwysau ariannol nas rhagwelwyd a all beryglu'r gallu i bennu cyllideb fantoledig. Gall patrymau sylweddol o danwariant fod yn lleihau gallu cyngor i gyflawni ei amcanion allweddol neu gyflawni ei gyfrifoldebau statudol.
- 11 Canfuom fel a ganlyn:
  - yn ein hadolygiad o gynaliadwyedd ariannol yn y Cyngor yn 2019-20, canfuom fod y Cyngor wedi rheoli ei wariant o fewn y gyllideb, ond bod patrwm o orwariant mewn rhai meysydd gwasanaeth, megis gwasanaethau cymdeithasol a gwastraff.

- canfuom sefyllfa debyg yn 2020-21 er bod y Cyngor wedi ailbennu sylfaen rhai o'i gyllidebau i ystyried gorwariannau cyson ac adolygu lefel yr arbedion y gallai'r gwasanaethau hyn yn realistig eu cyflawni.
- mae cyllideb 2021-22 yn cynnwys oddeutu £5 miliwn o achosion pellach o ailalinio'r gyllideb sy'n ystyried lefelau amcanestynedig y galw i barhau i fynd i'r afael â rhai o'r gorwariannau.
- mae adroddiad alldro'r Cyngor ar gyfer 2020-21 yn nodi bod y Cyngor wedi cyflawni sefyllfa fantoledig yn dilyn trosglwyddiadau i ac o gronfeydd wrth gefn wedi'u clustnodi. Darparodd Llywodraeth Cymru grantiau ychwanegol sylweddol ar ddiwedd y flwyddyn, a olygodd fod nifer o gyfarwyddiaethau wedi nodi sefyllfaoedd gwell ac a alluogodd y Cyngor i gynyddu lefel ei gronfeydd wrth gefn wedi'u clustnodi ar y cyfan. O ganlyniad, nid oedd angen i'r Cyngor ddefnyddio'i gyllideb Ddigwyddiadol Gyffredinol.
- er gwaethaf hyn, roedd gan rai Cyfarwyddiaethau orwariant ar ddiwedd y flwyddyn gyda'r prif orwariannau yn y Gwasanaethau Cymdeithasol (£629,000), gwasanaethau Llywodraethu a Chyfreithiol (£586,000) ac Addysg a Dysgu Gydol Oes (£275,000).
- mae'r Cyngor yn parhau i ddatblygu dealltwriaeth well am y rhesymau dros y gorwariannau yn ogystal â chynyddu cyllidebau dros gyfnod y CATC mewn ymateb i dwf demograffig a ragwelir. Mae gan y Cyngor rai mecanweithiau yn eu lle, megis ei gyllideb ddigwyddiadol gyffredinol a'i gyllideb ddigwyddiadol plant sy'n derbyn gofal, i reoli rhai o'r risgiau i'w gynaliadwyedd ariannol.
- yn y gwasanaethau cymdeithasol, mae hefyd yn parhau i ganolbwyntio ar ei raglenni ataliol i helpu i reoli pwysau'r galw yn y tymor canolig a hir. Fodd bynnag, o ystyried lefel barhaus y gorwariannau mewn rhai Cyfarwyddiaethau, mae angen i'r Cyngor sicrhau bod Adrannau'n deall yn llawn beth yw'r rhesymau ac yn cael eu herio ynglŷn â'r rhesymau dros orwariannau parhaus yn y meysydd hyn. Byddwn yn parhau i fonitro'r sefyllfa yn ystod 2021-22 i asesu a yw camau gweithredu'r Cyngor yn cael effaith.

**Arddangosyn 6: swm y gorwariant/tanwariant yn berthynol i gyfanswm y gyllideb referniw net [Ffynhonnell: Datganiad Cyfrifon y Cyngor ar gyfer 2016-17, 2017-18, 2018-19, 2019-20, a'i ddatganiad cyfrifon drafft ar gyfer 2020-21]**

Mae'r arddangosyn canlynol yn dangos swm y gorwariant neu'r tanwariant ar gyfer cyllideb referniw net y Cyngor ar y cyfan cyn unrhyw drosglwyddiadau i gronfeydd wrth gefn am y pum mlynedd ddiwethaf

|   | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21  |
|---|---------|---------|---------|---------|----------|
| Cyllideb Refeniw Net Wreiddiol £ miliynau                   | 578,161 | 586,984 | 608,913 | 623,589 | 656,186  |
| Alldro Refeniw Net Gwirioneddol                             | 570,996 | 584,532 | 617,042 | 622,409 | 608,576  |
| Swm y (gwarged)/gorwariant ar y cyfan                       | (7,165) | (2,452) | 8,129   | (1,180) | (47,610) |
| Gwahaniaeth canrannol o'i gymharu â'r gyllideb referniw net | 1.2%    | 0.4%    | 1.3%    | 0.19%   | 7.3%     |

**Mae'r Cyngor wedi cyflawni swm sylweddol is o arbedion nag yr oedd wedi'u cynllunio, yn rhannol oherwydd y pandemig, ac mae'n cydnabod yr angen i barhau i gryfhau ei broses o gynllunio arbedion, yn enwedig o ystyried maint yr arbedion y mae angen iddo'u cyflawni dros y tymor canolig**

**Pam fod y gallu i adnabod a chyflawni cynlluniau arbedion yn bwysig**

- 12 Mae'r gallu i adnabod meysydd lle gellir gwneud arbedion ariannol penodol, ac i wneud yr arbedion hynny'n ddiweddarach, yn agwedd allweddol ar sicrhau cynaliadwyedd ariannol parhaus yn erbyn cefnlen o bwysau ariannol cynyddol. Lle na chaiff cynlluniau arbedion eu cyflawni gall hyn arwain at orwariannau sy'n golygu bod angen defnyddio cronfeydd wrth gefn cyfyngedig gan hefyd gynyddu lefel yr arbedion y mae eu hangen mewn blynyddoedd yn y dyfodol i wneud iawn am hyn. Lle nad yw cynlluniau arbedion yn cael eu cyflawni a bod angen i feysydd gwasanaeth wneud arbedion heb eu cynllunio, mae hyn yn cynyddu'r risg naill ai na fydd arbedion yn gyson â blaenoriaethau'r Cyngor, neu o ddatrysiadau 'byrdymor' nad ydynt yn gynaliadwy dros y tymor canolig.
- 13 Canfuom fel a ganlyn:
  - yn ein hadroddiad ar Gynaliadwyedd Ariannol yn 2019-20, canfuom fod gan y Cyngor hanes o gyflawni'r mwyafrif o'i arbedion ar y cyfan, ond y byddai'n dod yn fwy a mwy o her i'w cyflawni yn y dyfodol a bod angen i'r Cyngor gryfhau ei broses cynllunio arbedion.

- fel a ddangosir yn **Arddangosyn 6**, fe wnaeth y ganran o arbedion wedi'u cynllunio a gyflawnwyd gan y Cyngor yn 2020-21 leihau'n sylweddol i £4.477 miliwn (h.y. 52%) o'r targed arfaethedig o £8.557 miliwn. Nododd y Cyngor fod oddeutu £3.7 miliwn o'i arbedion wedi'u cynllunio a oedd yn gysylltiedig â chreu incwm a newid gwasanaethau yn 2020-21 heb gael eu cyflawni oherwydd y pandemig. Fodd bynnag, mae rhai o'r rhain wedi cael eu lliniaru trwy gyllid Caledi COVID-19 gan Lywodraeth Cymru.
- ers 2016-17, mae'r Cyngor wedi cyflawni arbedion sy'n gyfanswm o oddeutu £56 miliwn. Mae hwn yn swm sylweddol ond mae £26 miliwn yn brin o'i darged arbedion gofynnol o £82 miliwn dros yr un cyfnod. Mae canran yr arbedion a gyflawnwyd yn y ddwy flynedd ddiwethaf wedi dirywio hefyd i 57% a 52% o'i dargedau yn y drefn honno.
- mae CATC y Cyngor yn nodi bod angen i'r Cyngor ganfod £58.1 miliwn o arbedion rhwng 2022-23 a 2025-26.
- fe wnaeth y Cyngor ein hysbysu ei fod wedi cryfhau agweddau ar ei broses cynllunio arbedion gyda mwy o drylwyrdd a mwy o waith i herio cynigion ar gyfer arbedion. Fodd bynnag, mae'n cydnabod bod angen o hyd i ansawdd achosion busnes sy'n ategu arbedion wella ac mae'r setliad mwy cadarnhaol o ran y grant cynnal refeniw yn 2021-22 yn rhoi'r cyfle iddo wneud hyn. Mae'n hollbwysig bod y Cyngor yn parhau i gryfhau ei drefniadau cynllunio arbedion er mwyn iddo gyflawni lefel yr arbedion sy'n ofynnol ac atal yr angen am unrhyw arbedion ychwanegol heb eu cynllunio gan wasanaethau eraill y Cyngor.
- fel y gwnaethom adrodd y llynedd, mae angen i'r Cyngor bennu lefel yr arbedion y mae'n debygol o'u cyflawni'n realistig o'i raglen drawsnewid hefyd.
- nododd y Cyfarwyddwr Adnoddau Corfforaethol a'r Aelod Cabinet ar gyfer Adnoddau fod trafodaethau ynglŷn ag arbedion ar gyfer 2022-23 eisoes wedi dechrau ac y byddant yn goleuo adroddiad y Cyngor ar ei Strategaeth ar gyfer y Gyllideb ym mis Gorffennaf 2021.
- rydym hefyd yn ystyried y byddai o fudd i'r Cyngor wneud ymarfer gwersi a ddysgwyd blynyddol i'w helpu i ddeall pam nad yw arbedion wedi cael eu cyflawni er mwyn dysgu gwersi a goleuo cynlluniau yn y dyfodol.

## Arddangosyn 7: arbedion a gyflawnwyd fel canran o'r arbedion wedi'u cynllunio [Ffynonellau: adroddiadau alldro'r gyllideb.]

Mae'r arddangosyn canlynol yn nodi faint o arian yr oedd y Cyngor yn bwriadu ei arbed o'i gynlluniau arbedion rhwng 2016-17 a 2019-20 a faint o hyn y gwnaeth ei arbed mewn gwirionedd yn ogystal ag amcangyfrifon ar gyfer 2020-21.

|  | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21 |
|--|---------|---------|---------|---------|---------|
| Cyfanswm arbedion wedi'u cynllunio mewn £ miliynau       | 25.892m | 14.157m | 14.296m | 19.157m | 8.557m  |
| Arbedion wedi'u cynllunio a gyflawnwyd mewn £ miliynau   | 19.417m | 11.303m | 10.207m | 10.963m | 4.08m   |
| Arbedion wedi'u cynllunio nas cyflawnwyd mewn £ miliynau | 6.475m  | 2.854m  | 4.089m  | 8.194m  | 4.477m  |
| Canran yr arbedion a gyflawnwyd                          | 75%     | 80%     | 71%     | 57%     | 52%     |

## Mae sefyllfa hylifedd y Cyngor yn sefydlog ac yn cefnogi ei gynaliadwyedd ariannol

### Pam fod sefyllfa hylifedd y Cyngor yn bwysig

- 14 Pam ei bod yn bwysig pwysu a mesur asedau cyfredol o'i gymharu â rhwymedigaethau cyfredol (hylifedd):
- mae'n arwydd o'r modd y mae cyngor yn rheoli ei gyllid yn y tymor byr.
  - er ei fod yn cael ei ddefnyddio'n gyffredin i archwilio pa un a yw sefydliadau'n gallu talu eu dyledion yn y tymor byr, mae hyn yn annhebygol o fod yn risg i gynghorau o ystyried eu gallu i gymryd benthyciadau byrdymor. Fodd bynnag, mae hefyd yn gweithredu fel dangosydd sy'n dynodi sut y mae cyngor yn rheoli ei gyllid yn y tymor byr.
  - dylai cynghorau â chymarebau hylifedd isel sicrhau bod ganddynt drefniadau i gwrdd â'u rhwymedigaethau.
  - gall fod costau ychwanegol i gynghorau sy'n dibynnu ar fenthyciadau byrdymor i dalu dyledion.
  - dylai cynghorau â chymarebau hylifedd uchel iawn ystyried a ydynt yn rheoli eu hasedau cyfredol yn y ffordd fwyaf effeithiol.

Canfuom fel a ganlyn:

- Mae **Arddangosyn 8** yn darparu dadansoddiad o sefyllfa hylifedd y Cyngor ers 2015-16. Dengys y dadansoddiad fod hylifedd y Cyngor yn gryf, gyda

chymhareb o 1.5 neu uwch ar y cyfan ar ddiwedd pob blwyddyn ariannol. Mae cymhareb hylifedd uwch nag 1.0 yn amlygu bod gan y Cyngor fwy o asedau cyfredol ar yr adeg honno mewn amser, na rhwymedigaethau cyfredol.

- mae asedau cyfredol y Cyngor wedi cynyddu'n bennaf o ganlyniad i'r ffaith bod ei ddyledwyr byrdymor wedi cynyddu o £83.754 miliwn i £193.5 miliwn. Yn yr un modd, mae codiadau yn lefel ei greydwyr byrdymor a'i fenthyciadau byrdymor (£154.1 a £35.4 miliwn yn y drefn honno o ran y sefyllfa ar 31 Mawrth 2021 wedi golygu bod ei sefyllfa hylifedd wedi aros yn gymharol sefydlog.

**Arddangosyn 8: cymhareb cyfalaf gweithio rhwng 2015-16 a 2019-20 [Ffynhonnell: datganiad cyfrifon ar gyfer pob blwyddyn ariannol rhwng 2015-16 a 2019-20 a'r datganiad cyfrifon drafft ar gyfer 2020-21]**

|  | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 2019-20 | Amcangyfrif<br>2020-21 |
|--|---------|---------|---------|---------|---------|------------------------|
| Asedau Cyfredol <sup>5</sup>             | 163m    | 170.9m  | 183.5m  | 190.1m  | 248.6m  | 333.5                  |
| Rhwymedigaethau<br>Cyfredol <sup>6</sup> | 115.3m  | 114m    | 111.5m  | 129.4m  | 154.7m  | 199.4                  |
| Cymhareb Cyfalaf<br>Gweithio             | 1.4     | 1.5     | 1.6     | 1.5     | 1.6     | 1.7                    |

<sup>5</sup> Mae Asedau Cyfredol yn cynnwys: Buddsoddiadau Byrdymor; Asedau a ddelir i'w gwerthu; Rhestrau Eiddo; Dyledwyr Byrdymor; ac Arian Parod a'i gyfwerth

<sup>6</sup> Mae Rhwymedigaethau Cyfredol yn cynnwys: Benthyciadau Byrdymor; Credydwyr Byrdymor; a Darpariaethau sy'n ddyledus ymhen un flwyddyn.







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We welcome correspondence and telephone calls in Welsh and English.  
Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg.

## Financial Sustainability Assessment – Cardiff Council

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

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# Summary report

## What we looked at and why

- 1 We undertook this assessment as financial sustainability continues to be a risk to councils putting in place proper arrangements to secure value for money in the use of resources. In part, this was informed by experiences of some councils in England, our knowledge of the financial situation in councils in Wales, and the general trend of decreasing resources for local government combined with rising demand for some services. We undertook a similar project in 2019-20, before the COVID-19 pandemic.
- 2 Our 2020-21 assessment on councils' financial sustainability was in two phases. Phase 1 was a baseline assessment of the initial impact of COVID-19 on local councils' financial position. Phase 1 drew on: the year-end position for 2019-20; the position at the end of quarter 1 for 2020-21; and projections for quarter 2 for 2020-21. Following Phase 1, in October 2020 we published a national summary report – **Financial Sustainability of Local Government as a result of the COVID-19 Pandemic**<sup>1</sup>. We found that councils and the Welsh Government have worked well together to mitigate the impact of the pandemic to date, but the future sustainability of the sector is an ongoing challenge.
- 3 The pandemic has had an immediate and profound effect on public sector finances as a whole and, as a consequence, on councils' financial position. The summary report set a high-level baseline position, including the reserves position of local councils before the pandemic. It also set out the initial financial implications of the pandemic for local councils and the scale of the anticipated challenge going forward.
- 4 This report concludes phase 2 of our financial sustainability assessment work during 2020-21. As part of this we are producing a local report for each of the 22 principal councils in Wales.
- 5 We undertook this assessment February 2021 to June 2021.

<sup>1</sup> Audit Wales, [Financial Sustainability of Local Government as a Result of the COVID-19 Pandemic](#), October 2020

# Proposals for improvement

## Exhibit 1: proposals for improvement

The table below sets out the proposals for improvement that we have identified following this review.

### Proposals for improvement

#### Addressing the budget gap and savings planning

- P1 The Council needs to formulate and progress its plans to meet the medium-term budget gap, including:
- continuing to strengthen its savings planning process;
  - identifying the level of savings it can achieve through its transformation programme;
  - taking into account its other plans, for example about its estate, workforce and use of digital;
  - factoring in any medium to long term implications and opportunities from the pandemic; and
  - evaluating why savings have not been achieved in order to learn lessons and inform future plans.

#### Capital programme

- P2 The Council needs to ensure that its capital programme remains affordable in the medium to long term.

#### Pattern of overspending

- P3 Given the pattern of overspending in some key services, the Council needs to maintain its focus on understanding and addressing the reasons for these overspends to ensure they do not have a negative impact on its medium-term financial sustainability, particularly given its forecasted medium-term budget gap and increasing demand pressures.

# Detailed report

**The Council faces a number of key financial risks and has a significant medium-term budget gap but has arrangements in place to manage its financial sustainability**

**The immediate impact of COVID-19 on the Council's financial sustainability has been mitigated by additional Welsh Government funding**

6 This section sets out the impact that COVID-19 has had to date on the Council's financial position and the extent to which this has been mitigated by additional funding from the Welsh Government.

7 We found that:

- as shown in **Exhibit 2**, the Council's COVID-19 related expenditure and income losses are significant, but the majority has been covered by UK and Welsh Government funding. The pandemic has not, therefore, had a detrimental impact on the Council's short-term financial position to date.
- the Welsh Government's commitment to maintain financial support for councils for the first six months of 2021-22 provides the Council with some certainty about the anticipated level of funding it can expect to receive for the early part of 2021-22. However, because of the on-going nature of the pandemic, there continues to be a risk regarding the level of income and expenditure the Council anticipates receiving / incurring in the latter half of the financial year.
- the Council is taking a relatively prudent approach to its financial planning and is not assuming that the levels of Welsh Government and UK Government funding will continue to the same extent as they have over the past 12 months.
- the Council is starting to consider the longer-term implications and opportunities of the pandemic on its services and operating model.
- its medium-term financial plan (MTFP), agreed in March 2021, highlights some of the key Covid related risks both as a council and as a capital city. This includes risks relating to business failure and transport, as well as the potential behavioural shifts and the impact upon services. However, the Council acknowledges in its MTFP that it has not yet factored the financial impact of all these risks into its planning but will keep this under review.
- the Council produces a financial resilience snapshot to help it manage and monitor its financial resilience. The snapshot is considered regularly by



Cabinet and sets out the Council's position against a range of financial indicators and identifies the key risks to its financial sustainability.

**Exhibit 2: the cost to the Council of COVID-19 over 2020-21 [2020-21 Outturn report to Cabinet, June 2021]**

The table below shows the Council's estimated additional expenditure and lost income over 2020-21 as a result of COVID-19 and how much of this was mitigated by extra funding from the Welsh Government.

|   |                 |
|---|-----------------|
| The additional amount the Council estimates it will have spent as a result of COVID-19 over 2020-21.  | £50.849 million |
| The amount of income the Council estimates it will have lost as a result of COVID-19 over 2020-21.  | £38.155 million |
| The amount of additional funding the Council estimates it will receive from the Welsh Government over 2020-21 to mitigate the impact of COVID-19. | £85.859 million |
| The cost to the Council of COVID-19 over 2020-21 after extra funding from the Welsh Government is taken into account.                             | £2.114 million  |

## The Council continues to have a significant medium-term budget gap and the pandemic has affected its ability to consider how it will address this, but it is now starting to shape its plans to meet the gap

### Why strategic financial planning is important

8 A clear and robust financial strategy is important to identify the likely level of funding available to a council, as well as the anticipated level of demand for, and cost of, providing services. Given the recent and anticipated funding pressures facing all councils it is also important to identify how it intends to respond to those pressures, and particularly how they will meet projected funding gaps.

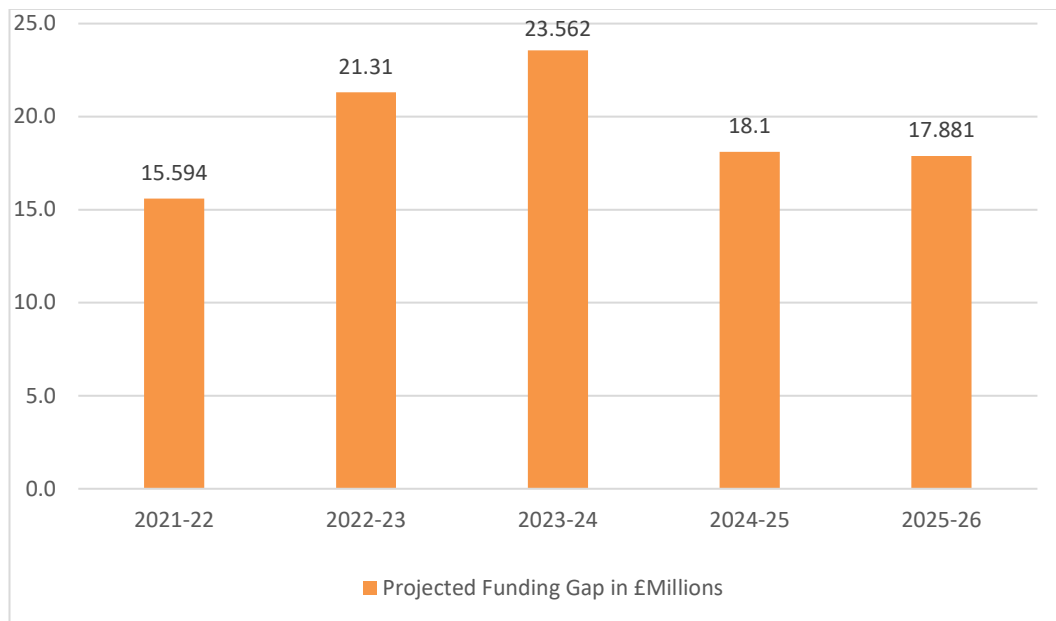
We found that:

- the Council has identified a budget gap of about £15.5 million for 2021-22, and a gap of just under £81 million for 2022-23 to 2025-26 so its financial outlook is very challenging.
- the Council's 2020-21 revenue outturn position was more positive primarily due to the receipt of a significant level of grant funding from Welsh Government at the end of the financial year. The Council has taken the opportunity to increase its earmarked reserves, which will help it reduce its budget gap over the medium term. However, as **Exhibit 3** shows, the scale of the gap over the medium term remains significant.
- the Council has already made over £200 million savings in the last 10 years.
- our 2019-20 Financial Sustainability report found that the Council had a medium-term financial plan based on reasonable assumptions but needed to consider how it was going to meet its longer-term funding gap, including strengthening the links between its transformation programme and its medium-term financial plan.
- our 2020-21 financial sustainability review has found that this largely remains the case as the impact of the pandemic has delayed its ability to consider the key actions it needs to take to address the projected medium term funding gap, but it is beginning to consider its plans.
- the Council has identified its significant financial pressures both over the short and medium term in its MTFP taking into account its strategic priorities, demographics, and demand pressures.
- the Council has considered a series of reports in May 2021 about its future operating model and services, ongoing efficiency programme, the recovery of the city, and climate change. These will provide the key framework for its next planned update to its MTFP in July 2021.
- the Council has set out that it intends to address its 2021-22 budget gap of £15.549 million through a combination of continued efficiency savings, income generation and an increase in Council Tax of 3.5%.

- the Council has started to consider its plans for 2022-23, but it recognises significant additional work is needed to set out more clearly how it intends to meet the budget gap over the course of the MTFP, including the level of savings it expects to achieve through transformation.
- whilst it recognises the difficulty in long term modelling, it is positive that the Council has set out in its MTFP its potential long-term financial outlook and budget modelling to 2035-36 based on an extrapolation of historic trends. In particular, it shows the potential budget reduction for services outside of education and social services, but it also flags that these other services include statutory services and that the Council will need to consider this in its financial planning.
- the Council has a very ambitious capital programme and it has estimated that its spend on its capital investment programme for the five-year period 2021-22 to 2025-26 will be almost £1.3 billion (£869 million general fund and £417 million public housing). Significant increases in capital financing costs are predicted as a result. Current forecasts are that the Council's capital finance costs expressed as a percentage of its controllable budget will rise from 16.4% in 2020-21 to over 23% in 2024-25 and 2025-26 and a capital financing gap of approximately £14.2 million in the period to 2025-26.
- the key assumptions in the Council's MTFP are relatively prudent. For example, these include that Welsh Government funding increases will be below that received in 2020-21 with funding anticipated to increase by 1% per annum from 2022-23 to 2025-26. The MTFP includes a sensitivity analysis explaining the impact should there be variation to some of the key assumptions in the MTFP.
- the Council has included a contingent liability for landfill tax in its financial statements since 2017-18. The Council has made some positive progress in addressing this with HMRC but until this process is finalised, the extent of any potential liability remains unknown and therefore could represent a potential risk to the Council's financial resilience. The Council provides us with regular updates on this and we will continue to monitor the position.

**Exhibit 3: The Council has a total projected funding gap for the five years 2021-22 to 2025-26 of £96.447 million (Sources: Council’s 2021-22 budget strategy, February 2021, and budget strategy 2022/23 and updated medium term financial plan, July 2021)**

This graph shows the funding gap that the Council has identified for the following five years.



## The level of the Council's useable reserves had generally remained stable in recent years, but it has increased considerably in 2020-21

### Why sustainable management of reserves is important

9 Healthy levels of useable reserves are an important safety net to support financial sustainability. As well as being available to fund unexpected funding pressures, useable reserves can also be an important funding source to support 'invest to save' initiatives designed to reduce the ongoing cost of providing services. Councils that show a pattern of unplanned use of reserves to plug gaps in their revenue budget that result in reductions of reserve balances reduce their resilience to fund unforeseen budget pressures in future years.

We found that:

- our 2019-20 financial sustainability review at the Council found that the Council had not made any unplanned use of reserves to fund its revenue budget.
- as shown in **Exhibit 4**, the Council's level of useable reserves has remained relatively stable over the past four years, but it has increased its total useable reserves in 2020-21 by just over £47 million. This is primarily due to the receipt of some additional grant funding from Welsh Government at the end of the financial year
- the Council is planning to use £0.75 million from its strategic budget reserve to support the budget each year between 2021-22 and 2025-26 so it anticipates that its strategic budget reserve will reduce by £3.75 million over the next few years.
- the Council continues to have a range of reserves and contingency budgets, which provides it with options to support its financial resilience and manage on-going in year budget pressures. These include its:
  - Council Fund
  - looked after children contingency budget
  - general contingency budget
  - strategic budget reserve
  - financial resilience mechanism.
- more positive revenue support grant settlements in the past two years have meant that the Council hasn't had to use its financial resilience mechanism, which was set up to help the Council manage any funding uncertainty. The Council is not intending to use this in 2021-22 to deal with any financial uncertainty; instead, it is planning to use it to fund one-off investments.
- the Council acknowledges its levels of reserves are relatively low compared to other Welsh councils. However, currently, the Director of Resources and Cabinet Member for Finance, Modernisation and Performance are satisfied

that the levels of reserves are sufficient, but that the Council will take the opportunity to replenish its reserves at each year-end where it can.

- to date, the Council has used its reserves prudently to help manage its financial sustainability. It has maintained its Council fund reserves at about £14.25 million for the last three years and plans to keep it at this level unless it needs to use some in 2020-21 to offset overspends.

**Exhibit 4: amount of reserves vs annual budget [Council’s Statement of accounts for 2016-17 – 2019-20, draft statement of accounts for 2020-21]**

This exhibit shows the amount of usable reserves the Council had during 2020-21 and the previous four years as a proportion of the net cost of the services the Council delivers.

|  | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21                                |
|--|---------|---------|---------|---------|--|
| Net Cost of Services in £ millions <sup>2</sup>                    | 657.1   | 667.4   | 692.4   | 712.1   | 646.6                                  |
| Total Useable Reserves in £ millions <sup>3</sup>                  | 73.6    | 76.1    | 68      | 69.1    | 116.7                                  |
| Total Useable Reserves as a % of net cost of services <sup>4</sup> | 11.2%   | 11.4%   | 9.8%    | 9.7%    | 18.1%                                  |
| Comparison with the other councils of Wales                        | 17/22   | 16/22   | 18/22   | 18/22   | [2020-21 comparison not yet available] |

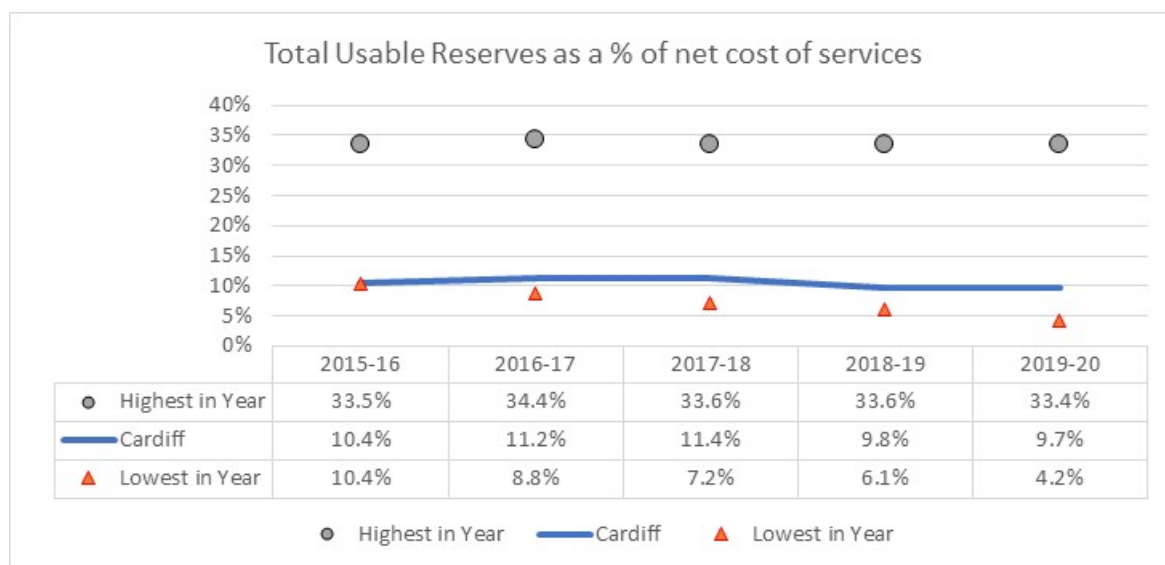
**Exhibit 5: total useable reserves as a percentage of net cost of services (source: Audit Wales analysis)**

<sup>2</sup> Value used is the net cost of services charged to the general fund from the Expenditure Funding Analysis, less any Housing Revenue Account cost of services, plus precepts, levies and debt interest. Source: Statement of Accounts

<sup>3</sup> By usable reserves we mean the total general fund balance, together with earmarked reserves that councils are not legally prevented from redirecting to use for another purpose. Source: Statement of Accounts

<sup>4</sup> Audit Wales calculation.

The exhibit shows the total useable reserves the Council had from 2015-16 to 2019-20 as a percentage of net cost of services and relative to the to the highest and lowest of other Welsh councils.



## The Council continues to manage its overall spend within budget, but further work is needed to manage overspends in some key services to help support its financial sustainability

### Why accurately forecasting expenditure is important

- 10 It is important that overspending and underspending are kept under control and that actual expenditure is as close to the levels planned as possible. A council that is unable to accurately forecast and plan expenditure runs the risk of creating unforeseen financial pressures that may compromise the ability to set a balanced budget. Significant patterns of underspending may be reducing the ability of a council to deliver its key objectives or meet its statutory responsibilities.
- 11 We found that:
- in our 2019-20 financial sustainability review at the Council, we found that the Council had managed its spend within budget, but there was a pattern of overspending in some service areas, such as social services and waste.
  - we found a similar position in 2020-21 despite the Council re-basing some of its budgets to take account of consistent overspends and reviewing the level of savings that these services could realistically achieve.

- the 2021-22 budget includes approximately £5 million of further budget realignments which take into account projected levels of demand to continue to help address some of the overspends.
- the Council's 2020-21 outturn report states that the Council has achieved a balanced position following transfers to and from earmarked reserves. Welsh Government provided significant additional grants at the year-end, which resulted in a number of directorates reporting improved positions and enabled the Council to increase its overall level of earmarked reserves. Consequently, the Council did not need to use its General Contingency budget.
- despite this, some Directorates were overspent at the year-end with the main overspends being in Social Services (£629,000), Governance and Legal services (£586,000) and Education and Lifelong Learning (£275,000).
- the Council is continuing to better understand the reasons for the overspends as well as increasing budgets over the course of the MTFP in response to forecasted demographic growth. The Council has some mechanisms in place, such as its general contingency and looked after children contingency budgets, to manage some of the risks to its financial sustainability.
- in social services, it is also continuing to focus on its preventative programmes to help manage the medium to long term demand pressures. However, given the continued level of overspends in some Directorates, the Council needs to ensure that Departments fully understand and are challenged on the reasons for continued overspends in these areas. We will continue to monitor the position over the course of 2021-22 to assess whether the Council's actions are having an impact.



**Exhibit 6: amount of overspend/underspend relative to total net revenue budget**  
**[Source: Council’s Statement of Accounts for 2016-17, 2017-18, 2018-19, 2019-20,**  
**and draft statement of accounts for 2020-21]**

The following exhibit shows the amount of overspend or underspend for the Council’s overall net revenue budget before any transfers to reserves for the last five years

|  | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21  |
|--|---------|---------|---------|---------|----------|
| Original Net revenue budget<br>£ millions        | 578,161 | 586,984 | 608,913 | 623,589 | 656,186  |
| Actual Net Revenue Outturn                       | 570,996 | 584,532 | 617,042 | 622,409 | 608,576  |
| Amount of overall<br>(surplus)/overspend         | (7,165) | (2,452) | 8,129   | (1,180) | (47,610) |
| Percentage difference from<br>net revenue budget | 1.2%    | 0.4%    | 1.3%    | 0.19%   | 7.3%     |

**The Council has delivered significantly less savings than it planned, in part due to the pandemic, and it acknowledges the need to continue to strengthen its savings planning process, particularly given the scale of savings it needs to deliver over the medium term**

**Why the ability to identify and deliver savings plans is important**

- 12 The ability to identify areas where specific financial savings can be made, and to subsequently make those savings, is a key aspect of ensuring ongoing financial sustainability against a backdrop of increasing financial pressures. Where savings plans are not delivered this can result in overspends that require the use of limited reserves whilst increasing the level of savings required in future years to compensate for this. Where savings plans are not delivered and service areas are required to make unplanned savings, this increases the risk either of savings not being aligned to the Council’s priorities, or of ‘short-term’ solutions that are not sustainable over the medium term.
- 13 We found that:
- in our 2019-20 Financial Sustainability report, we found that the Council had a track record of achieving the majority of its overall savings, but it would become increasingly challenging to meet them in the future and the Council needed to strengthen its savings planning process.
  - as shown in **Exhibit 6**, the percentage of 2020-21 planned savings delivered by the Council reduced significantly to £4.477 million (ie 52%) of the planned target of £8.557 million. The Council identified that about £3.7 million of its planned 2020-21 income generation and service change related savings have not been achieved due to the pandemic. However, some of these have

been mitigated through the COVID-19 Hardship funding from Welsh Government.

