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AGENDA

Committee	GOVERNANCE AND AUDIT COMMITTEE
Date and Time of Meeting	TUESDAY, 15 MARCH 2022, 4.30 PM
Venue	REMOTE VIA MS TEAMS
Membership	Hugh Thomas (Chairperson) Gavin McArthur, David Price, Janet Wademan Councillors Cowan, Cunnah, Goodway, Howells, K Jones, Simmons, Singh and Williams

Time approx.

1 **Apologies for Absence**

To receive apologies for absence.

2 **Declarations of Interest**

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

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

To approve as a correct record the minutes of the meeting held on 25 January 2022.

4 **Update on Directorate Control Environment** (*Pages 17 - 56*)

4.35 pm

Melanie Godfrey, Director of Education and Lifelong Learning

5 **Finance**

5.00 pm

5.1 Financial Update including Resilience Issues (*Pages 57 - 66*)

5.2 Statement of Accounts 2021/22: Accounting Policies and Timescales (*Pages 67 - 116*)

- 6 Governance and Risk Management** 5.20 pm
- 6.1 Corporate Risk Management (Q3) *(Pages 117 - 148)*
- 6.2 Update on the roles of Governance and Audit Committee and Scrutiny Committees *(Pages 149 - 152)* 5.30 pm
- Comfort Break 5.40pm**
- 7 Internal Audit** 5.45 pm
- 7.1 Audit and Investigation Team Progress Update *(Pages 153 - 226)*
- 7.2 Internal Audit Charter and Audit Plan 2022/23 *(Pages 227 - 274)*
- 8 Treasury Management** 6.10 pm
- 8.1 Treasury Management Practices *(Pages 275 - 364)*
- 9 Outstanding Actions** *(Pages 365 - 366)* 6.20 pm
- 10 Correspondence** *(Pages 367 - 368)*
- 11 Work Programme Update** *(Pages 369 - 370)*
- 12 Urgent Items (if any)**
- 13 Date of next meeting**

The next meeting is scheduled for 19 July 2022
(subject approval by Council in May)

Davina Fiore

Director Governance & Legal Services

Date: Wednesday, 9 March 2022

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

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GOVERNANCE AND AUDIT COMMITTEE

25 JANUARY 2022

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

65 : APOLOGIES FOR ABSENCE

No apologies for absence were received.

66 : DECLARATIONS OF INTEREST

Councillor Goodway	Agenda Item 7.1	Personal interest as governor for Cardiff West Community High School
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67 : COMMITTEE MEMBERSHIP

RESOLVED – That the Committee noted that Council on 25 November 2021 re-appointed Gavin McArthur and David Price as Members of the Committee for a further 5-year term.

68 : MINUTES

The Committee approved as a correct record the minutes of the meetings held on 23 November 2021 and 7 December 2021, subject to the correction of minor two typographical errors.

69 : UPDATE ON DIRECTORATE CONTROL ENVIRONMENT – CORPORATE DIRECTOR RESOURCES

The Chairperson welcomed Chris Lee, Corporate Director Resources, to the meeting. The Director was invited to present a report on the control environment within the Directorate.

The Committee received a report providing an update on the control environment within the Resources Directorate. Members were advised that the Resources Directorate provides a wide range of support services in undertaking its role of supporting the Operational Directorates in the delivery of their services. Business support and guidance services are provided on Finance, Human Resources, Commissioning and Procurement, Digital and Technological issues and Transport. The Directorate also provides some key front line services via Connect to Cardiff and 24/7 services. A summary of the resources within the directorate in terms of FTE posts was set out in the report.

Members were asked to note that the onset of the pandemic created additional challenges for the Directorate in terms of the way it operated. However, the Directorate also played a key enabling role in how the Council was able to respond effectively from a service perspective. For example, as homeworking became the

default operation for thousands of employees, Digital Services played a key role; and as costs and income shortfalls were experienced, Finance and Procurement officers ensured that the Council remained financially resilient and able to respond quickly by commissioning vital supplies. Additionally, HR People Services were key in terms of the urgent need for amendments to employee policies and where solutions were needed for staff to be switched from existing roles to key front line posts.

Members were advised that robust performance management arrangements are in place across the directorate at both an individual service and overall management level. Balanced scorecard approaches are adopted across services and the Resources Management Team oversees performance and instigates corrective action where appropriate.

The Corporate 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, together with a summary of how the following areas are managed, were outlined in the report:

- Risk Management – Corporate and Directorate Risks
- Internal Audit Assurance
- Performance Management
- Significant Partnership / Collaboration Governance
- Senior Management Assurance Statements
- External Assurance
- Value for Money

The Chairperson invited the Corporate Director Resources to deliver a presentation. The presentation provided an overview of the directorate, its remit and its key priorities, together with a commentary of the issues bullet-pointed above.

The Chairperson then opened the debate. Members were asked to comment, seek clarification or raise questions on the information received. Those discussions are summarised as follows:

- In response to a question the Corporate Director confirmed that there was no overlap between the membership of the Local Pension Board and the Pension Committee. The only overlap would be those officers supporting the Board and the Committee.
- A Member noted the HR People Services and Finance functions within the directorate. Members asked how the volume of staff within those functions compared with equivalent sized authorities across the UK. The Head of Finance stated that the Senior Management Assurance Statement self-assurance ratings for the Finance function have a 'limited' rating in respect of benchmarking. The authority difficulty finding suitable sized authorities to benchmark against. The last time benchmarking was conducted across all central services was 3 or 4 years ago. At that time Cardiff compared favourably. In terms of staff numbers, as Cardiff was the largest authority, the establishment was on the high side. However, Cardiff can deliver a wider range of projects and services because it

has the skill set in house. Other authorities need to 'buy-in' those services.

- A Member asked when the directorate would look to revisit benchmarking. The Head of Finance advised that they had captured an action arising from the self-assessment exercise that benchmarking be revisited during the next 12 months. Informal networking is being undertaken within officer networks. Members were asked to note that both Finance and HR People Services have delivered efficiency savings year on year. The Corporate Director raised concerns around the credibility of benchmarking data given between Welsh local authorities and therefore more targeted benchmarking with core city comparators is preferred.
- A Member referred to the 'City Security' corporate risk highlighted in the report. They sought assurance that the planned response to any security threat in the city has been tested or verified in some way and that lessons have been learned from the Manchester Arena review. The Corporate Director confirmed that those arrangements are in place and are tested both internally and externally by partners such as National Government, Welsh Government and the Police. Lessons are being learned from the Manchester Arena review and those lessons are being applied on new projects such as the new indoor arena development. The risk register also provides assurance that those issues are being regularly monitored.
- A Member highlighted the importance of new technologies and data. They asked whether the corporate risk 'Analogue to Digital Shift by 2025 for Telecare customers' was pertaining to the transfer of technology or the usability of the ultimate service for users. The Corporate Director stated that it was critical to ensure that there was no loss of service for service users during any shift to new technology. In December 2021 the Telecare service received almost approximately 21,000 calls, 10,000 of which were deemed as critical.

RESOLVED – That the report be noted.

70 : FINANCE UPDATE INCLUDING RESILIENCE ISSUES

The Corporate Director Resources presented an update on current issues and included a statement on the provisional settlement, a budget modelling update and the ongoing impact of the Covid-19 pandemic.

The Corporate Director advised that the provisional settlement was issued to all local authorities in December. Cardiff had a 10.7% increase - £52.6 million in cash terms. However, there were some additional costs to consider, including the introduction of a Real Living Wage in the Care Sector. It was also emphasised that there would be no 2022/23 Hardship Fund from 1 April 2022. Members were reminded further details were contained in the Cabinet report which was circulated prior to the meeting.

Members were advised that the Covid-19 pandemic was still having significant financial impact. During 2020/21 expenditure claims totalled £47.7 million and income claims totalled £38.2 million. At November 2021/22 expenditure claims stood at £18.7 million and income claims stood at £9.9 million. As there would no longer be

a Hardship Fund, the future costs and income losses anticipated during 2022/23 would need to be built into the Council's budget.

Members were asked to note the budget modelling position. The final budget would be considered at the end of the consultation period. The resources required are £739 million and the resources available are £747 million. However, there were some ongoing areas of risk including uncertainty around specific grant funding levels, supporting the Real Living Wage, assumptions regarding pay awards and the Covid-19 pandemic.

Some key aspects of the financial strategy would be reviewed by the Cabinet including use of reserves, Council Tax and budget savings. The Corporate Director highlighted the next steps in the budget setting process.

- A Member sought clarification of the phrase 'no floor funding mechanism' as set out in the provisional settlement statement. They were advised that the funding floor is the minimum level of uplift that a local authority could expect to receive.
- A Member referred to the budget savings modelling in the report. They asked for details of the degree of sophistication in that modelling and whether those savings figures were considered to be robust. The Corporate Director stated that the savings were made up from a 'schools' element and a 'non-schools' element. The school's element was based on an assumption of a 1% efficiency savings for schools. It would be for schools to propose how those efficiency savings would be delivered. The non-school's element is a set of efficiency proposals that have robust action plans and delivery plans in place. Savings will come from efficiencies and there would be no significant service changes that would impact on service users.

RESOLVED – That the report be noted.

71 : AUDIT AND INVESTIGATION TEAM PROGRESS UPDATE

Councillors Goodway declared a personal interest as a governor for Cardiff West Community High School. Councillor Goodway took no part in the debate on this item.

The Committee received a progress report providing an update on the work and performance of the Internal Audit and Investigation Teams for the quarter three period 2021/22.

The Internal Audit Progress Report (Annex 1) set out performance in relation to the Internal Audit Plan and summarised the work performed, the priority recommendations raised, the critical findings, emerging trends, and relevant value for money findings across the Council for the assurance of the Governance and Audit Committee. The Investigation Team Progress Report (Annex 2) focused on proactive and reactive fraud awareness, detection and investigation activities, including participation in initiatives, such as National Fraud Initiative (NFI) data matching exercises.

The Audit Manager provided a summary of the key findings in the reports.

- A Member referred to the unsatisfactory audit finding for Cardiff West Community High School. They considered that there appeared to be a breakdown across a range of activities in addition to a high deficit. They sought assurance that action was being taken to address those issues. The Audit Manager confirmed that Cardiff West Community High School is receiving a high level of support. The report and the audit findings have been discussed with the Director of Education who is aware and is monitoring certain aspects. There have also been positive discussions with the Head Teacher and the Governing Body and, pending a formal response to the audit, an indicative commitment has been given to act upon all the audit recommendations. The Audit Manager was assured that all matters will be acted upon. . An executive summary of the formal response to the audit will provided to the Committee and the school will be reaudited. The Head of Finance confirmed that the school does fall within the deficit protocol and is in regular communication in terms of its financial planning.
- A Member noted that there is a pattern in the pre-contract audits that is resulting in negative findings. They asked whether there were any underlying consistent issues that would allow any further audits to be curtailed so that systemic issues can be dealt with in a more resource efficient way. The Audit Manager stated that most of the audits are now completed and that the audits were finding gaps in demonstration and completeness of some common, but also some different areas of pre contract processes. There was therefore value in completing the audit review across directorates. There has been a consistent recommendation in terms of ownership and management oversight of those processes for their own assurance.

RESOLVED – That the report be noted.

72 : DRAFT INTERNAL AUDIT CHARTER AND SUMMARY AUDIT PLAN 2022/23

The Committee received a report providing the Draft Internal Audit Charter for 2022/23, a draft Committee Terms of Reference and the Draft Summary Audit Plan for 2022/23.

The draft documents were submitted for Members to consider and to provide any comments in support of the development of final documents to be approved on 15 March 2022 for the 2022/23 financial year.

The Audit Manager indicated that a number of minor updates have been included in the draft Internal Audit Charter. It is anticipated that there will be no substantive updates to the Terms of Reference as a result of the CIPFA guidance due to be published in April 2022.

- The Audit Manager was asked to clarify what was meant by an audit ‘pit stop’ and it’s purpose as detailed in the Audit Protocol. The Audit Manager stated that a pit stop must happen at least at the mid-point during the audit and its purpose was to have a mid-point review that is formally documented. The auditor will present their work to date, any key issues, an indicative audit opinion and will detail what remaining work needs to be delivered to complete the audit. It offers an opportunity to check the audit is being delivered effectively, and to make any

strategic decisions about the remaining work required in order for a good quality piece of work to be delivered on time. Responding to a further question, the Audit Manager confirmed that a post-audit assessment is undertaken which includes reviewee and reviewer scores. A client feedback form is also requested. The Audit Manager advised that an audit pit stop is systematically required but it follows a proportionate approach. If the audit is on track the exercise can be completed very quickly.

- A Member asked whether in today's challenging environment, whether the number of audit days are diminishing and whether there were consequential pressures emerging, and, if there were, how they were being addressed. The Audit Manager stated that the audit days available per individual audit are not diminished and that overall the audit days in the Audit Plan are not substantially lower. The team no longer benefits from the additional resource provided by a CIFPA trainee, but the substantive staff resources for the team have remained stable. The Audit Team remains responsive to risk, and the findings at key stages throughout the audit. Monitoring meetings and checkpoints are in place during audits so that key decisions can be made in order to direct and target the available resources in the most effective way.
- When summarising the position against the audit plan the Audit Manager advised that clear targets are in place and work is being prioritised to provide a full Annual Audit Opinion. The Audit Manager stated that Quarter 1 typically has a higher number of completed audits, as audits that are carried over from the previous year are brought to a conclusion. Quarter 2 is more challenging as it includes school holidays when staff take a greater proportion of the annual leave during the summer holiday period and audit clients may not be as available. During Quarter 3 a lot of audits are typically at a stage of active fieldwork and Quarter 4 is typically the most fruitful in terms of completed audits, which is the target for the current year.

RESOLVED – That the report be noted.

73 : ANNUAL AUDIT SUMMARY REPORT

The Chairperson welcomed Phil Pugh and Samantha Clements from Audit Wales.

Phil Pugh presented a summary of the work completed for Cardiff Council the last Annual Audit Summary in January 2021. The report was produced in accordance with the Auditor General's duties in relation to continuous improvement, audited accounts, value for money, sustainable development principals etc. The report also acknowledged the continuing strain on public services as a result of the Covid-19 pandemic. Audit Wales have aimed to undertake their work in a manner that reduces the impact on public services but addresses their statutory duties.

Members were reminded that the Statement of Accounts were signed off in October 2021 and the Annual Governance Statement narrative report was consistent and in line with the Audit Wales view of the Council.

A number of grant claims audits are nearing completion and would hopefully be signed off in the near future. The Audit General's Certificate of Completion has, however, been issued.

Phil Pugh highlighted the key reports that were published during the year including reports on the test, trace, protect programme; the supply of PPE and the roll out of the vaccination programme. It was also confirmed that the Council has met its continuous improvement duties under the Local Government measure.

Members were asked to note that a report on Financial Sustainability was presented to the December meeting of the Committee. It was accepted that the authority faces a number of risks in relation to its Medium Term Financial Plan but it was also considered that the authority has appropriate arrangements in place to manage this.

Members were also advised of the other aspects of work that Wales Audit will be looking at including recovery planning.

RESOLVED – That the report be noted.

74 : AW WORK PROGRAMME AND TIMETABLE UPDATE

Members received an update on the Audit Wales Work Programme and Timetable.

Members were asked to note that the Whole of Government Accounts Return is still required to be certified. Both Audit Wales and Cardiff Council are still awaiting the Treasury to issue instructions.

RESOLVED – That the report be noted.

75 : MID-YEAR SELF-ASSESSMENT REPORT UPDATE

The Committee received a report providing an overview of the half-year self-assessment process and outcomes. The Head of Performance and Partnerships, Gareth Newell, was invited to present the report.

Members were advised that the Local Government and Elections (Wales) Act 2021 established a new legislative framework for local government performance management, with an emphasis on self-improvement through a system based on self-assessment and panel performance assessment. The changes to the performance framework and the role of the Governance and Audit Committee in that process was reported at the September meeting.

The framework includes a statutory requirement to undertake a self-assessment report annually. However, the authority has decided to undertake an additional mid-year self-assessment following a similar process in order to provide assurance against the delivery of the Corporate Plan objectives at the mid-year point.

Members were reminded of the five specific requirements in relation to performance management:

- A duty to keep performance under review

- A duty to consult on performance
- A duty to report on performance
- A duty to arrange a panel performance assessment
- A duty to respond to the panel performance assessment report

The report highlighted the changes made to the performance management framework in response to the Local Government and Elections (Wales) Act 2021. A report will be considered by Cabinet in February 2022 which sets out the amendments to the Council's Planning and Performance Framework, which has been the subject of engagement with the Governance and Audit Committee, Policy Review and Performance Scrutiny Committee and the Chairs of the other Scrutiny Committees.

The report provided an overview of the self-assessment approach adopted and the role of the Governance and Audit Committee.

- Members sought clarification of the Governance and Audit Committee role in receiving the report. The Head of Performance and Partnerships stated that the Governance and Audit Committee was requested to provide comments on the self-assessment process and to receive a briefing on the work undertaken to date.

RESOLVED – That the report be noted.

76 : RECOMMENDATION TRACKER - REPORTS OF EXTERNAL REVIEW BODIES

The Committee received a report providing an overview of the management and delivery of recommendations received from Audit Wales, Estyn, Care Inspectorate Wales and Her Majesty's Inspectorate for Prisons at Quarter 2 2021/22. The Head of Performance and Partnerships was invited to present the report.

Members were asked to note that during the Committee's previous consideration of this issue in January 2021, the Committee was advised of the intentions to expand the information provided in future reports to include progress against Audit Wales national reports (where appropriate) and recommendations made by other external regulatory bodies, including Estyn, Care Inspectorate for Wales and Her Majesty's Inspectorate for Prisons. The report before the Committee reflected the position in relation to all the aforementioned external regulatory bodies. Furthermore, it was also agreed that the Audit Tracker would include details of 'accountability / reporting to' arrangements, for each External Audit. Members were advised that this approach will be adopted ahead of the Governance and Audit Committee's next consideration of the tracker, on 8 July 2022.

Since the tracker was last reported to the Committee two regulatory reports have been received by the Council, namely: the Financial Sustainability Assessment conducted by Audit Wales; and a risk-based inspection of Cardiff Council social services conducted by Care Inspectorate Wales (CIW).

- A Member asked whether the recommendations in the reports from external bodies are given equal weight. The Head of Performance and Partnerships provided assurance that there was equal focus on all the external regulators.

There would be appropriate oversight provided on any regulatory recommendations by relevant scrutiny committees in accordance with their terms of reference.

- A Member referred to table 1 in paragraph 9 of the report. They considered that it was not possible to ascertain whether the closed recommendations had reached their action date and whether they were delivered early or late. The Head of Performance and Partnerships stated the further details are contained in the appendix to the report.
- A Member suggested that it would be helpful to present the open recommendations and note those that are not yet due for completion.

RESOLVED – That the report be noted.

77 : UPDATE ON THE WORKING RELATIONSHIP BETWEEN THE GOVERNANCE AND AUDIT COMMITTEE AND THE SCRUTINY COMMITTEES

Members received a report providing details of recent engagement between the Chair of the Committee and the Chairs of the Council's Scrutiny Committee. Members were asked to consider approving proposals for working in partnership with the scrutiny function.

Members were advised that the Local Government and Elections (Wales) Act 2021 places performance responsibilities on the Governance and Audit Committee. The Committee is responsible for reviewing and make recommendations on the following:

- The Annual Wellbeing report (the Council's statutory self-assessment report) annually
- The Panel Performance Assessment Report, including the Council's response, at least once during an electoral cycle.

The focus of these reviews relates to high level issues around the governance of performance rather than on the service area performance issues dealt that are with by Scrutiny Committees. The Council's Scrutiny Committees are responsible for scrutinising specific performance issues within the remit of their terms of reference, and will in turn feed into the Annual Wellbeing report. The Annual Wellbeing report is then shared with the Governance and Audit Committee.

On 20 July 2021 the Governance and Audit Committee Chairperson advised Members of his intention to engage with the Chairs of the Council's five Scrutiny Committees in order to develop and maintain a partnership working arrangement. The Chairperson attended a meeting of the Scrutiny Chairs Liaison Forum in December 2021. The following process was agreed:

- A Liaison Plan will be developed for the current year and reviewed at the end of the reporting period;
- All Scrutiny Committee letters will be shared with the Audit Manager who will identify and discuss issues relevant to the Committees' role with the Chair of the Governance and Audit Committee;

- The Audit Manager will share Governance and Audit Committee letters with relevant Principal Scrutiny Officers for Scrutiny Committee information;
- Committee Work Programmes and updates will be shared and considered by the Lead officer and respective Committee Chairperson for awareness and insight;
- The Chairs will hold a meeting twice a year (intended as July and December) – this will coincide with the timing of mid-year and year-end performance reports and reviews and would provide a forum for relevant discussions.

The process will be coordinated by the Audit Manager for the Governance and Audit Committee and the respective Principal Scrutiny Officer for each Scrutiny Committee. The Head of Democratic Services will oversee Scrutiny arrangements, and the OM Performance and Policy will provide support where appropriate. The Chair of the Governance and Audit Committee and Audit Manager will provide relevant updates to Committee on the working relationship between the Governance and Audit Committee and Scrutiny Committees as appropriate.

A Member asked whether any work has been conducted to better understand how integration between Governance and Audit Committee and the Scrutiny Committee could be done for maximum effect. The Audit Manager stated that the All Wales Governance and Audit Committee Chairs Network is navigating the Local Government and Elections Wales Act and their most recent meeting focussed specifically on the new responsibilities. Those discussions informed the Chair's approach to meeting with the Scrutiny Chairs.

A Member asked whether any conclusion has been reached regarding the differentiation of the terms of reference between scrutiny committees and the Governance and Audit Committee and whether there is sufficient clarity built into the terms of reference. The Chairperson accepted the point and agreed to discuss the matter further with the Audit Manager.

A Member raised concerns regarding the Committee unintentionally overreaching its remit into areas that are properly within the remit of the Council's Scrutiny Committees. The Director of Governance and Legal was invited to comment. The Director stated that the Governance and Audit Committee's Terms of Reference tasks the Committee with oversight of the audit, assurance and reporting arrangements that unpin good governance and finance, whereas scrutiny are responsible for ongoing performance monitoring. The Committee needs to recognise the differences in the terms of reference. The Committee would not wish to make recommendations that were inconsistent with Scrutiny Committee recommendations.

A Member considered that the natural point at which a Governance and Audit and a Scrutiny Committee would meet would be around performance. The Governance and Audit Committee would be interested to know whether there are performance measurements in place, are they validated, are they internally and externally referenced, etc. Therefore it would be useful to have a conversation with the scrutiny function around how performance is assessed and managed. It was considered that scrutiny is strengthened by effective and subjective measurements of performance and if scrutiny committees did not have those in place then that would be addressed by the Governance and Audit Committee. Therefore, dialogue is natural.

RESOLVED – That the Audit Manager and Director of Governance and Legal Services have a dialogue around the terms of reference of Governance and Audit Committee and relevant Scrutiny Committees and bring a report back to the next meeting of the Committee clarifying the position.

78 : SENIOR MANAGEMENT ASSURANCE STATEMENT AND AGS ACTION PLAN 2021/22 (MID-YEAR)

The Committee received a report providing a half-yearly update on the Senior Management Assurance Statements (SMAS). The report included a narrative on how the Senior Management Team reached its conclusions.

Responding to a point raised by a Members of the Committee, the Head of Finance agreed to reflect on whether value for money considerations could be included in the descriptors of any relevant assurance statements.

RESOLVED – That the report be noted.

79 : DRAFT TREASURY MANAGEMENT STRATEGY 2022/23

Members received a report and were asked to comment on the draft Treasury Management Strategy for 2022/23 which will be approved as part of the Budget Report to Council in March 2022.

Members were asked to note that the Treasury forecasts and many of the indicators included in this draft strategy are dependent on the final Capital Programme, which will be determined at Council in March 2022. Furthermore, the updated Month 9 monitoring position for 2021/22 will also be considered in February 2022.

The main points of the draft Treasury Management Strategy were set out in the report. The Operational Manager, Corporate and Treasury also highlighted recent changes to the CIPFA Treasury Management Code and Prudential Code.

RESOLVED – That the report be noted.

80 : OUTSTANDING ACTIONS

RESOLVED – That the report be noted.

81 : CORRESPONDENCE

RESOLVED – That the report be noted.

82 : WORK PROGRAMME UPDATE

RESOLVED – That the report be noted.

83 : URGENT ITEMS (IF ANY)

No urgent items were received.

84 : DATE OF NEXT MEETING

The next meeting is scheduled for 15 March 2022.

The meeting terminated at 7.30 pm

GOVERNANCE & AUDIT COMMITTEE: 15 MARCH 2022

**EDUCATION AND LIFELONG LEARNING, CONTROL ENVIRONMENT
UPDATE**

REPORT OF THE DIRECTOR, EDUCATION AND LIFELONG LEARNING

AGENDA ITEM: 4

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 Education and Lifelong Learning 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 Education Directorate has responsibility for the statutory duties, functions and services in relation to education in the city including a youth service. This excludes post-16 provision in relation to Further and Higher Education Institutions. The work of the Directorate is split into four main service areas – Achievement, Inclusion, Services to Schools and School Organisation Access and Planning (SOP). The Director of Education is supported by an Assistant Director and Programme Director for SOP. The central education service has 574 FTE. For schools this is 5,886.
4. Cardiff has 127 schools. There are 98 primary schools, including 15 that provide Welsh-medium education, two dual language and three maintained nursery schools. There are 18 secondary schools including three Welsh-medium schools. In addition, there are seven special schools and one pupil referral unit.

5. The local authority's school improvement service is provided by the Central South Consortium. The Consortium provides a school improvement services and acts on behalf of five local authorities being Bridgend, Cardiff, Merthyr Tydfil, Rhondda Cynon Taff and the Vale of Glamorgan.

Issues

Cardiff performance position **Estyn Inspection November 2022**

Cardiff's Local Government Education Service was subject to a full inspection by Estyn, during the week commencing 29th November 2021. The Cardiff inspection was the first Local Authority (LA) inspection since 2019, under Estyn's new Inspection Framework. The final inspection report was published on the 9th February 2022 and can be found here [Inspection report Cardiff Council 2022 \(gov.wales\)](#)

6. The inspection concluded that in recent years, Cardiff has demonstrated a sustained and incremental improvement in the quality and effectiveness of its education service. Estyn invited Cardiff to prepare three case studies on its work in relation to the Cardiff Commitment, support for asylum seekers and transforming youth work for dissemination on Estyn's website, recognising excellent practice.
7. Four recommendations for improvement have been made:
 - **R1** To improve counselling services for children and young people
 - **R2** To improve the quality of self-evaluation across the directorate
 - **R3** To ensure that the work of the regional consortium is focused appropriately on Cardiff's strategic priorities
 - **R4** To ensure clear strategic leadership and oversight of the development of Welsh medium education.
8. Actions to build upon the strengths identified in the report and to address the recommendations for improvement will be built into the Directorate's Delivery Plan for the forthcoming year and will be carefully monitored through systematic performance evaluation processes. The Directorate will continue to report against steps outlined in the Council's Corporate Plan on a quarterly basis.

Cardiff 2030 – Retest and Refresh

9. An exercise is underway to thoroughly review progress made against the Cardiff 2030 vision and goals, including extensive stakeholder consultation involving school leaders, governors, children and young people and partners within and beyond the local authority.
10. The Children and Young People Recovery Board has been established following the publication of the Child Friendly Recovery Report in May 2021 outlining a number of challenges in light of the pandemic. The four key areas of focus are:
 - Business Intelligence and Information Management
 - Integrated Youth Support Services
 - Tackling Youth Violence and Exploitation
 - Locality Based Services / Community Focused Schools

11. In readiness for the new academic year 2022/23, a refresh of the Cardiff 2030 vision will be published, accompanied by a three-year strategic plan to ensure that educational improvement activity in Cardiff focuses upon the areas of greatest importance in the current context and retains a central focus upon children's rights and promoting well-being.
12. A report will be provided to Cabinet in the late summer of 2022 outlining these proposals, that will ensure coverage of the Estyn recommendations, ongoing activity to support pandemic recovery and renewal, and the next steps in continuing to deliver the national education mission for Wales.

EMT Governance Structure

13. The Education Management Team (EMT) of the Directorate is the overarching governance structure that handles the Directorate business at an operational and strategic level. The operational group, EMT Assurance, meets weekly and the strategic group meets monthly. Both groups are chaired by the Director. Risks, issues and the risk register are all handled and reviewed by this board. The Assurance Board recently focussed on the risk register and it was agreed that a review of the departmental risks be undertaken via a risk focussed workshop in preparation all the educational reforms and to ensure the appropriate controls are in place.
14. The issues and impact of Covid is handled by a separate and more operational EMT that meets weekly and is chaired by the Assistant Director.
15. EMT Assurance maintain oversight of all services across the education department including the monitoring of delivery and performance, ensuring robust processes are followed and adherence to all statutory requirements. This includes:
 - Oversight and progress of Audit recommendations including co-ordination of updates from lead officers allocated to monitoring and reviewing the Directorate response to ongoing audits
 - Ownership of the Department Risk Register, review and identification
 - Regular reports from all Boards across the department and discussion of risks that could impact Directorate priorities;
 - Ongoing management of issues;
 - Receiving and reviewing all outcomes, staff/HR, budget, procurement, business processes and Task Groups to deliver change.
16. A new governance structure will be put in place following the retest and refresh of Cardiff 2030. The new arrangements will embed the methodology, principles and processes of Managing Successful Programmes (MSP) with a greater focus on implementation.

Budget Monitoring

17. In 2021-2022, the Council's net education budget £294,620,000. As at month nine the budget monitoring position is £295,910,037. The delegated school budget per pupil in 2021-22 is £5,064, the 5th highest of all local authorities in Wales. The local authority spends above the indicator based assessment for education services and has increased and protected schools' budgets against a backdrop of financial pressures across the council.
18. The local authority delegates the highest proportion of its education budget to schools of any council in Wales and has a comprehensive range of service level agreements in place with a large uptake of the services provided by schools. The percentage delegation is 85.9%.

19. Schools' balances overall significantly increased over the 2020-2021 financial year, although this was largely due to additional funding being received from Welsh Government.
20. Four schools (two primaries and two secondaries) set a deficit in 2021-22 and two schools brought forward a deficit balance. The local authority has arrangements in place to work with the schools in deficit and has intervened appropriately. This has included;
- an extended financial recovery plan for one of the Secondary schools which at the end of 2021/22 will be in a balanced position.
 - working with the others secondary to identify the factors impacting on their ability to balance their budget.
 - continuing to work with the two primary schools through their medium term plan agreement.
21. The education budget is projected to overspend at the end of 2021-2022 by £1m. The main areas of overspend have been; home to school transport costs and provision for pupils educated other than at school (EOTAS). Both areas will be addressed through the budget setting process for 2022/23. Throughout the 2021/22 financial year there has also been a reliance in some schools and some Education Directorate teams on external grant funding, surplus balances or Covid Hardship Funding to maintain spending and staffing levels.
22. The local authority has a significant capital programme in relation to schools both in terms of new school builds and investment in its existing schools' estate.
23. Band B is delivering against the planned profile and the financial position continues to operate within the is within the programme envelope of £284m. Welsh government has committed to additional Net Zero Carbon funding for all Band B projects, which will be profiled as projects develop.
24. The asset renewal programme of works is increasing in scale and the most recent outturn summary can be seen below:

Category	Budget £'000	WG Grant £'000	Total Funding £'000	Outturn £'000	Variance £'000
Asset Condition	1,458	5,719	7,177	7,177	0
Suitability	1,743	0	1,743	1,743	0
Asset - Invest to Save	12,000	0	12,000	8,500	(3,500)
Total	15,201	5,719	20,920	17,420	(3,500)

25. The local authority recognises a number of key financial challenges due in part to the COVID-19 pandemic and is taking appropriate action. A review is taking place to assess the preparedness of the model for the delivery of specialist additional learning needs services and educational psychology services aligned with the WG reforms of Additional Learning Needs support.
26. Going forward into the 2022/23 financial year the Education Directorate will be working through major changes to two of its trading services which will be brought about by the introduction by Welsh Government of Universal Free School Meals for Primary aged pupils and the National Plan for Music Services.

Risk Management

27. The Governance and Audit Committee reviews the Corporate Risk Register on a quarterly basis. The Directorate leads on Corporate risks relating to School Improvement, the School Organisation Programme and Schools Delegated Budget. The focus in this report is the management of directorate risks.
28. The EMT reviews the Directorate Risk Register on a quarterly basis and it is currently the role of the EMT to review each current risk, identify new risks and to escalate risks to the Council's Corporate Risk Register from the Directorate Risk Register. These risks are discussed and reviewed across the Directorate with members of the EMT charged with the responsibility to identify, manage and review the risks for their respective areas with appropriate escalation then into the Directorate Register. This is similar for the Corporate Risk Register.
29. The Directorate Risk Register is kept as a live document but reviewed annually alongside the setting of Corporate Plan and Directorate Delivery Plan priorities.
30. The EMT also receives regular reporting updates on the schools buildings investment programme and renewals to the existing estate. Further monitoring and reporting of programme risks are assessed at the School Organisation Programme Board, which feeds into the Asset Management Board.
31. In addition, the EMT receives regular reporting updates on progress to deliver the strategy for improving outcomes for learners with Additional Learning Needs.
32. With regards to school improvement, the EMT receives on a half termly basis an update of the report from the Schools Causing Concern (SCC) process. This process provides an opportunity for each area of the Council to identify and update on any issues of school provision or management so that knowledge and information on schools can be shared and cross referenced. This enables the EMT to secure an up to date and holistic view of the performance of schools.
33. All Schools Risk meetings are used to good effect and this has been noted by Estyn. Officers from a range of teams such as human resources, safeguarding and additional learning needs (ALN) contribute valuable intelligence about each school, similarly to the SCC processes. The local authority collates information and a report evaluates the interventions and the work of improvement partners effectively to gain a rounded picture of improvement and to intervene in schools in an efficient way.
34. At the most recent review of the Directorate Risk Register the highest risk ratings were applied to the following risks:
 - Discontinuation of grant funded posts that deliver essential services;
 - Sufficiency of secondary school places according to parental choice;
 - Sufficiency of places for learners with Additional Learning Needs (ALN)
 - Increasing numbers of learners not in appropriate full time education; and
 - The number of children and young people receiving face to face counselling via the Education Psychology Service.

Discontinuation of grant funded posts

35. A number of core services delivered by the Education Directorate are grant funded, some with over 50% of total budget dependent on grant funding. A review of contracts in key affected areas is underway and in 2022/23 the Education Directorate will be undertaking a full review of all staffing and provision funded by grants.

Sufficiency of school places

36. This reflects the risk of there being insufficient secondary school places for pupils ahead of the delivery of additional places through Band B schemes and section 106 schools. The Council has temporary accommodation solutions in the interim periods to ensure a sufficiency of school places. This will be achieved by maximising the use of space within existing buildings or providing additional modular accommodation. This interim control reduces the residual risk. Further management controls include the development in the perception of all schools, monitoring the changes in demographics, working closely with families to place children in the most appropriate settings and provide more accommodation where required.

Sufficiency of places for learners with Additional Learning Needs (ALN)

37. It was acknowledged in October 2017 that by 2022 an additional 220 places for pupils with autism spectrum conditions and complex learning needs, and approximately 70 additional places for pupils with behaviour emotional and social needs, would be required in order to meet growing demand.

38. Ahead of the inception of Band B, several ALN developments have been delivered, such as extensions of Ty Gwyn, and the expansion of places have been planned through the increase in capacity of other Specialist Resource Bases (SRBs) located in mainstream schools and special schools. Whilst there has been a significant increases in the number of places, there is a need for further plans for provision, particularly in secondary.

Increasing numbers of learners not in appropriate full time education

39. We are seeing increasing numbers of learners not accessing full time education. This includes learners that have been permanently excluded, waiting for a specialist placement, on a reduced timetable and awaiting placement at a preferred school. There has also been a significant increase in the number of learners leaving full time education due to anxiety and mental health concerns and a number of learners with persistent absence. The Ensuring Access working group has been established to review changes required in practice, process and provision to reduce the time spent and numbers of learners out of full time education.

The number of children and young people receiving face to face counselling via the Education Psychology Service

40. Issues around capacity and consistency for school-based counselling could have a detrimental impact on the well-being of children and young people. The service has been brought in-house and additional management capacity put in place. The service will work with schools and improve the referral process, improve the availability and quality of clinical supervision and capacity to provide counselling for particular groups of learners.

41. Corporate risks are reviewed, updated and reported on a quarterly basis via the corporate risk management arrangements.

Internal Audit Engagement and Response

42. The weekly EMT Assurance meeting has a standing item for Audit Reports. New audit reports are received and considered at EMT including the audit report recommendations and responsible officers identified. The weekly meetings provide an opportunity for officers to identify issues and review timelines for implementation of recommendations.
43. For school audits this also provides an opportunity for individual school issues to be highlighted and feed into the Schools Causing Concern and all schools risk process. The Director, Assistant Director of Education and Head of Services to Schools meet with a Senior member of Internal Audit on a half termly basis to review the audit plan, any recent audits and identify issues and concerns. The Director and Assistant Director follow up systematically with individual schools and chairs of governors on outstanding audit recommendations.
44. The Directorate assesses controls for fraud and corruption via the SMAS and evaluates risk via the council's risk management arrangements. The Directorate regularly monitors and raises awareness of compliance for mandatory training including the Fraud and Corruption module. It is noted that compliance needs to improve in this area.
45. Thematic audits of health and safety and asset management are underway in a sample of audit schools at the time of reporting.

School CRSA Exercise

46. All school were engaged in a CRSA exercise, whereby they completed a comprehensive self-assessment of their internal control environment, and submitted this with supporting evidence to colleagues in Internal Audit. A large number of schools were sampled for a desktop audit review, and from this exercise a summary of the assurance ratings and the position against the recommendations raised is included in the table below.
47. Details of audits received, the assurance rating and the management response are appended to this report.

The Wider Control Environment

Major Project Governance – Schools Organisational Programme

48. The School Organisation Programme (SOP) structure was strengthened by aligning project and programme governance and includes relevant service areas and teams across the Council. The revised programme governance structure accommodates typical project management lifecycle and decision making processes with appropriate risks considered at project and programme level. In summary, the programme governance structure includes:
- SOP Cabinet Review Group – advisory group that consists of directors and Cabinet members.
 - SOP Board – responsible for taking all high level decisions about the Programme. These decisions will be escalated from the SOP Project Boards or School Asset Commissioning Group.

- Project Boards – the forum whereby the project is managed at the operational level. The Project Board will have decision making responsibility for decisions within the scope of the project or up to agreed tolerances.
49. The SOP Board is the key decision making function and has directed the programme appropriately since the outset. The Board is held every month, works effectively and seeks to handle all business on a consistent basis including agreement of scope of projects. The board receives a risk register at every meeting.
 50. For any projects that require a school organisation change the 5 case business model (including 3 Cabinet reports) is applied. It is also recommended that there are 8 gateway reviews throughout a project lifecycle which are scheduled from the outset of the programme. For projects that do not require statutory consultations and that are usually smaller, it is proposed that there will be a streamlined 6 gateways reviews. It is expected that the SOP Board approves the project at each stage. The 5 case business model tests value for money at each stage of the business case cycle. These cases are submitted to Welsh Government for approval.
 51. The benefit of project gateways is that key decision makers will have sight of the project at each key stage. It provides a consistent and structured approach to monitoring and managing scope change and project costs. It also provides teams with clarity about when to escalate issues.

Senior Management Assurance Statement

52. In completing the Senior Management Assurance Statement (SMAS) for the Directorate, the Director of Education receives individual assessments from each member of the EMT to cover their area of the Directorate. The collated SMAS is then discussed and agreed at EMT before being signed off. The SMAS is reviewed alongside the Risk Management review process of the Directorate and influences the Directorate Delivery Plan.
53. In assessing the different areas of the SMAS, the EMT identifies any best practice supporting evidence and key actions to improve performance.
 - Risks
 - Future Generations Act
 - Compliance
 - Project Initiation
 - Budget
 - Planning – Decision Making
 - Control
 - Fraud
 - Performance
54. Whilst governance systems are improving, there are a number of areas that will be developed over the next year. These actions have been included within the Senior Management Assurance Statement which is reported half yearly. Some key areas of focus for EMT:

Risk Management

- Improve the application of integrated risk assessments across the Directorate, including partners, stakeholders, boards and staff at all levels.
- Review of risks associated with Business Continuity.

Compliance

- Improve the central assurance process for compliance and accountability including for commissioning and procurement.
- Mapping of corporate policies to improve knowledge of requirements.
- Address ongoing audit recommendations.
- Improve compliance for mandatory training.

Control

- Ensure safeguards are in place for physical and information assets.
- Ensure strong processes are in place for more systematic internal control to provide assurance.
- Improve knowledge of procurement policies for all staff.
- Continue to progress reviews of traded services.
- Ensure more consistent and regular budget monitoring at manager level.
- Improving information asset management and compliance with GDPR.

Performance

- Improve the quality of self-evaluation at service and team levels across the directorate
- Ensure clear strategic leadership and oversight of the development of Welsh-medium education
- Improve information management – enable to manage peaks in demand for front line service – education psychology service

55. Where an area has been rated as mixed application, actions have been identified to improve performance within the SMAS. An overview of the SMAS is attached to the report.

School Balances

56. At the end of the 2020/21 financial year school balances stood at £21.118m. In advance of the Welsh Government statistical bulletin on school balances for 20/21 being published officers prepared a briefing note (copy attached) for the School Budget Forum which included;

- A full analysis of school balances at individual school level
- A description of the factors which attributed to the increase in balances
- A description of the relaxation in some of the school balance controls
- A description of the next steps in terms of the work officers would undertake with schools.

57. This briefing note was shared with the Governance and Audit Committee. Most of the factors attributed to this increase in 20/21 have continued and indications are that the level of school balances will not have decreased by the end of the 2021/22 financial year. Officers have received a request from the School Budget Forum that the current set of control relaxations are extended.

58. Officers will continue to work with schools to monitor the level and use of school balances and this work will be supported by planned Thematic audit of school balances by the Council's Audit Team. There are sufficient oversight and control arrangements in place to ensure appropriate governance of school balances.

External Assurance

59. The Council's Education Service was inspected in November 2021, with the report published in February 2022. All Education and training providers in Wales are inspected at least once during the eight-year period from 1st September 2016. The Council received ten weeks notice of inspection.

External Audit / Inspection Area	Provider	Report Date	Rating / Opinon	Number of Actions	Completed Actions	Management Comments
Full inspection of Cardiff Education Services Inspection report Cardiff Council 2022 (gov.wales)	Estyn	9 th February 2022	Not in follow up	4 recommendations		Recommendations and points of improvement in Estyn report will be carried forward into the new Directorate Delivery Plan in 2022/23.

Value for Money

60. Estyn noted in the February 2022 report that in recent years, Cardiff Council has demonstrated a sustained and incremental improvement in the quality and effectiveness of its education services. Senior leaders share a bold and ambitious vision for all learners, which they communicate clearly in the council's 'Capital Ambition' document. The leader of the council, cabinet member and chief executive set out high expectations for officers, schools and other providers and the strong commitment of elected members and officers at all levels to supporting young people and their families is highly evident.
61. The director of education supports fully the 'Cardiff 2030' vision and strategic priorities and the drive towards the Child Friendly City strategy. The Assistant Director for Education and the Assistant Director, County Estates aligned their work effectively throughout the pandemic. This support is well regarded by school and setting leaders.
62. In general, inspection outcomes between 2017 and March 2020 have been strong especially in the primary sector. Out of the 43 primary schools inspected during this period, four had excellent judgements for standards and 36 good. The outcomes for pupils across key stage 4 have been above or well above expectations in the majority of schools in the three years up to the pandemic. Outcomes for pupils that are eligible for free-school meals (efsm) has generally been above that of the same group nationally.
63. Officers across the education directorate work together productively to consider a range of issues in schools. Their joined-up approach enables the local authority to gain a secure understanding of the individual contexts of its schools. The local authority has established strong working relationships with the regional consortium and there are robust processes for the support and challenge to schools causing concern.
64. The School Organisation Programme continues to deliver targeted value for money investment through Band B and investment in the existing estate. Through the SOP Board and Asset Commissioning Group, governance processes are robust to ensure that projects deliver against value for money business cases, underpinned by well established sufficiency, condition and planning projection data.

Legal Implications

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

Financial Implications

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

RECOMMENDATIONS

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

Melanie Godfrey
Director, Education and Lifelong Learning

The following is attached:

Appendix A: Governance and Audit Committee Presentation Slides

Appendix B: Briefing Note on School Balances

Appendix B: Briefing Note on School Balances - Appendix 1

Appendix C: Directorate Risk Register Extract

Appendix D: Internal Audit Recommendations

Appendix E: Senior Management Assurance Statement 2021/22 Summary

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Governance and Audit Committee

Mel Godfrey, Director of Education & Lifelong Learning

15th March 2022

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



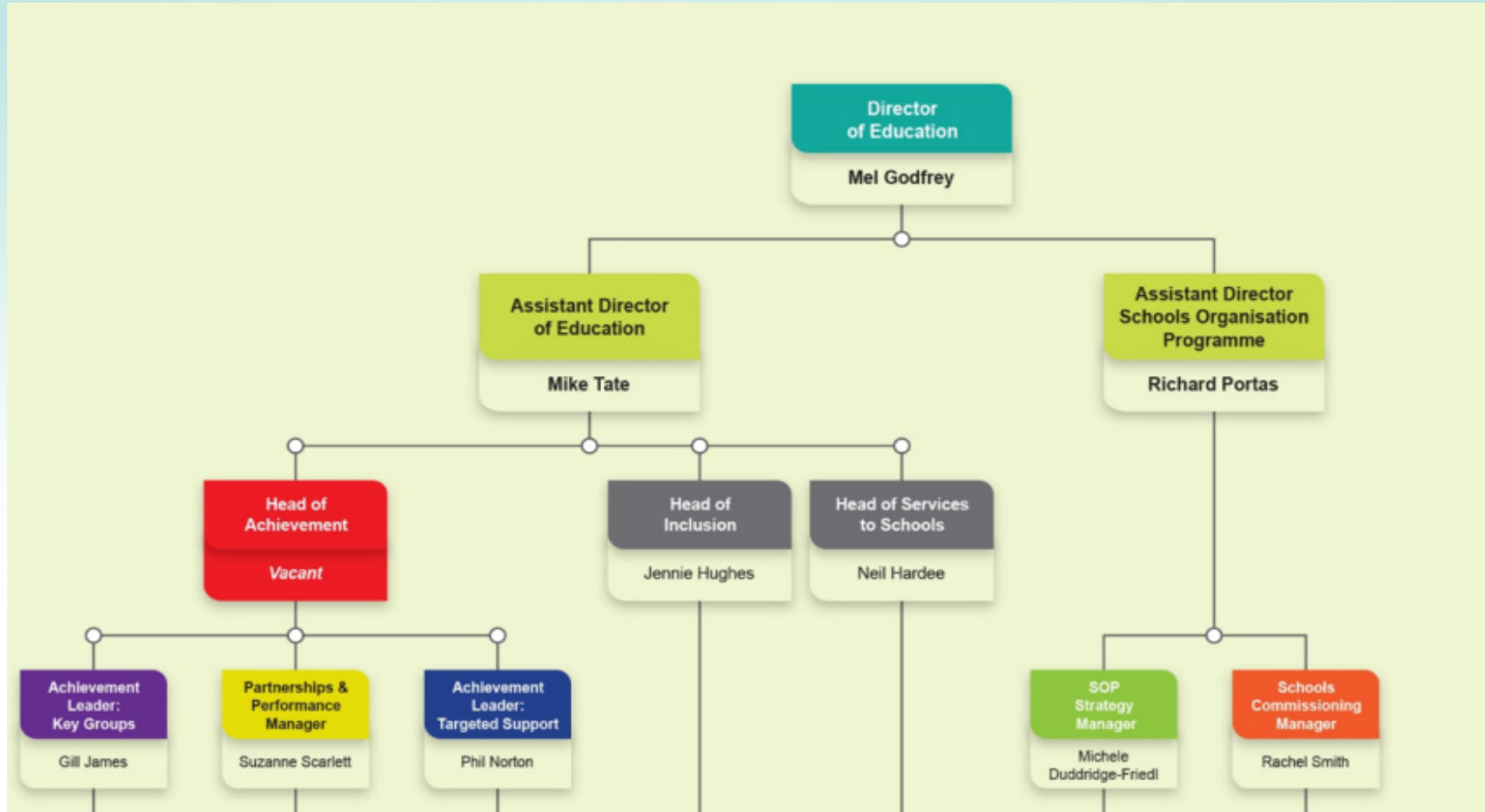
Areas to discuss with the Governance & Audit Committee

1. Directorate Management Structure
2. Achievements and Priorities
3. Governance (Senior Management Assurance Statements)
4. Directorate Risk Management
5. Internal Audit Assurance
6. Value for Money



1. Senior Management

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2. Achievements & Priorities

- Recent Positive Estyn Inspection [Inspection report Cardiff Council 2022 \(gov.wales\)](#)

Priorities & Areas of Focus

- **Cardiff 2030 – Retest and Refresh**

Page 32 • **School Provision** (Buildings, general, ALN and NEET provision)

• **Governance** (measured via Senior Management Assurance Statements)

• **Risk Management** (via corporate and directorate risk registers)

• **Internal Control** (Internal and external assurances)

• **Budget Management** (inc. School Balances)



3. SMAS Summary Position (Q2 2021/22)

Risk Management – 1 mixed application out 5

- More work needs to be done to improve the application of integrated risk assessments across the Directorate including partners, stakeholders, boards and all relevant managers.

Future Generations Act – 4 out of 7 are mixed application

- Participation of vulnerable groups needs to be more evident
- Improved collaboration arrangements with Children’s Services needs to be built on for all safeguarding arrangements. Work to develop Children and Young Peoples partnership linked to Child Friendly Recovery
- Map out all boards and arrangements, formalise escalation processes
- Review of Child Friendly City governance is underway
- Child Friendly impact assessment due to be launched
- Build Issue Log into EMT arrangements

Compliance – 2 out of 3 are mixed application

- Improve operational governance arrangements to ensure compliance and support assurance and accountability. Including mapping of corporate policies etc. to improve knowledge of requirements. Central assurance process.
- Internal and school Audit reports – address ongoing issues.
- Improving compliance for mandatory training.

Project Initiation – 1 out 3 are mixed application

- Supporting consultation and planning re proposed ALN provision development. Year 1 roll out from January 2022.
- Further work to explore outcomes and benefits for School Organisation Programme.
- Commence key projects including review of alternative curriculum and review of Youth Services.

Budget Management – 2 mixed application

- Ensure more consistent and regular budget monitoring at manager level.
- Review of traded services.

Internal Control Environment – 2 out of 4 are mixed application

- Ensure strong processes are in place for more systematic internal control to provide assurance.
- Ensure safeguards are in place for physical and information assets.
- Improve knowledge of procurement policies.
- Continue to progress restructures in key areas.
- Ensure more consistent and regular budget monitoring at manager level.

Fraud & Financial Impropriety – 2 mixed application

- More work to be done to increase awareness of fraud prevention.
- Improve compliance to mandatory training.
- Drive improvements in other areas, e.g. control to assist in assurance against fraud.

Performance Management – 2 mixed application

- Progress any upcoming Estyn recommendations and Cardiff 2030 priorities review.
- Improve operational governance arrangements to ensure compliance and support assurance and accountability. Including mapping of corporate policies etc. to improve knowledge of requirements. Central assurance process.
- Internal and school Audit reports – address ongoing issues.
- Improving compliance for mandatory training.
- Support HR with establishment review.