- from 2016-17, the Council has achieved savings totalling approximately £56 million. This is a significant amount but is £26 million short of its required savings target of £82 million over the same period. The percentage of savings achieved in the last two years has also declined to 57% and 52% of its targets respectively.
- the Council's MTFP identifies that the Council needs to find £58.1 million of savings over 2022-23 to 2025-26.
- the Council informed us that it has strengthened aspects of its savings planning process with greater rigour and challenge of savings proposals. However, it acknowledges that the quality of business cases supporting savings still needs to improve and the more positive 2021-22 revenue grant settlement provides it with the opportunity to do this. It is vital that the Council continues to strengthen its savings planning arrangements if it is to achieve the level of savings required and prevent any unplanned additional savings being required from other Council services.
- as we reported last year, the Council also needs to determine the level of savings it is realistically likely to achieve from its transformation programme.
- both the Director of Corporate Resources and Cabinet Member for Resources indicated that discussions about savings for 2022-23 have already started and will inform the Council's Budget Strategy report in July 2021.
- we also consider that the Council would benefit from doing an annual lessons learnt exercise to help it understand why savings have not been achieved in order to learn lessons and inform future plans.

#### **Exhibit 7: savings delivered as a percentage of planned savings [Sources: budget outturn reports.]**

The following exhibit sets how much money the Council intended to save from its savings plans during 2016-17 to 2019-20 and how much of this it actually saved as well as estimated figures for 2020-21.

|  | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21 |
|--|---------|---------|---------|---------|---------|
| Total planned savings in £ millions        | 25.892m | 14.157m | 14.296m | 19.157m | 8.557m  |
| Planned savings achieved in £ millions     | 19.417m | 11.303m | 10.207m | 10.963m | 4.08m   |
| Planned savings not achieved in £ millions | 6.475m  | 2.854m  | 4.089m  | 8.194m  | 4.477m  |
| Percentage of savings achieved             | 75%     | 80%     | 71%     | 57%     | 52%     |

## The Council's liquidity position is stable and supports its financial sustainability

### Why the Council's liquidity position is important

- 14 Why gauging current assets to current liabilities (liquidity) is important:
- an indicator of how a council manages its short-term finances.
  - while it is commonly used to examine whether organisations are able to pay their debts in the short term, this is unlikely to be a risk for councils given their ability to take short-term borrowing. It does also, however, act as an indicator of how a council manages its short-term finances.
  - councils with low liquidity ratios should ensure they have arrangements in place to meet their liabilities.
  - there may be additional costs for councils that rely on short-term borrowing to pay debts.
  - councils with very high liquidity ratios should consider whether they are managing their current assets in the most effective way.

### We found that:

- **Exhibit 8** provides analysis of the Council's liquidity position since 2015-16. The analysis shows that the Council's liquidity is strong, with each financial year-end generally having a ratio of 1.5 or above. A liquidity ratio above 1.0 highlights that the council has more current assets at that point in time, than current liabilities.
- the Council's current assets have increased primarily as a result of its short-term debtors having increased from £83.754 million to £193.5 million. Similarly, increases in the level of its short-term creditors and short-term borrowings (£154.1 and £35.4 million respectively as at 31 March 2021) has meant that its liquidity position has remained relatively stable.

**Exhibit 8: working capital ratio 2015-16 to 2019-20 [Source: statement of accounts for each of the financial years 2015-16 to 2019-20 and 2020-21 draft statement of accounts]**

|                                  | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21 estimate |
|----------------------------------|---------|---------|---------|---------|---------|------------------|
| Current Assets <sup>5</sup>      | 163m    | 170.9m  | 183.5m  | 190.1m  | 248.6m  | 333.5            |
| Current Liabilities <sup>6</sup> | 115.3m  | 114m    | 111.5m  | 129.4m  | 154.7m  | 199.4            |
| Working Capital Ratio            | 1.4     | 1.5     | 1.6     | 1.5     | 1.6     | 1.7              |

<sup>5</sup> Current Assets, includes: Short Term Investments; Assets held for sale; Inventories; Short Term Debtors; and Cash and equivalent

<sup>6</sup> Current Liabilities, includes Short Term Borrowing; Short Term Creditors; and Provisions due in one year.





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Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg.

## Audit Wales Work Programme and Timetable – Cardiff Council

Quarterly Update: 30 September 2021

### Financial Audit work

| Description  | Scope   | Timetable   | Status             |
|--|---|-------------|--------------------|
| <b>Audit of the Council's 2020-21 statement of accounts including:</b>                         | <p>The authority's draft statement of accounts for 2020-21 were received on 15 June 2021. These include the Council's:</p> <ul style="list-style-type: none"> <li>• Core financial statements</li> <li>• Group Accounts</li> <li>• Housing Revenue Account</li> <li>• Cardiff Harbour Authority</li> <li>• Cardiff Port Health Authority</li> <li>• Project Gwyrdd</li> <li>• Glamorgan Archives</li> </ul> <p>Our audit of the above commenced shortly after the receipt of the accounts and is currently ongoing.</p> | 19 October  | Audits in progress |
| <b>Audit of the Cardiff &amp; Vale of Glamorgan Pension Fund 2020-21 statement of accounts</b> | <p>The draft financial statements for Cardiff &amp; Vale of Glamorgan Pension Fund were received on 22 June 2021.</p>   | 22 November | Not yet started    |

| Description | Scope   | Timetable | Status |
|-------------|---|-----------|--------|
|             | Our audit of the pension fund will commence after the statutory accounts audit is substantially complete. |           |        |

## Performance Audit work

| 2020-21 Performance Audit Work    | Scope   | Timetable                   | Status  |
|-----------------------------------|---|-----------------------------|---|
| <b>Financial Sustainability</b>   | A project common to all local councils that will assess financial sustainability in light of current and anticipated future challenges building on work undertaken during 2019-20.  | Spring/Summer 2021          | Final local report issued to the Council in August 2021.<br><br>National Summary Report published 30 September 2021 |
| <b>Recovery Planning</b>          | We intend to support and challenge recovery planning in real-time. Collectively we need assurance that recovery takes due account of the multitude of risks, but also that it grasps the opportunities for a different and sustainable future. We have taken the decision to replace the 'prevention' themed work that we set out in audit plans with this work on recovery planning. | Letter issued 23 April 2021 | Complete.   |
| <b>Modernisation of workforce</b> | A review looking at workforce modernisation, linking to the Council's estate, digital and post-Covid plans for delivering future services.  | July-December 2021          | Fieldwork complete.   |
| <b>Annual Audit Summary</b>       | Annual report summarising the performance and financial audit work undertaken in 2020-21  | December 2021               | Not yet started   |



| <b>2020-21 Performance Audit Work</b> | <b>Scope</b>  | <b>Timetable</b> | <b>Status</b> |
|---------------------------------------|---|------------------|---------------|
|                                       | which also includes a summary of the key findings from reports issued by 'relevant regulators'. Also now combined with the Annual Audit Letter. |                  |               |

| <b>2021-22 Performance audit work</b>   | <b>Scope</b>   | <b>Timetable</b>          | <b>Status</b>   |
|---|--|---------------------------|-----------------|
| <b>Annual Audit Summary</b>   | Annual report summarising the performance and financial audit work undertaken in 2021-22 which also includes a summary of the key findings from reports issued by 'relevant regulators'. Also now combined with the Annual Audit Letter.     | Autumn 2022               | Not yet started |
| <b>Well-being of Future Generations Act (Wales) 2015 (WFG Act) examinations</b> | We will seek to integrate the delivery of our WFG examinations of steps to deliver wellbeing objectives with our other audit work. We will discuss this with the council as we scope and deliver the audit projects listed in this plan.     | N/A                       | N/A             |
| <b>Improvement reporting audit</b>  | Audit of discharge of duty to publish an assessment of performance.  | October 2021              | Not yet started |
| <b>Assurance and Risk Assessment</b>  | Project to identify the level of audit assurance and/or where further audit work may be required in future years in relation to risks to the Council putting in place proper arrangements to secure value for money in the use of resources. | April 2021-<br>March 2022 | Underway        |

| 2021-22 Performance audit work   | Scope   | Timetable   | Status                 |
|--|---|---|------------------------|
|  | <p>At Cardiff the project is focussing on:</p> <ul style="list-style-type: none"> <li>• financial position</li> <li>• self-assessment arrangements</li> <li>• recovery planning</li> <li>• implications of the Local Government and Elections (Wales) Act</li> <li>• carbon reduction plans</li> <li>• statutory building compliance</li> </ul> |   |                        |
| <p><b>Springing Forward – Examining the building blocks for a sustainable future</b></p> | <p>As the world moves forward, learning from the global pandemic, this review looks at how effectively councils are strengthening their ability to transform, adapt and maintain the delivery of services, including those delivered in partnership with key stakeholders and communities.</p>  | <p>Planned for Autumn 2021 onwards – to be confirmed following scoping.</p> | <p>Project scoping</p> |
| <p><b>Follow-up leisure review</b></p>   | <p>Assess the Council’s progress in addressing the proposals for improvement set out in our leisure services report issued in November 2020.</p>  | <p>Spring 2022</p>  | <p>Not yet started</p> |
| <p><b>Follow-up waste management review</b></p>  | <p>Follow-up review to assess the Council’s progress to develop its waste strategy to help reduce waste and achieve the national recycling targets.</p>   | <p>Spring 2022</p>  | <p>Not yet started</p> |

## Local government national studies planned / in progress

| Study                                     | Scope  | Timetable                  | Status   | Fieldwork planned at Cardiff Council   |
|---|--|----------------------------|--|--|
| <b>Direct Payments</b>                    | Review of how local authorities manage and promote the use of Direct payments  | Publication Winter 2021-22 | Drawing conclusions mid October, drafting and publication early 2022 | No – work being delivered via Direct Payment Forum and a selection of follow up interviews |
| <b>Emergency Services</b>                 | Review of how well emergency services (blue light) collaborate   | Publication winter 2021-22 | Drafting report  | No   |
| <b>Follow up on People Sleeping Rough</b> | Review of how local authorities responded to the needs of people sleeping rough during the pandemic following up on the AGWs report of July 2020 | TBC                        | Project set up   | No – work being delivered via Homelessness and Supporting People Forum                     |
| <b>Poverty</b>                            | Understanding how local authorities ensure they deliver their services to minimise or reduce poverty.  | TBC                        | Project brief issued and contacts at councils being collated         | TBC  |

| Study                       | Scope   | Timetable | Status   | Fieldwork planned at Cardiff Council |
|-----------------------------|---|-----------|--|--------------------------------------|
| <b>Social Enterprises</b>   | Review of how local authorities are supporting and utilising social enterprises to deliver services | TBC       | Project brief issued and contacts at councils being collated | TBC                                  |
| <b>Community Resilience</b> | Review of how local authorities can build greater resilience in communities                         | TBC       | Project brief issued and contacts at councils being collated | TBC                                  |

## Estyn

| Estyn planned work 2021-22                      | Scope  | Timetable  | Status |
|---|--|--|--------|
| Local Government Education Services Inspections | <p>Estyn have worked closely with Directors of Education to review their inspection guidance for local government education services to reflect the experiences of the pandemic. The updated guidance (published on 1 July) will be piloted on the first inspection and feedback will be sought on whether any further refinements need to be made.</p> <p>Council has been notified that it will have an LGES inspection end of November.</p> | <p>LGES inspections to resume from late Autumn term</p> <p>November 2021</p> | N/A    |

| <b>Estyn planned work 2021-22</b> | <b>Scope</b>  | <b>Timetable</b>  | <b>Status</b> |
|-----------------------------------|---|---|---------------|
| Curriculum Reform thematic review | Regional consortia and local authority support for curriculum reform. | Evidence collecting in Sept/Oct - publish in early February | N/A           |

## Care Inspectorate Wales (CIW)

| <b>CIW planned work 2021-22</b> | <b>Scope</b>  | <b>Timetable</b>          | <b>Status</b>                             |
|---------------------------------|---|---------------------------|---|
| <b>Assurance</b>                | CIW will be completing its work on Assurance Checks including publication of a national overview report.  | July – October 2021       | In progress – drafting report             |
| <b>National review</b>          | Support for disabled children and their families.   | July – November 2021      | In progress - Drafting report             |
| <b>Follow-up</b>                | CIW will be following up on areas for improvement identified in the Assurance Checks or through risk based inspection activity with individual local authorities where necessary. | October 2021 – March 2021 | In progress                               |
| <b>Inspection</b>               | Risk based inspection activity will continue where required.  | tbc                       | No inspections are scheduled at this time |

## Audit Wales national reports and other outputs published since 1 April 2021

| Report title  | Publication date and link to report |
|---|-------------------------------------|
| Financial Sustainability of Local Government                        | <a href="#">September 2021</a>      |
| NHS summarised accounts infographic                                 | <a href="#">September 2021</a>      |
| Picture of Public Services <sup>1</sup>                             | <a href="#">September 2021</a>      |
| Town Centre Regeneration  | <a href="#">September 2021</a>      |
| Student finances  | <a href="#">August 2021</a>         |
| NHS finances data-tool 2020-21                                      | <a href="#">June 2021</a>           |
| Rollout of the COVID-19 vaccination programme in Wales              | <a href="#">June 2021</a>           |
| Quality governance arrangements at Cwm Taf UHB – follow up          | <a href="#">May 2021</a>            |
| Welsh Health Specialised Services Committee governance arrangements | <a href="#">May 2021</a>            |
| At your Discretion - Local Government Discretionary Services        | <a href="#">April 2021</a>          |
| Procuring and Supplying PPE for the COVID-19 Pandemic               | <a href="#">April 2021</a>          |

<sup>1</sup> Main report published 15 September. To be followed over the following four to six weeks by short sector commentaries: A picture of local government, A picture of healthcare, A picture of social care, A picture of schools, A picture of higher and further education.

## Audit Wales National reports and other outputs due to be published during 2021-22 (and other work in progress/planned)<sup>2</sup>

| Title   | Anticipated publication date |
|---|------------------------------|
| Supporting NHS staff well-being                                       | October 2021                 |
| Warm Homes Programme  | November 2021                |
| Care home commissioning   | November 2021                |
| Welsh Government accounts commentary                                  | November 2021                |
| Unscheduled care – data tool and commentary                           | By end of 2021               |
| Collaborative arrangements for managing local public health resources | By end of 2021               |
| NHS waiting times data-tool and planned care commentary               | By end of 2021               |
| Welsh Government setting of well-being objectives                     | By end of 2021               |
| Welsh Government workforce  | By end of 2021               |
| Orthopaedic services  | By end of 2021               |
| Curriculum reform   | Spring 2022                  |
| Equality impact assessment  | Spring 2022                  |

<sup>2</sup> We will continue to keep our plans under constant review, taking account of the evolving external environment, our audit priorities, the context of our own resourcing and the capacity of audited bodies to engage with us. This includes maintaining some flexibility so that we can respond to developments in Welsh Government policy and areas of possible interest for a new Public Accounts Committee following the Senedd elections.

| <b>Title</b>  | <b>Anticipated publication date</b> |
|---|-------------------------------------|
| <b>Climate change – baseline review</b>                                   | Spring/summer 2022                  |
| <b>COVID response &amp; recovery / Welsh Government grants management</b> | TBC                                 |
| <b>NHS structured assessment 2021 summary commentary</b>                  | TBC                                 |
| <b>Affordable housing</b>   | TBC                                 |
| <b>Broadband infrastructure</b>   | TBC                                 |
| <b>Flood risk management</b>  | TBC                                 |

### **Forthcoming Good Practice Exchange events and publications**

| <b>Title</b>   | <b>Anticipated publication/event date</b> |
|--|---|
| Post event resources including session recordings for both the Part 2 Your Town Your Future town centre regeneration event and the Future Workplace lunch and learn session with Dr Luci Attala and Hywel Dda University Health Board. | Early October 2021                        |
| Transatlantic Conversations, Wales and Nova Scotia – discussing Housing  | 28 October 2021 (3pm)                     |
| Organisational Resilience  | December 2021 (date tbc)                  |



## Rhaglen Waith ac Amserlen Archwilio Cymru – Cyngor Caerdydd

Diweddariad Chwarterol: 30 Medi 2021

### Gwaith Archwilio Ariannol

| Disgrifiad  | Cwmpas  | Amserlen    | Statws            |
|---|---|-------------|-------------------|
| <b>Archwilio datganiad cyfrifon 2020-21 y Cyngor</b>                                    | <p>Derbyniwyd datganiad cyfrifon drafft yr awdurdod ar gyfer 2020-21 ar 15 Mehefin 2021. Mae'r rhain yn cynnwys:</p> <ul style="list-style-type: none"> <li>• Datganiadau ariannol craidd</li> <li>• Cyfrifon Grŵp</li> <li>• Cyfrif Refeniw Tai</li> <li>• Awdurdod Harbwr Caerdydd</li> <li>• Awdurdod Iechyd Porthladd Caerdydd</li> <li>• Prosiect Gwyrdd</li> <li>• Archifau Morgannwg</li> </ul> <p>Dechreuodd ein harchwiliad o'r uchod yn fuan ar ôl derbyn y cyfrifon ac mae'n parhau ar hyn o bryd.</p> | 19 Hydref   | Prosiect ar waith |
| <b>Archwiliad o ddatganiad cyfrifon Cronfa Bensiwn Caerdydd a Bro Morgannwg 2020-21</b> | <p>Derbyniwyd y datganiadau ariannol drafft ar gyfer Cronfa Bensiwn Caerdydd a Bro Morgannwg ar 22 Mehefin 2021.</p> <p>Bydd ein harchwiliad o'r gronfa pensiwn yn dechrau</p>  | 22 Tachwedd | Heb ddechrau eto  |

| Disgrifiad | Cwmpas  | Amserlen | Statws |
|------------|---|----------|--------|
|            | ar ôl i'r archwiliad cyfrifon statudol gael ei gwblhau'n sylweddol. |          |        |

## Gwaith archwilio perfformiad

| Gwaith Archwilio Perfformiad 2020-21 | Cwmpas  | Amserlen                            | Statws  |
|--------------------------------------|---|-------------------------------------|---|
| <b>Cynaliadwyedd Ariannol</b>        | Prosiect sy'n gyffredin i bob cyngor lleol a fydd yn asesu cynaliadwyedd ariannol yng ngoleuni'r heriau presennol a'r heriau a ragwelir yn y dyfodol gan adeiladu ar waith a wnaed yn ystod 2019-20.  | Gwanwyn/Haf 2021                    | Adroddiad lleol terfynol a gyhoeddwyd i'r Cyngor ym mis Awst 2021<br><br>Adroddiad Cryno Cenedlaethol a gyhoeddwyd 30 Medi 2021 |
| <b>cynllunio adferiad</b>            | Rydym yn bwriadu cefnogi a herio cynllunio adferiad mewn amser real. Gyda'n gilydd, mae angen sicrwydd arnom fod adferiad yn rhoi ystyriaeth briodol i'r llu o risgiau, ond hefyd ei fod yn manteisio ar y cyfleoedd ar gyfer dyfodol gwahanol a chynaliadwy. Rydym wedi penderfynu disodli'r gwaith ar thema 'atal' a nodwyd gennym mewn cynlluniau archwilio gyda'r gwaith hwn ar gynllunio adferiad. | Llythyr a gyhoeddwyd 23 Ebrill 2021 | Wedi'i gwblhau.   |
| <b>Moderneiddio'r gweithlu</b>       | Adolygiad yn edrych ar foderneiddio'r gweithlu, gan gysylltu â chynlluniau ystâd, digidol ac ôl-Covid y Cyngor ar gyfer darparu gwasanaethau yn y dyfodol.  | Gorffennaf-Rhagfyr 2021             | Mae'r gwaith maes wedi'i gwblhau  |

| <b>Gwaith Archwilio<br/>Perfformiad 2020-21</b> | <b>Cwmpas</b>   | <b>Amserlen</b> | <b>Statws</b>    |
|---|---|-----------------|------------------|
| <b>Crynodeb Archwilio<br/>Blynyddol</b>         | Adroddiad blynyddol yn crynhoi'r gwaith archwilio ariannol a pherfformiad a wnaed yn ystod y flwyddyn ddiwethaf sydd hefyd yn cynnwys crynodeb o ganfyddiadau allweddol adroddiadau a gyhoeddwyd gan 'reoleiddwyr perthnasol'. Hefyd bellach wedi'i gyfuno â'r Llythyr Archwilio Blynyddol. | Rhagfyr 2021    | Heb ddechrau eto |

| <b>Gwaith archwilio<br/>perfformiad 2021-22</b>   | <b>Cwmpas</b>   | <b>Amserlen</b>             | <b>Statws</b>    |
|---|---|-----------------------------|------------------|
| <b>Crynodeb Archwilio<br/>Blynyddol</b>   | Adroddiad blynyddol yn crynhoi'r gwaith archwilio ariannol a pherfformiad a wnaed yn ystod y flwyddyn ddiwethaf sydd hefyd yn cynnwys crynodeb o ganfyddiadau allweddol adroddiadau a gyhoeddwyd gan 'reoleiddwyr perthnasol'. Hefyd bellach wedi'i gyfuno â'r Llythyr Archwilio Blynyddol. | Tymor yr Hydref 2022        | Heb ddechrau eto |
| <b>Archwiliadau Deddf<br/>Llesiant<br/>Cenedlaethau'r<br/>Dyfodol (Cymru)<br/>2015 (y Ddeddf)</b> | Byddwn yn ceisio integreiddio'r gwaith o gyflawni ein harchwiliadau o dan y Ddeddf o'r camau i gyflawni amcanion lles ynghyd â'n gwaith archwilio arall. Byddwn yn trafod hyn gyda'r cyngor wrth i ni gwmpasu a chyflawni'r prosiectau archwilio a restrir yn y cynllun hwn.                | Amherthnasol                | Amherthnasol     |
| <b>Archwiliad adrodd ar<br/>welliannau</b>  | Archwiliad o gyflawni dyletswydd i gyhoeddi asesiad o berfformiad.  | Hydref 2021                 | Heb ddechrau eto |
| <b>Sicrwydd ac Asesu<br/>Risg</b>   | Prosiect i nodi lefel y sicrwydd archwilio a/neu lle y gallai fod   | Ebrill 2021-<br>Mawrth 2022 | Mynd rhagddo     |

| Gwaith archwilio perfformiad 2021-22   | Cwmpas   | Amserlen  | Statws                    |
|--|--|---|---------------------------|
|  | <p>angen gwaith archwilio pellach yn y dyfodol mewn perthynas â risgiau i'r Cyngor roi trefniadau priodol ar waith i sicrhau gwerth am arian wrth ddefnyddio adnoddau.</p> <p>Yng Nghaerdydd mae'r prosiect yn canolbwyntio ar:</p> <ul style="list-style-type: none"> <li>• sefyllfa ariannol</li> <li>• trefniadau hunanasesu</li> <li>• cynllunio adferiad</li> <li>• goblygiadau Deddf Llywodraeth Leol ac Etholiadau (Cymru)</li> <li>• cynlluniau lleihau carbon</li> <li>• cydymffurfiaeth adeiladu statudol</li> </ul> |   |                           |
| <b>Llamu Ymlaen – Archwilio'r blociau adeiladu ar gyfer dyfodol cynaliadwy</b> | <p>Wrth i'r byd fynd yn ei flaen, gan ddysgu o'r pandemig byd-eang, mae'r adolygiad hwn yn edrych ar ba mor effeithiol y mae cynghorau'n cryfhau eu gallu i drawsnewid, addasu a chynnal y broses o ddarparu gwasanaethau, gan gynnwys y rhai a ddarperir mewn partneriaeth â rhanddeiliaid a chymunedau allweddol.</p>  | <p>Wedi'i gynllunio ar gyfer tymor yr Hydref 2021 ymlaen – i'w gadarnhau ar ôl cwmpasu.</p> | <p>Cwmpasu'r prosiect</p> |
| <b>Adolygiad hamdden dilynol</b>   | <p>Asesu cynnydd y Cyngor o ran mynd i'r afael â'r cynigion ar gyfer gwella a nodir yn ein hadroddiad gwasanaethau hamdden a gyhoeddwyd ym mis Tachwedd 2020.</p>  | <p>Gwanwyn 2022</p>   | <p>Heb ddechrau eto</p>   |
| <b>Adolygiad rheoli gwastraff dilynol</b>                                      | <p>Adolygiad dilynol i asesu cynnydd y Cyngor i ddatblygu ei strategaeth wastraff i helpu i leihau gwastraff a chyflawni'r targedau ailgyrchu cenedlaethol.</p>  | <p>Gwanwyn 2022</p>   | <p>Heb ddechrau eto</p>   |

## Astudiaethau cenedlaethol llywodraeth leol wedi'u cynllunio / ar y gweill

| Astudiaeth                                     | Cwmpas  | Amserlen                             | Statws  | Gwaith a gynlluniwyd yng Nghyngor Caerdydd  |
|--|---|--------------------------------------|---|---|
| <b>Taliadau Uniongyrchol</b>                   | Adolygiad o sut mae awdurdodau lleol yn rheoli ac yn hyrwyddo'r defnydd o daliadau Uniongyrchol   | Cyhoeddi yn nhymor yr Hydref 2021-22 | Dod i gasgliadau ganol mis Hydref, drafftio a chyhoeddi yn gynnar yn 2022 | Na – gwaith yn cael ei gwblhau drwy'r Fforwm Taliadau Uniongyrchol a detholiad o gyfweiliadau dilynol |
| <b>Gwasanaethau Brys</b>                       | Adolygiad o ba mor dda y mae'r gwasanaethau brys (golau glas) yn cydweithio   | Cyhoeddi yng ngaeaf 2021-22          | Drafftio adroddiad  | Na fyddwn   |
| <b>Gwaith dilynol ar Bobl sy'n Cysgu Allan</b> | Adolygiad o sut yr ymatebodd awdurdodau lleol i anghenion pobl sy'n cysgu allan yn ystod y pandemig yn dilyn adroddiad yr Archwilydd Cyffredinol ym mis Gorffennaf 2020 | I'W GADARNHAU                        | Sefydlu prosiect  | Na – gwaith sy'n cael ei wneud drwy'r Fforwm Digartrefedd a Chefnogi Pobl                             |
| <b>Tlodi</b>                                   | Deall sut mae awdurdodau lleol yn sicrhau eu  | I'W GADARNHAU                        | Cyhoeddi briff prosiect a chasglu   | I'W GADARNHAU   |

| Astudiaeth                    | Cwmpas  | Amserlen      | Statws   | Gwaith a gynlluniwyd yng Nghyngor Caerdydd |
|-------------------------------|---|---------------|--|--|
|                               | bod yn darparu eu gwasanaethau i leihau tlodi.  |               | cysylltiadau o fewn cyngorau                                   |  |
| <b>Mentrau Cymdeithasol</b>   | Adolygiad o'r modd y mae awdurdodau lleol yn cefnogi ac yn defnyddio mentrau cymdeithasol i ddarparu gwasanaethau | I'W GADARNHAU | Cyhoeddi briff prosiect a chasglu cysylltiadau o fewn cyngorau | I'W GADARNHAU                              |
| <b>Cydnherthedd Cymunedol</b> | Adolygiad o sut y gall awdurdodau lleol feithrin mwy o gydnerthedd mewn cymunedau                                 | I'W GADARNHAU | Cyhoeddi briff prosiect a chasglu cysylltiadau o fewn cyngorau | I'W GADARNHAU                              |

## Estyn

| Gwaith arfaethedig Estyn 2021-22                 | Cwmpas   | Amserlen   | Statws       |
|--|--|--|--------------|
| Arolygiadau Gwasanaethau Addysg Llywodraeth Leol | Mae Estyn wedi gweithio'n agos gyda Chyfarwyddwyr Addysg i adolygu eu canllawiau arolygu ar gyfer gwasanaethau addysg llywodraeth leol i adlewyrchu profiadau'r pandemig. Bydd y canllawiau sydd wedi'u diweddarau (a gyhoeddir ar 1 Gorffennaf) yn cael eu treialu yn | Arolygiadau Gwasanaethau Addysg Llywodraeth Leol i ailddechrau o ddiwedd tymor yr Hydref | Amherthnasol |

| Gwaith arfaethedig Estyn 2021-22       | Cwmpas  | Amserlen   | Statws       |
|--|---|--|--------------|
|  | <p>yr arolygiad cyntaf a gofynnir am adborth ynghylch a oes angen gwneud unrhyw fireinio pellach.</p> <p>Hysbyswyd y Cyngor y bydd yn cael arolygiad LGES ddiwedd mis Tachwedd.</p> | Tachwedd 2021  |              |
| Adolygiad thematig Diwygio'r Cwricwlwm | Consortia rhanbarthol a chymorth awdurdodau lleol i ddiwygio'r cwricwlwm.   | Casglu tystiolaeth ym mis Medi/Hydref - cyhoeddi ddechrau mis Chwefror | Amherthnasol |

## Arolygiaeth Gofal Cymru (AGC)

| Gwaith arfaethedig AGC 2021-22 | Cwmpas   | Amserlen                  | Statws                        |
|--------------------------------|--|---------------------------|-------------------------------|
| <b>Sicrwydd</b>                | Bydd AGC yn cwblhau ei waith ar Wiriadau Sicrwydd gan gynnwys cyhoeddi adroddiad trosolwg cenedlaethol.  | Gorffennaf-Hydref 2021    | Ar waith - Drafftio adroddiad |
| <b>Adolygiad cenedlaethol</b>  | Cymorth i blant anabl a'u teuluoedd.   | Gorffennaf-Tachwedd 2021  | Ar waith - Drafftio adroddiad |
| <b>Dilyniant</b>               | Bydd AGC yn cynnal gwaith dilynol ar feysydd i'w gwella a nodwyd yn y Gwiriadau Sicrwydd neu drwy weithgarwch arolygu sy'n seiliedig ar risg gydag awdurdodau lleol unigol lle bo angen. | Hydref 2021 – Mawrth 2021 | Ar waith                      |

| Gwaith arfaethedig AGC 2021-22 | Cwmpas   | Amserlen      | Statws   |
|--------------------------------|--|---------------|--|
| Arolygiad                      | Bydd gweithgarwch arolygu sy'n seiliedig ar risg yn parhau lle bo angen. | i'w gadarnhau | Nid oes unrhyw arolygiadau wedi'u trefnu ar hyn o bryd |

## Adroddiadau cenedlaethol Archwilio Cymru ac allbynnau eraill a gyhoeddwyd ers 1 Ebrill 2021

| Teitl yr adroddiad  | Dyddiad cyhoeddi a doleri i'r adroddiad |
|---|---|
| Cynaliadwyedd Ariannol Llywodraeth Leol   | <a href="#">Medi 2021</a>               |
| Ffeithlun cyfrifon cryno'r GIG  | <a href="#">Medi 2021</a>               |
| Darlun o Wasanaethau Cyhoeddus <sup>1</sup>   | <a href="#">Medi 2021</a>               |
| Adfywio Canol Trefi   | <a href="#">Medi 2021</a>               |
| Cyllid myfyrwyr   | <a href="#">Awst 2021</a>               |
| Offeryn data cyllid y GIG 2020-21   | <a href="#">Mehefin 2021</a>            |
| Gweithredu rhaglen frechu COVID-19 yng Nghymru  | <a href="#">Mehefin 2021</a>            |
| Drefniadau Llywodraethu Ansawdd ym Mwrdd Iechyd Prifysgol Cwm Taf Morgannwg: gwaith dilynol | <a href="#">Mai 2021</a>                |

<sup>1</sup> Cyhoeddwyd y prif adroddiad ar 15 Medi. I'w ddilyn dros y pedair i chwe wythnos ganlynol drwy sylwbaethau byr fesul sector: Darlun o lywodraeth leol, Darlun o ofal iechyd, Darlun o ofal cymdeithasol, Darlun o ysgolion, Darlun o addysg uwch ac addysg bellach.



|  |                    |
|--|--------------------|
| Trefniadau Llywodraethu Pwyllgor Gwasanaethau Iechyd Arbenigol Cymru     | <u>Mai 2021</u>    |
| Yn ôl eich doethineb - Gwasanaethau Dewisol Llywodraeth Leol             | <u>Ebrill 2021</u> |
| Caffael a Chyflenwi cyfarpar diogelu personol ar gyfer Pandemig COVID-19 | <u>Ebrill 2021</u> |

## Adroddiadau cenedlaethol ac allbynnau eraill Archwilio Cymru i'w cyhoeddi yn ystod 2021-22 (a gwaith arall sy'n mynd rhagddo/wedi'i gynllunio)<sup>2</sup>

| Teitl  | Dyddiad cyhoeddi disgwylidig |
|--|------------------------------|
| Cefnogi lles staff y GIG   | Hydref 2021                  |
| Rhaglen Cartrefi Cynnes  | Tachwedd 2021                |
| Comisiynu cartrefi gofal   | Tachwedd 2021                |
| Sylwadau cyfrifon Llywodraeth Cymru                                      | Tachwedd 2021                |
| Gofal heb ei drefnu – offeryn data a sylwebaeth                          | Erbyn diwedd 2021            |
| Trefniadau cydweithredol ar gyfer rheoli adnoddau iechyd cyhoeddus lleol | Erbyn diwedd 2021            |
| Offeryn data amseroedd aros y GIG a sylwebaeth gofal wedi'i chynllunio   | Erbyn diwedd 2021            |

<sup>2</sup> Byddwn yn parhau i adolygu ein cynlluniau'n gyson, gan ystyried yr amgylchedd allanol sy'n esblygu, ein blaenoriaethau archwilio, cyd-destun ein adnoddau ein hunain a gallu cyrff archwiliedig i ymgysylltu â ni. Mae hyn yn cynnwys cynnal rhywfaint o hyblygrwydd fel y gallwn ymateb i ddatblygiadau ym maes polisi Llywodraeth Cymru a meysydd posibl o ddiddordeb i Bwyllgor Cyfrifon Cyhoeddus newydd yn dilyn etholiadau'r Senedd.

| Teitl  | Dyddiad cyhoeddi disgwyliedig |
|--|-------------------------------|
| Llywodraeth Cymru yn pennu amcanion llesiant                 | Erbyn diwedd 2021             |
| Gweithlu Llywodraeth Cymru                                   | Erbyn diwedd 2021             |
| Gwasanaethau orthopedig                                      | Erbyn diwedd 2021             |
| Diwygio'r cwricwlwm  | Gwanwyn 2022                  |
| Asesiad o'r Effaith ar Gydraddoldeb                          | Gwanwyn 2022                  |
| Newid hinsawdd – adolygiad sylfaenol                         | Gwanwyn/Haf 2022              |
| Ymateb ac adferiad COVID / Rheoli grantiau Llywodraeth Cymru | I'W GADARNHAU                 |
| Sylwadau cryno asesiad strwythuredig y GIG 2021              | I'W GADARNHAU                 |
| Tai fforddiadwy  | I'W GADARNHAU                 |
| Seilwaith band eang  | I'W GADARNHAU                 |
| Rheoli perygl llifogydd                                      | I'W GADARNHAU                 |

## Digwyddiadau a chyhoeddiadau y Gyfnewidfa Arfer Da yn y dyfodol

| Teitl   | Dyddiad cyhoeddi/digwyddiad disgwylidig |
|---|---|
| Adnoddau ar ôl y digwyddiad gan gynnwys recordiadau sesiwn ar gyfer Rhan 2 digwyddiad adfywio canol tref Eich Tref Eich Dyfodol a sesiwn Dysgu dros Ginio gweithle'r Dyfodol gyda Dr Luci Attala a Bwrdd Iechyd Prifysgol Hywel Dda | Dechrau mis Hydref 2021                 |
| Sgyrsiau Trawsatlantig, Cymru a Nova Scotia – trafod Tai  | 28 Hydref 2021 (3pm)                    |
| Cydnherthedd Sefydliadol  | Rhagfyr 2021 (dyddiad i'w gadarnhau)    |

Mae'r dudalen hon yn wag yn fwriadol

## **GOVERNANCE & AUDIT COMMITTEE: 23 NOVEMBER 2021**

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### **DRAFT CARDIFF COUNCIL MID YEAR (CORPORATE) COMPLAINTS REPORT 2021-22**

#### **REPORT OF THE CHIEF DIGITAL OFFICER**

**AGENDA ITEM: 8.1**

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#### **Reason for this Report**

1. This report has been produced to enable the Governance and Audit Committee to review and assess the authority's ability to handle complaints effectively, and make any associated reports and recommendations.
2. The Governance and Audit Committee has incorporated the above responsibility into its terms of reference, as required in accordance with the provisions of the Local Government and Elections (Wales) Act 2021.
3. The intention of this mid year report is to focus solely on complaints. The Council's Annual Complaints Report will follow to Committee in May 2022 and will cover both complaints and compliments.