4. Directorate Risk Management (Q3 2021/22)

(Highest Directorate residual risks)

Ref.	Risk Description	Potential Impact	Current Controls	Proposed Actions
1.	Discontinuation of grant funded posts. A number on services delivered by the education directorate are grant funded, some with over 50% of total budget dependent on grant funding.	Core services cannot be delivered, important staff are lost and there is significant financial and reputation cost to the council. Vulnerable young people lose vital support and do not transfer into EET. Recruitment to key posts is negatively impacted due to uncertain futures.	A review of contracts is underway within key affected areas.	To manage the risk the Education Directorate will be undertaking a full review of all staffing and provision funded by grant during the 2022/23 financial year.
2.	There are not sufficient secondary school places (year 7 and in-year) for pupils to meet the local requirements of parents, ahead of the delivery of additional places through Band B schemes and section 106 schools.	Children not in education whilst parents attempt to secure places of choice. Financial impact of providing temporary accommodation.	There are ongoing communications regarding the need for families and carers to select multiple preferences and in time applications. 151 extra secondary places added for September 2022.	Longer term plans are needed to rebalance catchments following the delivery of Band B capacity.
3.	There are not sufficient ALN places. However, the deficit will continue to impact the out of county spend in the short to medium term.	Increase in OOC spend. Children not in education pending identification of suitable ALN provision.	Proposals to Cabinet in October 2021: <ul style="list-style-type: none"> • 136 additional Secondary and post -16 EWHB places • 139 additional Secondary Complex Learning and Autism Spectrum Condition places • 42 additional Age 3-19 Complex Learning and Autism Spectrum Condition places • 150 additional Primary Complex Learning and Autism Spectrum Condition places. <p>Ahead of the inception of Band B, several ALN developments have been delivered, such as extensions of Ty Gwyn, and the expansion of places in other Specialist Resource Bases (SRBs).</p>	Continue to progress schemes for additional ALN places. Develop further plans for provision, particularly in secondary.

4. Directorate Risk Management (Q3 2021/22)

4.	Increasing numbers of children and young people who are not in receipt of appropriate full time education that meets their individual needs, often spending prolonged periods in EOTAS provision on a reduced timetable, or 'out of education'.	Children and young people who are not in an environment where they can be safeguarded could be at risk of significant harm. Young people with complex mental health needs do not receive psychological support.	Strong referral processes exist for EOTAS and quality assurance and monitoring of learners has improved and is now strong. Destination tracking of young people is clear and works across services. The fresh start panel works well with good contributions from most high schools. Knowledge of EOTAS needs and support by youth mentors is strong. Mentors in place for post 16, ALN, EOTAS and LACE but a gap exists in support for sixth form learners EOTAS lead officer appointed .	Plans for joint working with YJS/LACE and EOTAS are improving. ALN identification and support/training requirements - proposed ALN lead working across Directorates will strengthen knowledge of and therefore support for YP. Too many learners with ALN are placed in EOTAS in lieu of special school places but this is acknowledged in the EOTAS plan and included in Band B proposals. The Ensuring Access Group has been re-established to ensure that appropriate actions are put in place around provision, practice and process to ensure all learners are accessing appropriate education.
5.	The number of children and young people receiving face to face counselling was very low compared to the Welsh average.	Issues around capacity and consistency could impact the wellbeing of children and young people	SBC service has been brought in house and a management post created to strengthen capacity.	Work with schools and settings to provide an effective counselling space and to improve the referral process; Improve the availability and quality of clinical supervision; Continue to assess and improve capacity to provide counselling for particular groups.



5. Internal Audit Assurance

We work closely with colleagues in Internal Audit to:

- Discuss emerging risks, issues and assurance matters
- Discuss, understand and act upon recommendations raised
- Track and coordinate our response to recommendations raised

As a Management Team we have established:

- Page 36
- Weekly EMT Assurance with a standing item on Audit Reports
 - A mechanism for Internal Audit assurances to feed into our Schools Causing Concern Process – move to risk based approach for all schools

The timely response to school audit recommendations is a continued focus of EMT.

Details of audits received, the assurance rating and the management response are contained in my covering report.



6. Value for Money

- Estyn noted in the February 2022 report that in recent years, Cardiff Council has demonstrated a sustained and incremental improvement in the quality and effectiveness of its education services.
- We fully support the 'Cardiff 2030' vision and strategic priorities and the drive towards the Child Friendly City strategy.

Page 37 In general, inspection outcomes between 2017 and March 2020 have been strong especially in the primary sector.

- We have established strong working relationships with the regional consortium and there are robust processes for the support and challenge to schools causing concern.
- The School Organisation Programme continues to deliver targeted value for money investment through Band B and investment in the existing estate



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Briefing Note to School Budget Forum School Balances 31st March 2021

Background

Since the introduction of Local Management to schools, following the Education Reform Act in 1988, schools have been allowed to carry over from one financial year to the next any surplus or deficit balances they incur from their delegated school budget.

Surplus balances

In Wales the School Funding (Wales) Regulations 2010 suggest that the Local Authority Scheme for Financing Schools, drawn up by each LA also includes a limit to the amount of surplus balance that any one school could carry forward of the higher of £50,000 or a sum equivalent to 5% of their annual delegated budget for a Primary School or £100,000 or a sum equivalent to 5% of their annual delegated budget for a Special or Secondary School. In Cardiff the thresholds agreed with schools are:

- Primary Schools – the higher of £50,000 or 4% of their annual delegated school's budget
- Special and Secondary Schools – the higher of £100,000 or 4% of their annual delegated school's budget

Any schools exceeding these thresholds may, if determined by the LA, receive a direction to spend funding in excess of the threshold or, ultimately, have excess funding clawed back.

Relaxation of thresholds for 2021/22

During the Summer Term of 2021 Welsh Government wrote to all Welsh LA's informing them of a temporary relaxation of the 2010 regulations in respect of surplus balances. In turn the Council's Head of Finance wrote to all Cardiff schools outlining a one-year relaxation of the local parameters for the management of surplus school balances. For the 2021/22 financial year the following parameters will apply:

- Surplus balances held as at 31st March 2021 will be disregarded when considering the issue of directions to spend or to seek clawback against excess school balances.
- There will be **no new** directions to spend, or clawbacks issued during 2021/22. This approach will be applied on the assumption and understanding that the majority of school balances will be utilised during the 2021/22 financial year, with balances returning to a more typical level by 31st March 2022.
- Individual letters will be provided to schools, where relevant, following the closure of the 2021/22 financial accounts, however the paragraphs below provide an overview of the approach that will be applied moving forward. Schools will still be considered to hold an excess balance if their balance exceeds 4% of their formula allocation or £50,000 (primary) /£100,000 (secondary/special), whichever is higher, at the end of the financial year in question.

- Schools that have not recently received a direction to spend but have held excess balances for two consecutive years (ignoring 2020/21 – ie. 2019/20 and 2021/22), or just 2021/22, will be asked to provide information as to why the excess balance is being held. Primary schools that have previously been exempt from the process (as they were growing schools without pupils in all year groups) will be included in the process from 31st March 2022.
- Schools that have not recently received a direction to spend but have held excess balances for at least three consecutive years (ignoring 2020/21 – ie. 2018/19, 2019/20 and 2021/22) will be directed to spend their balance during 2022/23.
- Schools that have not previously received a clawback, but have been directed to spend, and have held excess balances for five consecutive years (ignoring 2020/21 – ie. 2016/17, 2017/18, 2018/19, 2019/20 and 2021/22) will be met with during 2022/23 with a view to implementing a clawback that year. Each clawed back amount will remain available to the school until 31st August 2023.
- Schools that have previously received a clawback, and continue to exceed the thresholds at 31st March 2022, will receive further clawbacks each financial year until the point at which the balance reduces to a level below the threshold for that particular school. Each future clawed back amount will remain available to the school until 31st August in the year following the implementation of the clawback. The balances clawed back during 2020/21, and currently being held centrally, will remain available until 31st August 2022.

Deficit balances

Whilst schools may be allowed to incur and carry forward a deficit balance this should only be with the permission of the LA. Each year a school is required to submit to the LA a balanced budget or request the ability to set a deficit. That request is only agreed if it is supported by a robust medium term business plan showing how the school will return to a balanced budget position in the medium term – usually a term of no more than 3 financial years.

Financial Reporting

School budgets and balances are part of the LA accounts and additionally must be reported at an individual school level to Welsh Government. Annually Welsh Government will publish a statistical analysis of both school budgets and balances. The statistical return for school balances is usually published during the Autumn term following the closure of the financial year in March.

Current school balances

At the end of the 2020/21 financial year the analysis of school balances at an LA level can be found in the following table. An analysis of individual school balances can be found at Appendix 1.

Phase	Bal 31.03.20 £000	Bal 31.03.21 £000	Grants – March 21 £000	Adjusted balance 31.03.21 £000	Adjusted increase 2020-2021 £000
Primary	4,704	12,904	5,884	7,020	2,316
Secondary	608	6,877	3,757	3,120	2,512
Special	504	1,338	155	1,183	679
Total	5,816	21,119	9,796	11,323	5,507

The significant increase in balances between the two financial years may be attributed to the following:

- During March 2021 WG distributed a number of additional revenue grants to schools' budgets totalling £9.8 million (as shown in the above table). These grants covered areas of expenditure including revenue repairs and maintenance and pupil catch-up. Whilst the grants were received too late in the financial year to allow for new expenditure to take place, schools were able to use these grants in-year to offset eligible expenditure already incurred. The knock-on effect of this, however, was to reduce the level of spend against their base funded budget, thereby increasing the balances carried forward into 2021/22. These balances brought forward have formed part of the budget setting process within schools for 2022/23 and are reflected in the governor approved budgets for each school.
- The Covid-19 pandemic also meant that those schools that had planned to use their previous surplus balances on any major works were unable to do so due to covid restrictions in many cases.
- During the 2020/21 financial year there were periods of time when schools were closed, which meant some not insignificant savings against budgets held for premises costs, and sickness absence/supply costs, in particular. In addition, a considerable amount of specific costs associated with the pandemic were supported through the WG Covid Hardship Fund. Whilst it is acknowledged that there may be a perceived disconnect between claiming hardship funding during a period where savings were made in certain areas of the budget, it would have been imprudent not to claim eligible expenditure and lost income at the point schools were entitled to do so. This is particularly so given the uncertainty surrounding the trajectory of the pandemic and the necessarily reactive nature of governmental controls and available support which could not be relied upon to continue ad infinitum.

2021/22 financial year

An examination of school budgets for the 2021/22 financial year indicates that a significant number of schools have budgeted to use their increased surpluses to maintain a balanced budget position.

At the end of the 2019/20 financial year 18 Cardiff schools ended the year with a deficit, by the end of the 2020/21 financial year this had reduced to 2.

In the school budget setting process for the 2021/22 financial year four schools applied to set a deficit budget.

Next steps

During October 2021 the Council's Local Financial Management Team will work with their allocated schools to confirm budget positions and projected school balances for the financial year end in March 2022.

This information will be shared with the Education Management Team and School Budget Forum and inform further discussions with individual schools and governing bodies before the end of the financial year.

APPENDIX 1

	Total 2019/20 Balance	Total 2020/21 Balance	Value of WG Grants Issued	Adjusted Balance	Increase on 2019/20	Adjusted Increase on 2019/20
EA001 Adamsdown Primary School	-62,541.98	-260,259.24	79,547.81	-180,711.43	-197,717.26	-118,169.45
EA002 Albany Primary School	-24,822.99	-153,815.29	77,232.68	-76,582.61	-128,992.30	-51,759.62
EA003 Allensbank Primary School	-33,916.35	-53,158.52	39,222.09	-13,936.43	-19,242.17	19,979.92
EA004 All Saints C.W. Primary School	-52,377.15	-73,913.32	30,727.05	-43,186.27	-21,536.17	9,190.88
EA005 Baden Powell Primary School	43,052.08	-135,384.61	69,785.41	-65,599.20	-178,436.69	-108,651.28
EA006 Birchgrove Primary School	-158,808.56	-199,803.92	68,523.64	-131,280.28	-40,995.36	27,528.28
EA007 Bishop Childs C.W. Primary School	2,811.76	-58,440.89	38,295.10	-20,145.79	-61,252.65	-22,957.55
EA008 Bryn Celyn Primary School	-18,186.50	-32,577.33	33,013.71	436.37	-14,390.83	18,622.87
EA009 Bryn Deri Primary School	-20,098.04	-77,599.09	42,489.62	-35,109.47	-57,501.05	-15,011.43
EA010 Bryn Hafod Primary School	-91,170.69	-246,080.38	75,335.07	-170,745.31	-154,909.69	-79,574.62
EA014 Christ The King R.C. Primary School	-77,310.72	-106,719.05	39,439.04	-67,280.01	-29,408.33	10,030.71
EA015 Coed Glas Primary School	-54,726.40	-137,621.07	88,326.52	-49,294.55	-82,894.67	5,431.85
EA016 Coryton Primary School	-11,338.64	-50,301.24	38,591.07	-11,710.17	-38,962.60	-371.53
EA017 Creigiau Primary School	-61,993.19	-110,943.65	68,270.34	-42,673.31	-48,950.46	19,319.88
EA020 Danescourt Primary School	13,910.38	-74,409.26	79,186.66	4,777.40	-88,319.64	-9,132.98
EA023 Fairwater Primary School	-65,338.65	-96,432.22	40,634.00	-55,798.21	-31,093.57	9,540.44
EA024 Gabalfa Primary School	-38,943.44	-120,715.48	49,307.02	-71,408.46	-81,772.04	-32,465.02
EA025 Galstone Primary School	-40,567.21	-87,878.34	40,503.20	-47,375.14	-47,311.13	-6,807.93
EA026 Glan Yr Afon Primary School	26,772.91	-108,600.43	24,856.12	-83,744.31	-135,373.34	-110,517.22
EA029 Grangetown Primary School	-55,862.59	-172,589.12	67,994.73	-104,594.39	-116,726.53	-48,731.80
EA030 Grangetown Nursery School	-63,488.47	-56,603.21	19,494.64	-37,108.57	6,885.26	26,379.90
EA031 Greenway Primary School	-118,845.57	-109,147.66	44,465.60	-64,682.07	9,697.91	54,613.50
EA032 Gwaelod-y-Garth Primary School	1,445.01	-116,420.32	49,657.75	-66,762.57	-117,865.33	-68,207.58
EA034 Hawthorn Primary School	-73,668.02	-95,359.11	43,332.73	-52,026.37	-21,691.09	21,641.65
EA035 Herbert Thompson Primary School	-50,362.82	-138,551.92	89,501.79	-49,050.13	-88,189.10	1,312.69
EA036 Holy Family R.C. Primary School	-45,135.08	-76,179.72	27,776.83	-48,402.89	-31,044.64	-3,267.81
EA038 Hywel Dda Primary School	-83,483.43	-238,844.24	76,790.73	-162,053.50	-155,360.81	-78,570.07
EA039 Kitchener Primary School	-37,627.55	-166,424.56	81,170.17	-85,254.39	-128,797.01	-47,626.84
EA040 Lakeside Primary School	-79,778.46	-302,402.01	80,293.25	-222,108.76	-222,623.55	-142,330.30
EA041 Lansdowne Primary School	-71,926.62	-105,696.98	70,384.68	-35,312.31	-33,770.36	36,614.31
EA042 Llandaff C.W. Primary School	-57,107.91	-146,092.47	69,913.28	-76,179.19	-88,984.56	-19,071.28
EA043 Llanedeyrn Primary School	2,474.28	-132,932.56	69,085.48	-63,847.08	-135,406.84	-62,321.36
EA044 Llanishen Fach Primary School	-46,018.22	-125,576.77	81,852.70	-43,724.07	-79,558.55	2,294.15
EA045 Llysfaen Primary School	-63,228.44	-128,934.27	73,591.98	-55,342.29	-65,705.83	7,886.15
EA048 Meadowlane Primary School	-32,335.74	-72,631.80	60,099.95	-12,531.85	-40,296.06	19,803.89
EA049 Millbank Primary School	-18,353.34	-69,640.11	44,412.85	-25,227.25	-51,286.77	-6,873.91
EA050 Moorland Primary School	-38,471.60	-137,868.32	78,537.48	-59,330.84	-99,396.72	-20,859.24
EA052 Mount Stuart Primary School	-103,733.45	-124,873.68	80,344.11	-44,529.57	-21,140.23	59,203.88
EA053 Ninian Park Primary School	-141,416.73	-383,395.74	112,747.37	-270,648.37	-241,979.01	-129,231.64
EA054 Pontprennau Primary School	52,913.87	-105,439.84	59,151.19	-46,288.65	-158,353.71	-99,202.52
EA055 Oakfield Primary School	-112,340.76	-204,869.93	75,776.84	-129,093.09	-92,529.17	-16,752.33
EA056 Pentrebane Primary School	-35,840.85	-112,105.01	42,384.71	-69,720.30	-76,264.16	-33,879.45
EA057 Pentyrch Primary School	1,376.44	-36,906.63	26,861.85	-10,044.78	-38,283.07	-11,421.22
EA058 Pen-y-Bryn Primary School	-50,595.20	-104,262.78	45,579.63	-58,683.15	-53,667.58	-8,087.95
EA059 Peter Lea Primary School	-27,435.50	-68,878.22	59,931.19	-8,947.03	-41,442.72	18,488.47
EA060 Radnor Primary School	-59,732.51	-102,457.39	50,595.05	-51,862.34	-42,724.88	7,870.17
EA061 Radyr Primary School	-40,003.67	-146,978.41	74,890.84	-72,087.56	-106,974.74	-32,083.89
EA062 Rhiwbeina Primary School	-88,419.63	-230,005.97	111,862.23	-118,143.74	-141,586.34	-29,724.11
EA063 Rhydyppenau Primary School	-86,469.35	-174,007.11	85,916.86	-88,090.25	-87,537.76	-1,620.90
EA064 Roath Park Primary School	-113,520.21	-244,191.17	80,811.14	-163,380.03	-130,670.96	-49,859.82
EA065 Rumney Primary School	41,183.22	-145,511.61	77,925.58	-67,586.03	-186,694.83	-108,769.25
EA068 Severn Primary School	-37,715.69	-156,514.40	86,568.72	-69,945.68	-118,798.71	-32,229.99
EA069 Springwood Primary School	-44,885.81	-101,623.67	42,491.88	-59,131.79	-56,737.86	-14,245.98
EA070 Stacey Primary School	-26,061.51	-116,800.68	41,668.64	-75,132.04	-90,739.17	-49,070.53
EA071 St Alban's R.C. Primary School	4,446.97	-8,380.78	28,239.90	19,859.12	-12,827.75	15,412.15
EA073 St Bernadette's R.C. Primary School	-82,089.56	-93,351.46	43,605.70	-49,745.76	-11,261.90	32,343.80
EA074 St Cadoc's R.C. Primary School	-86,279.01	-182,153.04	59,664.26	-122,488.78	-95,874.03	-36,209.77
EA075 St Cuthbert's R.C. Primary School	-39,115.66	-100,641.84	25,076.48	-75,565.36	-61,526.18	-36,449.70
EA076 St David's C.W. Primary School	-38,293.15	-123,403.93	43,750.31	-79,653.62	-85,110.78	-41,360.47
EA077 St Fagan's C.W. Primary School	-31,289.74	-100,650.56	39,321.24	-61,329.32	-69,360.82	-30,039.58
EA078 St Francis R.C. Primary School	47,374.19	-180,364.18	61,822.10	-118,542.08	-227,738.37	-165,916.27
EA079 St John Lloyd R.C. Primary School	-53,770.95	-120,934.36	60,003.08	-60,931.28	-67,163.41	-7,160.33
EA080 St Joseph's R.C. Primary School	-60,267.80	-163,675.36	38,718.50	-124,956.86	-103,407.56	-64,689.06
EA081 St Mary's R.C. Primary School	-169.85	-51,118.21	46,764.90	-4,353.31	-50,948.36	-4,183.46
EA082 St Mary The Virgin C.W. Primary School	-11,818.42	-58,472.07	41,888.99	-16,583.08	-46,653.65	-4,764.66
EA083 St Mellons C.W. Primary School	-35,038.04	-45,138.80	22,293.21	-22,845.59	-10,100.76	12,192.45
EA084 St Monica's C.W. Primary School	-42,507.49	-50,813.90	27,860.82	-22,953.08	-8,306.41	19,554.41
EA085 St Patrick's R.C. Primary School	-18.05	-81,196.19	51,015.03	-30,181.16	-81,178.14	-30,163.11
EA086 St Paul's C.W. Primary School	-25,482.71	-73,467.88	38,584.84	-34,883.04	-47,985.17	-9,400.33
EA087 St Peter's R.C. Primary School	-132,371.46	-201,352.11	81,165.31	-120,186.80	-68,980.65	12,184.66
EA088 St Philip Evans R.C. Primary School	882.68	-68,070.98	68,394.22	323.24	-68,953.66	-559.44
EA089 Thornhill Primary School	7,596.17	-102,509.05	76,415.79	-26,093.26	-110,105.22	-33,689.43
EA090 Tongwynlais Primary School	-14,830.63	-20,809.77	36,734.19	15,924.42	-5,979.14	30,755.05
EA091 Ton-yr-Ywen Primary School	-2,449.16	-98,688.57	79,117.07	-19,571.50	-96,239.41	-17,122.34
EA092 Treddegarville C.W. Primary School	-48,668.05	-100,100.73	46,555.38	-53,545.35	-51,432.68	-4,877.30
EA093 Trelai Primary School	-52,919.04	-243,325.40	65,041.75	-178,283.65	-190,406.36	-125,364.61
EA094 Tremorfa Nursery School	-16,693.80	-51,308.02	15,904.79	-35,403.23	-34,614.22	-18,709.43
EA098 Willowbrook Primary School	-42,273.78	-176,407.73	76,817.08	-99,590.65	-134,133.95	-57,316.87
EA100 Windsor Clive Primary School	-61,612.20	-148,062.77	75,690.52	-72,372.25	-86,450.57	-10,760.05

EA101	Ysgol Bro Eirwg	-66,873.16	-120,350.08	76,311.71	-44,038.37	-53,476.92	22,834.79
EA102	Ysgol Gymraeg Coed-y-Gof	-81,654.04	-175,973.76	57,806.57	-118,167.20	-94,319.72	-36,513.16
EA103	Ysgol Melin Gruffydd	-74,164.83	-203,706.88	79,852.92	-123,853.96	-129,542.05	-49,689.13
EA104	Ysgol Pencae	-76,609.12	-129,824.61	39,234.56	-90,590.05	-53,215.49	-13,980.93
EA105	Ysgol Pwll Coch	-31,730.02	-85,857.91	71,286.14	-14,571.77	-54,127.89	17,158.25
EA106	Ysgol-y-Berllan Deg	-20,943.38	-115,022.93	77,880.70	-37,142.23	-94,079.55	-16,198.85
EA107	Ysgol Mynydd Bychan	-32,513.73	-117,820.31	46,640.09	-71,180.22	-85,306.58	-38,666.49
EA108	Ysgol Gymraeg Treganna	-69,800.25	-185,426.98	118,539.89	-66,887.09	-115,626.73	2,913.16
EA109	Ysgol-y-Wern	-135,514.27	-329,835.78	111,136.30	-218,699.49	-194,321.51	-83,185.22
EA110	Ysgol Glan Morfa	-38,384.62	-137,946.96	46,662.08	-91,284.88	-99,562.34	-52,900.26
EA111	Ysgol Gymraeg Nant Caerau	-29,747.92	-103,343.87	43,502.94	-59,840.93	-73,595.95	-30,093.01
EA113	Ysgol Gynradd Gymraeg Pen Y Groes	-43,175.27	-88,136.86	24,341.68	-63,795.18	-44,961.59	-20,619.91
EA114	Ysgol Pen Y Pil	-10,553.01	-52,730.33	41,474.02	-11,256.31	-42,177.32	-703.30
EA115	Ysgol Glan Ceubal	-875.88	-63,963.19	34,382.92	-29,580.28	-63,087.31	-28,704.40
EA116	Pencaerau Primary	-44,305.50	-97,889.31	45,124.45	-52,764.86	-53,583.81	-8,459.36
EA117	Trowbridge Primary	-55,908.89	-133,096.97	36,967.15	-96,129.81	-77,188.08	-40,220.92
EA246	ICC Ely	-64,874.67	-214,436.45	18,720.23	-195,716.22	-149,561.78	-130,841.55
EA247	Glyncoeed Primary School	-75,883.23	-210,790.76	66,772.43	-144,018.33	-134,907.53	-68,135.10
EA248	Marlborough Primary School	-52,389.59	-222,555.66	85,753.88	-136,801.78	-170,166.07	-84,412.19
EA249	Whitchurch Primary School	-248,202.89	-179,688.68	113,175.76	-66,512.93	68,514.21	181,689.96
EA250	Howardian Primary School	-73,312.79	-117,982.68	58,808.75	-59,173.93	-44,669.89	14,138.86
EA251	Ysgol Hamadryad	-28,865.48	-37,665.16	32,276.91	-5,388.24	-8,799.68	23,477.24
Total Primary & Nusery		-4,704,006.37	-12,903,814.54	5,884,248.14	-7,019,566.40	-8,199,808.17	-2,315,560.03
EA120	Corpus Christi R.C. High School	-196,015.55	-320,293.75	183,905.35	-136,388.40	-124,278.20	59,627.15
EA121	Mary Immaculate High School	-262,688.42	-380,206.47	138,824.46	-241,382.01	-117,518.05	21,306.41
EA122	St Illtyd's R.C. High School	-34,442.10	-346,005.29	158,904.27	-187,101.02	-311,563.19	-152,658.92
EA123	Bishop Of Llandaff C.W. High School	-18,648.76	-256,866.35	211,230.22	-45,636.13	-238,217.59	-26,987.37
EA125	Cantonian High School	749,500.82	260,142.38	133,722.57	393,864.95	-489,358.44	-355,635.87
EA126	Cardiff High School	-634,606.91	-1,156,657.87	291,411.72	-865,246.15	-522,050.96	-230,639.24
EA127	Cathays High School	-39,235.59	-345,045.62	166,492.04	-178,553.58	-305,810.03	-139,317.99
EA128	Fitzalan High School	-32,671.28	-301,240.28	311,788.73	10,548.45	-268,569.00	43,219.73
EA132	Llanishen High School	-7,732.30	-604,599.56	273,934.02	-330,665.54	-596,867.26	-322,933.24
EA134	Radyr Comprehensive	-38,717.68	-465,520.09	218,874.40	-246,645.69	-426,802.41	-207,928.01
EA136	St Teilo's C.W. High School	-219,878.97	-709,647.44	244,905.18	-464,742.26	-489,768.47	-244,863.29
EA137	Whitchurch High School	111,968.02	-636,602.30	403,335.36	-233,266.94	-748,570.32	-345,234.96
EA138	Willows High School	-51,272.69	-330,526.65	125,690.02	-204,836.63	-279,253.96	-153,563.94
EA139	Ysgol Gyfun Gymraeg Glantaf	120,446.39	-384,633.00	230,529.65	-154,103.35	-505,079.39	-274,549.74
EA140	Ysgol Gyfun Gymraeg Plasmawr	98.85	-309,064.12	201,489.20	-107,574.92	-309,162.97	-107,673.77
EA141	Ysgol Gyfun Bro Edern	-177,066.73	-475,407.35	150,068.09	-325,339.26	-298,340.62	-148,272.53
EA142	Eastern HS	-186,789.57	-608,636.14	172,410.65	-436,225.49	-421,846.57	-249,435.92
EA143	Cardiff West Comm HS	310,318.00	494,204.51	139,409.83	633,614.34	183,886.51	323,296.34
Total Secondary		-607,434.47	-6,876,605.39	3,756,925.76	-3,119,679.63	-6,269,170.92	-2,512,245.16
EA150	The Court School	-17,087.38	-62,325.27	13,504.21	-48,821.06	-45,237.89	-31,733.68
EA151	Riverbank School	-52,431.31	-126,700.29	18,809.34	-107,890.95	-74,268.98	-55,459.64
EA152	Ty Gwyn School	-166,487.94	-346,760.67	42,620.36	-304,140.31	-180,272.73	-137,652.37
EA153	Woodlands High School	-76,393.60	-163,140.74	27,452.58	-135,688.16	-86,747.14	-59,294.56
EA154	Greenhill School	-76,272.97	-190,378.19	15,839.68	-174,538.51	-114,105.22	-98,265.54
EA155	Meadowbank School	-66,735.09	-152,513.11	11,036.37	-141,476.74	-85,778.02	-74,741.65
EA156	The Hollies School	-49,068.11	-296,488.46	25,759.72	-270,728.74	-247,420.35	-221,660.63
Total Special		-504,476.40	-1,338,306.73	155,022.25	-1,183,284.48	-833,830.33	-678,808.08
GRAND TOTAL ALL SCHOOLS		-5,815,917.24	-21,118,726.66	9,796,196.15	-11,322,530.51	-15,302,809.42	-5,506,613.27

Ref	Risk Description	Potential Impact	Inherent Risk			Current Controls	Residual Risk			Proposed Management Actions	Target Risk			Risk Reduction Target Date	Owner	Key Indicators / Measures (list the key metrics / indicators used to monitor the risk)
			Likelihood	Impact	Priority		Likelihood	Impact	Priority		Likelihood	Impact	Priority			
1	Grant funded posts discontinued. A number on services delivered by the education directorate are grant funded, some with over 50% of total budget dependent on grant funding.	Core services cannot be delivered, important staff are lost and there is significant financial and reputation cost to the council. Vulnerable young people lose vital support and do not transfer into EET. Recruitment to key posts is negatively impacted due to uncertain futures.	A	1	High - Red	Alerting SMT to the risk to the council financially but also reputationally and actually (vulnerable young people support withdrawn).	A	2	High - Red	Alert funding streams to the potential impact, seek clarification on alternative sources.	A	2	High - Red	3-6 months	Phil Norton	
2	There are not sufficient secondary school places (year 7 and in-year) for pupils to meet the local requirements of parents, ahead of the delivery of additional places through Band B schemes and section 106 schools. Cardiff will experience peak intakes to secondary schools in 2022/23 and 2023/24. In some areas of the city, catchments will have demand that exceeds supply and whilst there are places in other parts of the city, there is a risk that parents will refuse to accept these.	Children not in education whilst parents attempt to secure places of choice. Financial impact of providing temporary accommodation. Reputational risk due to public interest groups protesting about available places.	A	2	High - Red	There are ongoing communications about the need for families and carers to select multiple preferences and in time applications. 151 extra places added for September 2022 (30 Eastern, 30 Radyr, 30 Corpus Christi, 31 Mary Immaculate High School, 30 St. Teilo's).	A	3	Medium - Red / Amber	Longer term plans are needed to rebalance catchments following the delivery of Band B capacity.	B	3	Medium - Red / Amber	12 months +	Richard Portas	Pupils getting 1 of 3 choices of school place

Ref	Risk Description	Potential Impact	Inherent Risk			Current Controls	Residual Risk			Proposed Management Actions	Target Risk			Risk Reduction Target Date	Owner	Key Indicators / Measures (list the key metrics / indicators used to monitor the risk)
			Likelihood	Impact	Priority		Likelihood	Impact	Priority		Likelihood	Impact	Priority			
3	There are not sufficient ALN places. Plans are in place to address this over the next 3-5 years. However, the deficit will continue to impact the out of county spend in the short to medium term.	Increase in OOC spend. Children not in education pending identification of suitable ALN provision.	A	2	High - Red	Proposals to Cabinet in October 2021: • 136 additional Secondary and post-16 EWHB places • 139 additional Secondary Complex Learning and Autism Spectrum Condition places • 42 additional Age 3-19 Complex Learning and Autism Spectrum Condition places • 150 additional Primary Complex Learning and Autism Spectrum Condition places. Ahead of the inception of Band B, several ALN developments have been delivered, such as extensions of Ty Gwyn, and the expansion of places in other Specialist Resource Bases (SRBs).	A	2	High - Red	Continue to progress schemes for additional ALN places. Develop further plans for provision, particularly in secondary	B	3	Medium - Red / Amber	12 months	Richard Portas/ Jennie Hughes	Numbers of children in specialist EOTAS provision, OOC spend

Ref	Risk Description	Potential Impact	Inherent Risk			Current Controls	Residual Risk			Proposed Management Actions	Target Risk			Risk Reduction Target Date	Owner	Key Indicators / Measures (list the key metrics / indicators used to monitor the risk)
			Likelihood	Impact	Priority		Likelihood	Impact	Priority		Likelihood	Impact	Priority			
4	Increasing numbers of children and young people who are not in receipt of appropriate full time education that meets their individual needs, often spending prolonged periods in EOTAS provision on a reduced timetable, or 'out of education'. There is a risk that young people out of full time education are not in an environment where they can be safeguarded, and that we are not meeting our statutory responsibilities to provide an Education.	Children and young people who are not in an environment where they can be safeguarded could be at risk of significant harm. Outcomes for young people who are EOTAS do not improve. EOTAS learners face difficulties in making a positive transition Post 16. Young people with complex mental health needs do not receive psychological support.	A	1	High - Red	Strong referral processes exist for EOTAS and quality assurance and monitoring of learners has improved and is now strong. Destination tracking of young people is clear and works across services. The fresh start panel works well with good contributions from most high schools. Knowledge of EOTAS needs and support by youth mentors is strong. Mentors in place for post 16, ALN, EOTAS and LACE but a gap exists in support for sixth form learners EOTAS lead officer appointed .	B	2	High - Red	Plans for joint working with YJS/LACE and EOTAS are improving. ALN identification and support/training requirements - proposed ALN lead working across Directorates will strengthen knowledge of and therefore support for YP. Too many learners with ALN are placed in EOTAS in lieu of special school places but this is acknowledged in the EOTAS plan and included in Band B proposals. The Ensuring Access Group has been re-established to ensure that appropriate actions are put in place around provision, practice and process to ensure all learners are accessing appropriate education.	B	2	Red / Amber	12 months +	Phil Norton	
5	The number of children and young people receiving face to face counselling was very low compared to the Welsh average	Issues around capacity and consistency could impact the wellbeing of children and young people	A	2	High - Red	SBC service has been brought in house and a management post created to strengthen capacity	B	2	Medium Amber/ Red	Work with schools and settings to provide an effective counselling space and to improve the referral process; Improve the availability and quality of clinical supervision; Continue to assess and improve capacity to provide counselling for particular groups.	C	3	Medium - Amber / Green	12 months	Chris Alders	The number of children and young people accessing face to face counselling

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The Position Against Internal Audit Recommendations

Audit	Report Status	Assurance Rating	Outstanding Actions	Completed Actions	Total Actions	Implementation Status
2021/22 (to date)						
Follow up - British Council grants 2021-22	Final	Effective with opportunity for improvement	3	2	5	All recommendations will be delivered by 31/08/22
Cardiff West Community High School	Final	Unsatisfactory	19	3	22	All recommendations will be delivered by 31/08/22. 12 overdue actions – evidence is required for Internal Audit to close these actions.
Pre-Contract Assurance - Education & Lifelong Learning	Final	Insufficient with major improvement needed	4	0	4	All recommendations will be delivered by 30/08/22
Marlborough Primary School	Final	Effective with opportunity for improvement	5	8	13	All recommendations will be delivered by 08/02/22.
Mary Immaculate R.C. High School 2021/22	Final	Effective with opportunity for improvement	3	13	16	All recommendations will be delivered by 06/04/22
SOP Band B	Final	Effective with opportunity for improvement	0	6	6	All Actions Completed
2020/21						
St Cuthbert's R.C. Primary School	Final	Insufficient with major improvement needed	9	13	22	All recommendations were due to be delivered by 30/11/21.
St. Peter's RC Primary School Follow up Audit	Final	Effective with opportunity for improvement	12	4	16	All recommendations were due to be delivered by 17/12/21.
British Council grants 2020/21	Final	Unsatisfactory	0	19	19	Actions Completed
Follow Up Income in School Kitchens	Final	Effective with opportunity for improvement	1	4	5	Recommendation will be delivered by 31/03/22
Income & Debtors - Education	Final	Effective with opportunity for improvement	2	2	4	All recommendations will be delivered by 30/08/22
Follow-up audit - Pontprennau Primary School	Final	Effective with opportunity for improvement	2	9	11	All recommendations were due to be delivered by 30/11/21
Commissioning and Procurement - Education	Final	Effective with opportunity for improvement	3	4	7	All recommendations will be delivered by 30/08/22
2019/20						

The Position Against Internal Audit Recommendations

Music Service - follow up 2019/20	Final	Insufficient with major improvement needed	4	1	5	All recommendations will be delivered by 30/08/22
Counter-fraud arrangements in schools – Willows High School	Final	Effective	0	1	1	Action Completed
Education - Asset Management	Final	Insufficient with major improvement needed	3	1	4	All recommendations will be delivered by 31/08/22
Income collection in schools inc. lettings and banking - Cardiff High	Final	Effective with opportunity for improvement	0	3	3	All Actions Completed
Pentyrch Primary	Final	Effective with opportunity for improvement	0	8	8	All Actions Completed
Counter-fraud arrangements in schools - Radyr Comprehensive	Final	Effective with opportunity for improvement	0	5	5	All Actions Completed
Counter-fraud arrangements in schools - Hawthorn Primary School	Final	Effective with opportunity for improvement	0	5	5	All Actions Completed
Counter-fraud arrangements in schools - Allensbank Primary School	Final	Effective with opportunity for improvement	0	6	6	All Actions Completed
Counter-fraud arrangements in schools - Corpus Christi	Final	Effective with opportunity for improvement	0	6	6	All Actions Completed
Counter-fraud arrangements in schools - Eastern	Final	Effective	0	2	2	All Actions Completed
Counter-fraud arrangements in schools - Kitchener Primary School	Final	Effective with opportunity for improvement	0	4	4	All Actions Completed
Counter-fraud arrangements in schools - The Hollies	Final	Effective with opportunity for improvement	0	3	3	All Actions Completed
Income collection in schools inc. lettings and banking - Coryton Primary	Final	Effective with opportunity for improvement	0	8	8	All Actions Completed
Income collection in schools inc. lettings and banking - Greenhill Special School	Final	Effective with opportunity for improvement	0	5	5	All Actions Completed
Income collection in schools inc. lettings and banking - Herbert Thompson Primary	Final	Effective with opportunity for improvement	0	6	6	All Actions Completed

The Position Against Internal Audit Recommendations

Income collection in schools inc. lettings and banking - Meadowlane Primary	Final	Effective with opportunity for improvement	0	8	8	All Actions Completed
Income collection in schools inc. lettings and banking - Cardiff West Community High	Final	Effective with opportunity for improvement	1	8	9	Recommendation will be delivered by 18/02/22
St. Francis	Final	Insufficient with major improvement needed	0	19	19	All Actions Completed
St Illtyd's R.C. High	Final	Effective with opportunity for improvement	0	6	6	All Actions Completed
Roath Park Primary School	Final	Insufficient with major improvement needed	4	22	26	All recommendations were due to be delivered by 17/12/21. The school is liaising with Audit.
ICT governance in schools - Cantonian	Final	Insufficient with major improvement needed	0	15	15	All Actions Completed
Commissioning of independent investigations	Final	Effective with opportunity for improvement	1	5	6	Recommendation will be delivered by 31/07/22
Windsor Clive	Final	Insufficient with major improvement needed	0	16	16	All Actions Completed
ICT governance in schools - Bishop of Llandaff	Final	Effective with opportunity for improvement	0	6	6	All Actions Completed
ICT governance in schools - Ysgol Plasmawr	Final	Effective with opportunity for improvement	4	10	14	All recommendations will be delivered by 22/07/22
ICT governance in schools - Cardiff	Final	Effective with opportunity for improvement	0	8	8	All Actions Completed
ICT governance in schools - Fitzalan	Final	Effective with opportunity for improvement	0	10	10	All Actions Completed
ICT governance in schools - St. Teilo's	Final	Effective with opportunity for improvement	0	11	11	All Actions Completed
ICT governance in schools - Cathays	Final	Effective with opportunity for improvement	1	10	11	All recommendations will be delivered by 31/08/22
ICT governance in schools - Radyr	Final	Effective with opportunity for improvement	0	9	9	All Actions Completed

The Position Against Internal Audit Recommendations

ICT governance in schools - Llanishen	Final	Effective with opportunity for improvement	1	7	8	All recommendations will be delivered by 29/07/22
Storey Arms	Final	Effective with opportunity for improvement	2	5	7	One recommendation will be delivered by 31/03/22. One action overdue – evidence under review, in order to close.
Older – Longstanding Recommendations						
Education - Budgeting & Forecasting	Final	Effective with opportunity for improvement	1	3	4	Recommendation will be delivered by 31/08/22
Education C&P - Llanedeyrn	Final	Effective with opportunity for improvement	2	3	5	Recommendations are covered in the current audit, and will be closed when final report issued.
Catering in opted out schools	Final	Effective with opportunity for improvement	1	6	7	Recommendation will be delivered by 31/03/22

The Position Against Internal Audit Recommendations

Audit	Report Status	Assurance Rating	Outstanding Actions	Completed Actions	Total Actions
Rhiwbeina Primary - CRSA	Final	Effective	0	5	5
Rumney Primary - CRSA			0	5	5
Bryn Deri - CRSA			1	4	5
Radnor Primary - CRSA			1	1	2
The Hollies - CRSA			1	2	3
Albany Primary - CRSA	Final	Effective with opportunity for improvement	0	4	4
Eastern High - CRSA			0	4	4
Marlborough - CRSA			2	5	7
Pencaerau - CRSA			3	2	5
Tredegarville Primary - CRSA			4	4	8
Birchgrove Primary - CRSA			1	2	3
Bishop Childs - CRSA			4	2	6
Bishop of Llandaff - CRSA			1	3	4
Greenway Primary - CRSA			2	7	9
Lansdowne Primary - CRSA			1	2	3
Oakfield Primary - CRSA			1	4	5
Radyr Comprehensive - CRSA			2	4	6
Springwood - CRSA			1	1	2
St Mary's RC Primary - CRSA			3	4	7
St Paul's Primary - CRSA			3	10	13
St Teilo's - CRSA			2	7	9
Stacey Primary - CRSA			2	4	6
Trowbridge Primary - CRSA			2	8	10
Whitchurch Primary - CRSA			1	4	5
Ysgol Bro Eirwg - CRSA			5	3	8
Ysgol Pen y Pill - CRSA			5	3	8
Cantonian - CRSA			7	0	7
Ysgol Hamadryad - CRSA			4	2	6

The Position Against Internal Audit Recommendations

Audit	Report Status	Assurance Rating	Outstanding Actions	Completed Actions	Total Actions
Coed Glas - CRSA	Draft	Effective with opportunity for improvement			
Fairwater - CRSA					
St Fagan's - CRSA					
The Court School - CRSA					
Llanedeyrn Primary - CRSA					

Education and Lifelong Learning Directorate - Senior Management Assurance Statement 2021 / 22 Summary

Assurance Area	Rating	1	2	3	4	5
		Not in place	Limited Application	Mixed Application	Strong Application	Embedded
Risk Management						
Risk Identification	4					
Risk Assessment	3					
Risk Review	4					
Directorate Risk Response	4					
Corporate Risk Response	4					
Future Generations Act						
Future Generations Consideration	3					
Future Generations preventative actions identified, prioritised and resourced	4					
Future Generations Partnership Collaboration	4					
Future Generations Governance	3					
Future Generations Reporting (governance, risk management, control)	3					
Future Generations Engagement	3					
Future Generations Stakeholder Involvement	4					
Compliance						
Compliance	3					
Compliance Improvement	3					
Project and Programme Initiation						
Project and Programme Initiation	4					
Project and Programme Governance	3					
Project and Programme Monitoring and Management	4					
Budget						
Budget Delivery	3					
Savings/Income Target Delivery	3					
Planning Decision						
Business Planning	4					
Business Cases	4					
Control						
Internal Controls	4					
Accountability	3					
Safeguarding Assets	3					
Fraud						
Fraud Prevention and Detection	3					
Fraud Policy Compliance	3					
Performance						
Performance Measurement	3					
Performance Reviews	3					

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Item 5.1

Financial Resilience Update Governance & Audit Committee

15th March 2022



Contents

- COVID-19 Pandemic
- Current Year Position – Month 9
- Budget Strategy 2022/23
 - Revenue Summary
 - Capital Programme Summary
- Our Medium Term Financial Plan
- Future Work



COVID19 – Current Year Context and WG Support

- The COVID-19 pandemic has had significant financial implications for the Council - additional costs and loss of income.
- During 2020/21, the Welsh Government put in place a COVID-19 Hardship Fund to support Local Authorities in managing additional costs and income loss directly resulting from the pandemic.
- The table below summarises the level of support the Council has required from the Fund to date.

	Additional Expenditure £000	Income Loss £000	Total £000
2020/21	47,704	38,155	85,859
2021/22 (M1-9)	21,235	12,955	34,190
TOTAL	68,939	51,110	120,049

** Including sums pending approval*

- The fund has been extended until the end of the 2021/22 financial year, but will not be in place during 2022/23.
- This represents a significant financial risk to the Council and the 2022/23 Budget will need to be sufficiently robust to ensure that the Council can continue to cope with COVID-10 related financial pressures.



Month 9 2021/22 Position

- Month 9 Monitoring Report considered by Cabinet 24th February 2022
- Projected Overspend £0.101M
 - £2.701M Directorate overspend, Capital Financing £0.400M overspend, offset by £3.000M contingency budget
 - Improved position from Month 6 and expected to improve further at year end
- Variance of £26.402M reported in capital programme (mainly slippage)



Revenue Budget 2022/23 (Council approval 3rd March 2022)

Resources Required	£000	Notes
Base Budget Brought Forward	686,734	
Employee Costs	6,034	Assumed 3% NJC award, VLW
Price Inflation	10,664	Commissioned Care including RLW impact, Energy, Out of County Education, ICT
Financial Pressures	4,413	Social Services staffing, support for organisational change, committee services & elections
COVID Recovery Budget	10,000	No Hardship Fund Support in 2022/23
Policy Growth	5,500	Young People, Community Improvement, Cleaner Streets, One Planet and City recovery / infrastructure
Commitments, Realignment & Capital Financing	10,471	£3.338m Capital Financing, Realignment & Commitments
Demographic Pressures	8,318	Adult Services, Children's Services, School Transport, Waste Streams
Schools Growth	9,309	Employee costs & changes in pupil numbers
Savings	(7,708)	Efficiency, Corporate savings
Total Resources Required	743,735	
Resources Available	£000	
AEF	(544,715)	Per Provisional Settlement (<u>note £11k increase at Final</u>)
Council Tax	(199,020)	2022/23 tax base and 1.9% rate increase
Total Resources Available	(743,735)	



Capital Investment Programme 2022/23 – 2026/27 (Council approval 3rd March 2022)

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Capital Programme Expenditure	2022/23 Including Slippage £000	Indicative 2023/24 £000	Indicative 2024/25 £000	Indicative 2025/26 £000	Indicative 2026/27 £000	Total £000
Annual Sums	24,275	26,500	23,515	22,915	19,715	116,920
Ongoing Schemes	45,216	32,712	20,981	20,050	6,336	125,295
New Schemes / Additional Annual Sums	125	175	100	250	225	875
Schemes funded by Grants and Contributions (Further grants subject to approval of bids)	55,554	43,916	77,590	34,701	664	212,425
Invest to Save	63,601	158,922	90,270	10,500	12,240	335,533
Total General Fund	188,771	262,225	212,456	88,416	39,180	791,048
Public Housing	74,610	111,250	106,135	69,605	53,700	415,300
Total Capital Programme Expenditure	263,381	373,475	318,591	158,021	92,880	1,206,348



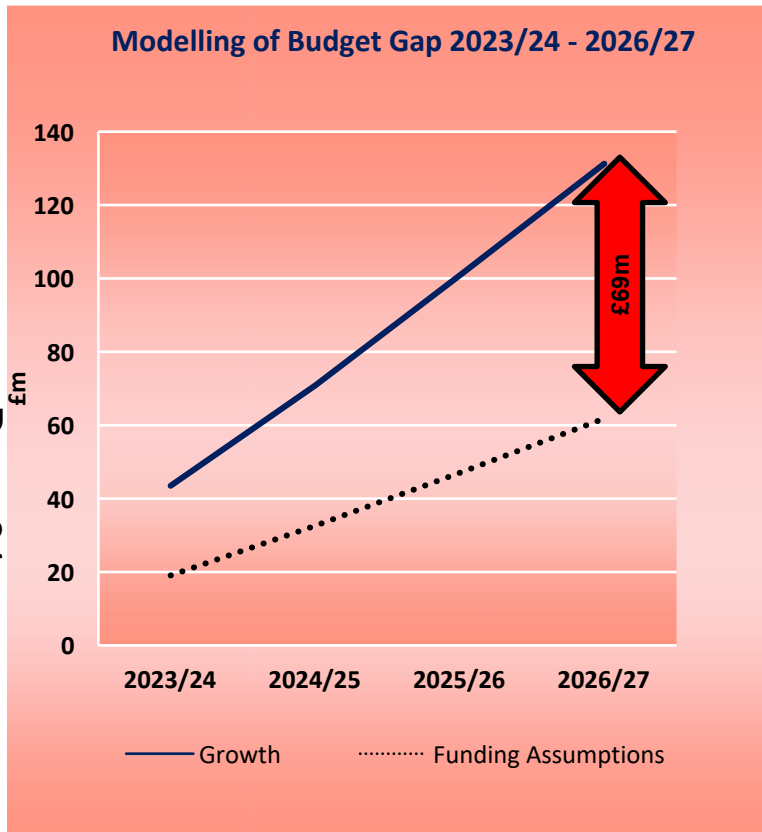
Capital Programme Funding

Capital Funding 2022/23 - 2026/27

	<u>2022/23</u> £000	Indicative <u>2023/24</u> £000	Indicative <u>2024/25</u> £000	Indicative <u>2025/26</u> £000	Indicative <u>2026/27</u> £000	<u>Total</u> £000	%
General Fund							
WG Unhypothesized Supported Borrowing	(8,901)	(10,630)	(10,630)	(8,901)	(8,901)	(47,963)	6.1
WG General Capital Grant	(6,135)	(7,326)	(7,326)	(6,135)	(6,135)	(33,057)	4.2
Additional Borrowing to balance existing capital programme	(34,953)	(33,901)	(17,690)	(25,719)	(10,805)	(123,068)	15.6
Additional Borrowing - Invest to save/earn schemes to be repaid from revenue savings/incidental income or directorate budgets	(63,601)	(158,922)	(90,270)	(10,500)	(12,240)	(335,533)	42.4
Earmarked Capital Receipts	(14,242)	(2,000)	(5,000)	(2,000)	0	(23,242)	2.9
Non Earmarked Capital Receipts assumption	(5,000)	(5,000)	(3,640)	0	0	(13,640)	1.7
Direct Revenue Financing	(210)	(210)	(210)	(210)	(210)	(1,050)	0.1
Earmarked Reserves	(175)	(320)	(100)	(250)	(225)	(1,070)	0.1
External funding estimates and contributions	(55,554)	(43,916)	(77,590)	(34,701)	(664)	(212,425)	26.9
Total General Fund	(188,771)	(262,225)	(212,456)	(88,416)	(39,180)	(791,048)	100.0
Public Housing (HRA)							
Major Repairs Allowance WG Grant	(9,550)	(9,550)	(9,550)	(9,550)	(9,550)	(47,750)	11.5
Additional Borrowing	(44,415)	(81,595)	(81,685)	(46,615)	(39,650)	(293,960)	70.8
Direct Revenue Financing / Earmarked Reserves	(5,500)	(2,400)	(2,400)	(2,400)	(2,400)	(15,100)	3.6
External funding estimates and contributions	(10,545)	(12,705)	(9,000)	(6,040)	(2,100)	(40,390)	9.7
Capital Receipts	(4,600)	(5,000)	(3,500)	(5,000)	0	(18,100)	4.4
Total Public Housing	(74,610)	(111,250)	(106,135)	(69,605)	(53,700)	(415,300)	100.0
Total Capital Programme Resources Required	(263,381)	(373,475)	(318,591)	(158,021)	(92,880)	(1,206,348)	



Medium Term Financial Plan 2023/24 – 2026/27



	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	TOTAL £000
Total Pressures	43,496	27,331	30,260	30,434	131,521
Funding Assumptions	(19,565)	(13,531)	(14,433)	(14,794)	(62,323)
Budget Requirement Reduction	23,931	13,800	15,827	15,640	69,198
Council Tax Assumptions - at 3%	4,931	5,079	5,232	5,388	20,630
Total Savings	19,000	8,721	10,595	10,252	48,568
Budget Requirement Strategy	23,931	13,800	15,827	15,640	69,198

- CTax assumptions are used for modelling purposes only
- Need to continue work on identifying savings and opportunities for transformation beyond the one-year budget cycle



Future Work

- Accounts Closure 2021/22
- Update of MTFP to Council in the Summer
- Budget preparation / review part of a continuous process – not an annual event
- Continued development of closer links between Financial and Performance Management
- Continued focus on the robustness of our financial monitoring and management arrangements



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**GOVERNANCE & AUDIT COMMITTEE:****15 March 2022**

**STATEMENT OF ACCOUNTS 2021/22 – TIMESCALES, ACCOUNTING
POLICIES AND FUTURE REGULATORY CHANGES****REPORT OF CORPORATE DIRECTOR RESOURCES****AGENDA ITEM: 5.2**

Reason for this Report

1. The Governance & Audit Committee terms of reference set out the responsibility for reviewing the financial statements prepared by the authority.
2. This report has been prepared to provide Governance & Audit Committee Members with:-
 - A. Proposed timescales for the 2021/22 statements
 - B. The draft accounting policies on which the Statement of Accounts for 2021/22 will be based, along with the key areas in the accounts where estimates and assumptions are used in preparation of the accounts.
 - C. The key changes expected to be implemented for the 2021/22 accounts arising from the 2021/22 CIPFA Code of Practice (the Code)
 - D. Additional items with implications for the Statement of Accounts

Background

3. Councils are required to prepare the Accounts using a Code of Practice developed by the Chartered Institute of Public Finance and Accountancy (CIPFA). The Code is based on International Financial Reporting Standards (IFRSs) and sets out the minimum requirements for financial statements.
4. The Council's Statement of Accounts is a technical document, which relies on information received from many Directorates; relies on technical expertise and capacity in order to meet tight timescales for preparation and makes previously recommended improvements. Attached for information, in Appendix 1, is a document introducing the contents and thorough governance process involved in preparing the Council's financial statements. A guide produced by CIPFA on Understanding Local Authority Financial Statements, which may be useful information to members of the Committee to support their role is attached at Appendix 2.