#### **Background**

4. By way of background, in 2019 the Ombudsman gained new powers under the Public Services Ombudsman for Wales Act 2019, this received Royal Assent in May 2019. Part of the act detailed a commitment for Local Authorities to report on complaints to senior management twice a year.
5. Going forward, the Local Authority will continue to provide its comprehensive Annual Complaints Report every year to Cabinet. However, a second report will be provided to Informal Cabinet, covering the first six months of the year.
6. Prior to being considered at Cabinet / Informal Cabinet, the Governance and Audit Committee will consider the complaints report(s). Committee had previously assessed the authority's ability to handle complaints effectively, by considering the Council's Corporate Complaints policy and Annual Complaints report (for 2020/21) on 20<sup>th</sup> July 2021.
7. The half-yearly report (found at Appendix A) provides information on the operation of the corporate complaints procedure between 1st April 2021 and 30<sup>th</sup> September 2021
8. In addition to the Council's Corporate complaints policy, it is a statutory requirement for Local Authorities to have in place a complaints policy for Social Services. The Council also

reports on the operation of the Social Services complaints policy and the report (Appendix A) contains information about the number of Social Services complaints received.

9. Complaints can be made face-to-face or by telephone, email, letter or by using the online form found on the Council's website.
10. **Complaint received.** A complaint can be registered via any Council venue and once received, should be forwarded to the Service Area Complaints Manager. Every Council service area has a lead officer for complaints. The Complaints Manager will ensure complaints are acknowledged and recorded and facilitate the investigation of the complaint in accordance with the corporate complaints procedure.
11. **Acknowledgment.** The Complaints Managers will aim to acknowledge complaints within 5 working days. At this stage, we can let the customer know who is dealing with their complaint and our understanding of what the customer's complaint entails. We can also let the customer know that a full response will follow within 20 working days of our receipt of the complaint.
12. **Full response.** At the end of an investigation, a response should be produced depending on how a customer has indicated they prefer to be contacted. The response should include the outcome of the investigation as well as any necessary action taken for service improvement. The Public Services Ombudsman for Wales states that the aim of every formal investigation should be to "investigate once, investigate well". Advice will also be included on the full response on what the complainant should do if they remain dissatisfied with the outcome – to contact the Ombudsman.
13. **Public Services Ombudsman for Wales.** Complaints that progress to the Ombudsman will have been thoroughly investigated by the service area. If a complainant remains dissatisfied, it is for the Ombudsman to assess whether there is any evidence of service failure or maladministration not identified by the Council.
14. **Complaints relating to Councillors** (that a Councillor may have breached the Code of Conduct) should be addressed to the Public Services Ombudsman for Wales. The Ombudsman's web site contains explanations on the standards of behaviour expected by the Code and the basis on which the Ombudsman decides whether or not to investigate a complaint.
15. The Council has also adopted a Local Resolution Protocol, in line with the recommendations of the Ombudsman, to deal with relatively 'low level' complaints made by another Member or Officer of Cardiff Council. Typically, these complaints will be about alleged failures to show respect and consideration for others as required by paragraph 4(b) of the Members' Code of Conduct. Low level complaints made by members of the public about an alleged breach of the Code of Conduct by a councillor may also be dealt with under the Local Resolution Protocol if the Monitoring Officer agrees this is appropriate.
16. All Directorates are responsible for providing high levels of service to their customers, clients or residents. The Chief Digital Officer has strategic oversight of the corporate complaints process in line with their Council-wide customer service responsibilities.

## Issues

17. Details of complaints recorded by the Council under our Corporate process can be found in Appendix A.
18. A total of 2,248 (Corporate) complaints were recorded during Quarters 1 and 2 of 2021/22.
19. Increased pressures continue to be placed on service areas across the Council as a result of Covid-19. Issues faced included a greater demand placed on Council services, adapting to Council-wide homeworking and staff shortages due to illness and self-isolation.
20. Priorities for the coming six months include the proposed new Council-wide complaints & correspondence system and the subsequent improvement of complaints reporting and complaints training
21. During the next six to eight months, the Council will be implementing a council-wide complaints and correspondence system. The designated project team have considered 3 proof of concepts with the aim of having the preferred solution identified by the end of the year. Implementation of the new solution would then take place between January 2022 and May 2022.
22. The new platform will provide additional functionality which can be harnessed to improve performance in the following areas.
23. Complaints training - as part of the roll out and embedding of the council-wide complaints system, a central SharePoint site will be created so that staff will be able to access all supporting information, including training information, guidance documents and frequently asked questions. Specific training will be made available for all staff and will include:
  - ✓ The new process to manage complaints, compliments and enquiries
  - ✓ How to use the new solution
  - ✓ Clear definition information for complaints, compliments and enquiries.
  - ✓ Recording and reporting standards required to ensure corporate consistency
24. Complaints handling - as each Council service area has a lead officer for complaints (and receives and responds to their own complaints), complaints handling across the Council can vary somewhat. Regular corporate complaints meetings mean that the central corporate complaints team are able to provide advice and support to lead officers and ensure we are able to set the required standard for our complaint responses. However, the central database will lead to improvements in this area as the corporate complaints team will have increased oversight of all complaints. Furthermore, a central database will mean a move towards improved consistency of data entry across the organisation. It will also enable the Council to implement a tracking system for lessons learnt and monitoring how these improvements to the service areas are embedded into existing routines/policies.
25. Improved complaints reporting and recording - we are confident that the implementation of the council-wide system will lead to further improvements when it comes to recording and reporting on complaints received by Cardiff Council. There is also a pressing need to

meet the requirements of the Complaints Standards Authority (CSA). The CSA was created under the Public Services Ombudsman (Wales) 2019 Act and part of the CSA's duty is to collect and publish specific data from local authorities. A central complaints repository will help us greatly in this regard and emphasises the importance of a council-wide repository for complaints that can produce council-wide data quickly.

## **Legal Implications**

26. Under Part 6 of the Local Government and Elections (Wales) Act 2021, section 115, Governance and Audit Committees are given new statutory functions, with effect from 1<sup>st</sup> April 2021, to 'review and assess the authority's ability to handle complaints effectively', and 'make reports and recommendations in relation to the authority's ability to handle complaints effectively'.
27. The information set out in the report is provided for the Committee to review, assess and consider whether to make any recommendations in this regard.

## **Financial Implications**

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

## **RECOMMENDATIONS**

29. That the Governance and Audit Committee considers and notes the content of the report and makes any comments or recommendations, as appropriate. We would invite Committee to provide any feedback on the draft complaints report prior to it being considered at Informal Cabinet.

**Isabelle Bignall**  
**Chief Digital Officer**

The following is attached:

**Appendix A:** Draft Cardiff Council Mid Year (Corporate) Complaints Report 2021-22



# Cardiff Council

## Mid Year Complaints Report 2021/22



## Reason for this report

To report to senior management and Informal Cabinet on the operation of the corporate complaints procedure between 1st April 2021 and 30<sup>th</sup> September 2021. The statistics for corporate complaints are set out by service area.

By way of background, in 2019 the Ombudsman gained new powers under the Public Services Ombudsman for Wales Act 2019, this received Royal Assent in May 2019. Part of the act detailed a commitment for Local Authorities to report on complaints to senior management twice a year.

Going forward, the Local Authority will continue to provide its comprehensive Annual Complaints Report every year to Cabinet. However, a second report will be provided to Informal Cabinet, covering the first six months of the year.

The following report details corporate complaints only. There are separate processes for dealing with social services complaints, Elected Member conduct concerns and school complaints.

In order to allow comparisons the report details complaint data covering the previous financial year – 2020/21.

A complaint is defined within the Council as:

*“An expression of dissatisfaction, however made, about the standard of service, action or lack of action by the Council, or its staff, affecting an individual customer or group of customers.”*

Complaints recorded under the corporate complaints procedure do not include ‘first time’ representations which are effectively requests for a service and dealt with as such. A new report of a pothole or a missed bin for example, would not be registered as a complaint, but as a request for service. Of course, in the event that we failed to respond to the ‘request’ appropriately, then that may generate a complaint.

The aim of every complaint investigation is to “investigate once, investigate well”. Advice is provided to the complainant should they then remain dissatisfied with the outcome of their complaint – to contact the Public Services Ombudsman for Wales.



## Complaints breakdown for Cardiff Council

A total of 2,248 complaints have been recorded so far during 2021/22.

| Year                              | Number of complaints |
|-----------------------------------|----------------------|
| <b>2021/22 (Q1 &amp; Q2 only)</b> | <b>2,248</b>         |
| 2020-21                           | 2,537                |
| 2019-20                           | 2,859                |
| 2018-19                           | 2,550                |

A breakdown of the number of complaints received by service area can be found below.

| Service Area                  | Number of complaints 2020/21 | Number of complaints Q1 + Q2 2021/22 |
|-------------------------------|------------------------------|--------------------------------------|
| Waste                         | 1,479                        | <b>1,540</b>                         |
| Housing                       | 433                          | <b>293</b>                           |
| Highways, Traffic & Transport | 147                          | <b>130</b>                           |
| Revenues                      | 103                          | <b>79</b>                            |
| Parks & Harbour Authority     | 129                          | <b>59</b>                            |
| Education                     | 39                           | <b>43</b>                            |
| Environmental Enforcement     | 60                           | <b>28</b>                            |
| Planning                      | 23                           | <b>26</b>                            |
| Customer & Digital Services   | 66                           | <b>25</b>                            |
| Governance & Legal Services   | 2                            | <b>13</b>                            |
| Economic Development          | 25                           | <b>12</b>                            |
| <b>Total</b>                  | <b>2,537</b>                 | <b>2,248</b>                         |

NB Complaints for Social Services are recorded under their statutory complaints procedure rather than the corporate complaints procedure. The figures for Social Services so far during 2021/22 can be found below.

| Service Area       | Number of complaints 2020/21 | Number of complaints Q1 + Q2 2021/22 |
|--------------------|------------------------------|--------------------------------------|
| Adult Services     | 64                           | <b>57</b>                            |
| Childrens Services | 140                          | <b>117</b>                           |



## Priorities

During the next six to eight months, the Council will be implementing a council-wide complaints and correspondence system. The designated project team have considered 3 proof of concepts with the aim of having the preferred solution identified by the end of the year. Implementation of the new solution would then take place between January 2022 and May 2022.

The new platform will provide additional functionality which can be harnessed to improve performance in the following areas.

### ✓ Complaints training

As part of the roll out and embedding of the council-wide complaints system, a central SharePoint site will be created so that staff will be able to access all supporting information, including training information, guidance documents and frequently asked questions. Specific training will be made available for all staff and will include:

- ✓ The new process to manage complaints, compliments and enquiries
- ✓ How to use the new solution
- ✓ Clear definition information for complaints, compliments and enquiries.
- ✓ Recording and reporting standards required to ensure corporate consistency

### ✓ Complaints handling

Complaints handling across the Council can vary. Having a central database will mean a move towards improved consistency of data entry across the organisation. It will also enable the Council to implement a tracking system for lessons learnt and monitoring how these improvements to the service areas are embedded into existing routines/policies.

### ✓ Improved complaints reporting and recording

We are confident that the implementation of the council-wide system will lead to further improvements when it comes to recording and reporting on complaints received by Cardiff Council. There is also a pressing need to meet the requirements of the Complaints Standards Authority (CSA). The CSA was created under the Public Services Ombudsman (Wales) 2019 Act and part of the CSA's duty is to collect and publish specific data from local authorities. A central complaints repository will help us greatly in this regard and emphasises the importance of a council-wide repository for complaints that can produce council-wide data quickly.



**GOVERNANCE & AUDIT COMMITTEE:  
23 NOVEMBER 2021**

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**CORPORATE RISK MANAGEMENT - QUARTER TWO 2021/22****REPORT OF CORPORATE DIRECTOR RESOURCES AGENDA ITEM: 9.1**

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**Reason for this Report**

1. To update Governance & Audit Committee on the risk management position at quarter two 2021/22 and to highlight any changes from the quarter four 2020/21 report.
2. The Governance & Audit Committee's Terms of Reference sets out their responsibility:
  - To monitor and scrutinise the effective development and operation of the risk management arrangements within the Council, and
  - To oversee progress in addressing risk-related issues reported to the Committee, such as the Corporate Risk Register (CRR).

**Background**

3. Governance & Audit Committee receives a risk management update each financial quarter with the opportunity to make comments. The last Governance & Audit Committee review was on the 20<sup>th</sup> of July 2021, at which time the risk management position at quarter four 2020/21 was presented.
4. Each Directorate holds a Directorate Risk Register (DRR) and the Senior Management Team (SMT) collectively own a Corporate Risk Register (CRR). The CRR records the main risks to the delivery of corporate objectives and priorities, whilst the DRRs record the key risks to the delivery of Directorate functions and priorities.
5. A risk escalation process is in place, whereby each Director is required to take ownership of all residual (current) risks rated as 'red/amber' and above on their DRR and, at a minimum, to escalate all 'red' residual risks to SMT for collective ownership and review.
6. This reporting process allows SMT to determine if any changes are required to the CRR each quarter. The remaining escalated risks continue to be held on DRRs and are reviewed by SMT each quarter until it is agreed that mitigation is sufficient for risk ownership to transfer back to the Directorate.

## Issues

7. Each Director has worked with their Risk Champion(s) to undertake their quarter two risk management review. The Risk Management Team has also provided advice and guidance on the measurement and reporting of risks. The quarter two risk assessments are presented on the Corporate Risk Register Summary Snapshot (Appendix A) and the Detailed Corporate Risk Register (Appendix B).
8. The Risk Management Review process has two tiers (Directorate and Corporate) and the actions at each for quarter two are detailed as follows.

### Directorate Risks

9. At the quarter two position, 206 risks were reported from DRRs. All escalated risks and requests for de-escalation were discussed and approved in SMT on the 9<sup>th</sup> of November 2021.
10. It was agreed that nine directorate risks would be carried forward as SMT escalated risks at quarter two. Also included in the figure of 206 directorate risks are 72 Covid-19 specific risks that have been identified and are being managed within directorates as at the end of quarter two.

| Directorate                       | Directorate Risks | Of which:                     |                         |
|-----------------------------------|-------------------|-------------------------------|-------------------------|
|                                   |                   | Risks at SMT Escalation Point | Covid-19 Specific Risks |
| Economic Development (inc Waste)  | 30                | 2                             | 11*                     |
| Education                         | 12                | 0                             | 7                       |
| Housing & Communities             | 38                | 2                             | 24                      |
| Performance & Partnerships        | 15                | 0                             | 0                       |
| Social Services                   | 22                | 3 (1 Shared)                  | 19                      |
| Planning, Transport & Environment | 23                | 0                             | 2*                      |
| Resources                         | 59                | 2                             | 8                       |
| Governance & Legal Services       | 7                 | 1 (Shared)                    | 1                       |
| <b>Total</b>                      | <b>206</b>        | <b>9*</b>                     | <b>72</b>               |

\* Includes 1 shared

### Corporate Risks

11. SMT collectively reviewed the escalated directorate risks and corporate risk updates at the end of quarter two. This review included a review of the appropriateness of the risk descriptions and where necessary these were amended to reflect updated changes with an example of this being the financial resilience risk description.
12. At quarter two, the Senior Management Team considered and agreed to retain the Brexit risk from the Corporate Risk Register in order to ensure a continued focus on the number of actions / issues still outstanding with regards to this risk. The council's lead officer for this risk, will continue to monitor the current/future Brexit situation, and engage with nominated officers within each Directorate, and report on any relevant issues as they arise alongside suggested mitigations.
13. Whilst, all risks in the Corporate Risk Register remain unchanged for the current period this is based on the level of confidence that the current controls in place and those scheduled to be in place in the near future provide appropriate mitigations against the potential demand pressures for

## **Coronavirus (COVID-19)**

14. The impact of Covid-19 on existing risks continues to feature as part of quarter two reporting arrangements and these risks will continue to be monitored for the rest of 2021/22 at the very least. During quarter one, directorates undertook a full review of their COVID-19 risks and have reviewed in quarter two the Covid-specific risks as set out in the table above.
15. The Council's response to the pandemic and its risk management is not restricted to delivering its own services, and there are clear links with Welsh Government and Health partners.
16. The Senior Management Team has kept an oversight on preparations and actions of directorates in order to ensure that there is a level of business continuity and resilience built into service delivery plans. This robustness is supported by the existing Emergency Management processes in place and reliance is placed in this as an escalation mechanism.

### **Reason for Recommendation**

17. To enable the Governance & Audit Committee to monitor risk management activity and consider the Risk Management Review – quarter two 2021/22.

### **Legal Implications**

18. There are no direct legal implications arising from this report. However, one of the benefits of identifying risk is that mitigation measures may be taken, if appropriate, and consequently successful claims against the Council may be avoided altogether or reduced.

### **Financial Implications**

19. There are no direct financial implications arising from this report. The Corporate Risk register will be used to guide the Internal Audit Plan and the Council's resource planning processes and forms an important part of the governance arrangements for the Council.

## **RECOMMENDATIONS**

20. Governance & Audit Committee to note and comment upon the risk management activity and the contents of the Corporate Risk Register, and to consider the information given, in the programming of its work.

**Chris Lee**  
**Corporate Director Resources**

The following Appendices are attached:

**Appendix A** - Corporate Risk Register Summary Snapshot – Q2 2021/22

**Appendix B** - Detailed Corporate Risk Register – Q2 2021/22

*The following background papers have been taken into account:*

- *Directorate Risk Registers Q2 2021/22*

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# Corporate Risk Register Summary Snapshot Quarter 2 2021/22

Appendix A

Number of Risks by Inherent Risk Rating

|            |   |        |      |    |    |
|------------|---|--------|------|----|----|
| Likelihood | A | A1 11  | A2 1 | A3 | A4 |
|            | B | B1 6   | B2 4 | B3 | B4 |
|            | C | C1     | C2   | C3 | C4 |
|            | D | D1     | D2   | D3 | D4 |
|            | E | E1     | E2   | E3 | E4 |
|            |   | 1      | 2    | 3  | 4  |
|            |   | Impact |      |    |    |

Number of Risks by Residual Risk Rating

|            |   |        |      |      |    |
|------------|---|--------|------|------|----|
| Likelihood | A | A1 1   | A2   | A3   | A4 |
|            | B | B1 1   | B2 6 | B3 1 | B4 |
|            | C | C1 2   | C2 6 | C3   | C4 |
|            | D | D1 3   | D2 2 | D3   | D4 |
|            | E | E1     | E2   | E3   | E4 |
|            |   | 1      | 2    | 3    | 4  |
|            |   | Impact |      |      |    |

Number of Risks by Target Risk Rating

|            |   |        |      |      |      |
|------------|---|--------|------|------|------|
| Likelihood | A | A1     | A2   | A3   | A4   |
|            | B | B1 1   | B2 2 | B3 1 | B4   |
|            | C | C1     | C2 4 | C3 1 | C4 1 |
|            | D | D1 4   | D2 4 | D3 3 | D4   |
|            | E | E1     | E2   | E3 1 | E4   |
|            |   | 1      | 2    | 3    | 4    |
|            |   | Impact |      |      |      |

| Inherent Risk Rating   | Corporate Risk Title                             | Residual Risk |                  | Target Risk |                  |
|------------------------|--|---------------|------------------|-------------|------------------|
|                        |  | Rating        | Movement from Q1 | Rating      | Movement from Q1 |
| A1                     | Climate Change                                   | A1            | ↔                | B2          | ↔                |
|                        | City Security                                    | B1            | ↔                | B1          | ↔                |
|                        | Brexit   | B2            | ↔                | B3          | ↔                |
|                        | Financial Resilience                             |               | C2               | ↔           |                  |
|                        | Air Quality & Clean Air Strategy                 | C1            | ↔                | C3          | ↔                |
|                        | Cyber Security                                   |               | D1               | ↔           |                  |
|                        | Budget Monitoring (Control)                      | C2            | ↔                | D2          | ↔                |
|                        | Schools Organisation Programme (Band B)          |               | E3               | ↔           |                  |
|                        | Health and Safety                                |               | D3               | ↔           |                  |
|                        | Non-completion of Stat Building Eqpt Maintenance | D1            | ↔                | D2          | ↔                |
| Information Governance | D1   | ↔             | D2               | ↔           |                  |
| A2                     | Welfare Reform                                   | B2            | ↔                | B2          | ↔                |
| B1                     | Coastal Erosion                                  | B2            | ↔                | C2          | ↔                |
|                        | Waste Management                                 |               | ↔                |             |                  |
|                        | Increase in Demand (Children's Services)         | C1            | ↔                | D1          | ↔                |
|                        | Education – Schools Delegated Budgets            | C2            | ↔                | D2          | ↔                |
|                        | Business Continuity                              | D1            | ↔                | D1          | ↔                |
| Safeguarding           | ↔  |               |                  |             |                  |
| B2                     | Education Consortium & Attainment                | B3            | ↔                | C4          | ↔                |
|                        | Legal Compliance                                 | C2            | ↔                | C2          | ↔                |
|                        | Performance Management                           | D2            | ↔                | D2          | ↔                |
|                        | Fraud, Bribery and Corruption                    |               | D3               | ↔           |                  |

Corporate Risks - Target Reduction Date



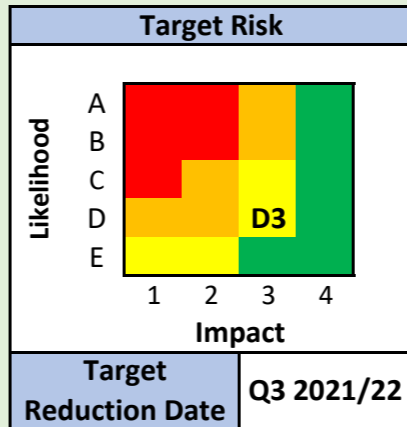
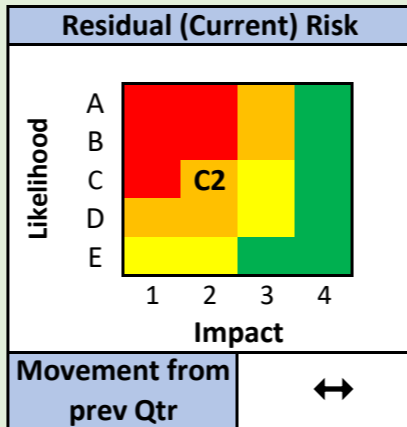
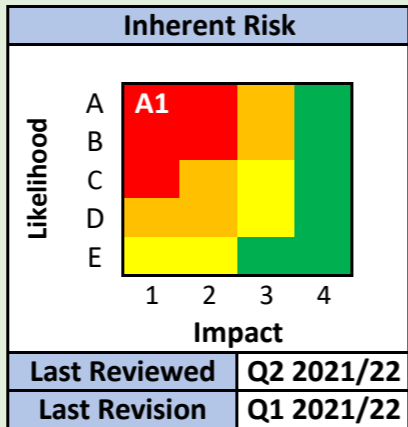
Key

|                                   |                    |
|-----------------------------------|--------------------|
| High (Red)                        | Medium (Red-Amber) |
| Medium (Amber-Green)              | Low (Green)        |
| ↓ Decrease from previous quarter  |                    |
| ↔ No change from previous quarter |                    |
| ↑ Increase from previous quarter  |                    |

Mae'r dudalen hon yn wag yn fwiadol

# Non-completion of Statutory Building Equipment Maintenance

**Description**  
 Non completion of cyclical statutory inspections or the remedial works arising out of the inspections, required to maintain the premises and related installations in a safe and legally compliant condition.



**Risk Owner(s)**

Neil Hanratty (Donna Jones)      Councillor Russell Goodway Investment & Development

**What we've done/are currently doing to achieve the Residual Risk Rating**

**Contractor**

- Building Services have appointed a competent contractor to undertake Statutory Planned Preventative Maintenance (PPM) for which it is responsible. Consequential remedial work identified on test certificates.
- Improved statutory maintenance contracting arrangements in place from Q1 2019/20 inc. use of SFG 20 as specification for statutory obligations testing and new risk based specification for legionella management supported by RAMIS.
- FM competent person(s) review all test certificates, remedial work captured and communicated to client as necessary/applicable
- Statutory Obligations Team has been established within Building Services to improve monitoring and supervision of statutory obligations contractor. Contractors have been trained in the use of RAMIS in order for test certs to be uploaded directly to the system by contractors.

**RAMIS IT Software**

- RAMIS implemented across the Council with bi-monthly reporting on statistics to SMT;
- 500 Building Managers have received training in their responsibilities and use for the RAMIS system, including schools estates staff and Headteachers.
- Full time officer Adminstrating RAMIS, providing training and issuing reports from the system to all service areas to push compliance ratings up to a minimum of 80% set by SMT.
- Condition surveys have been completed which represents an extensive piece of work to improve our understanding and knowledge base of all the Council's land and property holdings.

**Corporate Landlord Programme**

- County Estates senior management structure established supporting - Strategic Asset Management, Capital Delivery and Property Services, to manage and deliver all the Council's non-domestic property functions within one portfolio. County Estates - Assistant Director appointed October 2020.
- The occupancy agreement (Memorandum of Agreement) for Schools was issued with the Schools Handbook and 'one front door' established to assist implementation. An occupancy agreement for non-schools properties has been drafted and circulated to relevant OM's for comment. The document is being finalised in conjunction with the completion of the One Planet Strategy by end of Qtr1 21/22 ahead of the Strategy being considered by Cabinet in Qtr2.
- The 'One Front Door' approach was rolled out across the corporate estate by end of Q4 19/20.

**Statutory Obligation Compliance**

- Continue to commission work to undertake required compliance testing (and works required) where Building Services has responsibility to do so, as defined on RAMIS.

**COVID-19**

- Following initial restrictions on the type of statutory compliance testing being done in Council buildings, full testing resumed in Qtr 3 2020/21 (save PAT testing in schools in the latter stages on Qtr3 as requested by H&S) although there have been issues in gaining access to some schools.

**What we plan to do to meet target**

**Statutory Obligation Compliance**

- Continue to commission investigations / work to complete required compliance testing (and works required) in respect of 'gaps' in compliance identified by reports from RAMIS.
- Review the arrangements for the undertaking of statutory obligations testing across the non-domestic corporate estate.

**Landlord / Occupancy Agreement**

- Roll out Landlord/Occupancy Agreement as part of the Property Strategy across Corporate Estate in Q2 2021/22 (delayed from 2019/20 due to COVID-19). This will set out principle occupant and landlord permissions responsibilities and Permission for Works arrangements required.
- Landlord occupancy principles established and reviewed for inclusion in non-schools Buildings Handbook which has been circulated to relevant OM's for comment and is now available for reference through the One Front Door portal.
- This document will be subject to a further review following Cabinets consideration of the Property Strategy in Qtr 2 21/22.

**COVID-19**

- As the WG restrictions are lifted and building re-open statutory obligation contractor to resume statutory obligations testing.
- Further WG restrictions on construction and / or building maintenance work could delay statutory obligations testing and remedial works.
- Schools imposing access restrictions as a result of COVID-19 has caused some delays and additional costs.
- A number of buildings will open over the summer for the first time since March 2020, it is envisaged there will be condition and compliance issues involving these buildings, this will be monitored going forward.

**Potential Impact(s)**

Potential consequences of non-compliance with statutory maintenance:

- Fatalities or serious injuries
- Closure of part or whole of facilities with major disruption to service delivery
- HSE interventions and consequential actions including fines and prosecution;
- Significant additional expenditure requiring realignment of Corporate budgets;
- Temporary relocation of staff
- Temporary loss of operational service
- Invalidation of insurance policy
- Serious adverse impact on reputation
- Damage to fabric of building or other equipment

**Type(s) of Impact**

- |  |  |
|--|--|
| <ul style="list-style-type: none"> <li>Service Delivery</li> <li>Reputational</li> <li>Legal</li> <li>Financial</li> </ul> | <ul style="list-style-type: none"> <li>Health &amp; Safety</li> <li>Partnership</li> <li>Community &amp; Environment</li> <li>Stakeholder</li> </ul> |
|--|--|

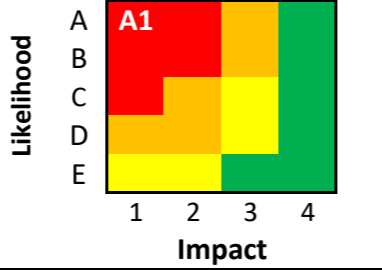
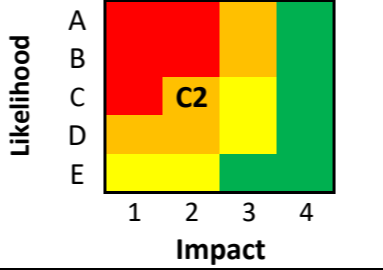
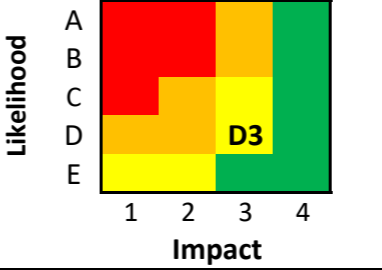
**Linked Risks**

Health & Safety

**Key Indicators / Measures used to monitor the risk**

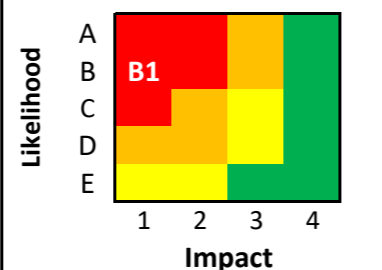
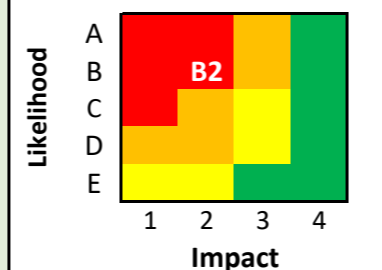
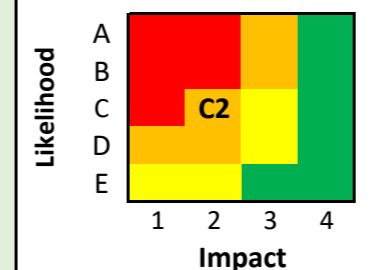
Compliance stats from the Corporate Health & Safety Team.

# Health & Safety

| Description   | Inherent Risk   | Residual (Current) Risk | Target Risk   | Risk Owner(s)  |            |   |                        |   |  |                       |         |   |  |                                       |  |
|---|---|-------------------------|---|--|------------|---|------------------------|---|--|-----------------------|---------|---|--|---------------------------------------|--|
| <p>Non Compliance with corporate Health and Safety arrangements to control key risks across the Council in line with statutory requirements.</p>  |  <p style="text-align: center;">Likelihood</p> <p style="text-align: center;">Impact</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Last Reviewed</td> <td>Q2 2021/22</td> </tr> <tr> <td style="width: 50%;">Last Revision</td> <td>Q2 2021/22</td> </tr> </table>  | Last Reviewed           | Q2 2021/22  | Last Revision  | Q2 2021/22 |  <p style="text-align: center;">Likelihood</p> <p style="text-align: center;">Impact</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Movement from prev Qtr</td> <td style="text-align: center;">↔</td> </tr> </table> | Movement from prev Qtr | ↔ |  <p style="text-align: center;">Likelihood</p> <p style="text-align: center;">Impact</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Target Reduction Date</td> <td>2022/23</td> </tr> </table> | Target Reduction Date | 2022/23 | <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; text-align: center; vertical-align: middle;"> <b>Neil Hanratty</b><br/>(Donna Jones)                 </td> <td style="width: 50%; text-align: center; vertical-align: middle;"> <b>Councillor Chris Weaver</b><br/>Finance, Modernisation and Performance                 </td> </tr> </table> |  | <b>Neil Hanratty</b><br>(Donna Jones) | <b>Councillor Chris Weaver</b><br>Finance, Modernisation and Performance |
| Last Reviewed   | Q2 2021/22  |                         |   |  |            |   |                        |   |  |                       |         |   |  |                                       |  |
| Last Revision   | Q2 2021/22  |                         |   |  |            |   |                        |   |  |                       |         |   |  |                                       |  |
| Movement from prev Qtr  | ↔   |                         |   |  |            |   |                        |   |  |                       |         |   |  |                                       |  |
| Target Reduction Date   | 2022/23   |                         |   |  |            |   |                        |   |  |                       |         |   |  |                                       |  |
| <b>Neil Hanratty</b><br>(Donna Jones)   | <b>Councillor Chris Weaver</b><br>Finance, Modernisation and Performance  |                         |   |  |            |   |                        |   |  |                       |         |   |  |                                       |  |
| <p><b>Potential Impact(s)</b></p> <ul style="list-style-type: none"> <li>• Fatalities</li> <li>• Serious injuries</li> <li>• Prosecution – fines for corporate body and/or fines/imprisonment for individual</li> <li>• Civil Claims</li> <li>• Negative Publicity</li> </ul> | <p style="text-align: center;"><b>What we've done/are currently doing to achieve the Residual Risk Rating</b></p> <ul style="list-style-type: none"> <li>• RAMIS - reporting recommenced using the new platform, reports submitted to Corporate Health &amp; Safety Forum and Senior Management Team.</li> <li>• Condition Surveys School Buildings - Complete Dissemination of Condition Survey information to schools as and when COVID-19 restrictions permit.</li> <li>• Continue Asbestos Training - online and face to face in line with COVID-19 Safety measures.</li> <li>• Due to the continued pandemic H&amp;S and OH resources will continue to be repurposed to support the workforce and limit the transmission of the virus in Council workplaces, as well as setting policy and guidance in relation to infection control and mental health and wellbeing support. From September the H&amp;S Team will resume normal operations in addition to supporting issues related to COVID-19.</li> <li>• HSE visited 10 Cardiff Schools to review COVID-19 arrangements, went well with positive feedback provided and no corrective actions required</li> <li>• Procedures to support the safe operation of the fire suppression system in Lamby Way MRF completed and Fire Risk Assessment updated, closing out insurance fire safety improvements.</li> <li>• Training webinars for building management for community organisations operating Council premises completed, to roll out when COVID-19 restrictions permit.</li> </ul> |                         |   | <p style="text-align: center;"><b>What we plan to do to meet target</b></p> <ul style="list-style-type: none"> <li>• The operation of Statutory Inspections is currently under review and a planned meeting has taken place with Audit Wales in Q1, recommendations for improvement to be reported to SMT in Q2, focusing on improvement of compliance on high risk inspections and fault rectification, making up lost ground due to the pandemic. A report has been received from Audit Wales but has not been presented to SMT as there are areas on compliance that are not covered.</li> <li>• Condition Surveys School Buildings - Complete individual school reports with dissemination to take place before the end of the Summer Term as COVID-19 restrictions permit.</li> <li>• Continue Asbestos Training - Online and face to face in line with COVID-19 Safety measures is currently taking place, the Asbestos Team recently gained approval from UKATA to deliver Non-Licensable Asbestos training.</li> <li>• Due to the continued pandemic H&amp;S and OH resources will continue to be repurposed, in Q1 and Q2 at least, to support the workforce and limit the transmission of the virus in Council workplaces, as well as setting policy and guidance in relation to infection control and mental health and wellbeing support.</li> </ul> |            |   |                        |   |  |                       |         |   |  |                                       |  |
| <p style="text-align: center;"><b>Type(s) of Impact</b></p> <ul style="list-style-type: none"> <li>• Service Delivery</li> <li>• Reputational</li> <li>• Legal</li> <li>• Financial</li> </ul>  | <p style="text-align: center;"><b>Linked Risks</b></p> <p>Non-completion of Statutory Building Equipment Maintenance</p>  |                         | <p style="text-align: center;"><b>Key Indicators / Measures used to monitor the risk</b></p> <p>RAMIS is used to monitor statutory risk in relation to premises safety, bi-monthly reporting to SMT, quarterly reporting to Health and Safety Forum.<br/>Compliance against annual Corporate H&amp;S Objectives, used to monitor improvement secured in Service Areas, reported to Health and Safety Forum.</p> |  |            |   |                        |   |  |                       |         |   |  |                                       |  |

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# Waste Management

| Description  | Inherent Risk   | Residual (Current) Risk  | Target Risk   | Risk Owner(s)  |
|--|---|--|---|--|
| <p>Failure to deliver recycling performance to meet statutory recycling performance targets within waste directive</p> <p>On 26 November, the final validated 2019-20 Local Authority Recovery Target (LART) showed Cardiff achieved a recycling performance of 58.14% compared to the target of 64%</p> |  <p style="text-align: center;">Likelihood</p> <p style="text-align: center;">Impact</p> <p><b>Last Reviewed</b> Q2 2021/22<br/><b>Last Revision</b> Q2 2021/22</p> |  <p style="text-align: center;">Likelihood</p> <p style="text-align: center;">Impact</p> <p><b>Movement from prev Qtr</b> ↔</p> |  <p style="text-align: center;">Likelihood</p> <p style="text-align: center;">Impact</p> <p><b>Target Reduction Date</b> 2022/23</p> | <p style="text-align: center;"><b>Risk Owner(s)</b></p> <p style="text-align: center;">Neil Hanratty<br/>(Matt Wakelam)</p> <p style="text-align: center;">Councillor Michael Michael<br/>Clean Streets, Recycling and<br/>Environment</p> |

| Potential Impact(s)  |
|--|
| <p><b>Financial</b></p> <ul style="list-style-type: none"> <li>Penalties and loss of grant support</li> <li>Continuing financial costs to service</li> </ul> <p><b>Legal &amp; Regulatory</b></p> <ul style="list-style-type: none"> <li>Failure to comply with waste directive, leading to sanctions, penalties or interventions</li> </ul> <p><b>Strategic/ Reputational</b></p> <ul style="list-style-type: none"> <li>Reputational consequence with citizens and key stakeholders</li> </ul> |

| What we've done/are currently doing to achieve the Residual Risk Rating  |
|--|
| <p><b>Developing Cardiff's Recycling Strategy, demonstrating how Cardiff aims to improve recycling performance and meet statutory targets - to be published for consultation following Cabinet Meeting on 23 September 2021.</b></p> <p>Decisions for Cabinet:</p> <ul style="list-style-type: none"> <li>Approve the Recycling Strategy to go to consultation on the principle actions to improve recycling, subject to supported business cases</li> <li>Approve the Pilot of 3-stream recycling collections and reusable bags</li> <li>Approve the booking system and 'no black' bag policy at Recycling Centres</li> <li>Approve the phasing out of the Council providing striped bags to residents and replace with residents presenting 3 standard size waste bags every 2 weeks (Single Use Plastics)</li> </ul> <p><b>Wider Governance &amp; Compliance</b></p> <ul style="list-style-type: none"> <li>Working in partnership with WG, WRAP &amp; WLGA to deliver new Recycling Strategy, Implementation Plan &amp; individual business cases.</li> <li>Programme Board developed to review individual business cases prior to decision making process - Officer/ Cabinet/ Council decisions.</li> <li>Modelling of 3-stream recycling collections taking place, working alongside WRAP;                     <ul style="list-style-type: none"> <li>includes bottle and glass collections in a single pass with containers (cans and plastics) and paper/card.</li> </ul> </li> <li>Trade Waste and recycling performance review to improve performance in lieu of income (ongoing)</li> </ul> <p><b>Supply Chain Issues</b></p> <p>This situation is also now being exacerbated by a national shortage of drivers - a number of suppliers on the frameworks used for supply of bins, caddies, bags etc have declared a state of emergency in the UK due to the shortage of drivers, with resultant failed or none delivery being classed under 'Force Majeure' to absolve any liability - the directorate will work with Commissioning &amp; Procurement and Legal to ascertain the validity of this stance, however further cost increase and delays are anticipated.</p> <p><b>Workforce Issues:</b></p> <p>Shortage of HGV drivers to support delivery of recycling and waste collection services</p> <p>Long-term shortage of drivers nationally, which has been worsened by Covid-19 delays to training and testing, and EU drivers leaving the UK, as has the increased demand coming from the recent reopening of non-essential retail. National driver shortfall has been estimated at 70,000.</p> <p><b>Development of Recycling Plan for optimising resources including considerations of statutory fines</b></p> <ul style="list-style-type: none"> <li>Review/ benchmarking completed on tonnages/ recycling levels/ costs of disposal compared to other Welsh Authorities and UK</li> <li>Media &amp; communications across Cardiff with focus on key areas for recycling improvement (ongoing)</li> <li>New education &amp; enforcement programme to reduce contamination in recycling and garden waste (ongoing)</li> <li>Targeted &amp; tailored intervention to deal with contamination in hot spot areas across the City (ongoing)</li> <li>Activities supporting optimising resources through successful WG Circular Economy Fund (CEF) grant bids:                     <ul style="list-style-type: none"> <li>Wastesavers re-use centre in Lamby Way (Opening Qtr 2)</li> <li>Trials in flats (co-mingled, re-useable sacks, aperture bins)</li> <li>Segregation of litter from community litter picks (split caged transits, dual hoop litter picking equipment)</li> <li>Support for re-use &amp; repair community projects (Benthyg, and Llanrumney Hall)</li> <li>Community fridge (reduction of waste to Energy from Waste - but not claimable tonnage)</li> <li>Tetra Pak recycling (reduction of contamination in co-mingled recycling /reduced material to Energy from Waste)</li> </ul> </li> <li>Recycling Centres now managed via booking system - the replacement of residual waste &amp; recycling waste skips with a non-recycling skip, supported by new procedures, has meant recycling performance at centres has increased from 70% to 90%.</li> <li>Hygiene - Absorbent Hygiene Products (AHP) from Municipal Solid Waste to Recycling as of May 2021</li> </ul> |

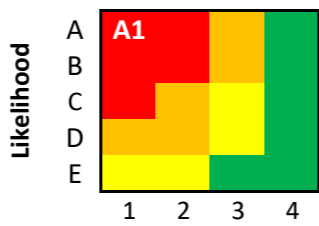
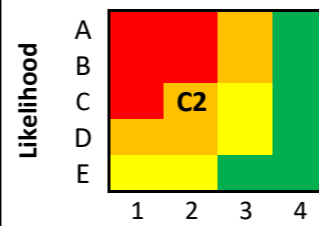
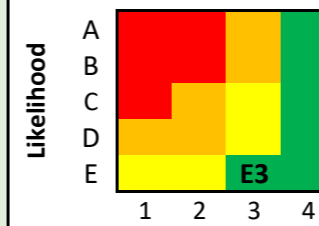
| What we plan to do to meet target  |
|--|
| <p><b>Cardiff's Recycling Strategy</b></p> <ul style="list-style-type: none"> <li>Further develop the new Recycling Strategy for Cardiff. This will set out the Council's long-term objectives over the next 5 years and consider economic, social and environmental aspirations, to ensure Cardiff is one of the leading cities in the world for recycling (ongoing)</li> <li>Draft Recycling Strategy to go out to consultation following Cabinet approval in November 2021</li> <li>Recycling Performance Targets set within the Strategy are:                     <ul style="list-style-type: none"> <li>2021/22 = 64%</li> <li>2022/23 = 64%</li> <li>2023/24 = 66%</li> <li>2024/25 = 70%</li> </ul> </li> </ul> <p><b>Wider Governance &amp; Compliance</b></p> <ul style="list-style-type: none"> <li>Senior Management to have ongoing regular engagement and discussions with WG, WRAP and WLGA on Cardiff's Recycling Strategy and compliance with the WG Blueprint</li> <li>The outcome will be to deliver a road map for improving Cardiff's recycling performance supported by WG</li> </ul> <p><b>Workforce Issues:</b></p> <p>Shortage of HGV drivers to support delivery of recycling &amp; waste collection services</p> <ul style="list-style-type: none"> <li>Media campaign to promote working for Cardiff Council Recycling and Waste collection services.</li> <li>Internal training of Officers wanting to become HGV drivers – 12 month programme.</li> </ul> |

| Type(s) of Impact   |
|---|
| <ul style="list-style-type: none"> <li>Reputational</li> <li>Legal &amp; Regulatory</li> <li>Financial</li> </ul> |

| Linked Risks  |
|---|
| Workforce & supply chain issues linked to Brexit Risk |

| Key Indicators / Measures used to monitor the risk  |
|---|
| <ul style="list-style-type: none"> <li>Quarterly monitoring recycling % from waste data flow - 20/21 impacted by Covid-19: Q1= 43.67% Q2= 59.83% Q3= 58.36% Q4= 60.55% Total 20/21= 55.80% - to be validated</li> <li>Monthly tonnage monitoring</li> <li>Monthly financial monitoring in each area of waste</li> </ul> |

## Schools Organisation Programme (Band B)

| Description   |            | Inherent Risk  | Residual (Current) Risk   | Target Risk   | Risk Owner(s)   |   |   |                        |   |   |                       |            |  |  |
|---|------------|--|---|---|---|---|---|------------------------|---|---|-----------------------|------------|--|--|
| <p>Failure to deliver on aspects of the School Organisation Programme, which is significant in value and complex. The programme consists of Band B (£284m) 21st Century Schools, asset management improvement work, ICT and sufficiency projects. The programme of work spans across a number of directorates, requires significant capacity and has significant capital spend.</p>   |            |    |  |  | <p><b>Mel Godfrey</b><br/>(Richard Portas)</p>  | <p><b>Councillor Sarah Merry</b><br/>Deputy Leader &amp;<br/>Education, Employment &amp; Skills</p> |   |                        |   |   |                       |            |  |  |
|   |            | <table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="background-color: #d9e1f2;">Last Reviewed</td><td>Q2 2021/22</td></tr> <tr><td style="background-color: #d9e1f2;">Last Revision</td><td>Q2 2021/22</td></tr> </table>  | Last Reviewed   | Q2 2021/22  | Last Revision   | Q2 2021/22  | <table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="background-color: #d9e1f2;">Movement from prev Qtr</td><td style="text-align: center;">↔</td></tr> </table> | Movement from prev Qtr | ↔ | <table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="background-color: #d9e1f2;">Target Reduction Date</td><td>Q4 2022/23</td></tr> </table> | Target Reduction Date | Q4 2022/23 |  |  |
| Last Reviewed   | Q2 2021/22 |  |   |   |   |   |   |                        |   |   |                       |            |  |  |
| Last Revision   | Q2 2021/22 |  |   |   |   |   |   |                        |   |   |                       |            |  |  |
| Movement from prev Qtr  | ↔          |  |   |   |   |   |   |                        |   |   |                       |            |  |  |
| Target Reduction Date   | Q4 2022/23 |  |   |   |   |   |   |                        |   |   |                       |            |  |  |
| Potential Impact(s)   |            | What we've done/are currently doing to achieve the Residual Risk Rating  |   |   | What we plan to do to meet target   |   |   |                        |   |   |                       |            |  |  |
| <ul style="list-style-type: none"> <li>Opportunities to enhance the school estate, and transform education will be missed</li> <li>Insufficient secondary places in some central and north east areas of the city</li> <li>Insufficient places in ALN settings across the city, leading to costly placement in out of county &amp; private settings</li> <li>School buildings that are not suitable for teaching and learning</li> <li>Further degeneration of school buildings &amp; rise in asset management backlog</li> <li>Project cost and time overruns</li> <li>Risk that school ICT infrastructure fails in the short to medium term and does not support the new curriculum</li> <li>Risk that in the current situation, learners do not have access to ICT equipment to support distance learning</li> </ul> |            | <ul style="list-style-type: none"> <li>21st Century Schools Band B funding bid was submitted to Welsh Government in July 2017 and the Strategic Outline Case for £284m was approved in November 2017. Two Cabinet Reports in October and December 2018 outlined the priorities for this second phase of funding. SOP reports for Fitzalan, Doyle Avenue, Cathays and St Mary the Virgin have been considered by Cabinet under Band B. Progression of these schemes was delayed as a result of COVID-19 but are now under way. A review of Band B has been completed and identified the priority projects to progress. Further work is required to establish Band C priorities.</li> <li>A draft strategic plan for ALN provision has been submitted to Cabinet in October 2021.</li> <li>Successfully negotiated COVID-19 clauses with contractors for ongoing projects such as Fitzalan.</li> <li>Work is ongoing to make sure that all learners have access to digital devices, network and infrastructure to support mobile and distance learning.</li> <li>Robust governance model, in line with Corporate Landlord approach is in place and is supporting consistent decision making.</li> <li>Finance have re-profiled the capital and revenue budgets to assess the required budgets for each scheme. There are ongoing discussions with Welsh Government to assess the affordability of the programme in light of the current programme. The Council is considering additional asset funding in light of the pressing needs.</li> <li>Implementing more robust management and monitoring processes for the asset improvement programme, including the three "D" category High Schools, Fitzalan, Cantonian and Willows.</li> <li>Starting to develop the WESP for the Council to meet the policy requirements.</li> <li>Investigation of market pressures creating material shortages and consideration of mitigations such as storage of materials, back up contractors, and revised programmes.</li> </ul> |   |   | <ul style="list-style-type: none"> <li>Develop a high level SOP Strategy that outlines the short/ medium and long term aims of the whole programme. The SOP Strategy will be underpinned by the ongoing Band B review.</li> <li>Strengthening of the capacity of the SOP team critical to ensuring effective delivery of the different elements of the programme. Developing capacity includes ensuring that corporate colleagues in departments including legal, strategic estates, capital projects, ICT, planning and highways and transportation are available.</li> <li>Ensure that SOP reports are progressed as planned so that consultation and engagement can progress ahead of the pre-election period.</li> <li>Continued active dialogue with Welsh Government and other professional parties to support progress and development.</li> <li>Prioritise population data development to underpin accurate projections and forecasts for existing resident populations and to support effective s106 negotiations going forward.</li> <li>Ensure consistent monitoring and reporting of all risks to Schools Programme Board.</li> <li>Continue to move forward with digital projects to support distance and mobile learning and embed into a long term and sustainable model.</li> </ul> |   |   |                        |   |   |                       |            |  |  |
| Type(s) of Impact   |            | Linked Risks   |   |   | Key Indicators / Measures used to monitor the risk  |   |   |                        |   |   |                       |            |  |  |
| <ul style="list-style-type: none"> <li>Reputational</li> <li>Legal</li> <li>Financial</li> <li>Social</li> </ul>  |            | <ul style="list-style-type: none"> <li>Health &amp; Safety</li> <li>Stakeholder</li> <li>Health and Wellbeing</li> <li>Sustainability</li> </ul>   |   |   | <ul style="list-style-type: none"> <li>Spend against the asset programme in financial year, in accordance with the responsibilities of schools and corporate landlord (Corporate Plan)..</li> <li>Timelines to deliver projects within the SOP programme.</li> <li>New key performance measures which are being developed as part of the overarching SOP Strategy.</li> </ul>   |   |   |                        |   |   |                       |            |  |  |

## Education - Schools' Delegated Budgets

| Description   | Inherent Risk   | Residual (Current) Risk  | Target Risk | Risk Owner(s)   |  |   |                        |   |   |                       |            |  |  |
|---|---|--|-------------|---|--|---|------------------------|---|---|-----------------------|------------|--|--|
| <p>The number of schools with deficit budgets and/or the overall value of deficit budgets increases, or that those schools (particularly in the Secondary sector) with existing deficit budgets do not deliver agreed deficit recovery plans.</p>   |   |  |             | <b>Mel Godfrey</b><br>(Neil Hardee)   | <b>Councillor Sarah Merry</b><br>Deputy Leader &<br>Education, Employment & Skills |   |                        |   |   |                       |            |  |  |
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| Last Reviewed   | Q2 2021/22  |  |             |   |  |   |                        |   |   |                       |            |  |  |
| Last Revision   | Q2 2021/22  |  |             |   |  |   |                        |   |   |                       |            |  |  |
| Movement from prev Qtr  | ↔   |  |             |   |  |   |                        |   |   |                       |            |  |  |
| Target Reduction Date   | Q4 2022/23  |  |             |   |  |   |                        |   |   |                       |            |  |  |
|   |   | <b>What we've done/are currently doing to achieve the Residual Risk Rating</b>   |             | <b>What we plan to do to meet target</b>  |  |   |                        |   |   |                       |            |  |  |
|   |   | <ul style="list-style-type: none"> <li>As at 31st March 2021, two schools have a deficit balance. Both schools have long term plans to emerge from deficit. For the 2020/21 financial year, seven schools set deficit budgets.</li> <li>The Education Directorate receives regular detailed budget monitoring reports from the LA Financial Services team and manages its budgets within the parameters set by the LA.</li> <li>There is good engagement with schools on financial issues through the well established School Budget Forum arrangements with all papers and meeting agenda and minutes made available on the Council's website.</li> <li>There is an agreed protocol for dealing with schools in deficit and the LA has agreed local parameters for managing schools surplus balances. These were temporarily amended at the end of the 2020/21 financial year to take account of the increased level of balances following the distribution of grants from Welsh Government in March 2021.</li> <li>Officers from Education and Financial Services work with individual schools through Headteachers and Governing Bodies to formulate Medium Term Financial Plans (MTFP) to seek to either balance individual school deficits within four financial years or to ensure that the accumulated deficits were frozen or slowed as much as possible.</li> <li>Officers continue to monitor and challenge those schools in deficit before allowing any additional financial commitments, both staffing and other expenditure.</li> <li>For each school in deficit, the Council has identified a monitoring officer to provide an independent challenge to the school. This is in addition to the LFM Officer currently supporting that school.</li> <li>A working group has been established to examine the impact of the recent budget settlement for schools, with the aim of reviewing the formula used to distribute school funding and the assumptions underpinning the medium term financial planning process.</li> <li>Financial position of schools as at Q2 is improved; there is a reduction in number of schools with a deficit, ; levels of surplus balances.</li> </ul> |             | <ul style="list-style-type: none"> <li>Officers exercise the statutory powers of intervention on a school or schools in deficit who are unable to provide a medium term financial plan. This may involve removing delegation from a Governing Body.</li> <li>Officers explore through the School Organisation Planning process how different organisational arrangements for schools would affect the supply of pupils to schools thus affecting their delegated budgets. This will include an understanding of the long term impact of any unused school supply places on the funding formula.</li> <li>Working with CSC to ensure that maximising value from constituent parts of Education Improvement Grant is secured and that there is clarity of allocation mechanism</li> <li>Improve individual school risk assessment processes in order to provide an early indication of those schools who may be at risk of entering a deficit position</li> </ul> |  |   |                        |   |   |                       |            |  |  |
| <b>Potential Impact(s)</b>  |   | <b>Type(s) of Impact</b>   |             | <b>Linked Risks</b>   |  |   |                        |   |   |                       |            |  |  |
| <ul style="list-style-type: none"> <li>An overall deficit arising from schools budgets would count against the funding available for the Council</li> <li>Schools with deficit budgets may struggle to adequately fund the resources required to achieve the desired levels of educational attainment</li> <li>Schools with deficit budgets may struggle to adequately fund maintenance of school buildings creating an issue for other budgets, eg Capital/SOP Band B</li> <li>Schools that continually fail to address deficit budgets may ultimately require LA intervention, with a corresponding increase required in centralised resources</li> </ul> |   | <ul style="list-style-type: none"> <li>Reputational</li> <li>Legal</li> <li>Financial</li> </ul>   |             | Linked risk to Covid 19 issues particularly with regard to decrease in income, impact on grants and inability to manage staffing changes.   |  |   |                        |   |   |                       |            |  |  |
|   |   | <b>Key Indicators / Measures used to monitor the risk</b>  |             |   |  |   |                        |   |   |                       |            |  |  |
|   |   | <ul style="list-style-type: none"> <li>School budget monitoring position</li> <li>Number of schools setting deficit budgets</li> <li>Final budget balances</li> </ul>  |             |   |  |   |                        |   |   |                       |            |  |  |

## Education - School Improvement & Attainment

| Description  | Inherent Risk   | Residual (Current) Risk | Target Risk | Risk Owner(s)  |  |   |                        |   |   |                       |            |  |  |
|--|---|-------------------------|-------------|--|--|---|------------------------|---|---|-----------------------|------------|--|--|
| <p>The risk that school improvement is not delivered as planned, in light of changing accountability and assessment arrangements and National Reforms (Curriculum and Additional Learning Needs).</p>  |   |                         |             | <b>Mel Godfrey</b><br>(Mike Tate)  | <b>Councillor Sarah Merry</b><br>Deputy Leader &<br>Education, Employment & Skills |   |                        |   |   |                       |            |  |  |
|  | <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Last Reviewed</td> <td>Q2 2021/22</td> </tr> <tr> <td>Last Revision</td> <td>Q1 2021/22</td> </tr> </table>   | Last Reviewed           | Q2 2021/22  | Last Revision  | Q1 2021/22   | <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Movement from prev Qtr</td> <td style="text-align: center;">↔</td> </tr> </table> | Movement from prev Qtr | ↔ | <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Target Reduction Date</td> <td>Q3 2021/22</td> </tr> </table> | Target Reduction Date | Q3 2021/22 |  |  |
| Last Reviewed  | Q2 2021/22  |                         |             |  |  |   |                        |   |   |                       |            |  |  |
| Last Revision  | Q1 2021/22  |                         |             |  |  |   |                        |   |   |                       |            |  |  |
| Movement from prev Qtr   | ↔   |                         |             |  |  |   |                        |   |   |                       |            |  |  |
| Target Reduction Date  | Q3 2021/22  |                         |             |  |  |   |                        |   |   |                       |            |  |  |
|  | <b>What we've done/are currently doing to achieve the Residual Risk Rating</b>  |                         |             | <b>What we plan to do to meet target</b>   |  |   |                        |   |   |                       |            |  |  |
|  | <ul style="list-style-type: none"> <li>Ensuring the safe reopening of schools to all learners and re-engaging pupils; maintaining access to learning and building the well-being of children and young people has been a priority for the Council as lockdown restrictions are eased.</li> <li>All schools have maintained learning through blended learning options and now that pupils are back in the classroom, targeted support and intervention is being provided to enable pupils to progress their education and prioritise aspects of the curriculum as required.</li> <li>Welsh Government has advised that learning should include:                             <ul style="list-style-type: none"> <li>Health and well-being</li> <li>Literacy, numeracy and digital competence</li> <li>Broad and balanced learning experiences that span the curriculum.</li> </ul> </li> <li>There will continue to be a dependency on a blended learning offer as schools manage instances of pupil isolations when positive COVID-19 cases are reported, and ensure readiness for any future waves. Consortium Improvement Partners are continuing to support schools to develop and enhance approaches to blended learning.</li> <li>Learners undertaking GCSE, AS and A levels approved by Qualifications Wales will have their qualifications awarded through a Centre Determined Grade model in 2021 as in 2020.</li> <li>The Council will continue to work towards its target of equipping every learner with a digital device and connectivity. Since March 2020, 20,017 end user devices and 2,500 4G mobile broadband devices have been distributed to schools for their learners. A further 6,800 Chromebooks will be supplied over the next few weeks.</li> </ul> |                         |             | <ul style="list-style-type: none"> <li>Support schools through appeals processes following 2021 Centre Determined Grades. There is also some concern regarding the available options for learners who do not achieve the grades that they were capable of this summer due to the extended disruption of the pandemic since March 2020. There will be no resits for Centre Determined Grades as the process was not examination led. Options are being explored with Welsh Government to ensure that progression routes are available for all learners.</li> <li>Schools will be supported and encouraged to ensure that the progression of all their learners is used as a measure of success in their School Improvement Plans in line with the expectations of the emerging new Accountability and Assessment Framework from Welsh Government. The Improvement Partners at the Consortium will challenge and support schools in this respect and provide join up with the Youth Service as required to support the summer transition programme.</li> <li>Ensure that learning is co-constructed with parents, carers and learners building upon the progress seen during the pandemic. Focus on                             <ul style="list-style-type: none"> <li>Health and well-being</li> <li>Literacy, numeracy and digital competence</li> <li>Broad and balanced learning experiences that span the curriculum.</li> </ul> </li> <li>Continue to work towards Curriculum for Wales 2022.</li> </ul> |  |   |                        |   |   |                       |            |  |  |
| <b>Potential Impact(s)</b> <ul style="list-style-type: none"> <li>Learners do not reach their full potential</li> <li>Schools are not supported to improve</li> <li>Schools are not able to deliver the new curriculum</li> <li>Impact on Estyn judgements</li> <li>Value for money - CSC</li> </ul> |   |                         |             |  |  |   |                        |   |   |                       |            |  |  |
| <b>Type(s) of Impact</b> <ul style="list-style-type: none"> <li>Reputational</li> <li>Legal</li> <li>Financial</li> </ul>  | <b>Linked Risks</b>   |                         |             | <b>Key Indicators / Measures used to monitor the risk</b>  |  |   |                        |   |   |                       |            |  |  |
|  |   |                         |             | KS4 2018/19 School Performance, Outcomes from Estyn Inspections up to 2020.  |  |   |                        |   |   |                       |            |  |  |

Tudalen 316

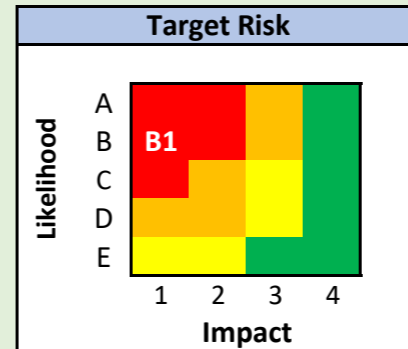
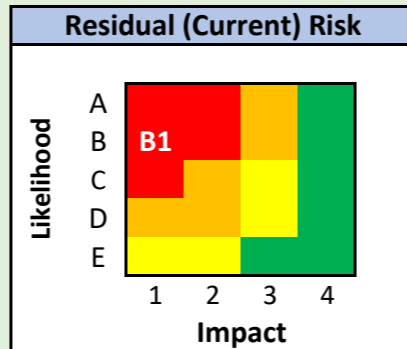
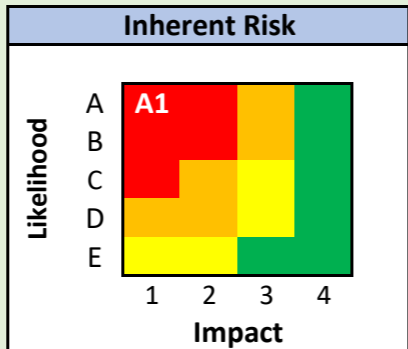


# Air Quality & Clean Air Strategy

| Description  | Inherent Risk   | Residual (Current) Risk | Target Risk   | Risk Owner(s)                         |   |   |                        |   |  |                       |         |  |  |
|--|---|-------------------------|---|---------------------------------------|---|---|------------------------|---|--|-----------------------|---------|--|--|
| <p>Air quality in Cardiff does not meet statutory requirements set by legislation and continues to have a detrimental impact on health for residents and visitors to Cardiff.</p>  |   |                         |   | <b>Andrew Gregory</b><br>(Jason Bale) | <b>Councillor Caro Wild</b><br>Strategic Planning & Transport |   |                        |   |  |                       |         |  |  |
|  | <table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="background-color: #d9e1f2;">Last Reviewed</td><td>Q2 2021/22</td></tr> <tr><td style="background-color: #d9e1f2;">Last Revision</td><td>Q2 2021/22</td></tr> </table> | Last Reviewed           | Q2 2021/22  | Last Revision                         | Q2 2021/22  | <table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="background-color: #d9e1f2;">Movement from prev Qtr</td><td style="text-align: center;">↔</td></tr> </table> | Movement from prev Qtr | ↔ | <table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="background-color: #d9e1f2;">Target Reduction Date</td><td>2022/23</td></tr> </table> | Target Reduction Date | 2022/23 |  |  |
| Last Reviewed  | Q2 2021/22  |                         |   |                                       |   |   |                        |   |  |                       |         |  |  |
| Last Revision  | Q2 2021/22  |                         |   |                                       |   |   |                        |   |  |                       |         |  |  |
| Movement from prev Qtr   | ↔   |                         |   |                                       |   |   |                        |   |  |                       |         |  |  |
| Target Reduction Date  | 2022/23   |                         |   |                                       |   |   |                        |   |  |                       |         |  |  |
| What we've done/are currently doing to achieve the Residual Risk Rating  |   |                         | What we plan to do to meet target   |                                       |   |   |                        |   |  |                       |         |  |  |
| <p><b>Monitoring</b></p> <ul style="list-style-type: none"> <li>• Non-automatic nitrogen dioxide (NO<sub>2</sub>) monitoring sites at 136 locations.</li> <li>• Data includes monitoring at schools as part of the TRO pilot projects at schools</li> <li>• There are three live 24/7 monitoring stations:               <ul style="list-style-type: none"> <li>- Cardiff Frederick Street: measuring levels of NO<sub>2</sub>, PM<sub>10</sub> &amp; PM<sub>2.5</sub>, SO<sub>2</sub>, CO and O<sub>3</sub></li> <li>- Richard's Terrace, Newport Road: measuring levels of NO<sub>2</sub> &amp; PM<sub>10</sub></li> <li>- Castle Street measuring levels of NO<sub>2</sub> PM<sub>10</sub> and PM<sub>2.5</sub></li> </ul> </li> <li>• 7 near real time indicative automatic analysers located predominantly in Cardiff's City Centre (5), one in Llandaff within the established AQMA and one in Canton on Landowne Road. These sites measure on a 24/7 basis, continuously monitoring for Nitric Oxide, Nitrogen Dioxide, Ozone, PM<sub>10</sub> &amp; PM<sub>2.5</sub>, and does so every 15 minutes</li> <li>• Funding secured via One Planet to implement Ph1 of wider realtime monitoring network - to be established Q3/4.</li> </ul> <p><b>Air Quality Management Areas (AQMA's)</b></p> <ul style="list-style-type: none"> <li>• Cardiff has 4 existing declared Air Quality Management Areas (AQMA's) all as a result of elevated NO<sub>2</sub> concentrations from road traffic emissions.</li> <li>• Ongoing recovery measures e.g., closure of Castle Street has enabled maintenance of reduced air quality concentrations. 2020 APR indicated compliance at all monitoring locations across Cardiff, but results are influenced by COVID impacts and overall reduced traffic volumes.</li> <li>• Construction of Ph1 City Centre West scheme (Wood St &amp; Central Square) - ongoing.</li> <li>• Completion of Bus Retrofitting Programme of 49 buses – buses have been fitted with exhaust technology which reduces NO<sub>x</sub> emissions from the buses by 90%</li> <li>• Ongoing discussions with WG on Castle Street Options, as contract for Interim arrangements has been awarded.</li> </ul> <p><b>Taxi Scheme</b></p> <ul style="list-style-type: none"> <li>• T&amp;Cs for Scheme signed off from legal advisors and website being updated.</li> <li>• 5 WAV EV taxis delivered on going discussion with CTS regarding management of lease scheme</li> <li>- <b>awaiting political decision for launch</b></li> </ul> <p><b>Clean Air Strategy and Action Plan</b></p> <p>A wider Clean Air Strategy and Action Plan has been developed to satisfy the requirements of LAQM. The strategy includes measures that will likely provide further AQ improvements including AQMAs.</p> |   |                         | <p><b>Implement Clean Air Plan</b></p> <ul style="list-style-type: none"> <li>• package of measures as detailed in Final Plan</li> <li>• Further assessment on Castle Street to undertake more detailed modelling on revised scheme - ongoing dialogue with WG re timescale and scope of measures</li> <li>• Finalisation of Evaluation Plan following comments from expert panel on existing proposals.</li> <li>• Work with Public Health Wales to quantify future health benefits and improvements from reduced emissions/ NO<sub>2</sub> concentrations</li> </ul> <p><b>Clean Air Strategy and Action Plan</b></p> <ul style="list-style-type: none"> <li>• Roll out of measures (subject to grant bids/ funding and COVID restrictions):               <ul style="list-style-type: none"> <li>- Pilot project - Non Idling Zones, targeted around schools</li> <li>- Living Walls and other Green Infrastructure</li> <li>- Progression of EV Infrastructure and Council Fleet working with CTS.</li> <li>- Air Quality Planning Guidance</li> <li>- Schools Active Travel</li> <li>- Behavioural Change Promotion, Car Free Day, Clean Air Day etc.</li> </ul> </li> </ul> |                                       |   |   |                        |   |  |                       |         |  |  |
| Potential Impact(s)  | Linked Risks  |                         | Key Indicators / Measures used to monitor the risk  |                                       |   |   |                        |   |  |                       |         |  |  |
| <p><b>Health &amp; Safety</b></p> <ul style="list-style-type: none"> <li>- No improvement to health</li> <li>- Increased burden on health care</li> <li>- Further deterioration of related health conditions</li> </ul> <p><b>Legal &amp; Regulatory / Financial</b></p> <ul style="list-style-type: none"> <li>- Breach of legal / statutory requirements</li> <li>- Potential significant financial penalty</li> </ul>   |   |                         | <ul style="list-style-type: none"> <li>• Health</li> <li>• Regulatory</li> <li>• Financial</li> <li>• Strategic</li> </ul> <ul style="list-style-type: none"> <li>• Reputational</li> </ul> <ul style="list-style-type: none"> <li>• Implementation Plan for measures (funding dependent)</li> <li>• Monitoring and Evaluation Plan for Clean Air Plan</li> <li>• Ongoing monitoring and reporting under LAQM</li> </ul>  |                                       |   |   |                        |   |  |                       |         |  |  |

# City Security

**Description**  
Major security-related incident in 'crowded places' as a result of international or domestic terrorism.



**Risk Owner(s)**

Chris Lee  
(Gavin Macho)

Andrew Gregory

Councillor Huw Thomas  
Leader

Last Reviewed Q2 2021/22  
Last Revision Q2 2021/22

Movement from prev Qtr ↔

Target Reduction Date N/A

**What we've done/are currently doing to achieve the Residual Risk Rating**

- All existing identified high-risk, crowded places have been formally assessed
- Some crowded places have an extremely limited and in some cases 'third party managed' access control process to operate them; providing little/no challenge
- CONTEST Protect/Prepare Task & Finish Group maintains the City Gateways Public Realm Enhancement Scheme, with agreed options for suitable PAS 68/69 mitigation for appropriate boundary locations; referred to as 'gateways'
- The work done in the city to address security concerns has been predominantly focused on the provision of physical assets to mitigate against the threat of hostile vehicles
- Areas protected against the threat of hostile vehicles include the Principality Stadium, St Mary Street, Queen Street, St David's Dewi Sant and Cardiff Bay.
- The Cardiff City Centre Access Control Protocol is currently operating at the heightened response level, reflecting the UK National Threat Level; permitting vehicles onto the pedestrianised areas within Cardiff City Centre using strict parameters
- Cardiff has led the way in Wales in relation to adopting comprehensive security measures for its City centre. This has been recognised in the development of new Welsh national structures, the Protective Security Preparedness Group (PSPG), which follows our historic Protect Group.
- The Cardiff PSPG is chaired by the Chief Executive and meets every 3 months. It has commissioned a major strategic review of all City Centre Security matters with reference to how existing arrangements will fit into the new developments coming online. A draft of the Cardiff Infrastructure Report, how we currently manage security infrastructure in the city centre, has been put together. Next steps include incorporating recommendations/ prioritising interventions, as well as seeking input and feedback from key stakeholders. Further discussions will be necessary regarding the report and its findings. It is hoped that a summary of the report and its findings will be presented at the next PSPG meeting in January 2022.
- The development of the PSPG has constituted in a CONTEST Board review which with new governance is providing security a growing focus.

**What we plan to do to meet target**

- The PSPG Chair has commissioned a Director led review across all relevant Service areas to assess current operational and tactical arrangements for City Security to see if they are effective. All opportunities for improvement to captured and costed.
- The PSPG is broadening its remit by taking on a more comprehensive portfolio of security issues inclusive of Cyber Security ,Insider threat and personal security. Training and development being planned, projects managed at director level.
- Consideration to be given to incorporating structured and strategic conversations about security and counter terrorism into pre application stage of major developments.
- The PSPG will try to engage with Government to find funding to improve and develop Cardiff's security arrangement. Shovel ready projects ready to go.
- The Cardiff PSPG to reach out to Swansea and Newport so the 3 cities can support each other in the development of best practice.