5. Preparation and audit of the accounts needs to consider the significant assumptions required and materiality of their impact to users of the accounts.
6. The Council continues to work closely with Audit Wales (AW) on a process of continual improvement, including considering materiality of transactions, simplifying wording, removing or adding narrative where this better explains the Councils performance or figures included in the accounts.

A - Proposed timescales for the 2021/22 statements

7. The 2021/22 statutory deadlines are shown in the table below. In the last two years, Welsh Government has recognised that as the pandemic continues there is an ongoing impact on local authority and external audit staff resources. In recognition of this an extension to the deadlines was introduced and it is assumed that these will continue for 2021/22.

Item	Statutory Deadline	Extended Deadlines
Draft Statement of Accounts	31 May 2022	31 August 2022
Audited Statement of Accounts	31 July 2022	30 November 2022

The proposed timescales in relation to the 2021/22 accounts are shown in the table below:

Date (Last Working Day)	Item
15 – 30 June 2022	Draft Statement of Accounts signed off by Corporate Director Resources and submitted for external audit.
11 July 2022 (TBC)	Draft Statement of Accounts available for Governance & Audit Committee review and public inspection for 20 working days
19 July 2022 (TBC)	Draft Statement of Accounts presented to Governance & Audit Committee meeting
31 August 2022	Receipt of all external audit queries – although completion of the external audit is subject to further information coming to light prior to approval by Council
September / October 2022 (subject to audit progress)	Audited accounts presented to Governance & Audit Committee
20 October 2022 (TBC)	Final audited accounts and accompanying disclosures presented to Full Council for approval
28 October 2022 (TBC)	Publication of Statement of Accounts

8. As well as the current process where Governance & Audit Committee can raise queries with officers on receipt of the accounts at Governance & Audit Committee, it is proposed:
 - to continue the process whereby Committee would have the opportunity to scrutinise the accounts over a longer period, in line with the period of public inspection.

- that officers would consider any comments and questions in relation to the committee's terms of reference in relation to the accounts and provide a response to Governance & Audit Committee as to the outcome of the issues raised.
- In line with best practice the Finance function is continuing to review its approach and resilience to achieving timescales set out above and this will continue to be closely monitored.

B - Draft Accounting Policies 2021/22 and significant assumptions used in the Accounts

9. The Council's draft 2021/22 accounting policies are included, at Appendix 3. CIPFA continues to encourage Councils to streamline wording and the content of accounting policies, some of which may have been in place for a number of years. We continue to do so in the draft however there are no changes made that would impact on the reporting of financial performance historically or in the future. Other than minor changes, the accounting policies remain the same as previous years.
10. The Council is also required to highlight areas of the accounts where assumptions and estimates have to be made e.g. in the valuation of fixed assets. The proposed significant assumptions used in 2021/22 for disclosure in the accounts are included in Appendix 4 and the 2021/22 Cardiff & Vale of Glamorgan Pension Fund accounting policies and assumptions are included in Appendix 5. Changes in some assumptions could have a significant impact on the values included in the accounts but are often purely an accounting exercise and have no impact on the level of council tax and rent payable, as they are required to be reversed.
11. Amendments to the draft accounting policies and assumptions have been considered and shared with Audit Wales. However, it should be noted that there may be further changes following the audit and as there is further guidance issued by CIPFA.

C – Key changes in the 2021/22 Code

12. The main changes in the 2021/22 code issued by CIPFA relate to the treatment of:
 - Interest Rate Benchmark Reform
13. The London Interbank Offered Rate ("LIBOR") was phased out on 31st December 2021 and replaced by various alternative risk-free rates ("RFRs") across the financial markets, e.g. Sterling Overnight Index Average (SONIA). The impact for local authorities could be in any agreements and documents where LIBOR may be referenced such as loan agreements, deposit facilities, discount rates used in valuations, PFI type agreements and investment benchmarking. This change is not deemed to impact on Cardiff Council or Cardiff & Vale of Glamorgan Pension Fund accounts.

D - Additional items with implications for the Statement of Accounts

CIPFA Financial Management Code

14. The preparation and publication of financial information is one of the primary ways in which the authority demonstrates accountability to service users, taxpayers, to citizens and to other organisations across the public sector. External reporting is one of the key elements of CIPFA's Financial Management Code (FM Code) introduced in 2020, requiring local authorities to undertake a self-assessment against suggested standards.
15. CIPFA's Statement on The Role of the Chief Financial Officer (CFO) in Local Government states that it is the responsibility of the authority's CFO to publish annual financial statements on a timely basis, in order to communicate the authority's activities and achievements, its financial position, financial performance and cash flows.
16. In order to demonstrate compliance with the requirement of the FM Code that the authority's CFO has both personal and statutory responsibilities for ensuring that its financial statements comply with the local authority accounting Code. The authority should, however, also ensure that the CFO is provided with sufficient resources to fulfil their personal and statutory responsibilities under this element of the FM Code.

CIPFA Consultation – Emergency Changes to the 2021/22 and 2022/23 Code

17. At the end of January 2022, CIPFA commenced a very short consultation period in respect to exceptional changes in the 2021/22 Local Authority Code of Accounting Practice. This was in response to feedback that three months after the 30 September 2021 statutory deadline more local bodies had failed to meet the statutory deadline than had met it for the completed audit and publication of the accounts.
18. After considering a wide range of options CIPFA LASAAC decided to explore two approaches:
 - an adaptation to the Code to allow local authorities to pause professional valuations for operational property, plant and equipment for a period of up to two years (though the initial proposal is for the 2021/22 financial year); this approach also explores the use of an index to be used to increase or reduce that valuation
 - deferring the implementation of IFRS 16 Leases for a further year and reversing the planned changes to the 2022/23 code to implement that standard.
19. It is also clearly indicated in the consultation that the proposed changes would be 'reversed' in two to three years' time meaning they are aimed at buying time to address the current UK wide poor performance. Whilst the Council supports the proposals, this should not be at the expense of undermining confidence in local authority accounting. Where flexibilities were provided, to support the meeting of deadlines and new requirements, a supportive approach is requested to ensure a return to the current Code requirements.
20. In respect to new standards on leasing to be implemented from 01 April 2022 (2022/23), the exceptional circumstances of the response to the pandemic and the impact on finance teams has warranted recent delays. Whilst the benefits of IFRS16

are clear, there are also practical and costs benefit issues in compliance, which may be part of the rationale for reasons for delay.

21. It is also important that the local government and audit community make tangible steps towards the simplification of local authority accounts and audit process to support the understanding and timeliness of the accounts process.
22. The Council awaits the outcome of the consultation, the subject area of which continue to highlight the challenges being faced by practitioners and auditors in respect to local authority accounts.

Accounts and Audit Regulations

23. The approach to the 2022/23 statutory deadlines for the Statement of Accounts remains unclear. The Council has remained well within the extended deadlines, but it has paused its approach to meeting the statutory closing deadlines until further clarification is received. In the event that the existing statutory deadlines remain in place, the Council and any other bodies charged with governance will need to consider carefully the timing of meetings and potentially the responsibility for approving them in the short term and longer term. This includes the timing of Council meetings to approve the accounts and also Governance & Audit Committee for scrutiny of the accounts.

Reason for Recommendations

24. To inform Governance & Audit Committee of the key changes impacting on the Council's Statement of Accounts for 2021/22 and changes expected in the medium term.

Legal Implications

25. There are no direct legal implications as a result of this report.

Financial Implications

26. The changes outlined in this report particularly beyond 2021/22 will continue to require additional workload on the part of the local authority finance function and directorates. Consideration of the cost and benefit of changes will need to be undertaken as part of a continuous process of improvement and implementation particularly in respect of materiality of requirements.

Recommendations

Governance & Audit Committee are requested to note:-

- the timescales proposed for the 2021/22 accounts
- the draft accounting policies and assumptions to be used in preparing the statement of accounts for 2021/22

- the key changes in the Code of Practice for 2021/22 and changes in the medium term

CHRISTOPHER LEE
CORPORATE DIRECTOR RESOURCES
15 MARCH 2022

The following Appendices are attached:

Appendix 1 – Introduction to Financial Statements

Appendix 2 – CIPFA Guide – Understanding Local Authority Financial Statements

Appendix 3 – Draft Accounting Policies 2021/22 - Cardiff Council

Appendix 4 – Draft significant assumptions and estimates used in preparing the Accounts

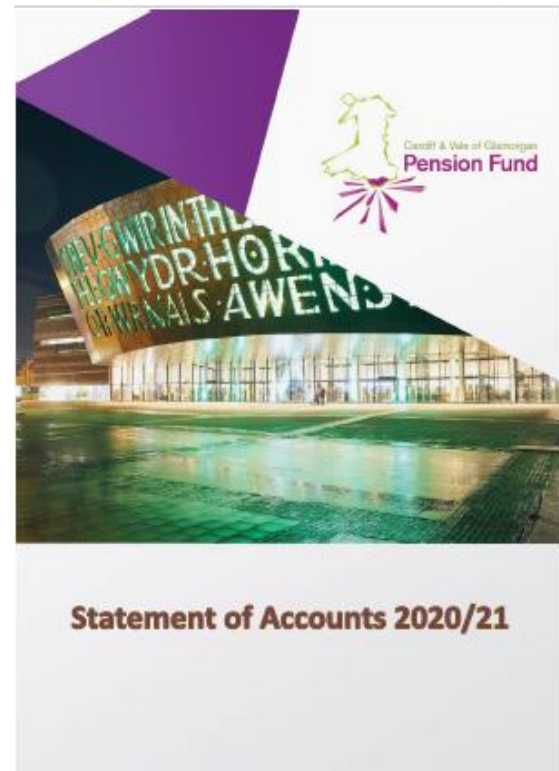
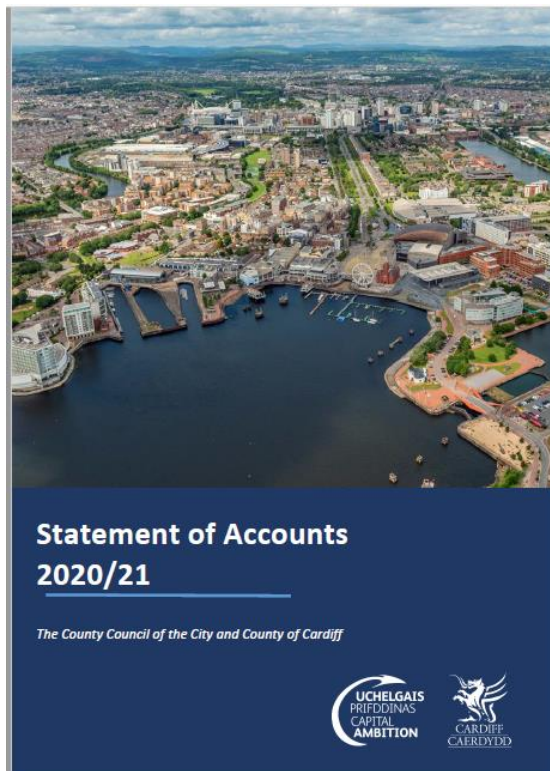
Appendix 5 – Draft Accounting Policies and Assumptions – Cardiff & Vale of Glamorgan Pension Fund

Introduction to the Financial Statements

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What is the Statement of Accounts?



The Statement of Accounts should answer the following questions:

- What did the authority's services cost in the year of account?
- Where did the money come from?
- What were the authority's assets and liabilities at the year end?

Why are the Statements important?

- Preparation and publication of the Statement of Accounts is a statutory requirement
- They must provide a true and fair view of the Council's financial position
- Provides accountability to electors, tax and rent payers, those charged with governance, funders, employees etc.
- Allows comparison and benchmarking with other organisations
- Allows comparison across financial years
- Allows for consolidation for Whole of Government Accounts
- Public display of accounts allows interested parties to review and raise questions to Council and its auditor

The core financial statements

1. Comprehensive Income & Expenditure Statement

Shows the accounting cost of providing services in accordance with proper accounting practices and whether a surplus or deficit resulted from operations

2. Movement in Reserves Statement

Shows the changes to the Council's reserves over the year:

Usable Reserves (can be spent) - resulting from the authority's activities

Unusable Reserves (cannot be spent) - deriving purely from accounting entries & statutory requirements

3. Balance Sheet

Provides a snapshot of the value at the balance sheet date of the assets and liabilities of the Council – net worth and how financed

4. Cash Flow Statement

Shows the changes in cash and cash equivalents of the authority

Disclosure Notes

The Statement of Accounts also contains:

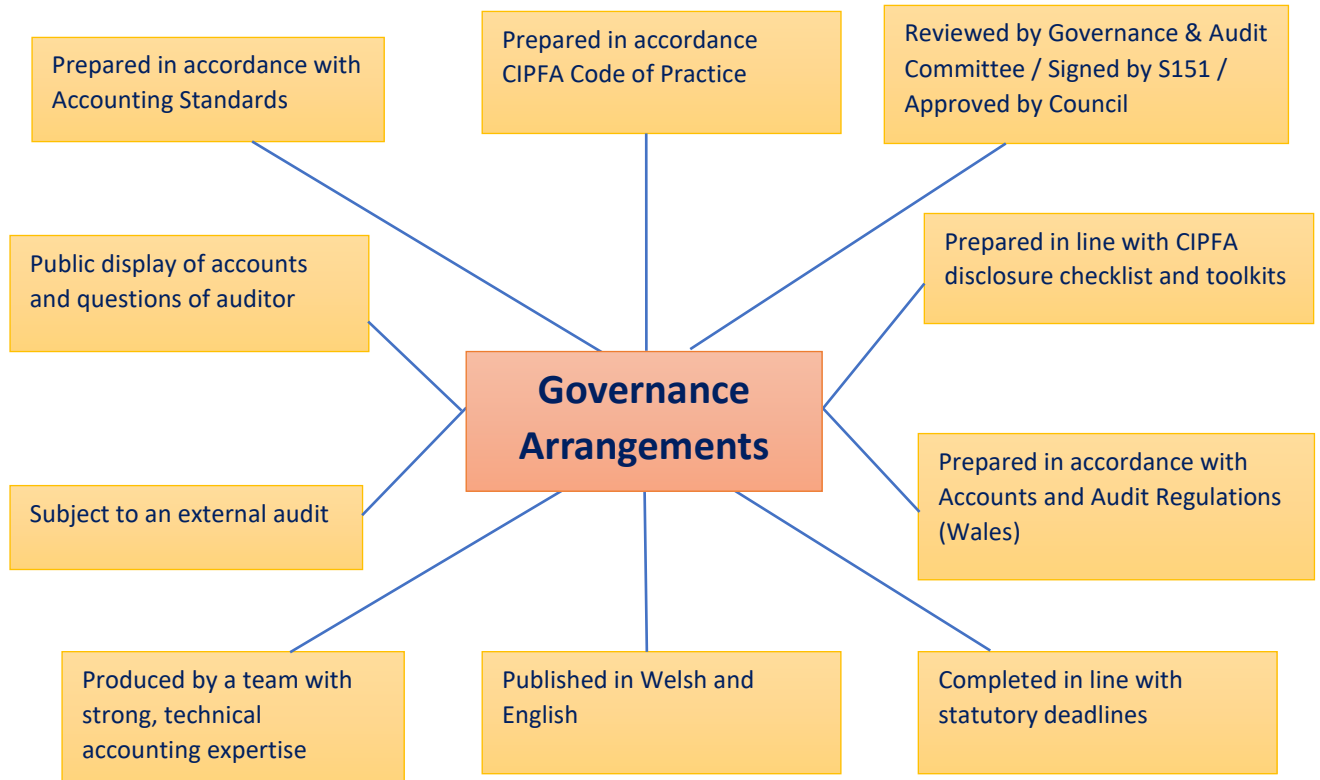
A Narrative Report	A user friendly description of performance, identifying key events and the impact on the financial statements
Accounting Policies	Sets out the accounting rules the authority has followed when compiling the financial statements
Critical Judgements	Shows the key areas where officers have made judgements about the application of the accounting policies
Statement of Responsibilities	Responsibilities of those charged with governance and S151 officer in preparing the statements
Notes to the Accounts	Provide further details on the accounts e.g. related parties, liabilities, Joint Committees, provisions and earmarked reserves
Property, Plant and Equipment	Accounting valuation of assets, such as dwellings, property, art. Capital expenditure and how it is paid for. Sale of assets
Employee Remuneration	A note providing details of the pay of the most senior officers, all officers' remuneration disclosed in bands and the cost of redundancies
Financial Instruments	A note identifying the monetary contracts between entities e.g. investments, borrowings
Related Party Disclosures	Identifies any transactions with the Council's related parties (bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council)

Supplementary statements

The Statement of Accounts also contains additional statements to meet specific reporting requirements:

Housing Revenue Account (HRA)	Where income from rents and related expenditure is required to be ring fenced by statute
Trust Funds	Where the Council is a trustee or administers a charity
Cardiff Harbour Authority	To meet requirements of the Harbours Act 1964
Group Accounts	Shows the combined statements where the council has material interests in subsidiaries, associates and joint ventures e.g. Cardiff Bus

Governance and Assurance Process



External audit of the financial statements

Audit Wales Role re Financial Statements

To determine if the accounts are prepared in accordance with the relevant legislation and accounting standards

Concept of Materiality

- Not seek to obtain absolute assurance on the truth and fairness of the financial statements and related notes, but adopt a concept of materiality
- The objective is to identify material misstatements, that is, those that might result in a reader of the accounts being misled
- Materiality level is reported to Governance & Audit Committee prior to completion of the audit



Audit of Financial Statements Report

Details the results of financial audit – Received by Governance & Audit Committee and Council

- Provides our proposed opinion on the truth and fairness of the Financial Statements
- Summarises the extent of any corrected / uncorrected errors identified from our audit work

Council approves the final audited Statement of Accounts

Timetable

2021/22 Accounts Timescales			
March	June	September/October	November
Update Governance & Audit Committee regarding Accounting Policies	Draft accounts signed by s151 officer and provided to auditors Public display / Governance & Audit Committee Review	Governance & Audit Committee review of final accounts and external audit opinion Final accounts approved by Council and published	Whole of Government Accounts submitted to Welsh Government
Existing statutory timescales currently under review			

Potential questions

to support review of public reporting and accountability

- Is the narrative report:
 - consistent with financial challenges and risks facing the authority?
 - readable and understandable by a lay person?
- Is there a better way information could be communicated or presented?
- Have significant changes been adequately explained?
- Are there references to additional notes where additional information is available?
- Are the statements consistent with what is known about financial performance over the year?
- Are accounting policies and treatments applied suitable and for material transactions?
- Are movements in borrowing and investments in line with the Treasury Management Strategy?
- Are there clear reasons for the creation of provisions and earmarked reserves?
- Are the accounts clear, concise, and easy to follow?
- Do the accounts or supporting information present any concerns about the Council's financial liabilities, resilience, or sustainability?
- Do officers have the resources, skills, and systems to comply with standards and challenges?
- Does the audit report identify any material weaknesses or risks?
- Is there a cost/benefit assessment to be made?
 - different judgements
 - areas where estimation techniques are required
 - minimum levels / thresholds to which policies should be applied
 - level of disclosure
- Do these transactions or adjustments have any implications for in year performance and council tax or rent payable? Or are they just technical accountancy adjustments?
- What is an acceptable level of materiality given the size and complexity of the Council?
- Should all audit issues identified require amendment or can a level of materiality be applied?

Where to find further information

- CIPFA Guide to Understanding Local Authority Financial Statements
- Role of Auditor General / Audit Wales – Member introduction slides
- Published Statement of Accounts 2020/21:-
 - [Cardiff Council](#)
 - [Cardiff and Vale of Glamorgan Pension Fund](#)

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understanding local authority financial statements

2016

\ introduction

Local authority financial statements have a key part to play in accountability to taxpayers and other stakeholders as to how public money is used. However, the complexity of the financial statements has not always helped this accountability, particularly allowing the amounts in the statements to be easily reconciled to management accounting and in-year monitoring of budgets.

The introduction of the Expenditure and Funding Analysis to the 2016/17 Code is intended to allow a clear link to be made between in-year monitoring and General Fund information and final outturn as set out in the audited financial statements, thus closing the accountability loop from budgets through to outturn.

A key to achieving the aims of the changes will be to use the information not just in the narrative section of the financial statements to explain performance during the year, but more widely to all stakeholders, including elected members as citizens' representatives, in a range of formats and media to provide a definitive position on financial performance. Local authorities are also urged to look to their balance sheets as a part of this explanation and the key messages that can be drawn out.

At the same time it is important that opportunities are taken to cut the clutter and remove immaterial disclosures or through the use of technical appendices to separate out the more complex disclosures. Working in partnership CIPFA/LASAAC will itself continue to review opportunities for improvement and explore links with other published information to ensure that the definitive position remains clear.

This briefing note is intended to help chief financial officers and other senior staff to present the financial statements to members and other stakeholders by explaining how the formats can be used to convey key information. It is also designed to give elected members and stakeholders an introduction to the format of the accounts and provide them with key questions on the financial statements.

An important element of financial reporting which will assist local authorities to tell the story of their financial performance is the narrative report (management commentary in Scotland). This report accompanies the financial statements and should provide a commentary on how the authority has used its resources to achieve desired outcomes in line with its objectives and strategies. It should provide an explanation of the main messages of financial performance, financial position and cash flows in the financial statements.

This publication includes extract financial statements to demonstrate key issues. It is important to note that the Code sets out the minimum requirements for the financial statements of the authority, but authorities are free to include more detail if they think it will help them to explain the accounts to members and other stakeholders.

This publication also highlights the opportunities to simplify presentation and make the messages clearer in a number of areas:

- comparisons with budgets (General Fund and Housing Revenue Account performance)
- reserves position, and
- cash flows.

comparisons with budgets

For members, probably the most important issue will be whether the authority has a surplus or deficit on General Fund or Housing Revenue Account (HRA) balances against its budget for the year.

The financial statements will enable individual authorities to demonstrate performance both in the way in which they organise themselves and, more importantly, in how they budget against the General Fund to provide services.

The introduction of the new expenditure and funding analysis

The financial statements primarily follow accounting standards rather than local government legislation. Although some information is provided on General Fund and HRA balances this hasn't always been easy to identify in the past. However, the new Expenditure and Funding Analysis provides users of the financial statements with more information to make that analysis (for example, by comparison with their budget reports).

The Expenditure and Funding Analysis brings together local authority performance reported on the basis of expenditure measured under proper accounting practices with statutorily defined charges to the General Fund (including the HRA).

Proper accounting practices measure the resources that have been generated and consumed in the year including such things as the use of property (depreciation) and the value of pensions benefits earned by the employees. Statutory provisions determine how much of the authority's expenditure needs to be met from council tax each year.

The Expenditure and Funding Analysis:

- shows for each of the authority's services or directorates a comparison of the net resources applied and the net charge against council tax, and
- provides an opportunity to explain significant differences between the two within the authority's framework for accountability.

The Expenditure and Funding Analysis promotes accountability and stewardship by providing a more direct link with the annual decision making process of the authority and its budget ie the General Fund. The changes are more transparent and follow the performance framework of the authority.

The Expenditure and Funding Analysis takes the net expenditure that is chargeable to taxation and rents and reconciles it to the Comprehensive Income and Expenditure Statement. To demonstrate accountability and to meet segmental reporting requirements it is necessary to reconcile to the statutory position on the General Fund balance. The service analysis for both the Expenditure and Funding Analysis and the Comprehensive Income and Expenditure Statement are now both provided in the way in which an authority organises itself and manages financial performance.

The Expenditure and Funding Analysis needs to be positioned in the financial statements where it is most accessible and relevant to its users. This means it could be placed before the main statements, to accompany the Comprehensive Income and Expenditure Statement, or even included as the first note. An authority will be able to decide for itself.

Expenditure and Funding Analysis (extract)

The Expenditure and Funding Analysis analysis shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the council's directorates/services/departments. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

20X0/20X1	Net Expenditure Chargeable to the General Fund and HRA Balances £000	Adjustments between the Funding and Accounting Basis £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000
People Directorate	47,385	898	48,283
Neighbourhoods	5,929	13,608	19,537
Business Change	30	224	254
Corporate and Central Services	19,358	833	20,191
Net Cost of Services	72,702	15,563	88,265
Other Income and Expenditure	(72,658)	(1,019)	(73,677)
Surplus or Deficit	44	14,544	14,588
Opening General Fund and HRA Balance at 31 March 20X0	(25,247)		
Less Deficit on General Fund and HRA Balance in Year	44		
Closing General Fund and HRA Balance at 31 March 20x1*	(25,203)		

*for a split of this balance between the General Fund and the HRA – see the Movement in Reserves Statement

comprehensive income and expenditure statement

The Comprehensive Income and Expenditure Statement shows how resources have been generated and expended in accordance with International Financial Reporting Standards. It shows whether the authority's operations resulted in a surplus or deficit. The key lines that summarise performance are highlighted below.

Comprehensive Income and Expenditure Statement (extract)

The Comprehensive Income and Expenditure Statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation [or rents]. Authorities raise taxation [and rents] to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

Comprehensive Income and Expenditure Statement 20X0/X1	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
People Directorate	74,297	(26,014)	48,283
Neighbourhoods	58,225	(38,688)	19,537
Business Change	11,624	(11,370)	254
Corporate and Central Services	24,021	(3,830)	20,191
Cost of Services	168,167	(79,902)	88,265
Other Operating Expenditure (Note 9)	2,218	–	2,218
Financing and Investment Income and Expenditure (Note 10)	11,340	(2,359)	8,981
Taxation and Non-specific Grant Income and Expenditure (Note 11)	–	(84,876)	(84,876)
(Surplus) or Deficit on Provision of Services			14,588
(Surplus) or Deficit on Revaluation of Property, Plant and Equipment Assets			(36,597)
(Surplus) or Deficit on Revaluation of Available-for-Sale Financial Assets			(101)
Remeasurement of the Net Defined Benefit Liability (Asset)			(8,444)
Other Comprehensive Income and Expenditure			(45,142)
Total Comprehensive Income and Expenditure			(30,554)

Expenditure of continuing operations, analysed by service segment, these lines are reconciled to the General Fund in the Expenditure and Funding Analysis

Operational costs of providing the services of the authority.

Total income and expenditure of the authority for the year, this line is also reconciled to the General Fund in the Expenditure and Funding Analysis

From 2016/17 local authorities are required to report their service segments based on the way in which they operate and manage services. There is no longer a requirement for that service analysis to be based on the definition of total cost or the service expenditure analysis in the *Service Reporting Code of Practice* in the financial statements. This new format means that the service section of the Comprehensive Income and Expenditure Statement supports accountability and transparency as it reflects the way in which services operate and performance is managed.

Where an authority uses alternative service reporting formats it will need to select the presentation most commonly used by the individual or group within the authority who has the most significant role in allocating resources and assessing performance of services when considering the allocation of resources.

This format of the Comprehensive Income and Expenditure Statement is also more meaningful for both local authority members and users of the financial statements as it follows their budget and performance monitoring and other key documents such as their council tax leaflets.

Treatment of overheads will depend on an authority's arrangements for accountability. If an authority operates and manages some or all of its corporate and support services separately then these service segments would be shown separately on the face of the Comprehensive Income and Expenditure Statement and not apportioned.

The test is whether the expenditure relating to these activities is reported to key decision makers as separate activities or spread across services as overheads for the financial statements. Therefore, there is no longer an absolute requirement to apportion support service overheads to services. However, local authorities will not need to change any of their financial reporting requirements for internal management processes. Whatever you are doing internally determines the structure for external reporting statements.

The Comprehensive Income and Expenditure Statement is then split into two parts.

The first part reflects the full economic cost of providing the services of the authority with the results summarised at the Surplus or Deficit on the Provision of Services line, highlighted above. It represents the operating costs of providing the services of the authority in the year. In the private sector this would be equivalent to the profit or loss of a company.

The second part, other comprehensive income and expenditure, shows the gains or losses in the measurement of the assets and liabilities of the authority. These gains or losses arise as a result of changes in market valuations, interest rates or changes in measurement assumptions in relation to pensions assets and liabilities.

movement in reserves statement

The Comprehensive Income and Expenditure Statement shows the income and expenditure on the authority's services in the year in accordance with International Financial Reporting Standards as adopted by the Code. However, the amount chargeable to council tax and an authority's General Fund is limited by statutory requirements and requires a number of adjustments. The statutory adjustments largely relate to arrangements for funding local authority capital expenditure or the timing with which some items are charged to council tax. The reserves of the authority represent its net worth; the usable reserves show the resources currently available to spend on services.

The movements in the financial position of the authority are summarised in the Movement in Reserves Statement.

The Movement in Reserves Statement shows how:

- the authority has generated and expended resources in the year; and
- the resourcing position is adjusted under statutory rules to show the funds available to be spent at year end.

The Movement in Reserves Statement prescriptions have been reduced to the absolute minimum in the Code. Authorities can provide additional rows to these minimum requirements if they consider that they need to do so to provide a true and fair presentation of their reserves.

Movement in Reserves Statement (extract)

The Movement in Reserves Statement shows the movement from the start of the year to the end on the different reserves held by the authority, analysed into 'usable reserves' (ie those that can currently be used to fund expenditure or reduce local taxation) and other 'unusable' reserves. It shows how the movements in year of the authority's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax [or rents] for the year. The Net Increase/Decrease line shows the statutory General Fund balance and Housing Revenue Account balance movements in the year following those adjustments.

	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve* £000	Major Repairs Reserve** £000	Capital Grants Unapplied Account £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
Balance at 31 March 20X0	22,118	3,129	10,065	1,600	450	37,362	1,350,567	1,387,929
Movement in reserves during 20X0/X1								
Total Comprehensive Income and Expenditure	(14,983)	395	–	–	–	(14,588)	45,142	30,554
Adjustments from income & expenditure charged under the accounting basis to the funding basis	14,835	(291)	(750)	–	–	13,794	(13,794)	–
Increase or (decrease) in 20X0/X1	(148)	104	(750)	–	–	(794)	31,348	30,554
Balance at 31 March 20X1 carried forward	21,970	3,233	9,315	1,600	450	36,568	1,381,915	1,418,483

* Capital Fund Scotland

** Applicable in England Only

An overall increase in usable reserves can arise despite a loss being shown in the Comprehensive Income and Expenditure Statement where statutory provisions allow a different charge to revenue from the authority expenditure incurred (eg replacement of depreciation by minimum revenue provision (MRP)). The adjustment to usable reserves is balanced by a movement in unusable reserves.

Unusable reserves such as the Capital Adjustment Account and the Pensions Reserve with debit balances will need to be funded in the future, even if it is over a long period, so increases in these balances show an increasing burden on future taxpayers.

balance sheet

The balance sheet in local authorities is very similar to other public sector or private sector balance sheets. The balance sheet presents an authority's financial position, ie its net resources at the financial year end. The balance sheet is composed of two main balancing parts: its net assets and its total reserves. The net assets part shows the assets the authority would have control of after settling all its liabilities. The balance of these assets and liabilities is then shown as being attributable to the various reserves of the authority.

For local authorities balance sheet presentation is split between the usable reserves and unusable reserves. Usable reserves are those which the authority can utilise to support future service provision. Unusable reserves cannot be used to support services and include gains and losses where amounts can only become available to support services if the assets are sold. These gains and losses are referred to as unrealised.

Balance sheet (extract)

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the authority. The net assets of the authority (assets less liabilities) are matched by the reserves held by the authority. Reserves are reported in two categories. The first category of reserves are usable reserves, ie those reserves that the authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves represents those that the authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

Balance Sheet	Notes	31 March 20X1 £000	
Property, plant and equipment	12	628,924	The authority's property portfolio
Highways Network Asset	13	1,028,700	The Highways Network Asset (not applicable to district councils). This will be the largest asset balance in a local highways authority balance sheet
Heritage assets	14	3,379	
Investment property	15	4,020	
Intangible assets	16	709	
Long-term investments	17	948	Long term assets ie those expected to provide benefits to the authority beyond 12 months
Long-term debtors	17	3,798	
Long-term assets		1,670,478	
Short-term investments	17	24,060	Current assets ie those anticipated to be consumed in 12 months – the normal operating cycle for the authority
Assets held for sale	22	1,409	
Inventories	18	1,769	
Short-term debtors	20	15,351	Reconciles to the cash and cash equivalents balance in the cash flow statement
Current assets		42,589	
Bank overdraft		(13,767)	
Short-term borrowing	17	(9,500)	Current liabilities ie those liabilities anticipated to be settled within 12 months
Short-term creditors	23	(21,960)	
Current liabilities		(45,227)	
Provisions	24	(4,297)	
Long-term borrowing	17	(89,733)	Long-term liabilities ie those liabilities that are anticipated to be settled beyond 12 months
Other long-term liabilities	17	(155,327)	
Long-term liabilities		(249,357)	
Net assets		1,418,483	Total assets less total liabilities

\ reserves

Reserves – including the General Fund and (where relevant) the Housing Revenue Account – are an indication of the resources available to an authority to deliver services at the balance sheet date. The key messages that members will be looking for in terms of reserves – especially the General Fund and the HRA – are how the balances have changed over the year, whether the balances are still adequate, and what the balances mean in terms of future budgets and services.

Information on the level of reserves can be found in the balance sheet and related notes, and in the Movement in Reserves Statement (and related notes). This latter statement will be more useful in explaining the changes that have taken place during the year.

	Notes	31 March 20X1 £'000
Usable reserves	24	36,568
Unusable Reserves	25	1,381,915
		<u>1,418,483</u>

The minimum requirement in presenting resources is to include only two lines – usable reserves (such as General Fund) and unusable reserves (such as the Revaluation Reserve and the Capital Adjustment Account).

If there are some reserves you do want to show on the balance sheet, that's fine, as long as these totals are shown.

While the balance sheet aims to show those reserves over which members have control, don't forget that some of the unusable reserves will become a charge against the revenue account – or usable reserves – over time. And in some cases, such as the Unequal Pay Back Pay Account, this might be within a year or two.

As indicated above, not all reserves can be used to deliver services, and the Code reflects this by reporting reserves in two groups – 'usable' and 'unusable' reserves. Usable reserves such as the General Fund are those where members will be involved in deciding on the levels maintained, and their use. Unusable reserves such as the Revaluation Reserve and the Capital Adjustment Account are not subject to such member influence.

cash flows

The final statement required by the Code is the cash flow statement.¹ The cash flow statement shows changes in cash flows of the authority during the financial year. It shows net cash flows split into three activities: operating, investing and financing. The cash flow statement shows the resulting movement in the authority's cash and cash equivalents. Cash and cash equivalents include short term investments that are readily convertible and which are subject to only insignificant risk of changes in value.

Cash Flow Statement (extract)

The Cash Flow Statement shows the changes in cash and cash equivalents of the authority during the reporting period. The statement shows how the authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the authority are funded by way of taxation and grant income or from the recipients of services provided by the authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (ie borrowing) to the authority.

	20X0/X1 £000	
Net (surplus) or deficit on the provision of services	14,588	Surplus or deficit taken from the Comprehensive Income and Expenditure Statement
Adjustments to net surplus or deficit on the provision of services for non-cash movements	(36,267)	
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	11,523	
Net cash flows from Operating Activities (Note 26)	(10,156)	Three groups of transactions: <ul style="list-style-type: none"> ■ Operating ■ Investing ■ Financing
Investing Activities (Note 27)	(24,585)	
Financing Activities (Note 28)	35,140	
Net increase or decrease in cash and cash equivalents	399	
Cash and cash equivalents at the beginning of the reporting period	(14,166)	
Cash and cash equivalents at the end of the reporting period (Note 19)	(13,767)	Cash and cash equivalents figure in the balance sheet

¹ Note the format of the cash flow statement shown is produced under the indirect method.

a checklist of questions to ask about a local authority's financial statements

To assist with the understanding of local authority financial statements a checklist about the core financial statements and the Expenditure and Funding Analysis has been included below.

Checklist	
Expenditure and Funding Analysis	
1	Have any significant differences between budget reports and net expenditure chargeable to General Fund and Housing Revenue Account balances been explained?
2	Are the major statutory adjustments clearly explained and easily understood?
Comprehensive Income and Expenditure Statement	
3	Is the purpose of the Comprehensive Income and Expenditure Statement clear (ie does it show actual financial performance under accounting standards before fiscal adjustments)?
4	Do the service net expenditure figures clearly demonstrate the financial performance of the services on the face of the Comprehensive Income and Expenditure Statement during the year?
5	Are the material items of income and expenditure in the Comprehensive Income and Expenditure Statement presented separately on the face of the Statement or explained in the notes?
6	Do the notes to the Comprehensive Income and Expenditure Statement provide easily understandable information relating to the Statement (or lines within the Statement)?
7	Are there any unexplained significant variances between current and previous year information?
Movement in Reserves Statement	
8	Can the major movements in net worth that occur within the Movement in Reserves Statement be easily identified? Are these explained within the financial statements or Narrative Report?
9	Do the opening balances in the Movement in Reserves Statement match with the closing balances of the preceding year? Are any adjustments to opening balances explained on the face of the Statement and/or in the notes?
10	Is there a clear explanation of the statutory adjustments in the adjustments from income and expenditure charged under the accounting basis to the funding basis line in the Movement in Reserves Statement? (Note this may be linked with the Expenditure and Funding Analysis.)
11	Do the entries on the statutory adjustment line net to nil?
12	Do the related notes on reserves clearly explain the line or columnar items not explained in the Statement?

Checklist	
13	Does the Total Comprehensive Income and Expenditure line in the Movement in Reserves Statement agree with the information in the Comprehensive Income and Expenditure Statement?
14	How have the balances of usable reserves moved during the year? Are these balances sufficient to support an authority's financial plans in the immediate future and over the medium term?
Balance Sheet	
15	Does the property, plant and equipment information tell the story of the authority's property portfolio during the year (including the major movements in that portfolio ie major disposals and acquisitions)? Do these balances reflect the authority's asset management strategy? (Note the same question can be asked for local authorities with substantial portfolios of investment properties.)
16	For highways authorities – do the movements in the Highways Network Asset represent the transport management/investment decisions of the authority?
17	Has there been any substantial movement in the pension asset or liability? If yes, has the reason for such a movement been explained and the subsequent consequences described in the financial statements or the Narrative Report?
18	Have there been any new provisions or significant movements in provisions in the year? If yes, have the reasons for making these provisions been set out in the financial statements or any material movements been explained?
19	Have there been any significant movements in the authority's borrowings during the year? Are these movements reflected in your council's borrowing strategy and what impact will this have on the prudential indicators or future investment plans?
20	Are there any significant movements in an authority's investment portfolio? Do these agree with the plans in the authority's treasury management strategies and statutory investment plans?
21	Are there any other significant movements in balances in the balance sheet that are not clearly explained?
22	Do the balance sheet reserves agree with the totals in the Movement in Reserves Statement?
Cash Flow Statement	
23	Do the cash balances in the cash flow statement agree with the relevant balances in the balance sheet?
24	Are the council's cash balances reflected adequately in the council's treasury management strategies?

reminders and questions raised on the IFRS-based code

IFRS – what is it?

International Financial Reporting Standards (IFRSs) are a suite of accounting standards used across the world. The Code of Practice on Local Authority Accounting is based on IFRS standards as adapted or interpreted for local authority circumstances.

The pension deficit is meaningless – why do we have to show it?

The deficit doesn't have to be funded from this year's budget, but it's still a true cost estimated by actuaries – it represents the amount that will need to be found from future budgets to pay for pension entitlements already incurred in delivering services. So it's a real call on future funding arising from past activity. Not showing this would hide the liability that the authority has incurred.

This also applies to other reserves. Like the Pension Reserve, the Capital Adjustment Account, the Unequal Pay Back Pay Account and similar reserves all do one thing: they hold expenditure that the authority has incurred but not yet financed. Think of them as being a bit like a credit card balance – these amounts will have to be funded in future, either from taxation or from usable reserves.

Concerns have been expressed that all these reserves make the balance sheet incomprehensible. But all that needs to be shown on the balance sheet itself are 'usable reserves' and 'unusable reserves' – the details can all go in a note. This will help to declutter the balance sheet.

The financial statements do not clearly demonstrate traditional measures of local authority performance ie General Fund and HRA balances

The IFRS-based Code sets out that local authority financial statements are intended to be used for assessing the stewardship of local authority resources and for making economic decisions. Thus the information is intended for two purposes. The Comprehensive Income and Expenditure Statement presents information on the real economic cost of providing services in the year and it does not show the movement in General Fund and HRA balances. This reconciliation is provided in the Movement in Reserves Statement, whose bottom line shows the General Fund and HRA resources available at year end. CIPFA has reviewed options for making this even clearer. The new Expenditure and Funding Analysis brings together both the accounting measures of performance and the performance against General Fund for council tax setting purposes.

The accounts are too long!

Yes, the accounts can be long, but local authorities have a complex story to tell. But notes only need to be produced if they are material – leaving out notes that aren't material or required by legislation is a good start. CIPFA/LASAAC as standard setter is continuously challenging the need to introduce disclosures and reporting requirements for local government.

What changes were made to the 2016/17 Code?

CIPFA and CIPFA/LASAAC consulted widely in preparation for these changes, particularly the Telling the Story consultation in the summer of 2015. CIPFA also engaged a working group to consider a wide range of proposals for change. Following feedback from consultations from local authority accounts preparers and the work of the Working Group, the Telling the Story consultation set out proposals for change that CIPFA/LASAAC considers will reconnect the financial statements of local authorities with the way those authorities are both organised and funded.

The changes to the 2016/17 Code therefore have two main strands:

- to allow local authorities to report on the same basis as they are organised by breaking the formal link between the Service Reporting Code of Practice (SeRCOP) and the Comprehensive Income and Expenditure Statement
- to introduce a new Expenditure and Funding Analysis which provides a direct reconciliation between the way local authorities are funded and prepare their budget and the Comprehensive Income and Expenditure Statement in a way that is accessible to the lay reader. This analysis is supported by a streamlined Movement in Reserves Statement and replaces the current segmental reporting note.

The changes to the Code will for the first time allow local authorities to bring together the funding framework and the accounting framework in one analysis.

further reading

Financial Statements: A Good Practice Guide for Local Authorities (CIPFA, 2013)

Clear out the Clutter (Public Finance, April 2014)

Simplified Accounts: Small Isn't Always Beautiful (Public Finance, September 2015)

Code of Practice on Local Authority Accounting in the United Kingdom (CIPFA, issued annually)

Code of Practice on Local Authority Accounting in the United Kingdom: Guidance Notes for Practitioners
(CIPFA, issued annually)



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Accounting policies used when formulating the accounts

The Statement of Accounts summarises the Council's income and expenditure for the year ended 31 March 2022 and its financial position at that date. The accounts are prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (the Code).

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

1. Accounting Standards issued but not yet adopted

The main change to the Code will be the requirements of International Financial Reporting Standard 16 – Leases adopted in the 2022/23 Code. The required date of application and the date that the Council will adopt IFRS 16 is 1 April 2022. IFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for most leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments

Whilst this is expected to have no impact on the Council Tax or Rent payer, work has been undertaken during 2021/22 to be continued in 2022/23 to ensure significant lease type arrangements in respect of property and vehicles are identified and recorded. This will include a review of existing and creation of new processes for managing and recording lease arrangements.

2. Accruals of Income and Expenditure

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

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- supplies are recorded as expenditure when they are consumed
- services received are recorded as expenditure when the services are received, rather than when the payments are made
- there is a de minimis threshold of £500, under which income and expenditure may not be accrued
- interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument, rather than the cash flows fixed or determined by the contract
- where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debtors are not considered to be collectable the balance is reduced by a provision for doubtful debt.

3. Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered, principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale if it meets the following criteria:

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

The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where this results in a loss, this is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale. Regular reviews are undertaken as to whether assets still meet the criteria for Assets Held for Sale and where this is not the case they are reclassified and revalued in accordance with the appropriate class.

4. *Cash and Cash Equivalents*

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

5. *Contingent Assets and Liabilities*

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

6. *Deferred Liabilities*

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

7. *Disposals and Capital Receipts*

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

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

8. *Employee Benefits*

Benefits Payable during Employment

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

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy, and are charged on an accruals basis to the Comprehensive Income and Expenditure Statement.

Post-Employment Benefits

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

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

The Council is also the principal employer and sole statutory employer of the Cardiff City Transport Services Pension Schemes.

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

Defined Contribution Schemes

Centralised arrangements for the Teachers' Pension Scheme mean that liabilities for these benefits cannot ordinarily be identified specifically to the Council and is therefore accounted for as if it were a defined contribution scheme and no liability for future payments of benefits is recognised in the Balance Sheet. Cardiff City Transport Services has a defined contribution scheme which carries a guaranteed minimum return for its members, which is closed to new members. The assets and liabilities of the scheme is shown in the Balance Sheet.

Defined Benefit Schemes

The Cardiff and Vale of Glamorgan Pension Fund is a defined benefit scheme. There is also a Cardiff Transport Services Defined Benefit Scheme which is closed to new members. The net pension liability, which represents the Council's attributable share of the Pension Fund's assets and liabilities, is shown in the Balance Sheet where:

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

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

- current service costs: increase in the liability as a result of pension earned by employees in the year is charged to net cost of services.
- past service costs: increase in the liability arising from current year decisions which affect pension earned by employees in earlier years is charged to Corporate Management.

- gains/losses on settlements and curtailments: result of actions to relieve the Council of liabilities or events that reduce expected future service or accrual of benefits are charged to Corporate Management.
- net interest on the net defined benefit liability: net interest expense for the period that arises from the passage of time and is shown within the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement.
- re-measurements: return on plan assets (excluding amounts included in net interest) and actuarial gains/losses as a result of updated actuarial assumptions. These are both charged to the Pensions Reserve as Other Income and Expenditure.

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

9. *Financial Assets*

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

There are three main classes of financial assets measured at:

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

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

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

Financial Assets Measured at Amortised Cost

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

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

Expected Credit Loss Model

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

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

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

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

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

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

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

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

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

Fair Value Measurement of Financial Assets

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

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

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

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

10. Financial Liabilities

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

Where a fair value price which is paid to transfer a liability, is estimated and disclosed, inputs to the valuation techniques used to determine fair value are attributed to the same levels as stated under the Financial Assets accounting policy.

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

11. *Grants and Contributions*

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

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

Revenue

Grants, for which conditions have not yet been satisfied, are carried in the Balance Sheet as Revenue Grants Receipts in Advance. When conditions have been satisfied, the grant or contribution is credited to the relevant service line (specific revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-specific revenue grants) in the Comprehensive Income and Expenditure Statement. Where there is no longer any reasonable assurance that the conditions will be met, sums received will not be recognised as a receipt of grant but as a repayment due to the awarding body and held on the Balance Sheet as a liability if it remains unpaid.

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

Capital

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

Capital Grants and Contributions applied in paying for other capital works are credited to the Taxation and Non-Specific Grant Income line in the Comprehensive Income and Expenditure Statement. Where a specific capital grant or contribution has been received but remains unapplied, this is shown as a creditor, as the unused element could be returned to the funder. Where a non-specific grant such as the General Capital Grant or Major Repair Allowance were to remain unapplied, it would be held as Capital Grants Unapplied Reserve.

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

12. *Heritage Assets*

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

Heritage assets are included at historic cost if included in the accounts and only measured at fair value where the benefits of doing so outweigh the costs. No depreciation charge is made on heritage assets.

The unique nature of heritage assets makes reliable valuation complex. These difficulties are recognised by the Code and therefore many individual assets are not recorded in the accounts, but additional narrative disclosures are made about the nature and scale of such assets within the notes to the accounts. A valuation is undertaken every 3 years by an external expert for insurance purposes. A valuation of paintings, artefacts and civic regalia took place as at 31 March 2020.

13. *Intangible Non-Current Assets*

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

The assets are amortised to the relevant service line over the economic life of the investment initially set between 3-5 years, and reversed in the Movement in Reserves Statement via transfer to the Capital Adjustment Account. Once intangible assets are fully amortised, they are reviewed in terms of materiality and if necessary, disposed of with the carrying value removed from the asset register.

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

14. *Interests in Companies and Other Entities*

The Council has interests in companies and other entities. Subject to the level of materiality and exposure to risk, these are consolidated to produce Group Accounts.

15. *Inventories*

Inventories are measured and held at the lower of cost or net realisable value. When such inventories are sold, exchanged or distributed, the carrying amount is recognised as expenditure.

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

16. *Investment Property*

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

Investment properties are measured at fair value, based on the market value that would be received to sell an asset in an orderly transaction between market participants at the measurement date, reflecting the

asset's highest and best use. A full valuation is undertaken every two years, the most recent of which took place in 2021/22 and Jones Lang LaSalle were appointed for the task.

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

17. *Joint Committees*

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

18. *Leases*

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards, incidental to ownership, of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases. Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

The Council as Lessee

Finance Leases

For plant and equipment, the Council has set a de-minimis level of £75,000 for leases to be recognised as finance leases. The Council does not recognise any leases of this type.

Operating Leases

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

The Council as Lessor

Finance Leases

The Council does not recognise any leases of this type.

Operating Leases

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

19. *Local Authority Maintained Schools*

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

recognised in the local authority financial statements. Therefore schools' transactions, cash flows and balances are recognised in each of the financial statements of the authority as if they were the transactions, cash flows and balances of the authority.