**Potential Impact(s)**

- Immediate / Short-Term**
- Large numbers of fatalities, injuries to public
  - Extensive structural damage and/or collapse of buildings
  - Closure of roads having impact on transport network and access to businesses and properties.
  - Damage/disruption to utilities (gas, electricity, water etc.)
  - Immediate impact to core business, retail and sporting district in the centre of Cardiff
- Ongoing / Longer Term**
- Reputational risk due to a public perception Cardiff is an unsafe place
  - Area viewed as a risk for potential future business investment.
  - Inability to attract major future national and international events (political, sporting etc.)
  - Increase in demand for Council services/support for all affected.
  - Current economic climate to reduce the effectiveness of any recovery/regeneration of the area.

**Type(s) of Impact**

|                    |                           |
|--------------------|---------------------------|
| • Service Delivery | • Health & Safety         |
| • Reputational     | • Partnership             |
| • Legal            | • Community & Environment |
| • Financial        | • Stakeholder             |

**Linked Risks**

**Key Indicators / Measures used to monitor the risk**

- National Threat Level and period at level
- No of 'Crowded Places' not protected to PAS 68/69 level

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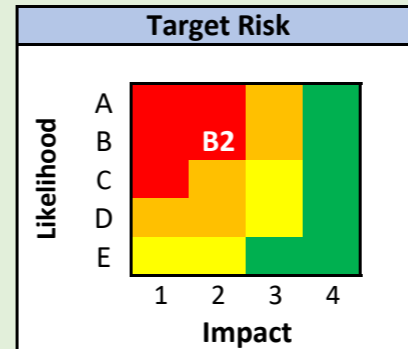
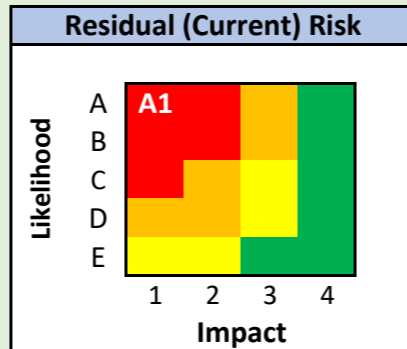
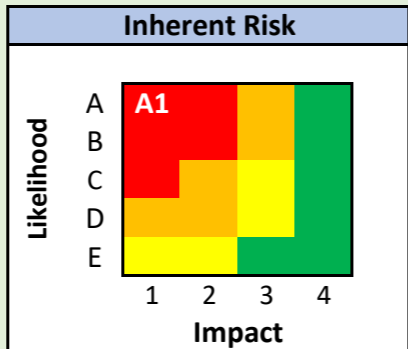
# Climate Change & Energy Security

**Description**  
Cardiff is not able to manage the effects of climate change and energy security due to lack of future proofing for key (social and civil) infrastructure and business development.

**Potential Impact(s)**

- Flood & Storm**
- Loss of life and risk to life
  - Direct damage to property, utilities and critical infrastructure
  - Blight of Land and Development
  - Disruption to service delivery
  - Contamination and disease from flood and sewer water and flood on contaminated land
  - Increase in health issues
  - Break up of community and social cohesion
  - Increase cost of insurance
  - Migration of ecosystems
  - Inconsistent energy supply
  - Increased costs
  - Inability to deliver public services
  - Decrease in economic output
  - Disruption to the supply of utilities
  - Increased fuel poverty

| Type(s) of Impact  |  |
|--|--|
| <ul style="list-style-type: none"> <li>• Service Delivery</li> <li>• Reputational</li> <li>• Legal</li> <li>• Financial</li> </ul> | <ul style="list-style-type: none"> <li>• Health &amp; Safety</li> <li>• Partnership</li> <li>• Community &amp; Environment</li> <li>• Stakeholder</li> </ul> |



|               |            |
|---------------|------------|
| Last Reviewed | Q2 2021/22 |
| Last Revision | Q4 2020/21 |

|                        |   |
|------------------------|---|
| Movement from prev Qtr | ↔ |
|------------------------|---|

|                       |         |
|-----------------------|---------|
| Target Reduction Date | 2022/23 |
|-----------------------|---------|

| Risk Owner(s)  |  |
|----------------|--|
| Andrew Gregory | Councillor Michael Michael<br>Clean Streets, Recycling and Environment |

**What we've done/are currently doing to achieve the Residual Risk Rating**

The Council has declared a Climate Emergency and instigated a One Planet Cardiff Strategy as its strategic response to this.

The following specific risk areas have been identified:

- COASTAL EROSION (see separate tab for details)
- FLOODING
- EXTREME WEATHER
- ENERGY SECURITY & DECARBONISATION
- BIODIVERSITY

**What we plan to do to meet target**

- Develop strategic response to the Climate Emergency Declaration to incorporate carbon neutral target.
- See separate tabs for details
- COASTAL EROSION
- FLOODING
- EXTREME WEATHER
- ENERGY SECURITY & DECARBONISATION
- BIODIVERSITY

**Linked Risks**

- Coastal Erosion
- Air Quality
- Business Continuity

**Linked Documents**

- <https://www.evaccardiff.co.uk/>
- <https://www.cdp.net/en>

**Key Indicators / Measures used to monitor the risk**

- Storm Events that meet silver & gold emergency intervention
- Annual number of flooded properties and severity (statutory reporting)
- Energy use / renewable energy production of Cardiff Council

## Climate Change - Biodiversity

| Description  | Inherent Risk  | Residual (Current) Risk   | Target Risk   | Risk Owner(s)   |  |
|--|--|---|---|---|--|
| <p>Cardiff is not able to manage the effects of climate change and energy security due to lack of future proofing for key (social and civil) infrastructure and business development.</p>  |  |   |   | <p><b>Andrew Gregory</b><br/>(James Clemence/ Simon Gilbert/ Matthew Harris/ Jon Maidment)</p> <p><b>Councillor Michael Michael</b><br/>Clean Streets, Recycling and Environment</p>  |  |
| <p><b>Potential Impact(s)</b></p> <ul style="list-style-type: none"> <li>Loss of biodiversity leads to reduction in ecosystem resilience, and reduction in ecosystem resilience will compromise the provision of ecosystem services. These are the services or benefits which we gain from the natural environment.</li> <li>Ecosystem services include climate change mitigation and adaptation.</li> <li>Climate change mitigation includes the sequestration and storage of carbon by plants, especially long-lived species such as trees. Reduction of this ecosystem service makes it harder to reduce net carbon emissions. Annually Cardiff's trees (not including other aspects of green infrastructure) provide ecosystem services worth £3.31 million, of which £1.9 million is in carbon storage and sequestration (iTree Study, Sept 2018).</li> <li>Climate change adaptation services include storm water attenuation by vegetation and reduction of surface water volume through evapotranspiration</li> <li>Trees, green walls and green roofs allow cooling and shading, thereby mitigating the urban heat island effect which may become more prevalent with a warmer climate.</li> <li>Hotter summers also increase risk of aerial pollution through air stagnation, and green infrastructure can remove certain pollutants from the air as well as having a cooling effect.</li> <li>The National Priorities of the WG Natural Resources Policy include 'Delivering Nature-based Solutions'. Failure to ensure protection of biodiversity and ecosystem resilience risks failure to deliver these nature-based solutions, which include climate change mitigation and adaptation.</li> </ul> | <p><b>Last Reviewed</b> Q2 2021/22<br/><b>Last Revision</b> Q2 2021/22</p>   | <p><b>Movement from prev Qtr</b> ↔</p>  | <p><b>Target Reduction Date</b> 2022/23</p>   |   |  |
|  | <p><b>What we've done/are currently doing to achieve the Residual Risk Rating</b></p> <ul style="list-style-type: none"> <li>One Planet Report to Cabinet in October 2021</li> <li>Developed a Biodiversity and Resilience of Ecosystems Duty Forward Plan, to implement the statutory duty to seek to maintain and enhance biodiversity and in doing so to promote ecosystem resilience.</li> <li>Undertaken an 'iTree-Eco' study to look at the value of trees in terms of the ecosystem services that they provide.</li> <li>Working with neighbouring Local Authorities through the Local Nature Partnership Cymru project to share ideas and best practise for enhancing biodiversity across the City and identifying opportunities for cross-boundary projects to improve habitat and species connectivity and increase ecosystem resilience.</li> <li>Contributed to the Central South Wales Area Statement recently published by Natural Resources Wales.</li> <li>Secured funding for Coed Caerdydd tree canopy programme to June 2023 (NRW, Woodland Trust and Welsh Government ENRAW funding).</li> </ul> |   |   | <p><b>What we plan to do to meet target</b></p> <ul style="list-style-type: none"> <li>Implement Coed Caerdydd Programme to increase tree canopy cover within Cardiff to 25% of land area by 2030 - Seek funding to secure and sustain the programme until 2030 and beyond.</li> <li>Update the Cardiff Biodiversity and Resilience of Ecosystems Duty Forward Plan, including the Action Plan, in 2022 in line with legislative requirements</li> <li>Biodiversity Declaration to be signed as agreed in OPC report</li> <li>Seek opportunities for partnership working under the 5 main themes of the South Wales Area Statement (building resilient ecosystems, working with water, connecting people with nature, improving our health, improving our air quality).</li> <li>Develop the local Nature Recovery Action Plan through the Local Nature Partnership (LNP)</li> <li>Work towards securing the future of the LNP (funding currently ends March 2022)</li> </ul> |  |
| <p><b>Type(s) of Impact</b></p> <ul style="list-style-type: none"> <li>Service Delivery</li> <li>Reputational</li> <li>Legal</li> <li>Financial</li> <li>Health &amp; Safety</li> <li>Partnership</li> <li>Community &amp; Environment</li> <li>Stakeholder</li> </ul>   | <p><b>Linked Risks</b></p> <p>Coastal Erosion<br/>Air Quality<br/>Business Continuity<br/>Energy decarbonisation</p>   | <p><b>Linked Documents</b></p> <p><a href="https://www.evaccardiff.co.uk/">https://www.evaccardiff.co.uk/</a><br/><a href="https://www.cdp.net/en">https://www.cdp.net/en</a></p> | <p><b>Key Indicators / Measures used to monitor the risk</b></p> <p>Extent of Green Infrastructure in the City.</p> |   |  |

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# Climate Change - Energy Security & Decarbonisation

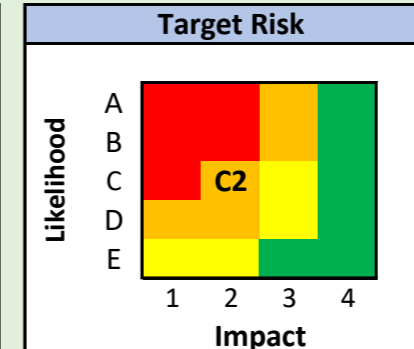
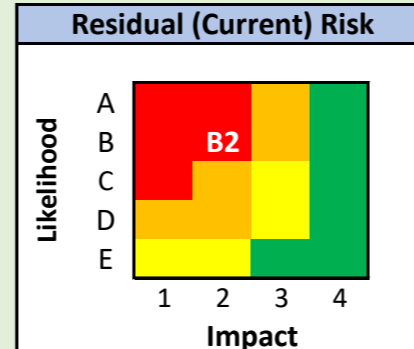
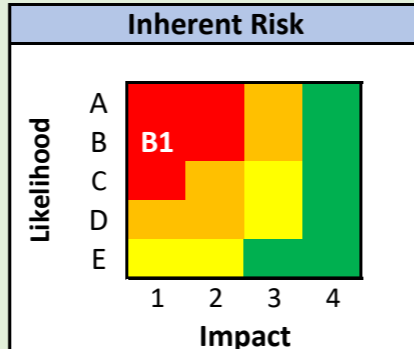
**Description**  
Cardiff is not able to manage the effects of climate change and energy security due to lack of future proofing for key (social and civil) infrastructure and business development.

**Potential Impact(s)**

**Energy security (energy efficiency & decarbonisation of supply)**

- Inconsistent energy supply
- Increased costs
- Inability to deliver public services
- Decrease in economic output
- Disruption to the supply of utilities
- Increased transport costs
- Increased costs for heating / providing services to buildings
- Increased fuel poverty

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Last Reviewed Q2 2021/22  
Last Revision Q2 2021/22

Movement from prev Qtr ↔

Target Reduction Date 2022/23

**Risk Owner(s)**

**Andrew Gregory**  
(Gareth Harcombe/ Liz Lambert)

**Councillor Michael Michael**  
Clean Streets, Recycling and Environment

**What we've done/are currently doing to achieve the Residual Risk Rating**

**Energy security (energy efficiency & decarbonisation of supply)**

- Climate Emergency Declared by Council
- Council approved the final "One Planet Cardiff" Strategy on October 14th 2021 which addresses the Climate emergency and sets a pathway to a carbon neutral Council by 2030.
- Established internal and external partnership and governance boards to steer our response to the climate emergency.
- Energy efficiency measures being installed through Re-Fit and Salix projects - Now managed by FM
- Phase 2 of Re-Fit project finalised and going through due diligence with Salix funding organisations - Schools focus for this tranche
- NPS Consortium approach to purchasing energy to secure best prices - continuing by Economic Development
- Lamby Way solar farm complete.
- District Heat Network - Funding in place, contractor appointed and Special Purpose Vehicle for delivery established - construction planned to start in January 2022
- Carbon baselining and impact modelling proces now finalised to assess progress against One Planet Cardiff Objectives
- Scoping additional carbon reduction projects for future action as part of the One Planet Cardiff project with ket target areas confirmed in the OPne PLANet Cardiif Action Plan
- Delivering Low Emission Transport Strategy - approved April 2018 and implementation of action plan underway
- Scope out and implement additional energy efficiency schemes in residential properties in the city
- OPC commits to a long term strategy for public engagement and behaviour change to build public resilience and positive action through advice and guidance and based on best practice and observed impact of initiatives elshere. This work is guided by advice from the Centre for Climate Change & Social Transformations (CAST) .
- Reporting on citywide and Council (scope 1 and 2) carbon emissions via the Carbon Disclosure Project to fulfil our Compact of Mayors commitment
- Electric Vehicle strategy:
  - first tranche of residential chargers delivered, and second tranche now finalised
  - WG funding secured to install EV chargers at council buildings for small fleet vehicles
  - ULEVTF funding secured to install charging infrastructure in car parks

**What we plan to do to meet target**

**Energy security (energy efficiency & decarbonisation of supply)**

- Implement and monitor the One Planet Cardiff Strategy with carbon reduction targets and associated action plan for delivery over the to 2030
- Implement "Mission Statements" to secure low/zero carbon development and retrofit in the Council's Estate
- Promote and implement the approved policy position to guide new private sector development in the city
- Implement the Cardiff District Heat Network
- Complete a Private Wire connection from the Lamby Way Solar Farm to the Welsh Water treatment works nearby to help decarbonise the city's waste water processing activities
- Work with WG Energy Services advisors to assess future renewable generation and carbon reduction schemes - ongoing as part of the One Planet Cardiff Project.
- Seek ways to accelerate housing energy efficiency and retrofit schemes across the city and possibly the region as part of the One Planet Cardiff project.
- Electric Vehicle strategy - Proposals to convert council fleet to electric being reviewed/ assessed to allow for impact of Covid-19 and changes to requirements/ working practices

**Type(s) of Impact**

- |  |  |
|--|--|
| <ul style="list-style-type: none"> <li>• Service Delivery</li> <li>• Reputational</li> <li>• Legal</li> <li>• Financial</li> </ul> | <ul style="list-style-type: none"> <li>• Health &amp; Safety</li> <li>• Partnership</li> <li>• Community &amp; Environment</li> <li>• Stakeholder</li> </ul> |
|--|--|

**Linked Risks**

Coastal Erosion  
Air Quality  
Business Continuity

**Linked Documents**

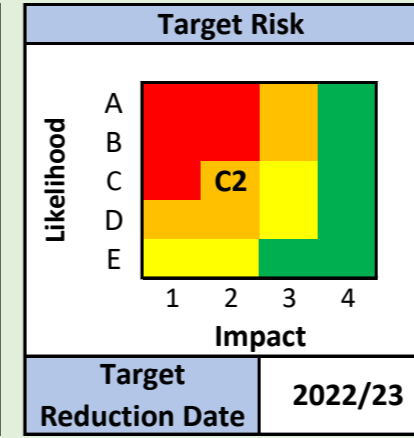
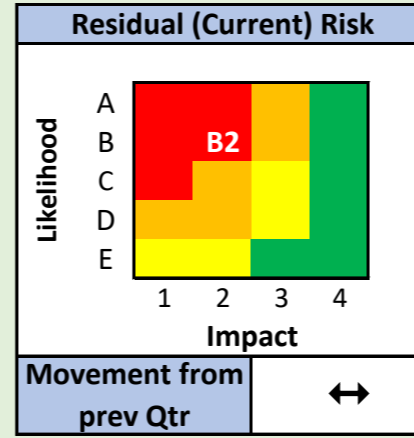
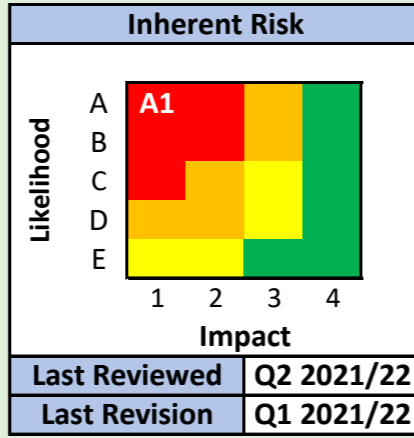
<https://www.evaccardiff.co.uk/>  
<https://www.cdp.net/en>

**Key Indicators / Measures used to monitor the risk**

Energy use / renewable energy production of Cardiff Council

# Climate Change - Extreme Weather

**Description**  
Cardiff is not able to manage the effects of climate change and energy security due to lack of future proofing for key (social and civil) infrastructure and business development.



**Risk Owner(s)**

**Andrew Gregory**  
(EMU/Gary Brown)

**Councillor Michael Michael**  
Clean Streets, Recycling and Environment

- Potential Impact(s)**
- Loss of life and risk to life
  - Damage to infrastructure & utilities
  - Service delivery
  - Increase in health related issues including air quality
  - Blight of development
  - Migration of ecosystems

**What we've done/are currently doing to achieve the Residual Risk Rating**

**The Council has declared a Climate Emergency**

**Extreme Heat**

- Working with Partners in the LRF to warn them of anticipated heatwave impacts upon vulnerable groups and support response to such a risk
- Supporting the enhancement of the public's own resilience through advice and guidance available from the EVAC Cardiff Website

**Extreme Cold/ Snow**

- Implementation of Council's Cold Weather Response Plans
- Winter Service review undertaken to consider the potential impact of Covid-19:
  - concentration made to build resilience into Winter Service as high risk to staff resource due to illness and the requirements of isolation
  - required training and staff rotas put in place, however there is a limited available resource with the required skillsets within the authority
  - investigations into feasibility/ availability of external assistance

**Winter Service 20/21 outcome**

- Despite challenging & sub zero weather conditions, plus resource pressures, service was delivered in line with statutory requirements. The winter service was extended by 2 weeks to the 18/4/21 due to unseasonably cold overnight temperatures.

- What we plan to do to meet target**
- Extreme Heat**
- Develop a 20 year heat mitigation strategy for the city. Working with partner agencies and commercial stakeholders to support development of heat reduction programmes.
  - Engage with Welsh Government within WLGA, and PSB to ensure consistent support in managing this risk ensuring the planning process works for all stakeholders to ensure we develop sustainable planning strategies for future developments, planning the management of this risk
- Extreme Cold/ Snow**
- Investigate further whether external assistance can be utilised/is available to build future resilience - risk remains for disruption to the service next winter if the current pandemic continues/ other new external factors emerge.

- Type(s) of Impact**
- Service Delivery
  - Reputational
  - Legal
  - Financial
  - Health & Safety
  - Partnership
  - Community & Environment
  - Stakeholder

**Linked Risks**

Coastal Erosion  
Air Quality  
Business Continuity

**Linked Documents**

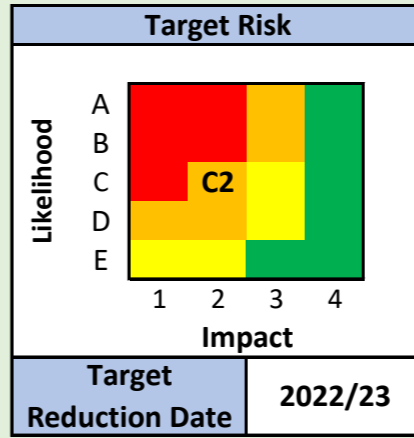
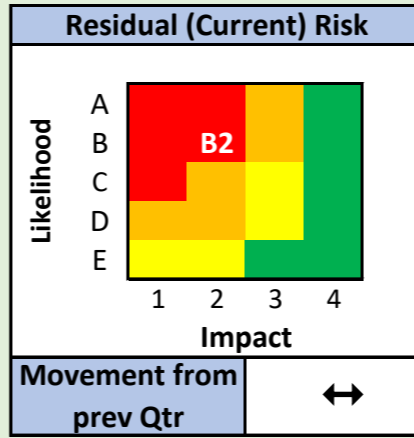
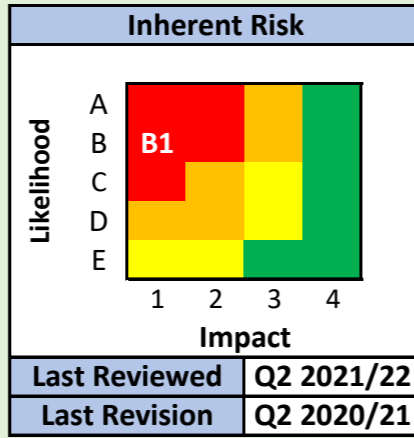
<https://www.evaccardiff.co.uk/>  
<https://www.cdp.net/en>

**Key Indicators / Measures used to monitor the risk**

Tudalen 322

# Climate Change - Flooding

**Description**  
Cardiff is not able to manage the effects of climate change and energy security due to lack of future proofing for key (social and civil) infrastructure and business development.



**Risk Owner(s)**

|  |  |
|--|--|
| <b>Andrew Gregory</b><br>(Gary Brown/ David Brain<br>James Clemence/ Stuart<br>Williams) | <b>Councillor Michael Michael</b><br>Clean Streets, Recycling and<br>Environment |
|--|--|

**Potential Impact(s)**

- Flood & Storm**
- Loss of life and risk to life
  - Direct damage to property, utilities and critical infrastructure
  - Blight of Land and Development
  - Disruption to service delivery
  - Contamination and disease from flood and sewer water and flood on contaminated land
  - Increase in health issues
  - Break up of community and social cohesion
  - Increase cost of insurance
  - Migration of ecosystems

Tudalen 323

**What we've done/are currently doing to achieve the Residual Risk Rating**

- The Council has declared a Climate Emergency**
- Flood & Storm**
- Working with partners within the Local Resilience Forum (LRF) to support the management of this risk including supporting the emergency response to this risk
  - Supporting the enhancement of the public's own resilience through advice and guidance available from the EVAC Cardiff Website
  - Implementation of Schedule 3 of the Flood and Water Management Act 2010 requires all new development over 100m2 to implement sustainable drainage, resilient to flooding
  - Development of Flood Risk Management Strategy
  - We have introduced Flood Incident Management software to provide better understanding of spatial distribution of flood events filtered by source, and determine priority areas for future flood alleviation schemes to be implemented (subject to WG funding bid opportunities). Successful funding bids were submitted and funding awarded in 20/21 for Business Justification Cases for a number of these schemes, with grant funding also now awarded for 21/22 for continuation of these schemes.
  - Applications to WG have been successful for further grant funding in 2021/22 to support studies and implementation of localised flood preventions schemes.
  - Ongoing CCTV and asset capture work taking place in drainage networks to review high risk areas.
  - Asset management - Delivery of Flood Management and Coastal Improvement Schemes and rationalise/prioritise gully maintenance schedule based on the outputs of the Flood Incident Management software - Phase 1 of new gully maintenance schedule completed.

**What we plan to do to meet target**

- Flood & Storm**
- The following actions are ongoing :
- Seek funding to progress the development and delivery of a sustainable water, flood and drainage strategy for Cardiff
  - Develop new iteration of the Local Flood Management Strategy & Flood Risk Management Plan in conjunction with WLGAs steering group - due for completion October 2023
  - Develop enhanced engagement programme with partners supporting the public in enhancing their own resilience - this will be a key aspect of the above Plan - initial discussions with Dwr Cymru/Welsh Water and Natural Resources Wales (NRW) have taken place
  - Improve communication on what to do in a flood and raise awareness of risk - as above - initial talks underway to produce a role & responsibilities video, as well as flood safety guidance in co-operation with Dwr Cymru/Welsh Water, NRW and Blue Light organisations
  - Improve the service provided by the SuDS Approval Body (SAB) - ongoing - improvements planned with additional resource
  - Deliver guidance to increase standards and ease of development - in development
  - Asset management - Phase 2 of new gully maintenance schedule to be delivered by EOY.

**Type(s) of Impact**

- |  |  |
|--|--|
| <ul style="list-style-type: none"> <li>• Service Delivery</li> <li>• Reputational</li> <li>• Legal</li> <li>• Financial</li> </ul> | <ul style="list-style-type: none"> <li>• Health &amp; Safety</li> <li>• Partnership</li> <li>• Community &amp; Environment</li> <li>• Stakeholder</li> </ul> |
|--|--|

**Linked Risks**

- Coastal Erosion
- Air Quality
- Business Continuity

**Linked Documents**

- <https://www.evaccardiff.co.uk/>
- <https://www.cdp.net/en>

**Key Indicators / Measures used to monitor the risk**

- Storm Events that meet silver & gold emergency intervention
- Annual number of flooded properties and severity (statutory reporting)
- Energy use / renewable energy production of Cardiff Council

# Coastal Erosion

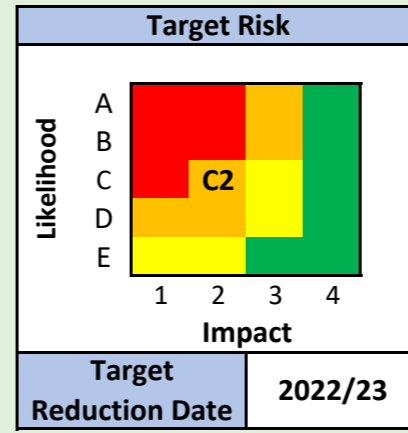
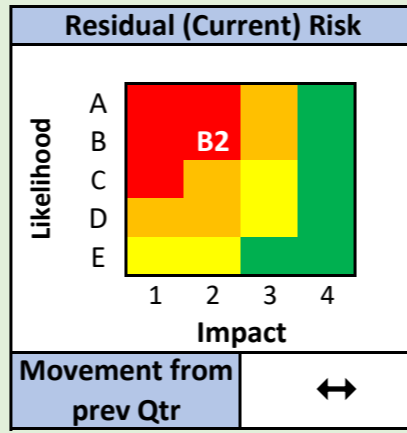
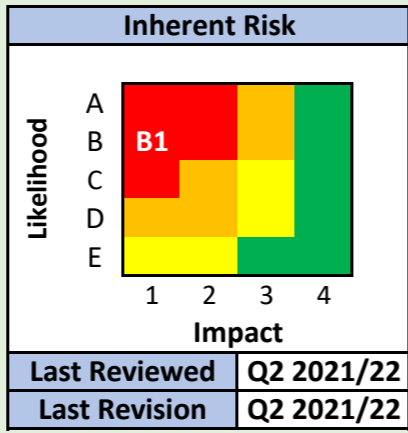
**Description**  
Breach of current defences resulting in widespread flooding (current defences are ad hoc and are in a very poor condition)

**Potential Impact(s)**

- Continued coastal erosion along the coast threatening the Rover Way Traveller site and critical infrastructure including Rover Way and the Rover Way/Lamby Way roundabout
- Erosion to two decommissioned landfill sites, with risk of releasing landfill material into the Severn Estuary and having significant environmental impacts
- Flood risk to 1,116 residential and 72 non-residential properties over 100 years, including risk to life, property, infrastructure and services
- N.B. the predicted rates of erosion threaten the Rover Way Travellers Site and the adjacent electrical substation within 5 years, and further release of large volumes of unknown tip material from the Frag Tip into the Severn Estuary.

**Type(s) of Impact**

|  |   |
|--|---|
| <ul style="list-style-type: none"> <li>Health &amp; Safety</li> <li>Health</li> <li>Reputational</li> <li>Financial</li> </ul> | <ul style="list-style-type: none"> <li>Strategic</li> <li>Service Delivery</li> </ul> |
|--|---|



**Risk Owner(s)**

|  |   |
|--|---|
| <b>Andrew Gregory</b><br>(Gary Brown/ David Brain) | <b>Councillor Michael Michael</b><br>Clean Streets, Recycling and Environment |
|--|---|

**What we've done/are currently doing to achieve the Residual Risk Rating**

- Incident management arrangements are in place, which whilst not preventative, represent a level of emergency management for a flood and coastal erosion risk event occurring in a significant storm event.

**Coastal Defence Scheme:**

- The Flood Risk Management Team are undertaking detailed design for the coastal defence scheme.
- The necessary works are holistic and cannot be phased. Therefore the residual risk rating cannot be lowered until the completed construction of the coastal defence scheme in its entirety.
- The inundation risk will be improved by implementing the coastal defence scheme. The scheme will provide defence for a 1 in 200 year severe weather event, plus an allowance for climate change influence of 40%.
- The total costs associated with the Design, Early Contractor Engagement and Construction phases have been estimated at £10.9m (Welsh Government 75% funding = £8.2m and CCC 25% funding = £2.7m)
- Formal application has been submitted to Welsh Government (WG) under the WG Coastal Risk Management Programme and development of the Detailed Design and Full Business Case (FBC) for the coastal defence scheme was programmed for completion in May 2020, however this has been impacted by Covid-19.
- Ground Investigation commenced February 2020. Due to Covid 19 restrictions, ground investigations were postponed during March 2020.
- Work ongoing with Emergency Management to formulate interim measures.
- Draft Full Business Case submitted to Welsh Government for review

**What we plan to do to meet target**

We will be designing & delivering an effective coastal flood protection scheme as a matter of priority.

Detailed design and full business case ongoing

**Keysteps:**

- Full Business Case (draft) submitted to WG & refined as necessary - final Welsh Government approval & funding confirmation anticipated by late 2021 /early 2022
- Tender scheme promptly following support from Welsh Government. Contract will be developed as part of detailed design process to support tender process.
- Extensions for timescales due to Covid 19 delays, and complexities of the ground conditions and therefore design, have been agreed with WG - funding for FBC has been increased to cover additional costs (plus WG grant % increase) and extended to 16 March 2022.
- Anticipated construction starting 2022, subject to the above, with completion 2024.
- The costs associated with the Outline and Full Business Cases and Design have been 100% funded by WG. To allow for the increase of the allowance for climate change to 40% and additional works required from the ground investigation results the construction phase is now estimated at £25m (Welsh Government 85% funding = £21,250,000 and CC 15% funding = £3,750,000)

A PQQ procurement process commenced in September with returns due mid October. Following assessment of returns the full tender process will begin with the successful PQQ candidates. The submission, assessment, selection and award process is forecast to be completed by early 2022.

The Marine Licence application has been submitted to NRW and has been advertised, as per licence requirements, in the local press on two occasions. The Flood Risk Management Team will now continue to work with NRW through their consideration and review of the application..

**Linked Risks**

Climate Change risks

**Key Indicators / Measures used to monitor the risk**

- Award of contract for detailed design and Full Business Case - achieved
- Completion of detailed design and Full Business Case by May 2020 & submitted to WG
- Delivery programme of coastal protection scheme



# Brexit

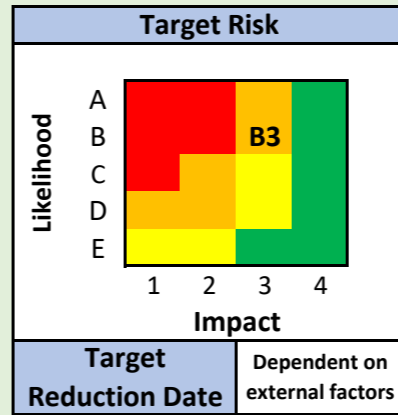
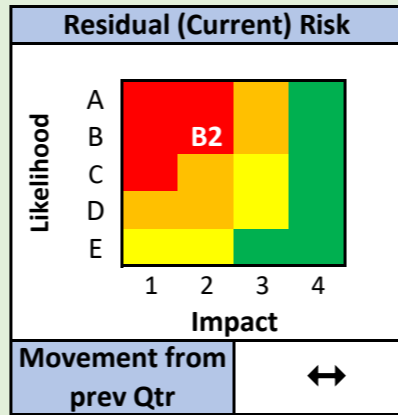
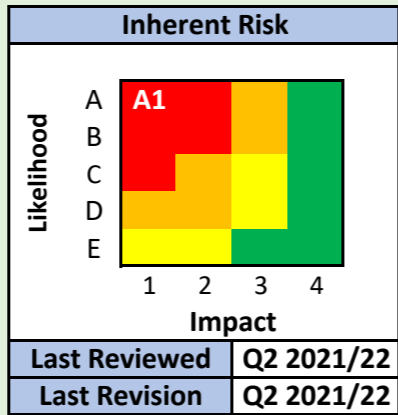
**Description**

The risk that Brexit (and any subsequent decisions) will create severe disruption to the City and hinder its ability to continue to deliver effective services and maintain community cohesion.

From 11pm on 31 January 2020, the UK legally ceased to be a member of the EU, with the Withdrawal Agreement entered into force and a transition period commenced up until the end of December 2020. The UK formally left the 11-month transition period on 31 December 2020, to begin trading on the terms outlined in the agreed Trade and Cooperation Agreement (TCA). This represents a significant change for the UK.

Despite a deal being finalised, the UK's departure from the EU will bring change for organisations of every size and sector, and uncertainty remains regarding its impact. No major member state has ever left the EU before; there is little precedent for the situation in which we find ourselves and therefore it is important that we keep in place our relevant plans and mitigations for the foreseeable future.

The Council will need to prepare for regulatory adjustment and economic disruption, as changes are phased in over time, which will impact how we do business, future growth and development and ultimately the role of the Council in meeting local need.



**Risk Owner(s)**

**Paul Orders**  
(Senior Management Team)

**Councillor Huw Thomas**  
Leader  
(Brexit)

**What we've done/are currently doing to achieve the Residual Risk Rating**

**General Activity:**  
On 14 June 2021, the Council's Resilience Unit coordinated a Council-wide exercise to update the Council's Brexit Issues Register. Each Directorate reviewed its wider Brexit preparedness, noting the impact of COVID-19, along with refreshed mitigative actions.

Each Directorate has a Brexit Liaison Officer who is responsible for monitoring Brexit/ the Brexit Issues Register in their area. A Cardiff Council Brexit Bulletin is provided to Brexit Liaison Officers every 2 weeks, to ensure that they are aware of the latest information and updates. Furthermore, regular meetings are held between the Council's Resilience Unit and Brexit Liaison Officers, to ensure any issues are raised.

**Supply Chain and Workforce Issues:**

Control and assurance processes have identified issues across the Council in relation to staffing, as well as supply chain shortages, delays, and cost increases.

The drivers of these pressures remain unclear; however, the impact of Brexit, ongoing pandemic management and a UK-wide pipeline of recovery projects are all considered potential drivers.

Initially, on 28 June 2021, a meeting was held with Project Leads in order to understand the impact on Capital Projects. A briefing noted was drafted to capture the position across the Council.

On 23 September 2021, the Resilience Unit attended SMT to provide an update on the situation. SMT asked the Resilience Unit to produce a report, outlining the current and emerging risk picture that we face as we go into the autumn and winter.

To inform the report, the Resilience Unit issued a questionnaire on 28 September 2021, for completion by all Silver Officers, to understand current pressures, particularly supply chain issues and staff shortages. The questionnaire also asked about access to fuel; however, the issue has since stabilised.