20. Property, Plant, Equipment

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

Recognition

Expenditure on the acquisition, creation or enhancement of such assets is capitalised on an accruals basis. All expenditure incurred on existing assets is assumed to result in enhancement of the asset and will be shown in the accounts as an addition to the asset.

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

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

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

Measurement

Assets are initially measured at cost, comprising all expenditure that is directly attributable to bringing the specific asset into working condition for its intended use, excluding borrowing costs which are not capitalised. A full year's depreciation is charged on capital expenditure incurred in the year. No depreciation is charged in the year of disposal. Assets are subsequently carried on the balance sheet as per the following:

Asset Type	Measurement	Valuation Frequency	Last Valuation	Surveyor for Last Valuation	Next Valuation	Depreciation*
Assets under Construction	Depreciated Historical Cost	n/a	n/a	n/a	n/a	n/a
Community Assets	Depreciated Historical Cost	n/a	n/a	n/a	n/a	n/a
Council Dwellings	Existing Use Value for Social Housing	Every 2 years	2002/21	Savills	2022/23	Land: n/a Buildings: 50 years
Infrastructure	Depreciated Historical Cost	n/a	n/a	n/a	n/a	7-120 years**
Other Operational Land & Buildings	Existing Use Value or Depreciated Replacement Cost if specialist nature without market-based evidence	Every 3 years	2021/22	Cooke & Arkwright	2024/25	Land: n/a Buildings: 3-65 years
School Assets	Detailed Depreciated Replacement Cost (Modern Equivalent Asset)	Every 3 years	2019/20	Cooke & Arkwright	2022/23	Land: n/a Buildings: 3-54 years

Surplus Assets	Fair Value	Annual Fair Value Check	2021/22	Jones Lang LaSalle	2022/23	n/a
Vehicles, Plant, Furniture & Equipment	Depreciated Historical Cost	n/a	n/a	n/a	n/a	5-15 years

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

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

Revaluations

Council dwellings, other land and buildings including schools, are required to be valued periodically. Asset valuations take place with an effective date of 1 April of the financial year and are undertaken by professional valuers.

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

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

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

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

Impairment and Downward Revaluation

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired in value, either due to a significant reduction in service potential or significant permanent market value reduction. Where a material change in value is identified, the accounting treatment is as follows:

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

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

Component Accounting

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

These factors are:

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

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

21. Provisions

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

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

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

23. Reserves

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

24. Value Added Tax (VAT)

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

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Assumptions made about the future and other sources of estimation uncertainty

The Statement of Accounts contains figures that are based on assumptions or estimates about the future or that are otherwise uncertain. Whilst these take into account historical experience, current trends, professional guidance and other relevant factors, actual results could be different. The main items in the Council's Balance Sheet at 31 March 2021 for which there is a risk of adjustment in future financial years are:

Item	Uncertainty	Effect if Actual Results Differ from Assumptions
Valuation, where required of Property, Plant and Equipment assets, Heritage assets and Investment properties	<p>Valuation of property interests involves assessment of a number of variables such as market conditions, useful life, cost of reconstruction, assessment of condition, use of discount factors for social housing etc. Valuations are undertaken by qualified Chartered Surveyors, or experts in the relevant field, in accordance with the Practice Statements and Guidance notes set out in the Royal Institution of Chartered Surveyors (RICS) Valuation Standards (The Red Book) and any other relevant guidance. As a result of the impact of Covid-19, valuations on Council Dwellings are reported on the basis of 'material valuation uncertainty' as per the RICS Red Book. Consequently, less certainty and a higher degree of caution should be attached to the valuations. At the current time, it is not possible to accurately predict the longevity and severity of the impact of Covid-19 on the economy. Therefore, values have been based on the situation prior to Covid-19, on the assumption that values will be restored when the real estate market becomes more fluid. The Council's approach to undertaking valuations on a more frequent basis than the minimum 5 year period will ensure that any changes are captured as soon as possible in the next formal valuation.</p> <p>In addition, included within the valuation of Council Dwellings is a Material Uncertainty Clause in relation to high rise residential buildings, the inclusion of which is based on valuer judgement. This does not suggest that the valuation cannot be relied upon; rather, it is used in order to be clear and transparent that, in extraordinary circumstances, less certainty can be attached to the valuation than would otherwise be the case. The balance sheet carrying value and the maximum value affected by this disclosure is £15.750 million pending the implementation of solutions, where required, in respect of remedial works to high rise buildings following fire safety measures.</p>	Any changes to valuations and any associated depreciation charges to services for non-current assets are required to be reversed out in the accounts, so this will not have an impact on Council Tax or rents.
Financial Instrument assets	<p>These are reviewed annually for significant impairment using data such as historic risk of default and other reviews of recoverability.</p> <p>For financial assets not quoted on a recognised exchange or where it is difficult to provide accounting valuations e.g. valuations of the Council's shareholding in Cardiff City Transport Services Ltd. The fair value is deemed to be Net Worth.</p>	Any change in the fair value of Cardiff City Transport Services Ltd has no impact on the level of Council Tax as changes are reflected by a corresponding amendment in the Financial Instrument Revaluation Reserve.

Item	Uncertainty	Effect if Actual Results Differ from Assumptions
Provisions	<p>The Council makes a number of provisions for liabilities that it may face where a reasonable estimate of value can be made at the balance sheet date. In most cases these are subject to legal claims, such as those for insurance. Provisions relating to landfill sites are subject to a high level of estimation primarily given the length of period over which they are to be considered. Professional internal and external advice is used to determine the need and value of provisions.</p>	<p>The outcomes of assumptions will have an impact on the Outturn in future years, however due to the uncertain nature of these events, are difficult to quantify</p>
Arrears	<p>The Authority is owed for items such as sundry debtors, Council Tax, Non Domestic Rates (NDR) and rents. After taking into account trends in past collection experience and other relevant changes which may impact on collectability a level of impairment or provision for expected credit losses is assumed. It is not certain however that this impairment allowance would be sufficient as the Council cannot assess with certainty which debts will be collected or not.</p> <p>The economic impact of the Covid-19 pandemic has made the estimation of debt impairment more difficult as there is more uncertainty about the economic viability of debtors and hence their ability to settle their debts which may, or may not be sufficient.</p>	<p>Improvements in collection will improve future reported Outturn position, however where customers are finding it difficult to pay this will require increases in the level of provisions currently set aside.</p>
Pensions Liability	<p>Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, inflation, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. This also includes market volatility caused by geo-political and macro-economic factors.</p> <p>Professional actuaries are engaged to provide the Council with expert advice about the assumptions to be applied.</p>	<p>It is difficult to measure the effects on the net pension liability of changes in individual assumptions, as they can result in multiple variations to the figure. A sensitivity analysis is provided in Note 13.</p>

1. Significant Accounting Policies

Accounting standards that have been issued but not yet adopted

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

Income and Expenditure

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

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

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

Acquisition costs of Investments

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

Valuation of Investments

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

Cash and Cash Equivalents

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

Foreign Currency Transactions

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

Taxation

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

2. 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.

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

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

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



**CARDIFF COUNCIL
CYNGOR CAERDYDD**

GOVERNANCE & AUDIT COMMITTEE: 15 MARCH 2022

CORPORATE RISK MANAGEMENT - QUARTER THREE 2021/22

REPORT OF CORPORATE DIRECTOR RESOURCES AGENDA ITEM: 6.1

Reason for this Report

1. To update Governance & Audit Committee on the risk management position at quarter three 2021/22 and to highlight any changes from the quarter two 2021/22 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 23rd of November 2021, at which time the risk management position at quarter two 2021/22 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 three risk management review. The Risk Management Team has also provided advice and guidance on the measurement and reporting of risks. The quarter three 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 three are detailed as follows.

Directorate Risks

9. At the quarter three position, 210 risks were reported from DRRs. All escalated risks and requests for de-escalation were discussed and approved in SMT on the 8th of March 2022.
10. It was agreed that ten Directorate risks would be carried forward as SMT escalated risks at quarter three. Also included in the figure of 210 Directorate risks are 71 Covid-19 specific risks that have been identified and are being managed within Directorates as at the end of quarter three.

Directorate	Directorate Risks	Of which:	
		Risks at SMT Escalation Point	Covid-19 Specific Risks
Economic Development (inc Waste)	31	2	11*
Education	18	0	7
Housing & Communities	34	2	24
Performance & Partnerships	15	0	0
Social Services	22	4 (1 Shared)	19
Planning, Transport & Environment	23	0	2*
Resources	59	2	8
Governance & Legal Services	8	1 (Shared)	1
Total	210	10*	71*

* Includes 1 shared

Corporate Risks

11. SMT collectively reviewed the escalated directorate risks and corporate risk updates at the end of quarter three.
12. At quarter three SMT considered and agreed to reduce the Climate Change residual risk rating from A1 to B2. The main reason for this is that the Biodiversity risk has been the only element keeping the Climate Change risk at a higher level. After a review by the Directorate it was felt the Biodiversity risk could now be reduced, therefore the overall Climate Change risk can also be reduced. The reasons why the Biodiversity risk has been reduced include:
- One Planet action plan approved by Cabinet.
 - Funding secured for Coed Caerdydd Project to increase urban canopy cover.
 - SuDS Approving Body (SAB) legislation is already making tangible benefits in terms of biodiversity as a key component of new development.
 - National Planning policy and Planning Policy Wales advocating positive contributions to biodiversity.

13. At quarter three SMT considered and agreed to reduce the Financial Resilience residual risk rating from B2 to C2. The reason for this reduction was the improved settlement figure for 2022/23, and to reflect resources equivalent to the challenges currently faced.
14. There was a discussion at SMT regarding the escalating energy costs, and the impact on both the residents of the City and the organisation. It was agreed that both the mitigations already in place and those to be undertaken, combined with assessing the impact of these increasing energy costs, would be considered during the quarter four risk management review, and the relevant risk register (s) would be updated accordingly and reported on at quarter four.
15. At the November 2021 Governance and Audit Committee, it was suggested by the Committee that all proposed management actions, for each corporate risk, should have estimated completion dates associated with the individual actions, so that progress could be monitored. The Risk Management Team have asked all Directorates to review their proposed management actions for the respective corporate risks and allocate estimated completion dates as part of their quarter four review.

Coronavirus (COVID-19)

16. The impact of Covid-19 on existing risks continues to feature as part of quarter three reporting arrangements and these risks will continue to be monitored for the rest of 2021/22. All Directorates have been asked to complete a full review of their COVID-19 risks by the 31st of March 2022.
17. 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.
18. 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

19. To enable the Governance & Audit Committee to monitor risk management activity and consider the Risk Management Review – quarter three 2021/22.

Legal Implications

20. There are no direct legal implications arising from this report. However, one of the benefits of identifying risk is that mitigation measures may be taken, if appropriate, and consequently successful claims against the Council may be avoided altogether or reduced.

Financial Implications

21. There are no direct financial implications arising from this report. The Corporate Risk register will be used to guide the Internal Audit Plan and the Council's resource planning processes and forms an important part of the governance arrangements for the Council.

RECOMMENDATIONS

22. Governance & 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 – Q3 2021/22

Appendix B - Detailed Corporate Risk Register – Q3 2021/22

The following background papers have been taken into account:

- *Directorate Risk Registers Q3 2021/22*

Corporate Risk Register Summary Snapshot Quarter 3 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			

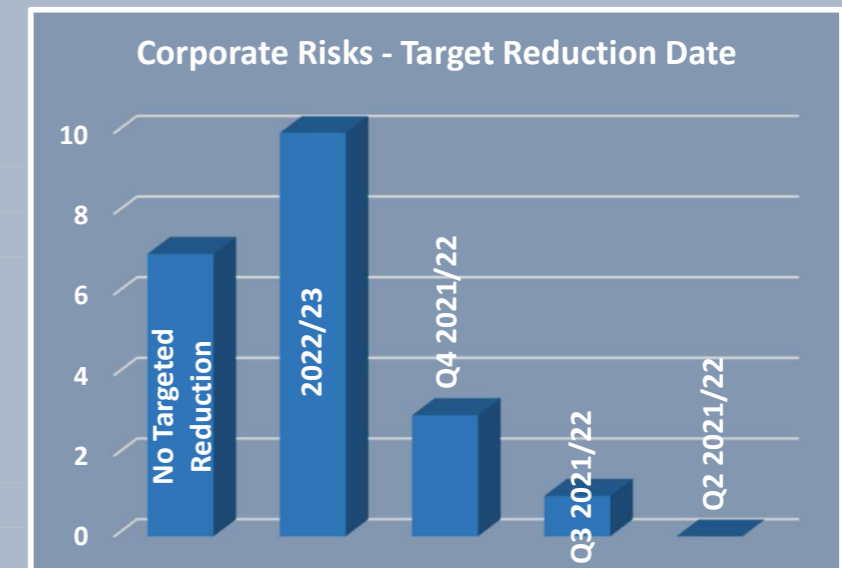
Number of Risks by Residual Risk Rating

Likelihood	A	A1 0	A2	A3	A4
	B	B1 1	B2 6	B3 1	B4
	C	C1 2	C2 7	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 1	B3 1	B4
	C	C1	C2 5	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 Q2	Rating	Movement from Q2
A1	Climate Change	B2	↓	C2	↓
	City Security	B1	↔	B1	↔
	Brexit	B2	↔	B3	↔
	Air Quality & Clean Air Strategy	B2	↔	C3	↔
	Cyber Security	C1	↔	D1	↔
	Financial Resilience	C2	↓	C2	↔
	Budget Monitoring (Control)		↔	D2	↔
	Schools Organisation Programme (Band B)	C2	↔	E3	↔
	Health and Safety	C2	↔	D3	↔
	Non-completion of Stat Building Eqpt Maintenance		↔	D3	↔
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



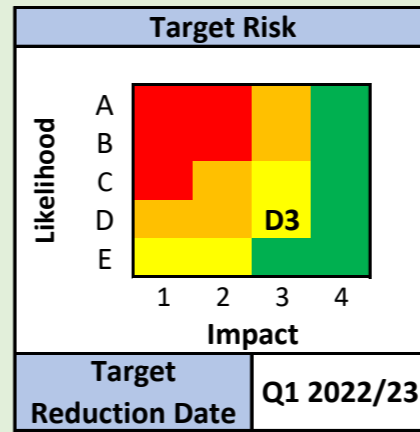
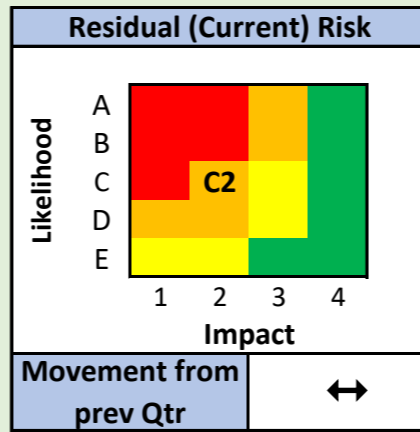
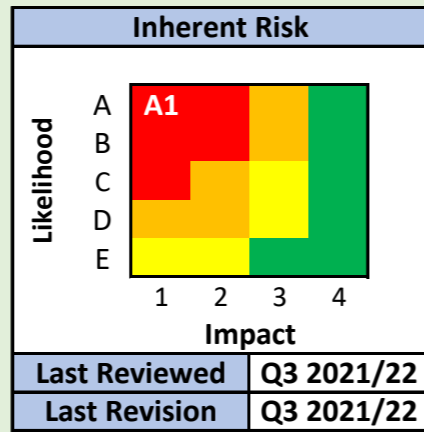
Key	
High (Red)	Medium (Red-Amber)
Medium (Amber-Green)	Low (Green)
↓	Decrease from previous quarter
↔	No change from previous quarter
↑	Increase from previous quarter

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Non-completion of Statutory Building Equipment Maintenance

Description

Non completion of cyclical statutory inspections or the remedial works arising out of the inspections, required to maintain the premises and related installations in a safe and legally compliant condition.



Risk Owner(s)

Neil Hanratty
(Donna Jones)

Councillor Russell Goodway
Investment & Development

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

Contractor

- Building Services have appointed a competent contractor to undertake Statutory Planned Preventative Maintenance (PPM) for which it is responsible. Consequential remedial work identified on test certificates.
- Improved statutory maintenance contracting arrangements in place from Q1 2019/20 inc. use of SFG 20 as specification for statutory obligations testing and new risk based specification for legionella management supported by RAMIS.
- FM competent person(s) review all test certificates, remedial work captured and communicated to client as necessary/applicable
- Statutory Obligations Team has been established within Building Services to improve monitoring and supervision of statutory obligations contractor. Contractors have been trained in the use of RAMIS in order for test certs to be uploaded directly to the system by contractors.

RAMIS IT Software

- RAMIS implemented across the Council with bi-monthly reporting on statistics to SMT;
- 500 Building Managers have received training in their responsibilities and use for the RAMIS system, including schools estates staff and Head teachers.
- Full time officer Administrating RAMIS, providing training and issuing reports from the system to all service areas to push compliance ratings up to a minimum of 80% set by SMT.
- Condition surveys have been completed which represents an extensive piece of work to improve our understanding and knowledge base of all the Council's land and property holdings.

Corporate Landlord Programme

- County Estates senior management structure established supporting - Strategic Asset Management, Capital Delivery and Property Services, to manage and deliver all the Council's non-domestic property functions within one portfolio. County Estates - Assistant Director appointed October 2020.
- The occupancy agreement (Memorandum of Agreement) for Schools was issued with the Schools Handbook and 'one front door' established to assist implementation. An occupancy agreement for non-schools properties has been drafted and circulated to relevant OM's for comment. The document is being finalised in conjunction with the completion of the One Planet Strategy by end of Q1, 2021/22 ahead of the Strategy being considered by Cabinet in Q3.
- 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 has resumed in Qtr 3 (save PAT testing in schools in the latter stages on Qtr3 as requested by H & S) although there have been issues in gaining access to some schools.
- As a direct result of the ongoing COVID variant issue, access into some buildings has been difficult/not possible meaning that some testing works are being delayed. A similar situation applies in respect of the undertaking of some remedial works arising from the testing that has been undertaken. Therefore, the risk reduction target date has changed to Q1, 22/23.

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 Cabinet consideration of the Property Strategy in Q3, 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.
- As a direct result of the ongoing COVID variant issue, access into some buildings has been difficult/not possible meaning that some testing works are being delayed. A similar situation applies in respect of the undertaking of some remedial works arising from the testing that has been undertaken. This will continue to 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"> Service Delivery Reputational Legal Financial 	<ul style="list-style-type: none"> Health & Safety Partnership Community & Environment Stakeholder
--	--

Linked Risks

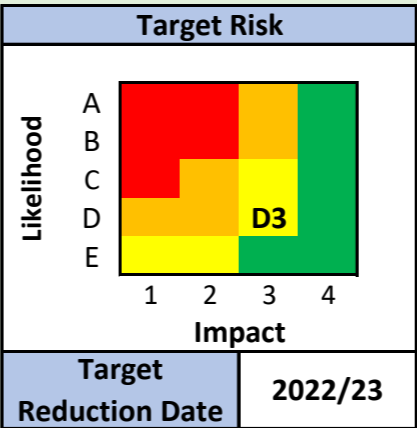
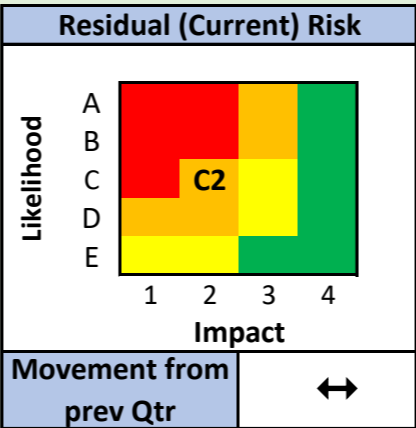
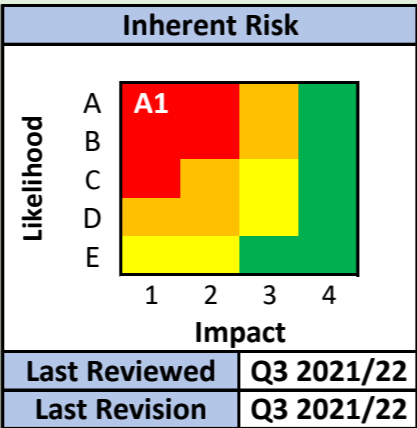
Health & Safety

Key Indicators / Measures used to monitor the risk

Compliance stats from the Corporate Health & Safety Team.

Health & Safety

Description
 Non Compliance with corporate Health and Safety arrangements to control key risks across the Council in line with statutory requirements.



Risk Owner(s)

Neil Hanratty
 (Donna Jones)

Councillor Chris Weaver
 Finance, Modernisation and Performance

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

- RAMIS - reporting recommenced using the new platform, reports submitted to Corporate Health & Safety Forum and Senior Management Team.
- Condition Surveys School Buildings - Complete Dissemination of Condition Survey information to schools as and when COVID-19 restrictions permit.
- Continued Asbestos Training - online and face to face in line with COVID-19 Safety measures is currently being delivered.
- Due to the continued pandemic H&S and OH resources will continue to be repurposed to support the workforce and limit the transmission of the virus in Council workplaces, as well as setting policy and guidance in relation to infection control and mental health and wellbeing support. From September the H&S Team resumed normal operations in addition to supporting issues related to COVID-19.
- HSE visited 10 Cardiff Schools to review COVID-19 arrangements went well with positive feedback provided and no corrective actions required.
- Procedures to support the safe operation of the fire suppression system in Lamby Way MRF completed and Fire Risk Assessment updated, closing out insurance fire safety improvements.
- Training webinars for building management for community organisations operating Council premises to roll out when COVID-19 restrictions permit.
- 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.

What we plan to do to meet target

- 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.
- 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. (Giles Parker to provide update on this point)
- Due to the continued pandemic H&S and OH resources will continue to be repurposed, in Q1 and Q2, 2021/22 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.

Potential Impact(s)

- Fatalities
- Serious injuries
- Prosecution – fines for corporate body and/or fines/prisonment for individual
- Civil Claims
- Negative Publicity

Type(s) of Impact

- Service Delivery
- Reputational
- Legal
- Financial

Linked Risks

Non-completion of Statutory Building Equipment Maintenance

Key Indicators / Measures used to monitor the risk

RAMIS is used to monitor statutory risk in relation to premises safety, bi-monthly reporting to SMT, quarterly reporting to Health and Safety Forum.
 Compliance against annual Corporate H&S Objectives, used to monitor improvement secured in Service Areas, reported to Health and Safety Forum.