Responses highlighted issues with the following goods:

- Food (costs increases and decreases in the frequency of deliveries affecting food availability). Services Affected: Services to Schools, Inclusion Service, Functions Catering Team
- Construction and building materials (delays, shortages, and cost increases). Services Affected: Capital Delivery, Parks and Harbour Authority, Property Services, Building Improvement Unit, Development and Regeneration, Early Help, Housing Services
- Technology-based items, such as computer chips and nodes, affecting, for example, laptops, screens and lighting (delays and shortages). Services Affected: Highways Infrastructure and Operations, ICT
- Kerbside caddies for food waste (delays). Services Affected: Waste

Responses also identified staff shortages which are being experienced across the Council. This is largely due to vacant posts but in some cases is being compounded by high levels of staff sickness:

- Staff across the Social Care Sector
- HGV drivers (impacting cleansing and waste)
- School meal staff
- Inclusion Service staff
- Agency staff (with shortages highlighted in terms of social care staff, waiting/hospitality staff and cleaning staff)
- Schools ICT Support Team staff
- Construction workers
- Housing Services staff
- Building Control staff
- Surveying and Contract Manager Teams staff (impacting building maintenance work)
- Internal Audit staff
- Childcare lawyers
- Shared Regulatory Services staff (40% of staff are currently working on TTP)

**Workforce Issues:**  
Shortage of HGV drivers to support delivery of recycling and waste collection services  
Long-term shortage of drivers nationally, which has been worsened by Covid-19 delays to training and testing, and EU drivers leaving the UK, as has the increased demand coming from the recent reopening of non-essential retail. National driver shortfall has been estimated at 70,000.

**EU Settlement Scheme:**  
A programme of engagement in Cardiff has seen good uptake of the EU Settlement Scheme (EUSS). According to figures released in September 2021, 23,990 applications have been made to the scheme by EU nationals living in Cardiff (up to 30 June 2021). Of these, 21,730 have been concluded, with 11,680 granted Settled Status and 9,110 granted Pre-Settled Status. 950 had other outcomes.

The Council has progressed the applications of both Children Looked After and Adults within Social Care.

**What we plan to do to meet target**

Moving forward, work will continue to be undertaken to understand the implications of the UK-EU Trade and Cooperation Agreement. Brexit issues will continue to be monitored and mitigations updated, ensuring that the Council is alert and ready to respond to new arrangements/ any potential disruption.

To report real-time Brexit disruption requiring an immediate response, Duty Silver Officers have been asked to use the command and control system already in place, as outlined in the Council's Major Incident Plan. The Council will continue to monitor the major developments and focus on areas where local action may be required:

**Citizens and Community Cohesion:**  
As the deadline to apply to the scheme has now passed, moving forward, should late applications be required to the scheme, individual cases will be raised with the Council's Cohesion Team, who will see how the case fits in with Home Office late application guidance. The individual will be signposted to legal advice if required. Furthermore, engagement is ongoing with Welsh and UK Governments to ensure an alignment of messaging and of advice on support pathways available.

**Support for Local Businesses:**  
In order to support businesses, the Council is implementing a three tiered communications approach (national, regional and local), alongside continuing to push a signposting service, including to UK Government/ Welsh Government support and guidance.

**Workforce Issues:**  
Appropriate reporting arrangements have been put in place moving forward, to allow workforce and supply chain issues, as well as other issues related to Winter Pressures, to be escalated in a timely manner by the Council's Silver Officers.

Reporting is on an exception basis – i.e., reports are only submitted to the Resilience Unit if there is something to report.

Mitigation is being put in place by each individual Directorate/ Service Area, however, the reporting process allows areas to request further action/ support.

**Potential Impact(s)**

**Watching Brief Required:**

- Impact on Council supply chains (including delays and price increases)
- Citizens and Community Cohesion
  - Increases of tension/ hate crime
- Emergency Management
  - Responding to civil contingencies/ major disruption (potential for food shortages, disruption to water supply (infrastructure) and fuel shortages)
  - Shortage/ loss of key supplies
- Preparedness of local businesses for changes to trade (of both goods and services) with the EU/ economic disruption

**Short-term Issues Identified:**

- Citizens and Community Cohesion
  - Implementing the EU Settlement Scheme (the deadline to apply to the scheme is 30 June 2021)

**Medium to Long-term Issues Identified:**

- Regulatory adjustment
- Labour Market and Council Staff
- Impact on Public Finances – Central Government and Welsh Government

Analysis suggests that as a result of Brexit, the economy in Wales is likely to be up to around 10% smaller than otherwise over the long-term.

- The future of regional funding (the future UK Shared Prosperity Fund)
- Investment, Trade and Industrial Strategies

**Type(s) of Impact**

- Service Delivery
- Reputational
- Legal
- Financial
- Health & Safety
- Partnership
- Community & Environment
- Stakeholder

**Linked Risks**

Business Continuity  
Workforce & supply chain issues linked to Waste Mgmt Risk

**Key Indicators / Measures used to monitor the risk**

- High level economic indicators - GDP, GVA
- Unemployment levels, particularly in key services/sectors
- Hate Crime statistics
- Numbers enrolled in settlement scheme

Tudalen 325

# Performance Management

Judealen 326

**Description**

The risk that the Council's Performance Management arrangements do not provide timely performance information to allow the Council's political and managerial leadership to effectively deliver corporate priorities, statutory services or performance improvement

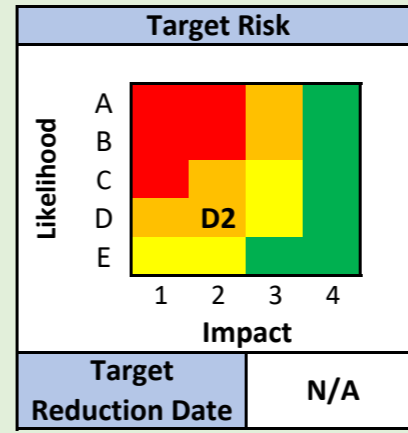
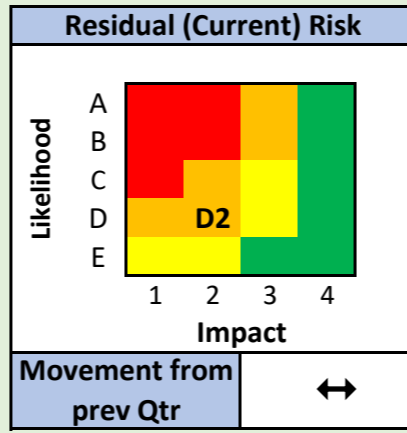
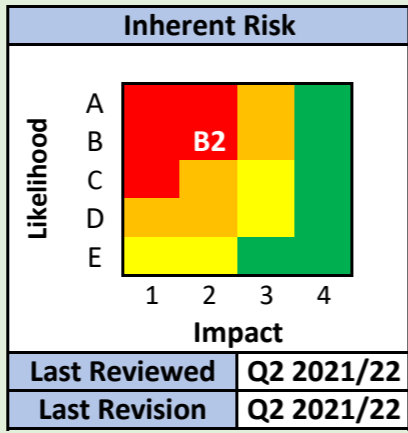
Performance Management arrangements are essential for discharging statutory requirements, delivering the administration's priorities and ensuring Council core business is delivered effectively. Weak corporate performance management arrangements heighten the risk of poor performance, service failure, financial overspend or legal non-compliance going unidentified, unchallenged and unresolved.

The Council must therefore maintain a focus on the Key Performance Indicators it has identified within the Corporate Plan as a pointer to overall organisational success. The Council must also ensure that more granular indicators of performance- the Council's Core Data which is managed by individual Directorates- are established and monitored to provide more detailed insight into the drivers of corporate performance.

Changes to the Statutory Performance Requirements have been set out in Local Government Bill and work is being undertaken to ensure the requirements are embedded in the Council's performance regime.

- Potential Impact(s)**
- Council unable to effectively deliver corporate priorities, statutory services or performance improvement
  - Failure to comply with performance duties set out in the Wellbeing of Future Generations Act and Local Government and Elections Act.
  - Compliance failure leading to external sanctions and reputational damage.

- Type(s) of Impact**
- Service Delivery
  - Reputational
  - Stakeholder



**Risk Owner(s)**

**Sarah McGill**  
(Gareth Newell)

**Councillor Chris Weaver**  
Finance, Modernisation and Performance

**What we've done/are currently doing to achieve the Residual Risk Rating**

• Proposals to strengthen the Council's Performance Management Framework, specifically in response to the new Performance Duties included within the Local Government and Elections (Wales) Act 2021, were considered by Governance and Audit Committee on 28.9.2021 and Scrutiny Chairs Liaison Panel on 4-10-2021. The role of the Governance and Audit Committee and the Scrutiny Committees in response to the new performance requirements were discussed and a proposed approach was agreed. The revised framework will reflect the approach agreed and the Performance Management Framework will be considered by Cabinet in December, alongside a new Data Strategy, to enhance the use of data in performance improvement.

All but one action in response to the recommendations of internal audit have been completed, following an assessment of "effective with opportunity for improvement". This will be completed following the publication of the revised and updated Performance Management Framework.

- What we plan to do to meet target**
- Publish an end of year performance review by July 2021
  - Develop an updated Planning and Delivery Framework, alongside a Data Strategy, that responds to the new requirements set out in the Local Government and Elections Bill and the recommendations of the internal audit work by Autumn 2021

**Linked Risks**

**Key Indicators / Measures used to monitor the risk**

Quarterly monitoring of corporate plan indicators (108) provide a pointer to organisational health and corporate performance. Corporate Plan indicators are also risk assessed as part of the performance monitoring process.

## Budget Monitoring (Control)

| Description   | Inherent Risk  | Residual (Current) Risk                                       | Target Risk   | Risk Owner(s)               |               |  |            |   |                        |  |   |   |                       |  |            |  |  |
|---|--|---|---|-----------------------------|---------------|--|------------|---|------------------------|--|---|---|-----------------------|--|------------|--|--|
| <p>Failure to achieve the budget set, inclusive of budgeted spend and savings across Directorates, with increased use of emergency finance measures and the unplanned drawdown of reserves.</p>   | <table border="1" style="width: 100%; text-align: center; font-size: small;"> <tr><th colspan="2">Last Reviewed</th><td>Q2 2021/22</td></tr> <tr><th colspan="2">Last Revision</th><td>Q2 2021/22</td></tr> </table> | Last Reviewed   |   | Q2 2021/22                  | Last Revision |  | Q2 2021/22 | <table border="1" style="width: 100%; text-align: center; font-size: small;"> <tr><th colspan="2">Movement from prev Qtr</th><td>↔</td></tr> </table> | Movement from prev Qtr |  | ↔ | <table border="1" style="width: 100%; text-align: center; font-size: small;"> <tr><th colspan="2">Target Reduction Date</th><td>Q4 2021/22</td></tr> </table> | Target Reduction Date |  | Q4 2021/22 | <p><b>Chris Lee</b><br/>(Ian Allwood)</p> <p><b>Councillor Chris Weaver</b><br/>Finance, Modernisation and Performance</p> |  |
| Last Reviewed   |  | Q2 2021/22  |   |                             |               |  |            |   |                        |  |   |   |                       |  |            |  |  |
| Last Revision   |  | Q2 2021/22  |   |                             |               |  |            |   |                        |  |   |   |                       |  |            |  |  |
| Movement from prev Qtr  |  | ↔   |   |                             |               |  |            |   |                        |  |   |   |                       |  |            |  |  |
| Target Reduction Date   |  | Q4 2021/22  |   |                             |               |  |            |   |                        |  |   |   |                       |  |            |  |  |
| What we've done/are currently doing to achieve the Residual Risk Rating   |  |   | What we plan to do to meet target   |                             |               |  |            |   |                        |  |   |   |                       |  |            |  |  |
| <ul style="list-style-type: none"> <li>Clear financial procedure rules that reduce the level of risk of financial commitments being identified late in the financial year. The rules clearly set out the roles and responsibilities for budget management and are an area of interest for internal audit</li> <li>The first six months has seen monthly WG Hardship claims for additional expenditure and the first quarter of lost income. Continued due diligence is in place to ensure that all claims are solely related to the pandemic and follow the terms and conditions of the claims process. Review of assumptions of the rate in which services will return to budgeted levels over the financial year and align it with assumptions on WG Hardship grant. These controls plus regular review with impacted service areas and a sign off process is in place to mitigate against the risk of any payback requirement at a future point.</li> <li>Loss of income claims are also reviewed to ensure they reflect the reality of the time claimed and where applicable adjustments to pay back are made in a timely fashion. The forecast for the latter six months is less uncertain as the year progresses but there remains a level of uncertainty due to incidence of the pandemic, financial and the economic climate.</li> <li>The Corporate Director of Resources, Chief Executive and Cabinet Members have held two challenge meetings in the first six months of 2021/22 in order to ensure there is a focus on understanding any impending financial matters and any mitigations needed to be put in place in order to improve / maintain the respective Directorate financial position where appropriate.</li> <li>Continued monitoring of exceptional price fluctuations in respect to Building, transport, energy and infrastructure materials in order to forecast the extent and duration of these pressures. Close working with Service areas in order to identify cost pressures and compensating mitigation strategies that impact on delivery of Capital Programme and repair schedules to ensure works remain within budget.</li> <li>Risk assessment process put in place for 2022/23 Capital Programme which will identify obstacles to cost and timescale thus encourage early mitigations.</li> </ul> |  |   | <p><b>2021/22 and the Medium Term</b></p> <ul style="list-style-type: none"> <li>Develop with directorates the risk assessments and mitigations for each area of capital spend.</li> <li>Continue an appropriate level of due diligence in respect to Hardship Grant Claims in order to reduce the risk of significant under / over claiming</li> <li>In Early Q3, all Directorate Risk Registers will be reviewed in order to ensure the key financial risks are captured and mitigations are in place.</li> </ul> |                             |               |  |            |   |                        |  |   |   |                       |  |            |  |  |
| Potential Impact(s)   |  | Type(s) of Impact   |   | Linked Risks                |               |  |            |   |                        |  |   |   |                       |  |            |  |  |
| <ul style="list-style-type: none"> <li>Inability to balance spend against budget, for the financial year</li> <li>Requirement to implement emergency measures to reduce spending during the financial year thus adversely impacting on ability to meet Corporate Plan objectives</li> <li>Requirement to draw down from General Reserves at the year end</li> </ul>   |  | <ul style="list-style-type: none"> <li>Stakeholder</li> </ul> |   | <p>Financial Resilience</p> |               |  |            |   |                        |  |   |   |                       |  |            |  |  |
| Key Indicators / Measures used to monitor the risk  |  |   |   |                             |               |  |            |   |                        |  |   |   |                       |  |            |  |  |
| <ul style="list-style-type: none"> <li>Monthly Directorate Monitoring reports detailing likely outturn position and performance against savings accepted</li> <li>Review of use of earmarked reserves and balances - Half Yearly</li> <li>Amount of Hardship Support claimed successfully</li> </ul>  |  |   |   |                             |               |  |            |   |                        |  |   |   |                       |  |            |  |  |

# Financial Resilience

**Description**

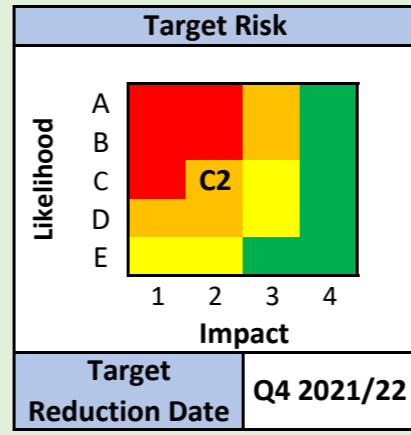
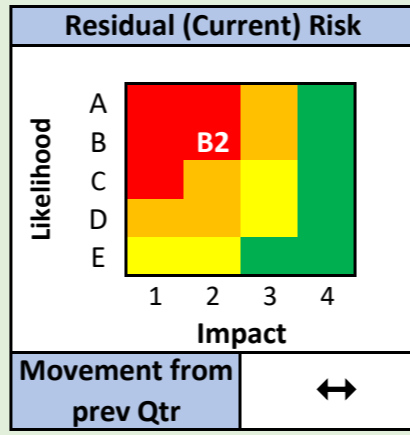
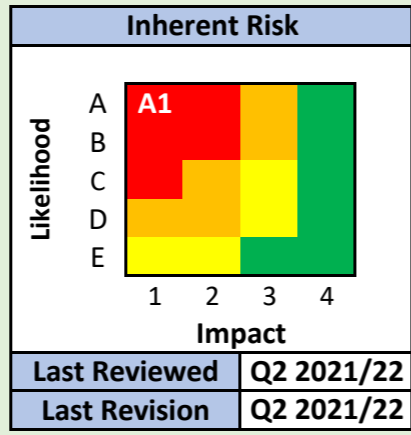
- Failure to deliver a balanced annual budget and a fully informed Medium Term Financial Plan.
- Lack of appropriate mechanisms to identify and manage unexpected financial liabilities.
- The current outlook is that there is a Budget Gap of £81 million for the period 2022/23 to 2025/26.

**Potential Impact(s)**

- Failing to meet statutory obligations and potential for service delivery to be adversely affected.
- Reaching the point where a s114 notice is required to be issued by the S151 Officer.
- Reputational damage to the Council.
- Needing to draw down significant unplanned amounts from reserves.
- Levels of borrowing become unsustainable.
- Inability to progress policy initiatives.
- Inability to manage adverse external factors - e.g. adverse settlements, WG rent policy etc.
- Financial constraints and budget proposals result in unintended consequences such as increased instances of non-compliance and financial impropriety.
- Requirement for significant savings at short notice that are therefore not identified in a coherent, strategic way and which impact on service delivery.
- Level of borrowing limits the ability of future generations to take forward new priorities.

**Type(s) of Impact**

|  |   |
|--|---|
| <ul style="list-style-type: none"> <li>• Service Delivery</li> <li>• Reputational</li> <li>• Legal</li> <li>• Financial</li> </ul> | <ul style="list-style-type: none"> <li>• Stakeholder</li> </ul> |
|--|---|



**Risk Owner(s)**

|   |  |
|---|--|
| <p><b>Chris Lee</b><br/>(Ian Allwood)</p> | <p><b>Councillor Chris Weaver</b><br/>Finance, Modernisation and Performance</p> |
|---|--|

**What we've done/are currently doing to achieve the Residual Risk Rating**

**2021/22 and Medium Term**

- Regular monitoring to understand the in-year position and gain early insight into emerging risks that need to be factored into the MTFP work.
- Engaging and working in partnership with directorates during the budget process to ensure that budget proposals and services are deliverable within timescales and quantum (revenue and capital)
- Mechanisms in place such as Treasury Management Reserve and Financial Resilience Mechanism in order to dampen the impact of a worse than anticipated financial climate / settlements.
- Preparation of Prudential Indicators and a local affordability indicator to help assess the affordability, prudence and sustainability of the capital programme and associated levels of borrowing
- Close alignment with Corporate Plan objectives, to ensure resources are allocated appropriately, and that longer term financial savings are developed in enough time to be realised.
- Regular review of contingent assets and liabilities, and provisions to ensure the Council has adequate cover for emerging liabilities.
- Robust monitoring of the impact of C19 to ensure all eligible items have been claimed in- year.
- An approved TM Strategy to mitigate risk - incorporates borrowing at fixed rates to reduce exposure to future interest rate fluctuations
- A Major Projects accountancy function supporting the identification of key risks / financial issues in relation to large schemes.
- Maintaining approach to robust financial control mechanisms and strengthening complex / areas of risk through training e.g. VAT.
- Undertaken initial assessment against CIPFA FM code with high level findings
- Work on establishing the financial implications to services both in the short, medium and long term because of the impact of the Covid 19 crisis, and detailed log of budgetary issues affecting 2022/23.

**What we plan to do to meet target**

**2021/22 and the Medium Term**

- Autumn CEXEC Budget Challenge Sessions focussing on modelling work, COVID impact, 2022/23 savings work to date.
- Consider and take any opportunities to increase earmarked reserves in order to provide first line of defence against financial shocks.
- Review corporate approach to business case development, approval and post project monitoring to ensure expenditure assumed to pay for itself can do so over its expected life.
- Strengthening links between financial planning and asset management strategies, which consider the current condition of assets and future requirements.
- Identify clear, detailed plans and timescale for delivery of capital receipts targets.
- Enhance focus on a multi-year position (recognising limitations where settlement information is for one year only.)
- Review approach to governance and financial monitoring of special purpose vehicles to ensure liabilities and any financial guarantees are understood and are appropriate.
- Complete self-assessment against the CIPFA FM code and Balance Sheet Review and develop implementation plan in respect of any findings or recommendations, which provide further financial resilience.
- Confirm approach and reporting of commercial investments as part of standard monitoring processes and reports.
- Continue to keep cost pressures arising from BREXIT, supply chains issues and labour / skills shortages under review in terms of their impact on costs, inflation and interest rates and the impact of these for the MTFP and Capital Programme

**Linked Risks**

Budget Monitoring (Control)

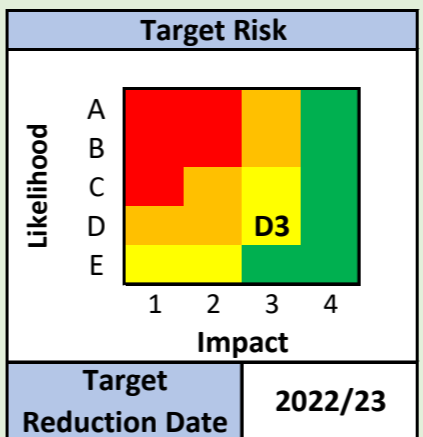
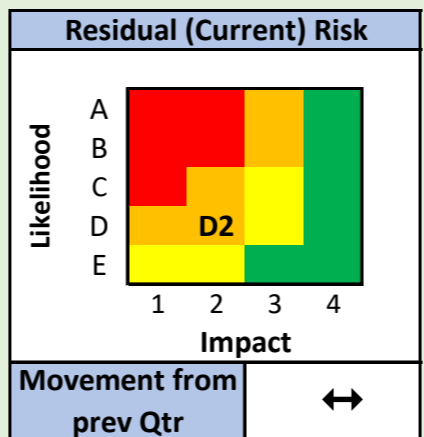
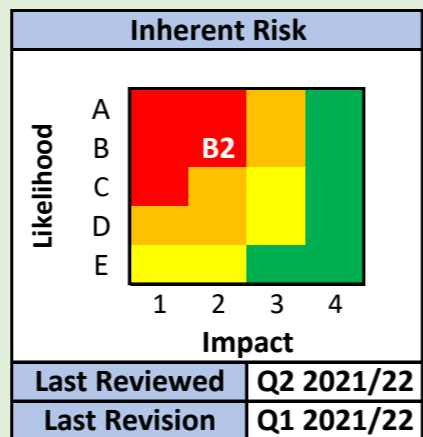
**Key Indicators / Measures used to monitor the risk**

- Financial Snapshot which highlights historical & current performance with regards budget monitoring, achievability of savings, levels of borrowing, and financial ratios.
- Outturn vs Budget: Main budget lines under or overspend as a % of budgeted expenditure.
- Delivery of planned savings: Total (£) unachieved planned savings as a % of total (£) planned savings.
- Use of reserves: 1) Ratio of useable reserves to Net Revenue Budget (NRB), 2) Amount of useable reserves used to balance budget as % of NRB.
- Council tax: 1) Council tax and other income as % of NRB, 2) Council tax collection rates (in-year actual).
- Borrowing: 1) Total commercial investment income as % of total net general fund budget, 2) Total (£) commercial investments and (£ plus%) amount funded from borrowing, 3) Borrowing related to commercial investments as % of General Fund total borrowing, 4) Capital interest costs and MRP as a proportion of NRB.
- Performance against Budget Timetable.
- Frequency / timeliness of engagement with SMT/Cabinet.
- Proportion of Savings Proposals in Realised or at Delivering stage.
- Section 151 Officer Statement in respect of capital strategy, adequacy of reserves and other statutory commentary.

# Fraud, Bribery & Corruption

**Description**

Fraud, financial impropriety or improper business practices increase as internal controls are weakened as resources become severely stretched.



**Risk Owner(s)**

**Chris Lee**  
(Ian Allwood)

**Councillor Chris Weaver**  
Finance, Modernisation and Performance

**What we've done/are currently doing to achieve the Residual Risk Rating**

- The Council communicates a zero tolerance approach to fraud, bribery and corruption.
- Regular review of relevant policies and procedures e.g. the Fraud, Bribery and Corruption Policy, Anti-Money Laundering Policy and Disciplinary Policy.
- Financial Procedure Rules and Contract Standing Orders and Procurement Rules and training.
- National Fraud Initiative data matching exercises in collaboration with the Cabinet Office and Audit Wales.
- Receipt and dissemination of fraud intelligence alerts from law enforcement agencies.
- Regular reports to the Section 151 Officer, Governance and Audit Committee, Portfolio Cabinet Member and the Chief Executive.
- Governance and Audit Committee review of the risk management, internal control and corporate governance arrangements of the authority.
- Independent assurance from Internal and External Audit on the effectiveness of governance, risk and control.
- Briefings developed and disseminated to Schools on fraud and control risks.
- Provision of disciplinary management information on DigiGOV.
- Mandatory disciplinary e-learning module for all managers to complete and a programme of mandatory e-learning modules and training for Disciplinary Hearing Chairs, Investigating Officers and Presenting Officers.
- Fraud Publicity Strategy, to publicise the Council's approach to counter fraud work / sanction activity and explain the roles and responsibilities of key parties.
- Counter-Fraud and Corruption Strategy approved by Cabinet in July 2019, with associated Fraud Awareness eLearning rolled out to all pc users commencing.
- Face-to-Face Fraud Awareness training delivered to officers and headteachers in quarter 3 and school governors in quarter 4 2019/20.
- Participation in International Fraud Awareness week commenced in November 2019, undertaken annually thereafter.
- Investigation Team participation in SMAS triangulation exercise, commenced in quarter 3 2019/20.
- Investigation Team provision of investigation and counter-fraud advice, guidance and support to Directorates as required.
- SMT participation in fraud tracker and assessment commenced January 2020, with commitment to full exercise at least annually.
- Revised 'Anti-Money Laundering Policy' approved by Cabinet in Q3 2020/21 and eLearning rolled out to officers with key roles and those working in high-risk areas.
- 'Authorisation and Protocol Requirements for Review of Work Activities' approved by Cabinet in Q4 2020/21.

**What we plan to do to meet target**

- Consultation of an Internet Investigation Procedure.
- Review the suite of Counter-Fraud Operational Policies alongside the review of the Council's Disciplinary Policy commencing 2021/22.
- Monitoring and reporting completion rates of mandatory fraud awareness training and anti-money laundering training.

**Potential Impact(s)**

- Increase in frauds and losses to the Council
- Reputational risk as more frauds are reported
- Increased time investigating suspected fraud cases impacting on capacity

**Key Indicators / Measures used to monitor the risk**

- Mandatory Fraud Awareness eLearning completion and face-to-face attendance rates
- Anti-Money Laundering eLearning completion rates
- Delivery of Fraud Awareness week campaign annually
- Delivery of Policy updates in accordance with associated targets
- Delivery of mandatory investigating officer training and the note taker training
- Timely completion of casework and investigations
- Provision of timely investigation and counter-fraud advice, guidance and support to Directorates
- Adherence to the NFI Security Policy and annual completion of compliance forms

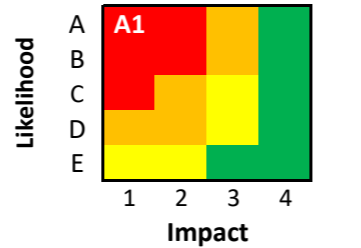
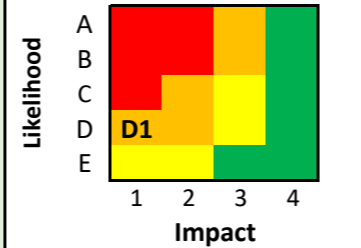
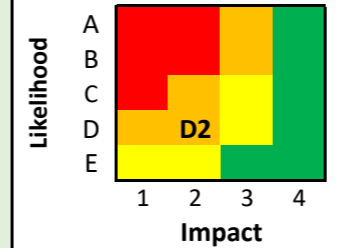
**Type(s) of Impact**

- Service Delivery
- Reputational
- Legal
- Financial

• Stakeholder

**Linked Risks**

## Information Governance

| Description  |            | Inherent Risk  | Residual (Current) Risk   | Target Risk   | Risk Owner(s)   |  |  |                           |   |  |                          |            |  |  |
|--|------------|--|---|---|---|--|--|---------------------------|---|--|--------------------------|------------|--|--|
| <p>Information handled inappropriately leaves the Council exposed to intervention and financial penalties issued by the Information Commissioner (ICO). This includes information held by Cardiff Schools.</p>   |            |    |  |  | <p><b>Chris Lee</b><br/>(Dean Thomas)</p>   | <p><b>Councillor<br/>Chris Weaver</b><br/>Finance, Modernisation and<br/>Performance</p> |  |                           |   |  |                          |            |  |  |
|  |            | <table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="width: 50%;">Last Reviewed</td><td>Q2 2021/22</td></tr> <tr><td>Last Revision</td><td>Q2 2021/22</td></tr> </table>  | Last Reviewed   | Q2 2021/22  | Last Revision   | Q2 2021/22   | <table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="width: 50%;">Movement from<br/>prev Qtr</td><td style="text-align: center;">↔</td></tr> </table> | Movement from<br>prev Qtr | ↔ | <table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="width: 50%;">Target<br/>Reduction Date</td><td>Q4 2021/22</td></tr> </table> | Target<br>Reduction Date | Q4 2021/22 |  |  |
| Last Reviewed  | Q2 2021/22 |  |   |   |   |  |  |                           |   |  |                          |            |  |  |
| Last Revision  | Q2 2021/22 |  |   |   |   |  |  |                           |   |  |                          |            |  |  |
| Movement from<br>prev Qtr  | ↔          |  |   |   |   |  |  |                           |   |  |                          |            |  |  |
| Target<br>Reduction Date   | Q4 2021/22 |  |   |   |   |  |  |                           |   |  |                          |            |  |  |
| Potential Impact(s)  |            | What we've done/are currently doing to achieve the Residual Risk Rating  |   |   | What we plan to do to meet target   |  |  |                           |   |  |                          |            |  |  |
| <p>Leads to the Information Commissioner issuing notices of non-compliance</p> <p>These could consist of:</p> <ul style="list-style-type: none"> <li>A "Stop Now" Order which would mean that no personal data could be processed by the Council in its entirety</li> <li>An Information Notice which would mean that a service would have to provide information in a very limited period thereby impacting on service delivery</li> <li>A Decision Notice could be issued as a result of non compliance with an FOI/EIR request which would require information disclosure</li> <li>Undertaking which requires an Action Plan of Remedial Measures which would be subject to ICO Audit</li> <li>Enforcement Notice requires immediate improvement action to be put in place</li> <li>Financial Penalty up to £17.5 million for Higher Level Tier and £8 million for Lower Level Tier breaches of the Data Protection Act.</li> <li>Compensation unlimited liability claims for damages as a result of a data breach from individuals.</li> </ul> |            | <ul style="list-style-type: none"> <li>Suite of Information Governance Processes, Policies and Strategies in place and annually updated for 2021.</li> <li>Gold level assurance has been achieved through the annual Cyber Security Plus ISAME Accreditation in September 2021, the next annual accreditation of this process will take place in September 2022.</li> <li>An established Information Governance &amp; Security Board meets quarterly. A quarterly Information Governance Report and briefings of decisions or recommendations for Board are provided on a quarterly basis.</li> <li>Processes are established through procurement and ICT for ensuring Data Protection Impact Assessments are completed if personal data is being processed</li> <li>A corporate Information Asset Register is held which details personal data assets held by each Council directorate. This is annually reviewed with the next review scheduled for August 2022.</li> <li>Service Level Agreements in place where Cardiff Council is the Data Controller for regional services, including Rent Smart Wales, National Adoption Service and Cardiff Capital City Deal</li> <li>Advice, guidance and support is provided to all Cardiff Schools through Service Level Agreements.</li> <li>Corporate Retention schedule in place and updated annually in line with any legislative changes.</li> <li>Information Governance Maturity Model established to monitor risks against areas of information governance to feed into corporate risk status.</li> <li>The Digitalisation of Paper Records Strategy and associated business process changes are in place with alternative delivery contracts in place to support increased paper storage demands, with processes established to support corporate programmes.</li> <li>Data Protection e-learning training available for Council staff to complete before 31 December 2021. Managers are able to monitor compliance with information provided as part of the Information Governance Board Report.</li> <li>National and Regional Information Governance Agreements in place in respect of covid-19 data processes, including Cardiff &amp; Vale TTP Information Governance agreements and National Joint Data Controller Agreements</li> <li>An updated data processor agreement, representing changes to UK laws post Brexit in place to support data processor arrangements and the Council's standard contract terms and conditions</li> <li>An Information Governance Champions Group has been established. The Group of IG Champions will be responsible for monitoring and reporting IG compliance into the Information Governance &amp; Security Board</li> <li>Processes have been established to enable Information Governance &amp; Security Board to have oversight of DPIA's completed against Procurement Contract Awards where personal data is processed</li> <li>A new streamlined surveillance system DPIA process is established to ensure services manage privacy responsibilities and link into corporate infrastructure solutions</li> </ul> |   |   | <ul style="list-style-type: none"> <li>Support Information Governance Champions with a review of their directorates Information Asset Registers to ensure that these are accurate and up to date. Q3</li> <li>Information Governance continue to support Legal Services and HR with ensuring that an appropriate agreement is put in place to manage data protection risks associated with employee information data transfers and handling with TCS. Q3</li> <li>Monitor compliance with e-learning training in line with the revised target date for completion and work with the academy to create new content for 2022. Targeted support will be provided to Social Services during Q3 2021/22 to improve compliance within these high level risk areas. Q3</li> <li>Work with Childrens Services and implement new service delivery model for management of social services requests. This will improve compliance, accountability and processes for managing social service disclosures. Q3</li> <li>Continue to monitor directorate risk registers for information governance risks and reporting any concerns to Governance &amp; Security Board. Q3</li> <li>Continue to work with Schools to develop DPIA's on MyConcern and Skodel with support with relevant school. Q3</li> <li>Establish processes and reporting of data protection breach claims. Q3</li> <li>A project brief outline to be provided in respect of alternative service delivery models for the Council's Records Centre, linked to the Atlantic Wharf Regeneration, Core Offices and Recovery and Renewal Programmes. Q3</li> <li>Conduct a review of the Council's Publication Scheme requirements through the Information Governance &amp; Security Board. Q3</li> <li>Review with the Head of Assurance how business data, not personal data, risks are managed and link into IG corporate processes, and determine who owns corporate risks for business data Q3</li> <li>Release training and education communications to support schools with their Information Governance responsibilities</li> <li>Develop an Information Governance awareness week to link into national data protection day and FOI day. Q4</li> </ul> |  |  |                           |   |  |                          |            |  |  |
| Type(s) of Impact  |            | Linked Risks   |   |   | Key Indicators / Measures used to monitor the risk  |  |  |                           |   |  |                          |            |  |  |
| <ul style="list-style-type: none"> <li>Service Delivery</li> <li>Reputational</li> <li>Legal</li> <li>Financial</li> </ul>   |            |  |   |   | <ul style="list-style-type: none"> <li>Suite of IG Indicators/Service Metrics</li> <li>No. of ICO complaints</li> <li>No. of FOI /EIR SAR Requests</li> <li>No. of individuals trained on Data Protection</li> <li>No of Data Protection Impact Assessments being undertaken</li> <li>No of data protection breach complaints/claims</li> </ul>   |  |  |                           |   |  |                          |            |  |  |

# Cyber Security

**Description**

There are 11 areas of potential risk within the National Cyber Security Centre cyber risk model. Of these, nine are assessed as well controlled within the Council

Three of the eleven areas of a Cyber Security assessment underpinning the corporate risk have been identified as high risk as follows:

**Monitoring** - the volumes of systems, applications and audit logs do not lend themselves to easily assess how and when systems are being used, leading to an ineffective response to deliberate attacks or accidental user activity

**Secure Configuration** - Increased risk from malware and ransomware.

**Corporate Cloud Security** - 2018 Internal Audit identified contract, SLA and service management weaknesses in externally hosted services

**Potential Impact(s)**

The intent of cyber attackers includes, but is not limited to:

- financial fraud;
- information theft or misuse,
- activist causes to render computer systems intolerable and to disrupt critical infrastructure and vital services.

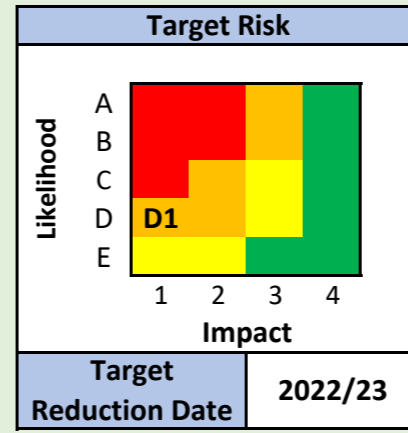
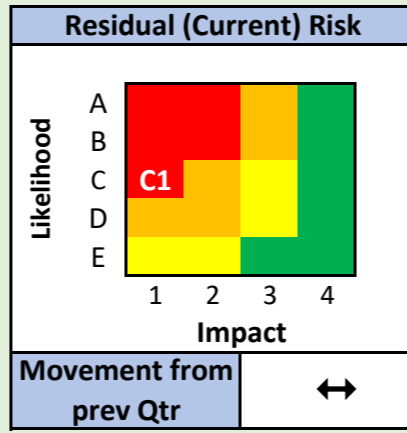
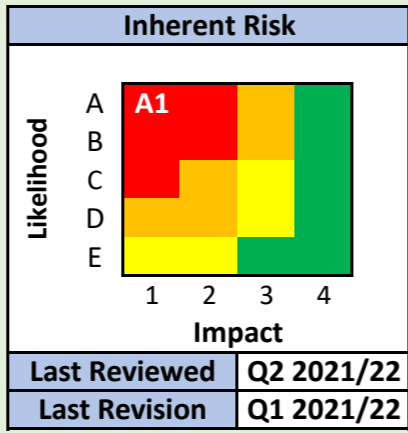
The impact of a cyber-attack / incident has the potential to involve the realisation of the risks associated with:

- An information governance breach (i.e. Stop Now Order, Information Notice, Enforcement Notice, Financial Penalty etc.)
- A business continuity incident – with a potential for major loss of service and legal, health and safety and financial implications.
- A financial / fraud related attack.

A malicious attack could result in loss of confidence from those transacting with the Council (reputation), as well as legal, asset, system, operational and financial implications.

**Type(s) of Impact**

|  |  |
|--|--|
| <ul style="list-style-type: none"> <li>• Service Delivery</li> <li>• Reputational</li> <li>• Legal</li> <li>• Financial</li> </ul> | <ul style="list-style-type: none"> <li>• Health &amp; Safety</li> <li>• Stakeholder</li> </ul> |
|--|--|



**Risk Owner(s)**

|   |   |
|---|---|
| <p><b>Chris Lee</b><br/>(Phil Bear)</p> | <p><b>Councillor</b><br/><b>Chris Weaver</b><br/>Finance, Modernisation and Performance</p> |
|---|---|

**What we've done/are currently doing to achieve the Residual Risk Rating**

The principal controls for the high risk areas are as follows:

**Monitoring**

- Log analysis is undertaken on a prioritised basis with incident reporting to ISB and discussed with IAO - risk of vulnerabilities could be further mitigated with additional resourcing for log monitoring - this is under continual review

**Secure Configuration**

- Corporate - Procurement of replacement devices and outdated applications
- Above will facilitate management review of cost of replacement and enable greater planning of replacements.
- ICT: Early and clear notification to service and systems owners of when solution will need replacing or upgrading.
- ICT: Tougher stance on removing or blocking systems and services that are not fully supported by suppliers and as such may pose a risk to security and compliance.
- ICT Malware / Ransomware Risk Report has been submitted for review by ICT Management.

**Corporate Cloud Security**

- Maturing PIA & CIA process used to assess risks to data and technology solutions
- Independent assessment and certification of the council's IT security posture via the National Cyber Security Centre (NCSC) Cyber Essentials Plus scheme
- Independent assessment and certification of the Council's Information Governance (GDPR/Data Protection) posture via the ISAME Governance scheme, awarded at the highest level of Gold
- Staff Cyber Security training programme rolled out to all staff to give guidance on threats and how to spot

**What we plan to do to meet target**

- ICT and Information Governance (IG) Teams to continue to liaise with FM for physical security assurances and to promote an incident reporting culture.
- To ensure strong ICT security, monitoring and cloud security controls:
  - ICT lifecycle and notification targets are being monitored and managed through the 'ICT Platforms' risk actions
  - Collaboration between ICT and IG to develop and map current ICT system providers in phased development of an Information Asset Register
  - Privacy Impact Assessment / Cloud Impact Assessments to be reviewed to ensure compliance with the requirements of the General Data Protection Regulation (GDPR) Action Plan being managed by the Information Governance Team
  - Governance and management requirements to be formalised for periodic and systematic review of all ICT systems.
- SIRO to review / consider Cloud Infrastructure to ensure:
  - Assurance of effective governance and management
  - Resource, risk appetite and outcomes required
  - Education of business systems owners in risk and management of cloud based services.
- ICT Management to review Malware report and implement improvement actions

**Linked Risks**

Information Governance

**Key Indicators / Measures used to monitor the risk**

- Threat intelligence from National Cyber Security Centre (NCSC), including national posture and guidance via the National Cyber Security Strategy/Programme
- Threats and risks highlighted by NCSC Cyber Security Information Sharing Partnership (CiSP), Cymru WARP (Warning, Advice and Reporting Point) and Welsh Government/WLGA
- General UK posture and issues raised in national and local media
- Number of compromises - breaches are monitored, investigated and reported back via Information Security Board and where applicable the ICO
- Monthly reporting of number of virus attacks via email blocked

# Business Continuity

| Description  | Inherent Risk   | Residual (Current) Risk  | Target Risk                            | Risk Owner(s)  |                                 |   |                        |   |  |                       |     |  |  |
|--|---|--|--|--|---------------------------------|---|------------------------|---|--|-----------------------|-----|--|--|
| <p>Large scale incident/loss affecting the delivery of services.</p> <p>The potential risk is that our most time sensitive activities are not sufficiently resilient and fail, following an incident which impacts on their delivery and that our incident management structure, used in response to internal incidents and external emergencies, also fails in response to an incident.</p>   |   |  |  | Chris Lee  | Councillor Huw Thomas<br>Leader |   |                        |   |  |                       |     |  |  |
|  | <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Last Reviewed</td> <td>Q2 2021/22</td> </tr> <tr> <td>Last Revision</td> <td>Q2 2021/22</td> </tr> </table>   | Last Reviewed  | Q2 2021/22                             | Last Revision  | Q2 2021/22                      | <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Movement from prev Qtr</td> <td style="text-align: center;">↔</td> </tr> </table>   | Movement from prev Qtr | ↔ | <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Target Reduction Date</td> <td>N/A</td> </tr> </table> | Target Reduction Date | N/A |  |  |
| Last Reviewed  | Q2 2021/22  |  |  |  |                                 |   |                        |   |  |                       |     |  |  |
| Last Revision  | Q2 2021/22  |  |  |  |                                 |   |                        |   |  |                       |     |  |  |
| Movement from prev Qtr   | ↔   |  |  |  |                                 |   |                        |   |  |                       |     |  |  |
| Target Reduction Date  | N/A   |  |  |  |                                 |   |                        |   |  |                       |     |  |  |
|  | <b>What we've done/are currently doing to achieve the Residual Risk Rating</b>  |  |  | <b>What we plan to do to meet target</b>   |                                 |   |                        |   |  |                       |     |  |  |
|  | <ul style="list-style-type: none"> <li>The Council has a BCM Champion who sponsors BCM at a strategic level</li> <li>We have an approved Business Continuity Policy which is aligned to ISO22301</li> <li>BCM toolkit is now available on CIS</li> <li>The Council employs a Business Continuity Officer who is a qualified ISO22301 lead auditor</li> <li>The Emergency Management Unit has developed an Incident Management Plan (Cardiff Council's Emergency Management Plan) to ensure alignment with ISO22301. This was fully updated in March 2019.</li> <li>The Council has a 24 hour Incident Management structure for Gold and Silver Officers.</li> <li>Cardiff Council is a member of the Core Cities Business Continuity Group</li> <li>Internal Audit completed an audit of the Business Continuity Risk in September 2018 and the assurance statement was "Effective with opportunity for improvement"</li> <li>Q4 of 2019/2020 saw the council undertake a full review and update of the activities delivered across the council allowing us to focus on the resilient delivery of key functions as we planned and responded to the COVID19 threat. This review was delivered at the Strategic Level.</li> <li>Each Directorate was tasked with reviewing and updating their key business continuity plans in preparation for the emerging COVID19 threat. Each Director/Corporate Director was responsible for ensuring this work was undertaken fully and properly. The existing Business Continuity work provided a solid foundation to our response to the COVID19 threat.</li> <li>The full corporate incident management team was activated in early March.</li> <li>The Council worked positively at a Local Resilience Forum(LRF) level with partners supporting a wider Wales response to the COVID19 threat. This included daily reporting and escalation of key issues to the LRF.</li> <li>Areas were forced to change to a far more agile way of operating with our core ICT requirements changing to support far more agile/home working. The mode of delivery worked exceptionally well and provides the potential for longer-term resilient agile working in response to the ongoing COVID19 risk, in addition to positively supporting other aims and corporate risks.</li> <li>Staff across the council adapted at speed and have worked incredibly hard to deliver key services in new ways, in addition many staff changed roles to support the resilient delivery of key services and new asks on the council to keep the public safe.</li> </ul> |  |  | <ul style="list-style-type: none"> <li>Work with ICT to ensure our core infrastructure is as resilient as possible and able to support additional agile working capacity.</li> <li>Work with the teams involved with looking at the potential of using alternative delivery models for council services. Identifying risks associated with alternative delivery models for specific services and recommend potential risk management solutions for implementation, to protect the delivery of our most critical services.</li> <li>The BC Officer is working to develop and enhance individual Directorate response capability to ensure Directorates are in a stronger position to respond to incidents which could impact on the Council and our most time sensitive activities</li> <li>The BC officer is continuing a review of 4x4 resources across the council to support our response capability to deal with the potential of winter storms.</li> <li>The BC officer along with the Resilience Unit are continuing to ensure that corporately we are able to respond to the COVID19 threat and the ongoing risk including of a third wave until the threat of the pandemic has fully dissipated.</li> <li>The Resilience Unit will undertake a lessons learned review of key lessons from the first 2 waves of the pandemic and ensure that key risks/lessons/processes that feed into the councils resilience capability are incorporated into our ongoing planning to support us in being ready for ongoing risks. This will, where appropriate, involve a review and update of individual BC plans by Directorates and also a review and update of the councils Emergency Management Plan.</li> <li>The Resilience Unit will support Directorates in their Autumn/Winter 2021 resilience planning with targeted work and support around the councils most time critical activities. As the challenges the pandemic continues to pose for the council along with the other current and emerging risks this work will focus on a continual and sustainable delivery of key services.</li> </ul> |                                 |   |                        |   |  |                       |     |  |  |
| <b>Potential Impact(s)</b> <ul style="list-style-type: none"> <li><b>Health and Safety</b> – potential impact on staff and on the public relying on our most, time sensitive, critical services</li> <li><b>Legal action</b> -Failure of key services could lead to Legal action against the council</li> <li><b>Financial</b> - Failure of key services could led to significant financial cost both in terms of Ombudsman action and Enforcement action from regulatory bodies, as well as individual legal action against the corporate body where service failure leads to legal action against us from private claimants</li> <li><b>Reputational</b> - Impact on key services to the public could lead to significant reputational damage to the organisation</li> <li><b>Stakeholder</b> – Impact on key stakeholders as result of failure</li> <li><b>Service delivery</b> – Potential significant impact on service delivery to the public, impact of key services could lead to significant impacts to the public and the corporate body un delivering its services</li> </ul> |   |  |  |  |                                 |   |                        |   |  |                       |     |  |  |
| <b>Type(s) of Impact</b> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;"> <ul style="list-style-type: none"> <li>Service Delivery</li> <li>Reputational</li> <li>Legal</li> <li>Financial</li> </ul> </td> <td style="width: 50%;"> <ul style="list-style-type: none"> <li>Health &amp; Safety</li> <li>Stakeholder</li> </ul> </td> </tr> </table>  | <ul style="list-style-type: none"> <li>Service Delivery</li> <li>Reputational</li> <li>Legal</li> <li>Financial</li> </ul>  | <ul style="list-style-type: none"> <li>Health &amp; Safety</li> <li>Stakeholder</li> </ul> | <b>Linked Risks</b> <p>Brexit Risk</p> |  |                                 | <b>Key Indicators / Measures used to monitor the risk</b> <p>The Red activity BC plan status is reviewed on a quarterly basis via a report to SMT after the CRR submission. Additionally the risk is managed as part of the Corporate Risk Management process via the CRR returns and the BC risk is also audited by Internal Audit . The last Internal Audit of the Business Continuity Risk was in in 2018.</p> |                        |   |  |                       |     |  |  |
| <ul style="list-style-type: none"> <li>Service Delivery</li> <li>Reputational</li> <li>Legal</li> <li>Financial</li> </ul>   | <ul style="list-style-type: none"> <li>Health &amp; Safety</li> <li>Stakeholder</li> </ul>  |  |  |  |                                 |   |                        |   |  |                       |     |  |  |

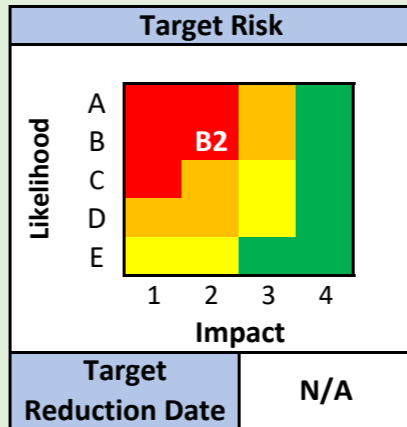
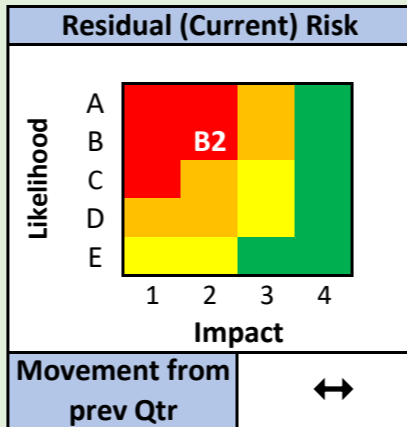
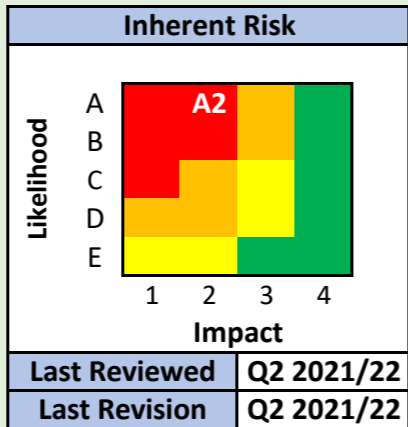
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# Welfare Reform

**Description**

That the Council cannot meet its statutory obligations with the increased demands and reduced budgets placed upon it by the Welfare Reform including: Universal Credit, further reduction in Benefit Cap and size restrictions for social tenants. The potential impact of these changes on rent arrears, homelessness and child poverty make these changes a significant risk. The removal of the DWP funding that paid for digital and budgeting support across the city will potentially increase the problem, although currently council reserves are being used to mitigate this.



**Risk Owner(s)**

**Sarah McGill**  
(Jane Thomas)

**Councillor Lynda Thorne**  
Housing & Communities

**What we plan to do to meet target**

Further additional resource has been agreed for supporting council tenants following the implementation of Universal Credit Full Service as rent arrears have increased significantly, staff have been recruited to assist with this and the new team is working well. Rent arrears procedure has been reviewed to include a more preventative and flexible approach and more assistance for more vulnerable tenants. After an initial sharp increase in rent arrears, the rate of increase has stabilised. This will be monitored over the coming months.

- Work has been undertaken to cost the potential risks of Universal Credit to the HRA and this will continue to be updated as more information is known.
- Temporary funding has been allocated to the Money Advice Team for 1 year to increase staffing, which will help with the negative impacts of both Welfare Reform and the pandemic on citizens.
- Regular meetings are held with social housing providers to monitor and improve processes.
- DHP spend is being monitored carefully. Expenditure for 2021/22 will continue focusing on the most vulnerable individuals, helping people with the transition into work and mitigating the risk of homelessness.
- New task and finish group set up to join up work with various service areas to ensure there is a clear 'no wrong front door' into help for those who are in rent arrears or are struggling to pay their rent.
- Continue to work with WG to ensure that any new schemes are designed in consultation with us.
- Services for private landlords are being further developed to help prevent them withdrawing from the market including incentives and support.
- Increase in Homeless Prevention staff to work with clients at risk of homelessness at the earliest opportunity Service can be provided from a partner building, community hub or in a client's home to increase engagement.
- In depth assessments continue to be completed at point of presentation to include a financial statement which will allow discussion to be had around possible expenditure concerns
- Attendance at monthly meetings to discuss clients affected by Welfare Reform in order that early support can be offered.
- Increase in Private Rented Sector Housing Solutions Team to obtain affordable private rented sector accommodation in order to assist clients to move quickly to avoid accruing higher rent arrears.
- Expansion of the Private Rented Sector Housing Solutions Team to include a dedicated single point of contact for landlords. This will mean that any issues can be raised at the earliest stage and support provided to try to prevent any issues which may lead to homelessness.
- Dedicated phone line for landlords will mean easier contact with above team.
- A new Advice Team is now in place within the Housing Options Service to assist clients and landlords and to ensure that help available is promoted. This will include an online messaging service making the Service accessible to a wider range of clients.
- Digital and budgeting support available from Into Work and Money Advice on a Saturday for the first time for those who are claiming UC and in work
- Introduction of landlord portal so that HA's and in the future, private landlords can access information quickly about amount of and dates of payments due online
- Extensive publicity campaign to be relaunched in the winter of 2021 promoting the Advice Services to encourage people to seek advice sooner rather than later and to raise awareness of the service

**Potential Impact(s)**

- Benefit claimants are priced out of the private rented sector market
- Private landlords stop renting to benefit claimants
- Private landlords leaving the rental housing market
- Social housing rents become unaffordable to some claimants, in particular those with large families
- Increased homelessness and demand for temporary accommodation – increased numbers seeking help with homelessness due to loss of private sector accommodation has already been seen. This is expected to increase further with the end of the evictions ban.
- Increased rough sleeping
- Increased rent arrears, increased evictions - The impact on Council tenant rent arrears has already been considerable and is having an impact?? on the HRA, this will continue to increase as more tenants move onto Universal Credit.
- Redeployment / Severance for housing benefits staff
- Changing demands on Council stock resulting in increased voids and/or undersupply of smaller properties
- Increased council rent arrears could impact on HRA and lead on barriers to building additional affordable housing
- LA less likely to pre-empt those who may be affected by changes and therefore unable to put mitigation steps in place This has already had a negative impact as the number of families affected by the Benefit cap who the advice teams have been able to initiate contact has reduced.
- Increase in poverty and child poverty, potentially an increase on demand on social services

**What we've done/are currently doing to achieve the Residual Risk Rating**

Communities staff continue to work closely with private sector landlords and advice agencies to mitigate wherever possible the reduction in benefit income to help prevent eviction.

- Discretionary Housing payments are used to top up benefit awards and offer rent rescue packages to those most affected by the changes, and to pay rent in advance and bonds to help tenants to move accommodation where necessary.
- Housing Options have undertaken a review of staffing levels due to increased demand on the service with prevention of homelessness its core objective. A range of support interventions are offered to tenants and landlords to reduce those needing to access homeless services.
- Increased partnership working to ensure that specific groups are encouraged to access help at the earliest opportunity including prison leavers, asylum seekers and those with no recourse to public funds., young people and clients leaving hospital
- Marketing the service to reach as many vulnerable clients as possible working with rent smart wales, community hubs, citizens advice bureau and Cardiff Credit Union. To ensure clients affected by reduced income due to the pandemic who may not be aware of homeless services an additional marketing drive has been delivered using social media.
- Housing Options service have developed additional support to help move families and vulnerable adults into private sector housing with a guarantor agreement to help mitigate the risk of financial loss that landlords fear.
- Housing Options service have created additional help for those on low incomes but not on benefits to access an interest free loan to pay for bond, rent in advance and moving costs. This also helps with financial inclusion as the clients are required to open a savings account with the credit union and will have a lump sum saved by the time the loan is repaid.
- Housing Solutions has moved to the Advice service. This will ensure that those who are homeless or threatened with homelessness can access advice and support in their own community and be triaged into the right help.
- The Housing Helpline has moved to the Advice Service. This will ensure that if demand increases as anticipated that additional resources can be utilised via the Adviceline to ensure that as many calls can be answered and cases triaged. Wraparound help with debts and income maximisation can also be provided.
- A new rent rescue pathway has been launched to support any clients who disclose rent arrears with Hub, Money Advice and Cardiff and Vale Credit union and HOC working together to support those identified. Letters have also been sent to landlords advising them of the support the HOC can provide if their tenants are in arrears.
- Housing Options service are working with third sector partners to help clients move into settled accommodation in the private rented sector, primarily for single people with low support needs who have lived in supported accommodation.
- Digital and budgeting Support is being given to claimants to help them respond to the changes, although funding has been stopped for this, the Council is therefore having to use its reserves to provide this service, the sustainability of this is therefore in question.
- A streamlined process is in place for re-housing tenants who need to downsize as a result of the social housing size restrictions. DHP is being used to pay removal costs and to cover shortfall while tenants are waiting to move. Welfare Liaison team within the housing service is in place to assist tenants affected by the changes. Work has been carried out to identify those affected by the Benefit Cap and to advise them accordingly and to identify the most vulnerable families and award DHP.
- DHP process has been reviewed to ensure that all those who request a DHP are given budgeting, income maximisation and debt advice
- Universal Credit full service has commenced in Cardiff. Despite additional resources put in place rent arrears for council tenants have risen significantly since the change was implemented. Welfare Liaison team work with tenants to mitigate the impact of the change.
- The Money Advice Team is providing comprehensive advice services for those affected by Welfare Reform and this has been rolled out across the city in Community Hubs and foodbanks.
- The Inclusive Growth Board and subgroups are coordinating multi-agency activity and developing appropriate interventions during a difficult transition period for many people affected. (Paused during Covid but Economic taskforce set up to support people affected by the economic downturn due to the pandemic.)
- Information Briefings continue to be provided to Members on Welfare Reform as appropriate.
- Digital inclusion training and Universal Credit Support has been rolled out across all the new Community Hubs.
- Into Work Services has been expanded to include Adult Learning and Cardiff Works, providing more pathways into work. The team can provide help and support to anyone in the city from light touch support to intensive one to one mentoring.
- Adviceline resource increased over since March 2020 so support can be provided throughout the pandemic. This has been vital to support residents during some very hard times
- New Money Advice Website launched providing local, up to date information in money related issues and help.

**Type(s) of Impact**

**Linked Risks**

**Key Indicators / Measures used to monitor the risk**

Number of customers supported and assisted with their claims for Universal Credit  
Additional weekly benefit identified for clients of the city centre advise team

## Increase in Demand (Children's Services)

**Description**

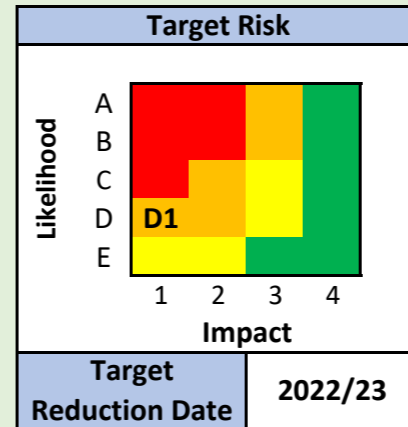
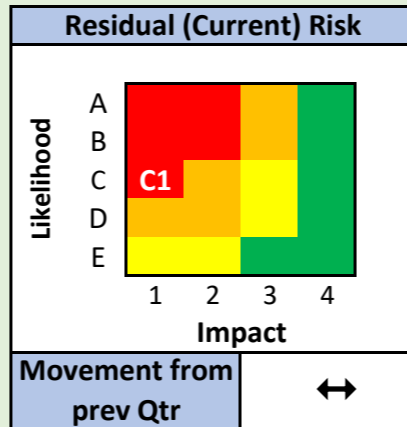
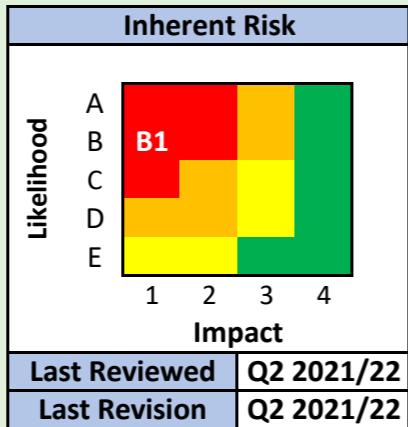
Failure to effectively manage demand (and respond to increasing demand due to Covid-19), resulting in increase in number of children requiring services and financial pressures this presents.

**Potential Impact(s)**

- Family breakdown leading to children becoming looked after.
- Growth in the number of children entering the looked after system and associated costs for the Authority.
- Insufficient placements to meet need resulting in increase in numbers living outside Cardiff.
- Challenges in improving outcomes for children leading to children being less likely to achieve their potential and to be fully participating citizens.
- Delays in issuing care proceedings because of existing capacity in Children's Services and consequential impact on budgets if work needs to be outsourced.
- Challenges in effectively managing service and financial pressures.
- Impact of high caseloads on staff and potential increase in social worker turnover.
- Welsh Government programme of work to eliminate profit from the care sector and potential impact on destabilisation of placements.
- Increase in use of unregulated placements.

N.B. All demand risks carry safeguarding implications.

| Type(s) of Impact  |  |
|--|--|
| <ul style="list-style-type: none"> <li>Service Delivery</li> <li>Reputational</li> <li>Legal</li> <li>Financial</li> </ul> | <ul style="list-style-type: none"> <li>Community &amp; Environment</li> <li>Stakeholder</li> </ul> |



**Risk Owner(s)**

|                                     |  |
|-------------------------------------|--|
| Sarah McGill<br>(Deborah Driffield) | Councillor Graham Hinchey<br>Children & Families |
|-------------------------------------|--|

**What we've done/are currently doing to achieve the Residual Risk Rating**

- Early Help - Cardiff Family Advice and Support Services.
- Interventions Hub being developed.
- Referrals to Safe Families.
- Referrals to Ymbarel.
- Dedicated worker to focus on young carers.
- Adolescent Resource Centre.
- Assessment Centre operational and at capacity.
- Direct Payments (review being undertaken).
- Signs of Safety / Reunification Framework / Family Group Conferencing / Safe and Together model.
- "Delivering Excellent Outcomes" Children's Services Strategy and Board to oversee progress.
- Refreshed workforce strategy being developed to address children's workforce issues
- Prudent social work / skill mix - ensuring social workers do what only social workers can do and recruitment to support staff / multi disciplinary staff. Additional temporary resource being recruited in support of this.
- Care & Support Plan Reviewing Officers.
- Implementation of 4th team in each locality to increase management capacity.
- Managed Team and 11+ social workers integrated into locality teams.
- Working hours flexible to meet service and personal needs.
- Provision and analysis of performance information being tailored to meet arising issues (e.g. monitoring domestic violence and development of PowerBi reports).
- Children's Commissioning Strategy and Market Position Statement.
- Appropriate use of COVID expenditure claims from Welsh Government and other funding streams; and financial planning around how longer term needs will be met.
- Temporary Resource Assistants recruited for OMs to test proof of concept.
- Vulnerability Change Project reviewing police mechanism for referrals to Children's Services - with the aim of reducing PPNs on low level cases.
- Reviewing Hub being developed.
- In house respite provision being reviewed to ensure it meets demand and need.
- Resource Panel to be implemented to oversee decisions regarding placements.
- Working closely with placement providers and work to grow in house provision.
- Work to shift the balance of care.

**What we plan to do to meet target**

- Business processes to be reviewed as part of implementation of Eclipse system.
- Family Drug and Alcohol Court pilot.
- Work with judiciary re: planned changes to private and public law.
- Implementation of Welsh Government Recovery Fund projects.
- Systems review and financial planning.
- Steps to ensure competitive recruitment offer compared with other local authorities in relation to terms and conditions.
- Work to shape and manage the market in relation to agency social workers.

**Linked Risks**

- Workforce Planning (Social Services)
- Safeguarding

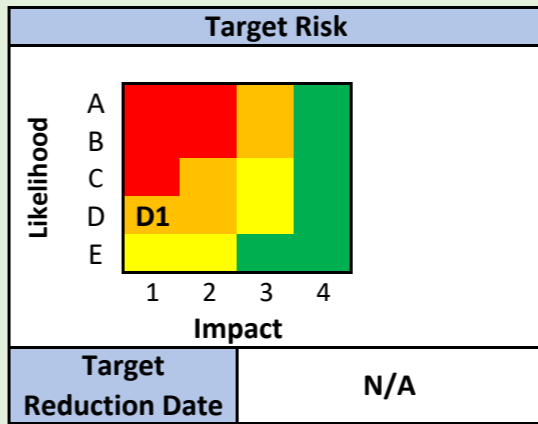
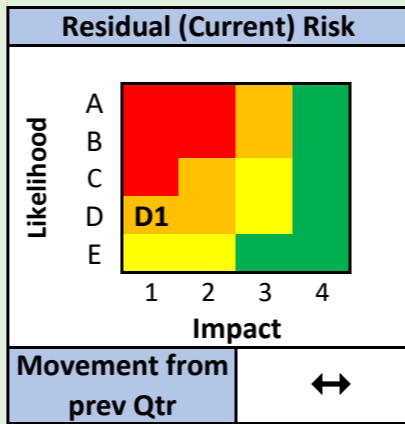
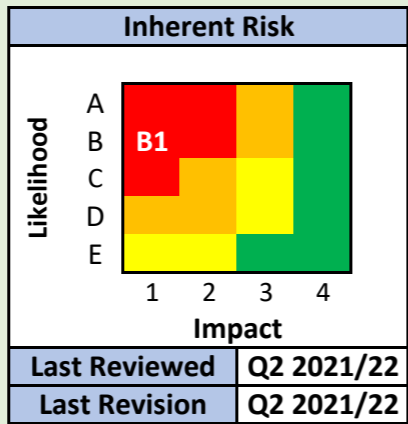
**Key Indicators / Measures used to monitor the risk**

- Children's Services:
  - Early Help 1 - Number of people supported through the Family Gateway
  - Early Help 2 - Number of people supported by the Family Help Team
  - Early Help 3 - Number of people supported by the Family Support Team
  - Contacts 1 - Number of Contacts / Referrals Received
  - SSWB 24 - Percentage of assessments completed for children within statutory timescales
  - CS LAC 3e - Number of children looked after

# Safeguarding

**Description**

Systemic failure in the effectiveness of the Council's safeguarding arrangements together with other statutory safeguarding partners.



**Risk Owner(s)**

**Sarah McGill**  
(Deborah Driffield)

**Councillor Huw Thomas**  
Leader

**Councillor Susan Elsmore**  
Social Care, Health & Well-being

**Councillor Graham Hinchey**  
Children & Families

**Councillor Chris Weaver**  
Finance, Modernisation and Performance

**Potential Impact(s)**

- A child(ren) or adult(s) suffer(s) preventable abuse or neglect which may result in harm or death
- Reputation of Council and partners
- Severe adverse publicity
- Potential regulator intervention
- Loss of confidence by community in safety of children and adults
- Loss of confidence of staff in the overall "safety" of the service, impacting on morale, recruitment and retention
- Potential litigation with associated financial penalties
- Significant financial implications of formal intervention

**What we've done/are currently doing to achieve the Residual Risk Rating**

- In terms of business continuity, our operational approach to child protection remains unchanged. Child protection procedures will continue to take precedence in our business continuity and children at the highest risk will be prioritised. Previous BRAG ratings will be reintroduced as part of business continuity planning if required.
- Regional Safeguarding Board oversee the safety and well-being of children and young people across the partnership.
- Corporate Safeguarding Board strengthened with development of Corporate Safeguarding Steering Group and focus on safeguarding in every Directorate Delivery Plan; lead OM with corporate oversight in place.
- Operational Manager Safeguarding Forum meets quarterly to ensure corporate oversight of safeguarding issues.
- Safeguarding issues included in Senior Management Assurance Statement.
- Delivering Excellence for Children's Service's Strategy being reviewed.
- Systems in place to learn lessons from and address recommendations from Child Practice Reviews, Adult Practice Reviews and multi agency practitioner forums.
- Recruitment and retention strategy in place to address children's workforce issues.
- Exploitation Strategy - to be lead corporately with community safety approach.
- Safeguarding Adolescents From Exploitation (SAFE) approach being piloted in North locality.
- Quality Assurance Framework in place; learning workshops introduced to complete feedback loop.
- Wales Safeguarding Procedures training held and systems updated.
- WAO review of corporate safeguarding.
- Regular review of operating model.
- Reviewing Hub being developed.
- High Risk Panel facilitate robust and timely multi-agency decision making at senior management level for our highest risk young people.
- OMs have oversight of all high risk cases and share decision making responsibility.
- Education provision secured for high risk children throughout the COVID-19 crisis.
- Surveys undertaken with staff, children and families / carers to determine what has / has not worked well during the crisis to shape services going forward, e.g. use of technology.
- Practice development group set up with leads allocated to workstreams to shape good practice.
- MISPER Strategy under development.
- Children's Services and Education working closely re-including in the development of locality working.
- Close partnership working (via Regional Partnership Board) in response to the emerging crisis regarding young people with serious mental health and emotional wellbeing issues. (i.e. increase in eating disorders, self harm, and attempted and actual suicide)
- Close partnership working in relation to serious youth violence, including with Violence Prevention Unit and Community Safety.
- Close partnership working in response to complex safeguarding concerns with providers.
- Revised Supervision process launched following feedback from pilot.
- Implementation of SAFE meetings to Safeguard Adolescents from Exploitation.
- Child Sexual Abuse practice leads training programme with Centre of Excellence.
- Review of escalating concerns process underway to strengthen arrangements and interface with safeguarding procedures and large scale enquiries.
- Development of an enhanced quality assurance process for care homes that includes monitoring visits undertaken by social workers in addition to Contracts staff and the commitment to undertake urgent (same day) on-site monitoring when serious concerns are raised.
- Advice / guidance is being produced for family members to inform them of what they should look for when choosing a care home for a loved one / when visiting a loved one in a care home and what they should do if they are worried / concerned about the quality of care.
- Quality Assurance Frameworks are currently in development for the new DAPL for care homes and domiciliary care.
- Strategic alignment of SWOT MARAC arrangements to deliver measurable outcomes to the population of street based sex workers, fixed base sex workers and internet based sex workers in the locality area.
- Development of MARAC arrangements for people who hoard and self-neglect and those presenting with the highest level of risk in society who may not necessarily meet other eligibility for services.
- Implemented processes for measuring quality in registered settings for Adults and improved response mechanisms for when quality in case is not to a standard expected, including strengthened links between Adult Safeguarding and commissioning based services.
- Strengthening of working relationships between Adult Safeguarding, Social Work, Health, Independent Living Services by regular monthly meetings and attendance at team meetings to feedback service updates.
- Amendment of Adult Safeguarding Duty arrangements to enable same day responses to concerns raised in line with the Wales Safeguarding Procedures (2019) and for provision of advice and information.
- Adult Safeguarding pathway for people subject to immigration and asylum restrictions in development in partnership with the Home Office and Ready Homes housing provider.

**What we plan to do to meet target**

- Strengthen arrangements for responding to professional concerns.
- Strengthen contractual arrangements in relation to safeguarding.
- Review of thresholds and step up / step down arrangements.

**Type(s) of Impact**

- Service Delivery
- Reputational
- Legal
- Financial
- Partnership
- Community & Environment
- Stakeholder

**Linked Risks**

- Increase in Demand (Children's Services)
- Workforce - Social Services

**Key Indicators / Measures used to monitor the risk**

- SCC.014 Percentage of initial child protection conferences carried out within statutory timescales during the year
- SCC.034 Percentage of child protection reviews carried out within statutory timescales during the year
- SSWB 27 Percentage of re-registrations of children on local authority Child Protection Registers
- SSWB 28 Average length of time for all children who were on the CPR during the year
- Res 15 - Percentage of Council staff completing Safeguarding Awareness Training

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# Legal Compliance

**Description**

Changes in services and staff roles across the Council resulting in:

- gaps in Council wide knowledge of the local authority framework of responsibilities and duties within which we have to operate;
- inability to deliver the services in accordance with all duties and responsibilities due to lack of resource:

In each case leading to increased risk of challenges.

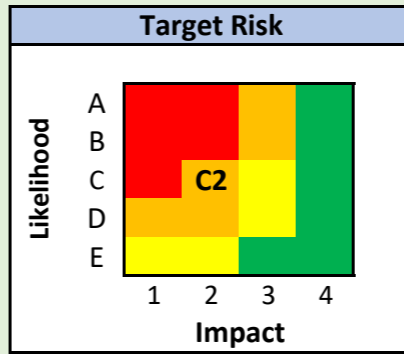
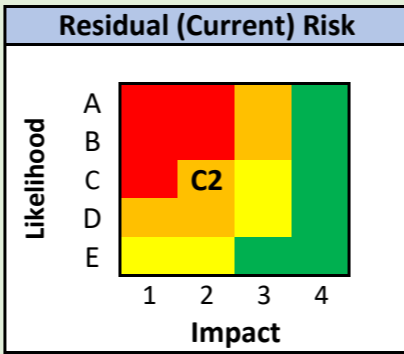
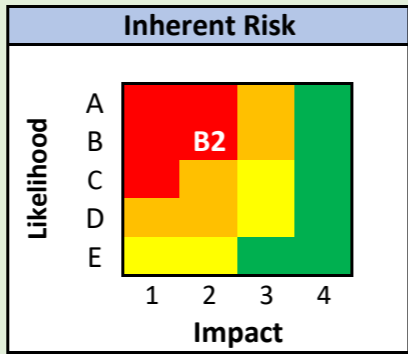
Reduction and changes in front-line services, discretionary and statutory, will lead to increased risks of challenge from users and other stakeholders affected.

**Potential Impact(s)**

- Increase in number of challenges and complaints with consequences in terms of already stretched resources and impact of adverse decisions
- Implementation of decisions delayed due to challenges and potentially fatally disrupted
- Impact on projects if reputation for sound management and implementation of projects is damaged
- Major incident
- Adverse press/media reaction
- Involvement from Welsh Government in terms of performance standards or measures
- Increased costs
- Impact on capacity to deal with proactive legal work

**Type(s) of Impact**

- Service Delivery
- Reputational
- Legal
- Financial



|               |            |
|---------------|------------|
| Last Reviewed | Q2 2021/22 |
| Last Revision | Q1 2021/22 |

|                        |   |
|------------------------|---|
| Movement from prev Qtr | ↔ |
|------------------------|---|

|                       |     |
|-----------------------|-----|
| Target Reduction Date | N/A |
|-----------------------|-----|

**Risk Owner(s)**

|              |                                 |
|--------------|---------------------------------|
| Davina Fiore | Councillor Huw Thomas<br>Leader |
|--------------|---------------------------------|

**What we've done/are currently doing to achieve the Residual Risk Rating**

- Professional internal legal and financial advice provided to a high standard
- Maintaining robust decision making process with legal implications on all Council, Cabinet and Committee reports and Officer Decision Reports at Director level
- Appropriate use of NPS Legal Services by Solicitors Framework to increase resilience
- Dedicated teams in specialist areas e.g. equalities, FOI / DPA
- Sharing training/publications received
- Encourage Directorates to ensure reports are discussed at preliminary stage in development to ensure all legal issues are addressed early
- Decision Making Training to both the Senior Management Forum and the Managers Forum carried out in 2020

**What we plan to do to meet target**

- Further development of standard precedents with guidance for use in cases of low value/low risk/repetitive matters
- Provide legal training to Directorates to develop knowledge within Directorates of specific statutory functions.

**Linked Risks**

**Key Indicators / Measures used to monitor the risk**

Number of Judicial Reviews and Number of Successful Challenges

**CARDIFF COUNCIL  
CYNGOR CAERDYDD****GOVERNANCE AND AUDIT COMMITTEE: 23 NOVEMBER  
2021**

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**TREASURY MANAGEMENT MID-YEAR REPORT 2021-22****REPORT OF CORPORATE DIRECTOR RESOURCES****AGENDA ITEM: 10.1**

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Annexes B & C to Appendix 1 to 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. To inform Governance and Audit Committee members of the Council's treasury management activities since 1 April 2021 and the position as at 30 September 2021.

**Background**

2. The Council's treasury management activities are governed by legislation and a Code of Practice developed by the Chartered Institute of Public Finance and Accountancy (CIPFA) updated in 2017. The Code is in the process of being updated by CIPFA by the end of 2021.

**Issues**

3. In the budget report of February 2010, Council adopted CIPFA's Treasury Management Code by formal acceptance of the Four Clauses of Treasury Management and Treasury Management Policy Statement as Council policy.
4. In accordance with these policies, this report provides members with a mid year update of Treasury Management activities as at 30 September 2021. This includes its borrowing and investments at a point in time.
5. Council requires the scrutiny of the accounting, audit and commercial issues of its Treasury Management Strategy and Practices to be undertaken by the Council's Governance and Audit Committee.

6. The mid-year report and supporting Annexes are attached as Appendix 1 are to be considered by Council on 25 November 2021.

### **Reasons for Recommendations**

7. Council policy requires the Treasury Management Mid-Year Report 2021-22 update to be submitted to Council.

### **Legal Implications**

8. No direct legal implications arise from this report.

### **Financial Implications**

9. The Council's treasury management activities are undertaken in accordance with the policies adopted by Council and under professional codes of conduct established by CIPFA, the Welsh Government and the Corporate Director Resources as part of Treasury Management Practices. This report is part of a suite of reports that members receive on the Council's treasury management activities during the course of a year. Whilst there are no direct financial implications arising from this report, the risks involved with treasury management are continuously reviewed in conjunction with the Council's treasury management advisors and forms part of the Council's Medium term Financial Plans.

## **RECOMMENDATIONS**

That Governance and Audit Committee :-

Note the Treasury Management Mid-Year Report 2021-22 (Appendix 1)

**CHRISTOPHER LEE**  
**CORPORATE DIRECTOR RESOURCES**  
16 November 2021

The following Appendix is attached:-

Appendix 1: Treasury Management Mid-Year Report 2021-22  
Annexe A – Treasury Management Policy Extract  
Annexe B – Investments at 30 September 2021  
Annexe C – Investment Charts at 30 September 2021  
Annexe D – Maturity Analysis of borrowing as at 30 September 2021  
Annexe E – Glossary of Treasury Management terms

# Treasury Management Mid-Year Report

2021-22



## Introduction

- 1.1 Treasury management activities are the management of an 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.
- 1.2 The Council carries out its treasury management activities in accordance with a Treasury Management Code of Practice for public services, updated by CIPFA in 2017. This requires the Council to set out the policies and objectives of its treasury management activities and adopt four Clauses of Treasury Management (replicated in **Annexe A**). The code is currently the subject of a consultation, with an update expected in late 2021.
- 1.3 Council received a report in March 2021 on the Council's Treasury Management and Capital Strategy for 2021/22. Governance and Audit Committee has received periodic updates on the position and performance of treasury management and the issues included in the report below. In addition, Council received in October 2021 the Annual Outturn Report for Treasury Management for 2020/21.
- 1.4 In accordance with Council policy, this report provides members with a 2021/22 mid-year update as at 30 September 2021 and covers:-
  - the economic background to treasury activities
  - investments
  - borrowing
  - debt rescheduling
  - compliance with treasury limits and prudential indicators
  - Treasury Strategy update for remainder of the year.
- 1.5 Annexe E includes a glossary which defines key terms used in this report.

## Economic Background

- 2.1 The coronavirus outbreak has resulted in huge economic damage to the UK and economies around the world. COVID-19 vaccines enormously boosted confidence that the UK could largely return to normal during the summer after a third wave of the virus threatened to overwhelm hospitals in the spring. From a previous view that price increases were a temporary spike in inflation, the Monetary Policy Committee (MPC) highlighted a marked concern that such pressures could prove more persistent. Recent increases in prices, particularly increases as a result of supply shortages and utility prices are likely to lead to faster and higher inflation expectations and underlying wage growth, which would in turn increase the risk that price pressures would prove more persistent next year than previously expected. This suggests that the MPC may now be willing to look through any flagging economic recovery to prioritise bringing inflation down next year to ensure that underlying price pressures in the economy do not get embedded and elevate future inflation to stay significantly above its 2% target and for longer.



2.2 With these factors in mind, the table below shows the Council’s treasury management advisors November forecast for bank rate and Public Works Loan Board (PWLB) certainty borrowing rates, based on their current lending policy. This shows a gradual increase in bank rate over the forecast horizon ending on 31st March 2025. Economic recovery is expected to be only gradual and, therefore, prolonged, with geopolitical events, impact of the ending of the furlough scheme and residual risks from Covid and its variants having downside risks to the forecasts.

|                | Actual<br>30/09/2021 | March<br>2022 | March<br>2023 | March<br>2024 | March<br>2025 |
|----------------|----------------------|---------------|---------------|---------------|---------------|
| Bank Rate      | 0.10%                | 0.25%         | 0.75%         | 1.00%         | 1.25%         |
| 5yr PWLB rate  | 1.38%                | 1.50%         | 1.70%         | 1.80%         | 2.00%         |
| 10yr PWLB rate | 1.77%                | 1.90%         | 2.10%         | 2.20%         | 2.40%         |
| 25yr PWLB rate | 2.14%                | 2.20%         | 2.40%         | 2.60%         | 2.70%         |
| 50yr PWLB rate | 1.91%                | 2.00%         | 2.20%         | 2.40%         | 2.50%         |

2.3 PWLB rates are based on gilt (UK Government bonds) yields, however HM Treasury determine a specified margin to add to gilt yields for any local authority borrowing. As the interest forecast table for PWLB certainty rates above shows, there is likely to be a steady rise over the forecast period, however there is exceptional volatility and unpredictability in respect of gilt yields and PWLB rates. Gilt yields and PWLB rates were on a falling trend between May and August. However, they rose sharply towards the end of September. The 50-year PWLB target certainty rate for new long-term borrowing started 2021/22 at 1.90%, rose to 2.00% in May, fell to 1.70% in August and returned to 2.00% at the end of September after the MPC meeting of 23rd September 2021.

**Investment**

- 3.1 The management of the Council’s cash flows may involve temporary lending of surplus funds to low-risk counterparties or temporary borrowing pending receipt of income.
- 3.2 The Council’s investment priorities remain the security and then liquidity of its Treasury investments. The Council also aims to achieve the optimum return appropriate to these priorities.
- 3.3 The Council invests with financial institutions in accordance with criteria approved in its Treasury Strategy. The categories, names, periods and size limits on this list can be extended, varied or restricted at any time by the Corporate Director Resources under delegated powers. Based primarily on Fitch credit criteria and a number of other factors which the Council takes into account, lending to these institutions is subject to time and size limits and credit worthiness continues to be carefully monitored.

- 3.4 There have been no changes made or required to be made to the list of eligible counterparties included as part of the 2021/22 Treasury Management Strategy approved by Council, but these will continue to be reviewed using data from Treasury advisors and will be updated in the 2022/23 Strategy.
- 3.5 Following the introduction of The Markets in Financial Instruments Directive (MiFID) in January 2018, the Council opts to be classified as a professional client rather than a retail client by financial institutions.
- 3.6 Investments returns are likely to remain negligible during 2021 and in many cases market rates on deposits are currently negative for shorter periods. It is now impossible to earn the level of interest rates on deposits commonly seen in previous decades as all investment rates are barely above zero now that Bank Rate is at 0.10%. Whilst there is discussion about increases in base rate to mitigate against inflation risks, investment returns are expected to remain low. The approach of deferring external borrowing by using temporary cash balances will continue to be used as part of the borrowing strategy.
- 3.7 At the 30 September 2021, investments stood at £147.8 million. These temporary funds fluctuate daily and arise for a number of reasons, including the timing differences between the receipt of grant and other income and the utilisation of these funds on salaries and other operating costs. They also include the level of reserves, provisions, and balances held on behalf of Joint Committees such as City Deal. It is also affected by the timing of borrowing and capital expenditure transactions. **Annexe B** shows with whom these investments were held as at 30 September 2021. All investments are deemed recoverable.
- 3.8 A selection of performance indicators and benchmarking charts, is included in **Annexe C** as follows:-
- **Counterparty exposure** displays actual investment against the maximum permitted directly with an organisation. This demonstrates that we are not exceeding any exposure limits. As a response to the Covid crises, the Council activated use of the HM Treasury's Debt Management Office account in order to support the treasury team to manage funds held.
  - **Remaining maturity profile of investments.** This shows the duration of investments over time. The Council will take advantage of longer-term rates where reasonable to do so.
  - **Investments by institution.** This expresses the investments held with different institutions as a percentage of the total and shows diversification is sought where possible.
  - **Geographic spread of investments** as determined by the country of origin of relevant organisations. All countries are rated AA and above as per our approved criteria and are licensed to take UK deposits. Investments are in Sterling only.
  - **Investments by Financial Sector.** The majority of investments continue to be with banks.

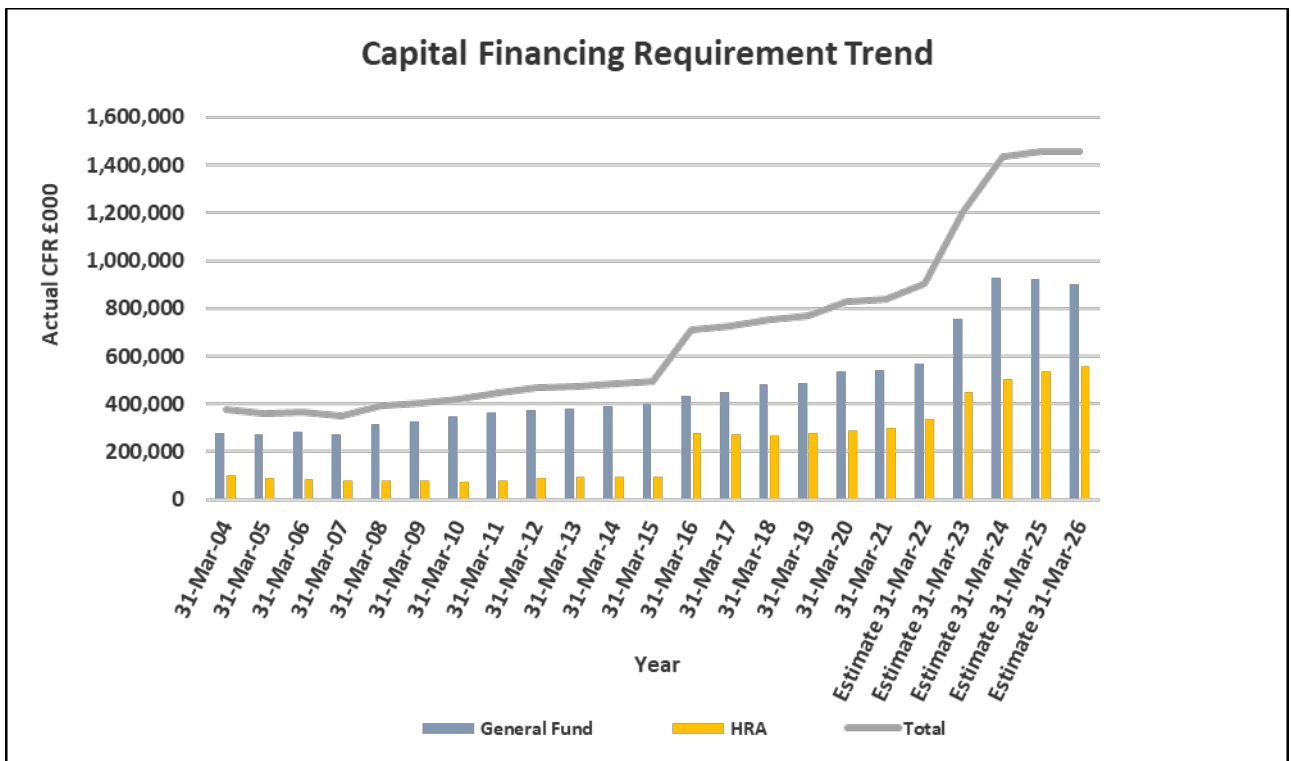
- 3.9 Whilst a difficult figure to forecast due to the uncertainty of the markets, cash flows and the number of variables that impact on the figure, the forecast level of interest receivable from treasury investments for 2021/22 is £130,000. The return achieved since the start of the year is 0.10% compared to the average of the benchmark rate since the 1 April 2021 for the 7-day London Interbank Bid Rate (LIBID) of -0.08% and 3 month LIBID -0.05%. This positive performance is primarily as a result of deposits placed for longer and use of notice accounts where deemed prudent to do so.

## **Borrowing**

- 4.1 Long term borrowing is undertaken to finance the Council's Capital Programme. The administration's 'Capital Ambition' identifies the opportunities facing the city and sets out the response to challenges. This is not just a consideration of how challenges are responded to, but it is also about investing in future economic growth and development, prioritising investment in schools, affordable housing, tackling homelessness, and protecting the city's most vulnerable people. It sets out the approach for tackling congestion and air pollution, improving recycling rates and keeping our streets clean, along with a series of commitments to respond to the climate emergency, to create opportunities for local people and addressing inequality. All these capital projects play an important role in supporting and accelerating the Council's work in responding to Covid-19 and leading the recovery. The budget report and its capital strategy considered by Council in March 2021 provided an update on the Indoor Arena, and subject to due diligence, direct funding of the arena construction by the Council as an alternative for third party funding, fully funded by annual lease income from the Arena Operator. The Council is also continuing to develop a number of strategic projects, which, subject to approval of business cases, due diligence and affordability may be considered for approval as part of future iterations of the detailed investment programme. These include projects arising from the Transport White Paper including Metro; Atlantic Wharf Masterplan; Core Office Strategy; 21st Century Schools and responding to the climate emergency.
- 4.2 The main sources of borrowing currently are the PWLB and the Money Markets. The Council does not separate General Fund and Housing Revenue Account borrowing as all borrowing is the liability of the Council i.e. borrowing is 'pooled'.
- 4.3 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                 |
| =        | <b>Closing Capital Financing Requirement (CFR)</b>                        |

- 4.4 The CFR forecast is subject to the timing of capital expenditure, capital receipts and new schemes that may be considered for approval in future years. It can be seen that the Council's underlying need to borrow is increasing and will need to be repaid from future revenue budgets either from savings, revenue income or Council Tax and Housing Rents.
- 4.5 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, which will be updated in March 2022. 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 21<sup>st</sup> 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 as set out in the budget in March 2021. These projections will be updated in the Capital Strategy for 2022/23 in March 2022.



- 4.6 At 30 September 2021, the Council had £824.8 million of external borrowing predominantly made up of fixed interest rate borrowing payable on maturity.

| 31 March 2021 |             |  | 30 September 2021 |             |
|---------------|-------------|--|-------------------|-------------|
| £m            | Rate (%)    |  | £m                | Rate (%)    |
| 698.9         |             | Public Works Loan Board                | 713.1             |             |
| 51.0          |             | Market (Lender Option Borrower Option) | 51.0              |             |
| 22.5          |             | Welsh Government                       | 22.4              |             |
| 38.3          |             | Local Authorities and other            | 38.3              |             |
| <b>810.7</b>  | <b>4.17</b> | <b>Total External Debt</b>             | <b>824.8</b>      | <b>4.09</b> |

The estimated total interest payable on borrowing for 2021/22 is £34.1 million which includes interest payable by the Housing Revenue Account of circa £13.1 million.

#### New borrowing undertaken during the first half of the year

- 4.7 During the first half of the year an Interest free loan of £0.441 million was received from Welsh Government in respect of energy efficiency schemes in school's buildings and £20 million of the Council's borrowing requirement has been taken from the PWLB at an average rate of 1.67%. It should be noted that since the 30 September 2021, a further £50 million of PWLB Loans have been taken at an average rate of 1.87% to mitigate against the risk of rising interest rates and to lock in some of the Council's planned borrowing requirement. Opportunities for additional borrowing will continue to be considered during the remainder of the year, with further details will be provided in the Treasury Management Strategy to be received by Council in March 2022.

#### Maturing Loans in year to date

- 4.8 **Annexe D** shows the maturity profile of the Council's borrowing as at 30 September 2021. Maturing loans of £6.3 million have been repaid in the first half of this year with a further £20.7 million due to be repaid by 31 March 2022.
- 4.9 (LOBO) products are loans to the Council 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 without penalty.
- 4.10 The Council has six such loans totalling £51 million. 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.
- 4.11 Interest rates on these loans range between 3.81% and 4.35% which are not unreasonable and are below the Council's average rate of interest payable. Details of the loans are shown in the table below.

| £m | Rate  | Potential Repayment Date | Option Frequency | Full Term Maturity |
|----|-------|--------------------------|------------------|--------------------|
| 6  | 4.28% | 21/11/2021               | 6 months         | 21/11/2041         |
| 6  | 4.35% | 21/11/2021               | 6 months         | 21/11/2041         |
| 6  | 4.06% | 21/11/2021               | 6 months         | 23/05/2067         |
| 6  | 4.08% | 02/03/2022               | 6 months         | 23/05/2067         |
| 5  | 4.10% | 16/01/2023               | 5 years          | 17/01/2078         |
| 22 | 3.81% | 21/11/2025               | 5 years          | 23/11/2065         |

- 4.12 LOBO's to the value of £24 million are subject to the lender potentially requesting a change in the rate of interest payable every six months. This is deemed unlikely, and any risk is a manageable refinancing risk as LOBOs in total, form a relatively low proportion of the Council's overall borrowing at 6.18%.

#### Borrowing Strategy

- 4.13 As shown in the interest rate forecasts set out earlier in this report, borrowing rates are higher than investment rates which means that the cost of undertaking new borrowing would have a negative impact on the revenue budget. External borrowing may be deferred in order to minimise short term costs by using temporary cash balances to meet the Capital Financing Requirement rather than placing in an investment. This is termed 'internal borrowing'. However deferring borrowing is only a short-term measure and could expose the Council to higher borrowing rates and costs in the future. The Council has taken an approach of regularly undertaking external borrowing towards its borrowing requirement to provide certainty and mitigate any such risk.
- 4.14 If no further borrowing is undertaken, the value of external loans at 31 March 2022 will be £856 million. At the same point, the Council's need to borrow for capital expenditure purposes, its Capital Financing Requirement (CFR), is currently forecast to be circa £905 million (General Fund £570 million and HRA £335 million). Without any further borrowing this financial year internal borrowing would be £49 million. The Council will consider further options in respect to borrowing in the last quarter of the financial year.
- 4.15 The Council is also considering a number of projects that involve the Welsh Government providing interest free loans to the Council or an income stream to undertake specified projects such as town centre loans and energy projects. Welsh Government take no risk in such projects and expect all loans to be repaid. Where the Council is taking on specific loans for the delivery of specified projects, robust business case processes and legal charges if appropriate should be in place to ensure any loans can be repaid following implementation of projects.

## Debt Rescheduling

- 5.1 No debt rescheduling or early repayment of debt has been undertaken to date in 2020/21. The main obstacle remains the level of premium (penalty) that would be chargeable on early repayment by the PWLB. Of the existing PWLB loans of £713 million, £690 million are eligible for early repayment. However, this would incur a premium of £475 million as at 30 September 2021. 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 the flexibility of Local Authorities to make savings. This remains an obstacle in the ability of local authorities to manage debt more effectively.
- 5.2 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

- 6.1 During the financial year to date, the Council has operated within the treasury limits and prudential indicators set out in the annual Treasury Management Strategy in March 2021. The treasury and capital prudential indicators will be updated as part of the 2022/23 Capital and Treasury Strategies in the Budget Report to Council in March 2022. Affordability of additional investment will need to be monitored closely as part of the Medium-Term Financial Plan and HRA Business Planning process.

## Treasury strategy for the remainder of 2021/22

- 7.1 The Treasury Strategy approved in March 2021 remains valid despite the impact of Covid-19 and continued uncertainty in financial markets. The use of temporary cash balances instead of borrowing to pay for capital expenditure continues will continue to result in short term savings. However, with a significant overall borrowing requirement, now that that the outcome of the consultation on PWLB lending policy being known, further opportunities to take additional borrowing from PWLB in the remainder of the year will be considered including other future options to diversify the Council's borrowing requirement for the capital programme and major projects.
- 7.2 The Council will continue to look for good quality investment counterparties, where the focus remains security, liquidity and risk in that order, whilst trying to avoid negative interest rates where possible. In addition, LIBOR which is used to derive LIBID will be phased out in 2021, so options will need to be considered to change the Investment Benchmark. This impact of these issues will be

considered in the Treasury Management Strategy report to Council in March 2022 as well as setting in place approaches to implement agreed changes to the CIPFA Treasury Management Code, which are likely to include, changes in indicators for borrowing and investments, strengthened requirements for skills and training and for investments which are not specifically held for treasury management purposes.

## **Annexes**

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

Annexe B – Investments at 30 September 2021

Annexe C – Investment Charts at 30 September 2021

Annexe D – Maturity Analysis of Borrowing as at 30 September 2021

Annexe E – Glossary of Treasury Management terms



**Treasury Management Policy and Four Clauses of Treasury Management adopted by Council 25/02/2010**

**Council's treasury management Policy / Activities**

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

**Four Clauses of Treasury Management**

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

Mae'r dudalen hon yn wag yn fwriadol

Yn rhinwedd paragraff (au) 14, 21 Rhan (nau) 4 a 5 o Atodlen 12A  
o Ddeddf Llywodraeth Leol 1972.

Mynediad Cyfyngedig i'r Ddogfen

Mae'r dudalen hon yn wag yn fwriadol

Yn rhinwedd paragraff (au) 14, 21 Rhan (nau) 4 a 5 o Atodlen 12A  
o Ddeddf Llywodraeth Leol 1972.

Mynediad Cyfyngedig i'r Ddogfen

Mae'r dudalen hon yn wag yn fwriadol

## **Glossary of Terms - Treasury**

### **Bank Rate**

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

### **Bonds**

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**

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**

Capital expenditure pays for improvements to existing and new assets used in the delivery of Council services as well as other items determined by Regulation. Capital resources are scarce, costly and also have long term revenue implications over many years and even generations where capital expenditure is funded by borrowing. Hence the requirement of the Prudential Code to ensure what is charged as Capital Expenditure is Prudent, Sustainable and Affordable.

The statutory definition of capital expenditure is given in the Local Government Act 2003, the Local Authorities (Capital Finance) Regulations 2003 and 2004 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)**

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**

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**

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)**

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)**

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**

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

### **Corporate Bonds**

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**

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

### **Counterparty / Credit Risk**

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

### **Credit Criteria**

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

### **Credit Default Swaps**

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**

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)**

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**

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

### **Diversification of Investments**

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)**

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

### **External Borrowing**

Money borrowed from outside of the Council.

### **Financial Instrument**

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**

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**

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

### **Floating Rate Notes**

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

### **Fraud / Error Risk**

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)**

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**

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

### **Internal Borrowing**

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

### **Investments**

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

### **Lender Option Borrower Option Loans (LOBOs)**

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

### **Liquidity**

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

### **Market Loans**

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**

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)**

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).

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'.

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)**

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**

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**

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)**

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**

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**

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)**

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**

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**

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.

### **Security**

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

### **Sovereign Credit Ratings**

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**

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

### **Term Deposits**

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

### **Treasury Management**

The 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**

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

### **UK Government Gilts**

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**

An interest rate that changes in line with market rates.

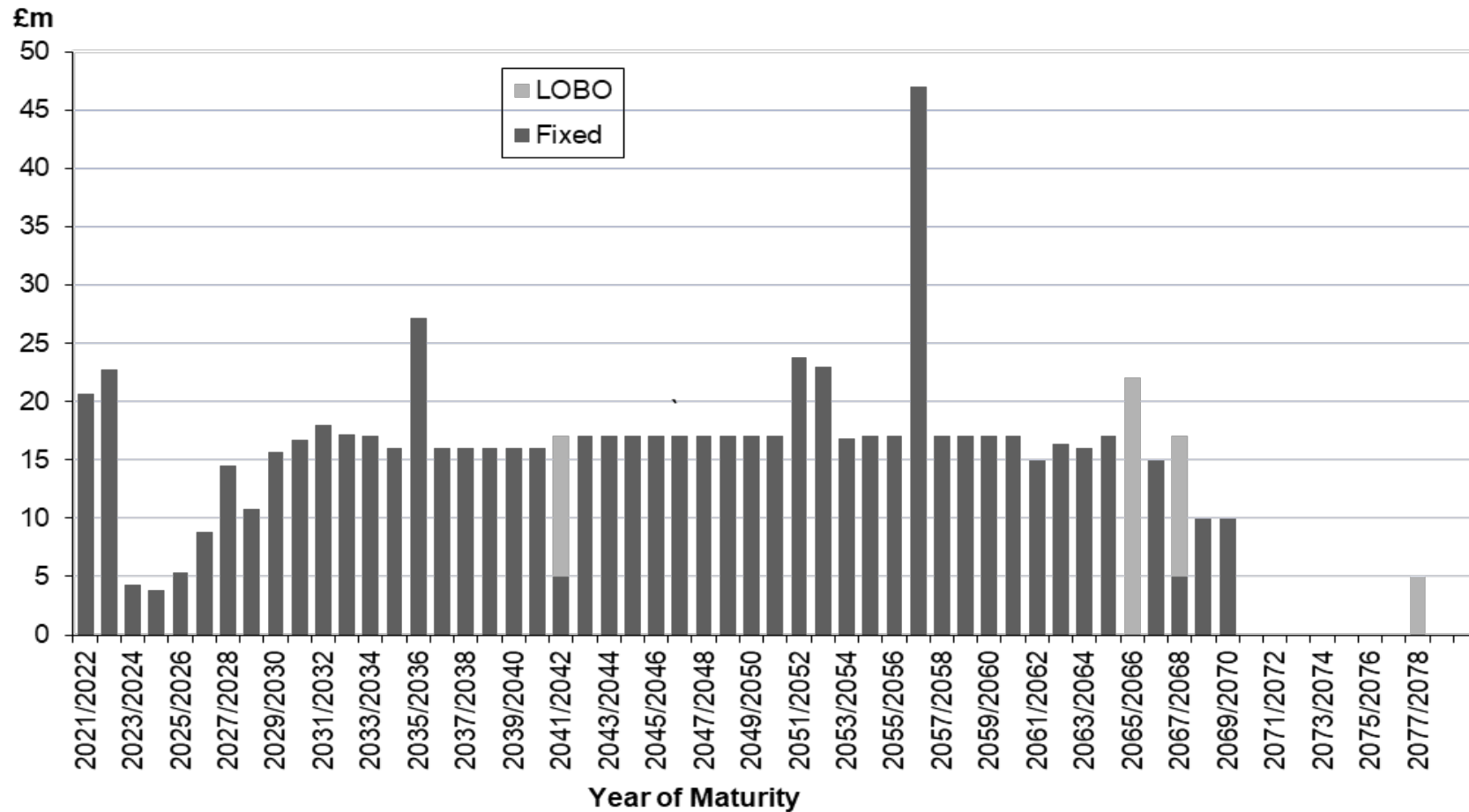
### **Yield**

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

Mae'r dudalen hon yn wag yn fwriadol

Maturity Profile of Debt at 30 September 2021

Tudalen 363



Mae'r dudalen hon yn wag yn fwriadol



## Governance and Audit Committee Action Plan

(Updated following meeting held on 28 September 2021)

| Minute No. /Agenda No.                  | Actions   | Timeline   | Action Owner |
|---|---|--|--------------|
| <b>Finance (Budget)</b>                 |   |  |              |
|   | 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.   | Completed<br>04/10/2021  | AH           |
| 20.07.21                                | Responses to questions raised regarding the Statement of Accounts to be circulated to all members of the Committee.   | Completed<br>04/10/2021  | 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   | Completed<br>04/10/2021  | AH           |
| 28.09.21                                | Circulate SOA responses received prior to Special Committee meeting on 19 October.  | Completed<br>04/10/2021  | CL           |
| <b>Governance &amp; Risk Management</b> |   |  |              |
| 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 arranged for 7 December 2021                               | CP           |
| <b>Audit Wales (AW)</b>                 |   |  |              |
| 23.03.21                                | Audit Wales to provide an account of how their time was applied as part of future Annual Audit Plan reports.  |  | PP           |
| <b>Internal Audit</b>                   |   |  |              |
|   |   |  |              |
| <b>Treasury Management</b>              |   |  |              |
|   |   |  |              |
| <b>Operational Items</b>                |   |  |              |
| 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      |
| <b>AW Tracker/Other Studies</b>         |   |  |              |

| Minute No. /Agenda No.        | Actions   | Timeline             | Action Owner |
|-------------------------------|---|----------------------|--------------|
| 26.01.21                      | The external audit recommendation tracker to be expanded for future reports to Audit Committee, to include 'accountability / reporting to' arrangements, in respect of relevant Committees or Boards. |                      | GN           |
| Work Programme                |   |                      |              |
|                               |   |                      |              |
| Outstanding Actions           |   |                      |              |
|                               |   |                      |              |
| Correspondence                |   |                      |              |
|                               |   |                      |              |
| 28.09.21                      | Circulate a copy of the letter from PRAP committee to the Cabinet Member for Finance, Modernisation and Performance, on Month 4 budget monitoring report.   | Completed 22/10/2021 | CL           |
| 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<br>(4:30pm)  | Tuesday 28.09.21<br>(2pm)  | TBC<br>Special Committee Meeting<br>Tuesday 19.10.21 (2pm)   | Tuesday 23.11.21<br>(2pm)  | TBC<br>Special Committee Meeting<br>Tuesday 07.12.21 (2pm)                                      | Tuesday 25.01.22<br>(4:30pm)   | Tuesday 15.03.22<br>(4:30pm)                                      | Tuesday 19.07.22<br>(2pm) TBC  |
|---|---|--|--|--|---|--|---|--|
| <b>Audit Wales (AW)</b>   |   |  | ISA 260 and Audited Statement of Accounts 2020/21 for Cardiff Council including: Cardiff Harbour Authority & Trust Funds | ISA 260 and Audited Statement of Accounts 2020/21 for Cardiff & Vale of Glamorgan Pension Fund       |   | Annual Audit Summary Report  | Annual Audit Plan 2022  |  |
|   |   |  |  | National & Local Financial Sustainability Reports  |   |  | 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                                     |
| <b>Performance</b>  | 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 – Mid Year Report   |   |  |   | Council Complaints and Compliments – Policy and Annual Report 2021/22      |
| <b>Treasury Management</b>  |   | Treasury Management Annual Report  |  | Half Year Report   |   | Draft Treasury Management Strategy 2022/23                                   | Treasury Management Practices                                     |  |
| <b>Finance</b>  | 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  |
| <b>Internal Audit</b>   | 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                                       |
| <b>Governance and Risk Management</b>   | 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                   |   |  |
| <b>Senior Officer Updates</b><br><i>(Operational Matters / Key Risks / Other)</i> |   | <i>Davina Fiore – Update on Governance and Legal Services Directorate Control Environment</i>          |  | <i>Andrew Gregory – Update on Planning Transport and Environment Directorate Control Environment</i> | <i>Neil Hanratty – Governance, Internal Control and Risk Management within Waste Management</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:

|  |   |  |
|--|---|--|
| <b>Governance and Audit Committee</b>  | <b>General</b>  | <b>Director / Senior Officer Assurance</b>   |
| <ul style="list-style-type: none"> <li>Annual self-assessment workshop (25.01.22)</li> <li>Training and development sessions.</li> </ul> | <ul style="list-style-type: none"> <li>Correspondence, publications and reports for information purposes</li> <li>Time sensitive consultation.</li> </ul> | <ul style="list-style-type: none"> <li>Use of letters, correspondence, and video / telephone meetings as necessary.</li> </ul> |

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