Waste Management

Description	Inherent Risk	Residual (Current) Risk	Target Risk	Risk Owner(s)								
<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;">Neil Hanratty (Matt Wakelam)</p> <p style="text-align: center;">Councillor Michael Michael Clean Streets, Recycling and Environment</p>								
	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Last Reviewed</td> <td>Q3 2021/22</td> </tr> <tr> <td>Last Revision</td> <td>Q3 2021/22</td> </tr> </table>	Last Reviewed	Q3 2021/22	Last Revision	Q3 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>2022/23</td> </tr> </table>	Target Reduction Date	2022/23	
Last Reviewed	Q3 2021/22											
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Potential Impact(s)
<p>Financial</p> <ul style="list-style-type: none"> Penalties and loss of grant support Continuing financial costs to service <p>Legal & Regulatory</p> <ul style="list-style-type: none"> Failure to comply with waste directive, leading to sanctions, penalties or interventions <p>Strategic/ Reputational</p> <ul style="list-style-type: none"> Reputational consequence with citizens and key stakeholders

What we've done/are currently doing to achieve the Residual Risk Rating
<p>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 16 December 2021, which resolved that;</p> <ol style="list-style-type: none"> Approval be given to the consultation on the draft recycling strategy 2021-25 - 'Make a change to save our planet - Reduce, Re-use, Recycle' and associated resident survey on improving recycling performance. Agreement be given to <ol style="list-style-type: none"> support a pilot of 3 stream segregated collections for glass, mixed containers (plastic and metal) and paper / cardboard; alongside the use of reusable bags retain the Recycling Centre booking system and 'no black bag' policy cease the provision of red and white striped bags for residents living in properties unable to store 140litre residual bins, instead allowing residents to present three refuse bags per fortnight from 2022 <p>Wider Governance & Compliance</p> <ul style="list-style-type: none"> Working in partnership with WG, WRAP & WLGA to deliver new Recycling Strategy, Implementation Plan & individual business cases. Programme Board developed to review individual business cases prior to decision making process - Officer/ Cabinet/ Council decisions. Modelling of 3-stream recycling collections taking place, working alongside WRAP; <ul style="list-style-type: none"> includes bottle and glass collections in a single pass with containers (cans and plastics) and paper/card. Trade Waste and recycling performance review to improve performance in lieu of income (ongoing) A review of Recycling Centres has been undertaken, working with Local Partnerships and Welsh Government to ascertain how best to proceed for Cardiff to meet the 70% recycling target in 2024/25. This work has developed a road-map to improve Cardiff's recycling performance, supported by WG A review of the performance of the Recycling Centres has been undertaken as part of Recycling Strategy, reviewing the controls at the recycling centres On 18 November 2021, the final validated 2020-21 Local Authority Recovery Target (LART) showed Cardiff achieved a recycling performance of 55.79% compared to the target of 64%, with a resultant potential penalty as notified by WG on 18 January 2022 - impacted by Covid-19 <p>Supply Chain Issues</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 -</p> <ul style="list-style-type: none"> Directorate will work with Commissioning & Procurement and Legal to ascertain the validity of this stance, however further cost increase and delays are anticipated. <p>Workforce Issues:</p> <p>Shortage of HGV drivers to support delivery of recycling and waste collection services due to Brexit.</p> <ul style="list-style-type: none"> Internal development of officers to obtain HGV qualification - takes 6 months to develop an officer utilising internal training. Training programme commenced beginning of Q3 - 12 mth programme <p>Development of Recycling Plan for optimising resources including considerations of statutory fines</p> <ul style="list-style-type: none"> Review/ benchmarking completed on tonnages/ recycling levels/ costs of disposal compared to other Welsh Authorities and UK Media & communications across Cardiff with focus on key areas for recycling improvement (ongoing) New education & enforcement programme to reduce contamination in recycling and garden waste (ongoing) Targeted & tailored intervention to deal with contamination in hot spot areas across the City (ongoing) Activities supporting optimising resources through successful WG Circular Economy Fund (CEF) grant bids: <ul style="list-style-type: none"> Wastesavers re-use centre in Lamby Way (Opened Sept 2021) Trials in flats (co-mingled, re-useable sacks, aperture bins) Segregation of litter from community litter picks (split caged transits, dual hoop litter picking equipment) Support for re-use & repair community projects (Benthyg, and Llanrumney Hall) Community fridge (reduction of waste to Energy from Waste - but not claimable tonnage) Tetra Pak recycling (reduction of contamination in co-mingled recycling /reduced material to Energy from Waste) Recycling Centres now managed via booking system - the replacement of residual waste & recycling waste skips with a non-recycling skip, supported by new procedures, has meant recycling performance at centres has increased from 70% to 90%. Hygiene - Absorbent Hygiene Products (AHP) from Municipal Solid Waste to Recycling as of May 2021

What we plan to do to meet target
<p>Cardiff's Recycling Strategy</p> <ul style="list-style-type: none"> 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) Pilot for reusable sacks and segregated recycling commencing 24th Jan 2022 - participation 4000 properties. Pilot will inform business case for phased citywide roll out, commencing in Q3/Q4 22/23 Draft Recycling Strategy, following Cabinet approval, to go out to consultation in February 2022 Recycling Performance Targets set within the Strategy are: <ul style="list-style-type: none"> 2021/22 = 64% 2022/23 = 64% 2023/24 = 66% 2024/25 = 70% <p>Wider Governance & Compliance</p> <ul style="list-style-type: none"> 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 - ongoing Quarterly meetings with Julie James MS, Minister for Climate Change, and WG to monitor actions to improve recycling performance <p>Workforce Issues:</p> <ul style="list-style-type: none"> Continuation of internal training of Officers wanting to become HGV drivers - 12 month programme ongoing

Type(s) of Impact
<ul style="list-style-type: none"> Reputational Legal & Regulatory Financial

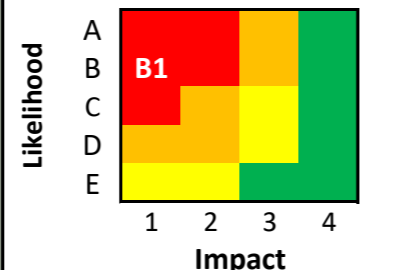
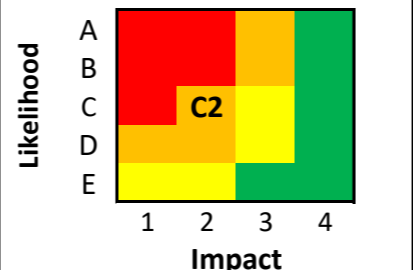
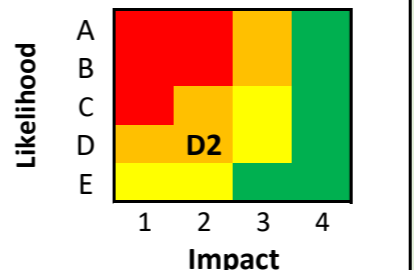
Linked Risks
<p>Workforce & supply chain issues linked to Brexit Risk</p>

Key Indicators / Measures used to monitor the risk
<ul style="list-style-type: none"> 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 final validated 20/21= 55.79% Monthly tonnage monitoring Monthly financial monitoring in each area of waste

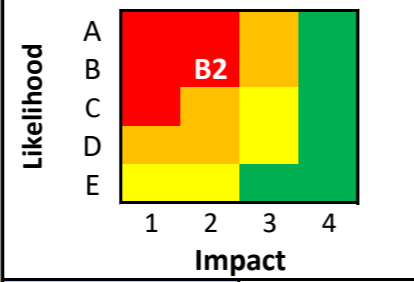
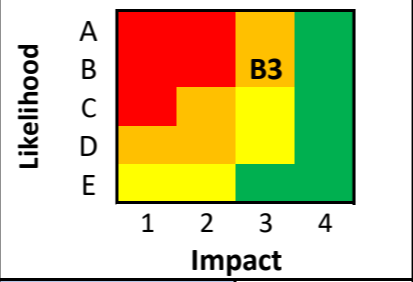
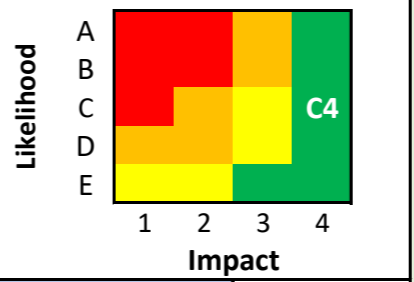
Schools Organisation Programme (Band B)

Description	Inherent Risk	Residual (Current) Risk	Target Risk	Risk Owner(s)									
<p>Failure to deliver on aspects of the School Organisation Programme, which is significant in value and complex. The programme consists of Band B (£284m) 21st Century Schools, asset management improvement work, ICT and sufficiency projects. The programme of work spans across a number of directorates, requires significant capacity and has significant capital spend.</p>				Mel Godfrey (Richard Portas)	Councillor Sarah Merry Deputy Leader & Education, Employment & Skills								
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What we've done/are currently doing to achieve the Residual Risk Rating			What we plan to do to meet target										
<ul style="list-style-type: none"> 21st Century Schools Band B funding bid was submitted to Welsh Government in July 2017 and the Strategic Outline Case for £284m was approved in November 2017. Two Cabinet Reports in October and December 2018 outlined the priorities for this second phase of funding. SOP reports for Fitzalan, Doyle Avenue, Cathays and St Mary the Virgin have been considered by Cabinet under Band B. Progression of these schemes was delayed as a result of COVID-19 but are now under way. A review of Band B has been completed and identified the priority projects to progress. Further work is required to establish Band C priorities. A draft strategic plan for ALN provision has been submitted to Cabinet in October 2021. Successfully negotiated COVID-19 clauses with contractors for ongoing projects such as Fitzalan. Work is ongoing to make sure that all learners have access to digital devices, network and infrastructure to support mobile and distance learning. Robust governance model, in line with Corporate Landlord approach is in place and is supporting consistent decision making. Finance have re-profiled the capital and revenue budgets to assess the required budgets for each scheme. There are ongoing discussions with Welsh Government to assess the affordability of the programme in light of the current programme. The Council is considering additional asset funding in light of the pressing needs. Implementing more robust management and monitoring processes for the asset improvement programme, including the three "D" category High Schools, Fitzalan, Cantonian and Willows. Starting to develop the WESP for the Council to meet the policy requirements. Investigation of market pressures creating material shortages and consideration of mitigations such as storage of materials, back up contractors, and revised programmes. 			<ul style="list-style-type: none"> Develop a high level SOP Strategy that outlines the short/ medium and long term aims of the whole programme. The SOP Strategy will be underpinned by the ongoing Band B review. Strengthening of the capacity of the SOP team critical to ensuring effective delivery of the different elements of the programme. Developing capacity includes ensuring that corporate colleagues in departments including legal, strategic estates, capital projects, ICT, planning and highways and transportation are available. Ensure that SOP reports are progressed as planned so that consultation and engagement can progress ahead of the pre-election period. Continued active dialogue with Welsh Government and other professional parties to support progress and development. Prioritise population data development to underpin accurate projections and forecasts for existing resident populations and to support effective s106 negotiations going forward. Ensure consistent monitoring and reporting of all risks to Schools Programme Board. Continue to move forward with digital projects to support distance and mobile learning and embed into a long term and sustainable model. 										
Potential Impact(s)	Linked Risks		Key Indicators / Measures used to monitor the risk										
<ul style="list-style-type: none"> Opportunities to enhance the school estate, and transform education will be missed Insufficient secondary places in some central and north east areas of the city Insufficient places in ALN settings across the city, leading to costly placement in out of county & private settings School buildings that are not suitable for teaching and learning Further degeneration of school buildings & rise in asset management backlog Project cost and time overruns Risk that school ICT infrastructure fails in the short to medium term and does not support the new curriculum Risk that in the current situation, learners do not have access to ICT equipment to support distance learning 	<ul style="list-style-type: none"> Health & Safety Stakeholder Health and Wellbeing Sustainability 		<ul style="list-style-type: none"> Spend against the asset programme in financial year, in accordance with the responsibilities of schools and corporate landlord (Corporate Plan).. Timelines to deliver projects within the SOP programme. New key performance measures which are being developed as part of the overarching SOP Strategy. 										
Type(s) of Impact													
<ul style="list-style-type: none"> Reputational Legal Financial Social 													

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>				Mel Godfrey (Neil Hardee)	Councillor Sarah Merry Deputy Leader & Education, Employment & Skills								
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	What we've done/are currently doing to achieve the Residual Risk Rating			What we plan to do to meet target									
	<ul style="list-style-type: none"> 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. 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. 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. 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. Officers from Education and Financial Services work with individual schools through Headteachers and Governing Bodies to formulate Medium Term Financial Plans (MTFP) to seek to either balance individual school deficits within four financial years or to ensure that the accumulated deficits were frozen or slowed as much as possible. Officers continue to monitor and challenge those schools in deficit before allowing any additional financial commitments, both staffing and other expenditure. For each school in deficit, the Council has identified a monitoring officer to provide an independent challenge to the school. This is in addition to the LFM Officer currently supporting that school. A working group has been established to examine the impact of the recent budget settlement for schools, with the aim of reviewing the formula used to distribute school funding and the assumptions underpinning the medium term financial planning process. Financial position of schools as at Q2 is improved; there is a reduction in number of schools with a deficit, ; levels of surplus balances. 			<ul style="list-style-type: none"> Officers exercise the statutory powers of intervention on a school or schools in deficit who are unable to provide a medium term financial plan. This may involve removing delegation from a Governing Body. Officers explore through the School Organisation Planning process how different organisational arrangements for schools would affect the supply of pupils to schools thus affecting their delegated budgets. This will include an understanding of the long term impact of any unused school supply places on the funding formula. Working with CSC to ensure that maximising value from constituent parts of Education Improvement Grant is secured and that there is clarity of allocation mechanism Improve individual school risk assessment processes in order to provide an early indication of those schools who may be at risk of entering a deficit position 									
Potential Impact(s)	Type(s) of Impact			Linked Risks									
<ul style="list-style-type: none"> An overall deficit arising from schools budgets would count against the funding available for the Council Schools with deficit budgets may struggle to adequately fund the resources required to achieve the desired levels of educational attainment Schools with deficit budgets may struggle to adequately fund maintenance of school buildings creating an issue for other budgets, eg Capital/SOP Band B Schools that continually fail to address deficit budgets may ultimately require LA intervention, with a corresponding increase required in centralised resources 	<ul style="list-style-type: none"> Reputational Legal Financial 			Linked risk to Covid 19 issues particularly with regard to decrease in income, impact on grants and inability to manage staffing changes.									
	Key Indicators / Measures used to monitor the risk												
	<ul style="list-style-type: none"> School budget monitoring position Number of schools setting deficit budgets Final budget balances 												

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>				<p>Mel Godfrey (Mike Tate)</p>	<p>Councillor Sarah Merry Deputy Leader & Education, Employment & Skills</p>								
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	<ul style="list-style-type: none"> Ensuring the safe reopening of schools to all learners and re-engaging pupils; maintaining access to learning and building the well-being of children and young people has been a priority for the Council as lockdown restrictions are eased. All schools have maintained learning through blended learning options and now that pupils are back in the classroom, targeted support and intervention is being provided to enable pupils to progress their education and prioritise aspects of the curriculum as required. Welsh Government has advised that learning should include: <ul style="list-style-type: none"> Health and well-being Literacy, numeracy and digital competence Broad and balanced learning experiences that span the curriculum. There will continue to be a dependency on a blended learning offer as schools manage instances of pupil isolations when positive COVID-19 cases are reported, and ensure readiness for any future waves. Consortium Improvement Partners are continuing to support schools to develop and enhance approaches to blended learning. Learners undertaking GCSE, AS and A levels approved by Qualifications Wales will have their qualifications awarded through a Centre Determined Grade model in 2021 as in 2020. The Council will continue to work towards its target of equipping every learner with a digital device and connectivity. Since March 2020, 20,017 end user devices and 2,500 4G mobile broadband devices have been distributed to schools for their learners. A further 6,800 Chromebooks will be supplied over the next few weeks. 			<ul style="list-style-type: none"> Support schools through appeals processes following 2021 Centre Determined Grades. There is also some concern regarding the available options for learners who do not achieve the grades that they were capable of this summer due to the extended disruption of the pandemic since March 2020. There will be no resits for Centre Determined Grades as the process was not examination led. Options are being explored with Welsh Government to ensure that progression routes are available for all learners. Schools will be supported and encouraged to ensure that the progression of all their learners is used as a measure of success in their School Improvement Plans in line with the expectations of the emerging new Accountability and Assessment Framework from Welsh Government. The Improvement Partners at the Consortium will challenge and support schools in this respect and provide join up with the Youth Service as required to support the summer transition programme. Ensure that learning is co-constructed with parents, carers and learners building upon the progress seen during the pandemic. Focus on <ul style="list-style-type: none"> Health and well-being Literacy, numeracy and digital competence Broad and balanced learning experiences that span the curriculum. Continue to work towards Curriculum for Wales 2022. 									
Potential Impact(s)	<ul style="list-style-type: none"> Learners do not reach their full potential Schools are not supported to improve Schools are not able to deliver the new curriculum <p>Impact on Estyn judgements Value for money - CSC</p>												
Type(s) of Impact	<ul style="list-style-type: none"> Reputational Legal Financial 												
	Linked Risks			Key Indicators / Measures used to monitor the risk									
				KS4 2018/19 School Performance, Outcomes from Estyn Inspections up to 2020.									

Air Quality & Clean Air Strategy

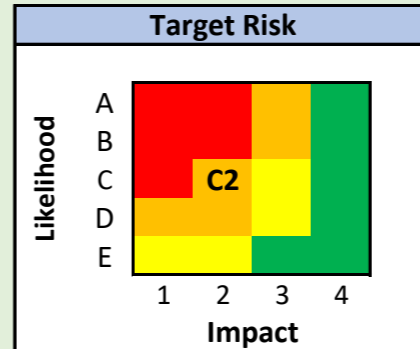
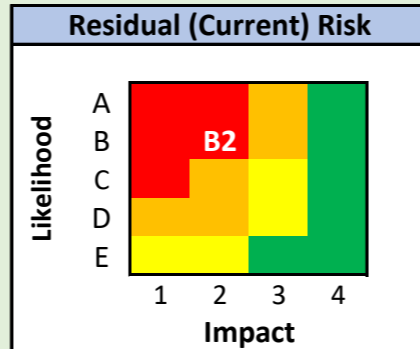
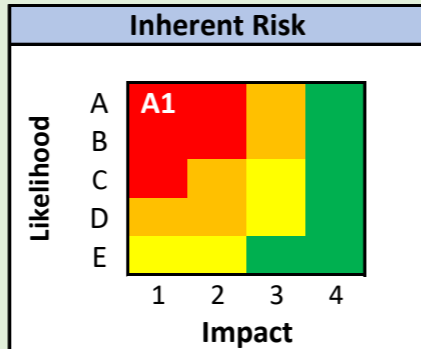
Description	Inherent Risk	Residual (Current) Risk	Target Risk	Risk Owner(s)									
<p>Air quality in Cardiff does not meet statutory requirements set by legislation and continues to have a detrimental impact on health for residents and visitors to Cardiff.</p>				Andrew Gregory (Jason Bale)	Councillor Caro Wild Strategic Planning & Transport								
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<p>Potential Impact(s)</p> <p>Health & Safety</p> <ul style="list-style-type: none"> - No improvement to health - Increased burden on health care - Further deterioration of related health conditions <p>Legal & Regulatory / Financial</p> <ul style="list-style-type: none"> - Breach of legal / statutory requirements - Potential significant financial penalty 	<p>Monitoring</p> <ul style="list-style-type: none"> • 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: <ul style="list-style-type: none"> - 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 Landowne 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 • Order raised with Vortex to install up to 46 indicative low cost sensors – final positions to be agreed and installation programmed for end of Feb/ March 2022. This has been funded through One Planet Cardiff. <p>Air Quality Management Areas (AQMA's)</p> <ul style="list-style-type: none"> • Cardiff has 4 existing declared Air Quality Management Areas (AQMA's) all as a result of elevated NO₂ concentrations from road traffic emissions. • Provisional monitoring results for Castle Street showed annual average for Castle Street was 26 µg/m³ for NO₂. However this includes closure period between Jan-October. Interim Castle Street Option now implemented and general traffic returned from Nov. Ongoing assessment of results from Nov and Dec. Further results from Jan required to allow initial assessment of impacts by annualising results, as agreed with WG. • 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 NO_x emissions from the buses by 90% • Initial EV buses delivered to Cardiff Bus and in service in December. All 36 will be launched early January • Ongoing discussions with WG on Castle Street Options in terms of agreement for permanent option and timescales/ funding to do so. <p>Taxi Scheme</p> <ul style="list-style-type: none"> • T&Cs for Grant Scheme signed off and awaiting political approval for launch and website updating for applications. • 5 WAV EV taxis - Concession agreement contract with Days Hire Limited to facilitate leasing of vehicles. Additional 10 vehicles are due for delivery by mid March. <p>Clean Air Strategy and Action Plan</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>Implement Clean Air Plan</p> <ul style="list-style-type: none"> • package of measures as detailed in Final Plan • Further assessment on Castle Street to undertake more detailed modelling on revised scheme - ongoing dialogue with WG re timescale and scope of measures • 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 <p>Clean Air Strategy and Action Plan</p> <ul style="list-style-type: none"> • Roll out of measures (subject to grant bids/ funding and COVID restrictions): <ul style="list-style-type: none"> - Pilot project - Non Idling Zones, targeted around schools - Living Walls and other Green Infrastructure - Progression of EV Infrastructure and Council Fleet working with CTS. - Air Quality Planning Guidance - Schools Active Travel - Behavioural Change Promotion, Car Free Day, Clean Air Day etc. 									
<p>Type(s) of Impact</p> <ul style="list-style-type: none"> • Health • Regulatory • Financial • Strategic 	<p>Linked Risks</p>		<p>Key Indicators / Measures used to monitor the risk</p> <ul style="list-style-type: none"> • Implementation Plan for measures (funding dependent) • Monitoring and Evaluation Plan for Clean Air Plan • Ongoing monitoring and reporting under LAQM 										

City Security

Description	Inherent Risk	Residual (Current) Risk	Target Risk	Risk Owner(s)									
<p>Major security-related incident in 'crowded places' as a result of international or domestic terrorism.</p>				<p>Chris Lee (Gavin Macho)</p> <p>Andrew Gregory</p>	<p>Councillor Huw Thomas Leader</p>								
	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="background-color: #d9e1f2;">Last Reviewed</td><td>Q3 2021/22</td></tr> <tr><td style="background-color: #d9e1f2;">Last Revision</td><td>Q3 2021/22</td></tr> </table>	Last Reviewed	Q3 2021/22	Last Revision	Q3 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>N/A</td></tr> </table>	Target Reduction Date	N/A		
Last Reviewed	Q3 2021/22												
Last Revision	Q3 2021/22												
Movement from prev Qtr	↔												
Target Reduction Date	N/A												
	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"> 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 Cardiff Infrastructure Report, how we currently manage security infrastructure in the city centre, has been put together. This includes recommendations/ prioritising interventions, as well as input and feedback from key stakeholders. A summary of the report was presented at the PSPG meeting in January 2022. This led to a Strategic oversight meeting and that in turn has led to a meeting with Senior Welsh Government to discuss potential funding methods. The development of the PSPG has constituted in a CONTEST Board review which with new governance is providing security a growing focus. 			<ul style="list-style-type: none"> 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)													
<p>Immediate / Short-Term</p> <ul style="list-style-type: none"> 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 <p>Ongoing / Longer Term</p> <ul style="list-style-type: none"> 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	Linked Risks			Key Indicators / Measures used to monitor the risk									
<ul style="list-style-type: none"> Service Delivery Reputational Legal Financial Health & Safety Partnership Community & Environment Stakeholder 				<ul style="list-style-type: none"> National Threat Level and period at level No of 'Crowded Places' not protected to PAS 68/69 level 									

Climate Change & Energy Security

Description
Cardiff is not able to manage the effects of climate change and energy security due to lack of future proofing for key (social and civil) infrastructure and business development.



Risk Owner(s)

Andrew Gregory

Councillor Michael Michael
Clean Streets, Recycling and Environment

Last Reviewed Q3 2021/22
Last Revision Q3 2020/21

Movement from prev Qtr ↓

Target Reduction Date 2022/23

Potential Impact(s)

- Flood & Storm**
- Loss of life and risk to life
 - Direct damage to property, utilities and critical infrastructure
 - Blight of Land and Development
 - Disruption to service delivery
 - Contamination and disease from flood and sewer water and flood on contaminated land
 - Increase in health issues
 - Break up of community and social cohesion
 - Increase cost of insurance
 - Migration of ecosystems
 - Inconsistent energy supply
 - Increased costs
 - Inability to deliver public services
 - Decrease in economic output
 - Disruption to the supply of utilities
 - Increased fuel poverty

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

The Council has declared a Climate Emergency and instigated a One Planet Cardiff Strategy as its strategic response to this.

The following specific risk areas have been identified:

- COASTAL EROSION (see separate tab for details)
- FLOODING
- EXTREME WEATHER
- ENERGY SECURITY & DECARBONISATION
- BIODIVERSITY

What we plan to do to meet target

- Develop strategic response to the Climate Emergency Declaration to incorporate carbon neutral target.
- See separate tabs for details
- COASTAL EROSION
- FLOODING
- EXTREME WEATHER
- ENERGY SECURITY & DECARBONISATION
- BIODIVERSITY

- Type(s) of Impact**
- Service Delivery
 - Reputational
 - Legal
 - Financial
 - Health & Safety
 - Partnership
 - Community & Environment
 - Stakeholder

- Linked Risks**
- Coastal Erosion
 - Air Quality
 - Business Continuity

- Linked Documents**
- <https://www.evaccardiff.co.uk/>
 - <https://www.cdp.net/en>

- Key Indicators / Measures used to monitor the risk**
- Storm Events that meet silver & gold emergency intervention
 - Annual number of flooded properties and severity (statutory reporting)
 - Energy use / renewable energy production of Cardiff Council

Climate Change - Biodiversity

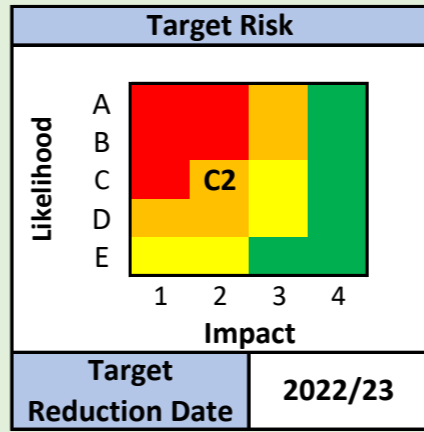
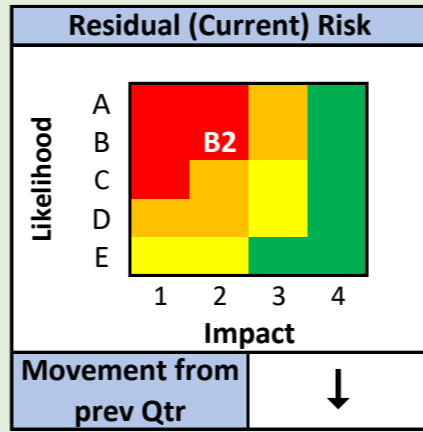
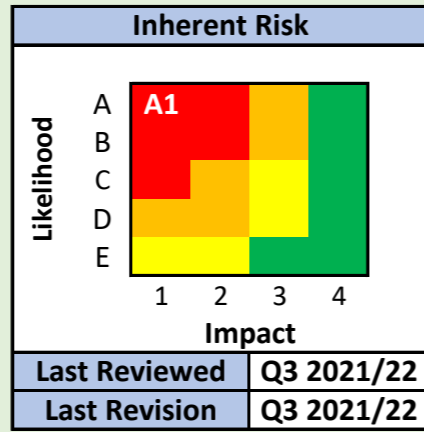
Description
Cardiff is not able to manage the effects of climate change and energy security due to lack of future proofing for key (social and civil) infrastructure and business development.

Potential Impact(s)

- Loss of biodiversity leads to reduction in ecosystem resilience, and reduction in ecosystem resilience will compromise the provision of ecosystem services. These are the services or benefits which we gain from the natural environment.
- Ecosystem services include climate change mitigation and adaptation.
- Climate change mitigation includes the sequestration and storage of carbon by plants, especially long-lived species such as trees. Reduction of this ecosystem service makes it harder to reduce net carbon emissions. Annually Cardiff's trees (not including other aspects of green infrastructure) provide ecosystem services worth £8.31 million, of which £1.9 million is in carbon storage and sequestration (iTree Study, Sept 2018).
- Climate change adaptation services include storm water attenuation by vegetation and reduction of surface water volume through evapotranspiration
- Trees, green walls and green roofs allow cooling and shading, thereby mitigating the urban heat island effect which may become more prevalent with a warmer climate.
- Hotter summers also increase risk of aerial pollution through air stagnation, and green infrastructure can remove certain pollutants from the air as well as having a cooling effect.
- The National Priorities of the WG Natural Resources Policy include 'Delivering Nature-based Solutions'. Failure to ensure protection of biodiversity and ecosystem resilience risks failure to deliver these nature-based solutions, which include climate change mitigation and adaptation.

Type(s) of Impact

- Service Delivery
- Reputational
- Legal
- Financial
- Health & Safety
- Partnership
- Community & Environment
- Stakeholder



Risk Owner(s)

Andrew Gregory
(James Clemence/ Simon Gilbert/ Matthew Harris/ Jon Maidment)

Councillor Michael Michael
Clean Streets, Recycling and Environment

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

- One Planet Report to Cabinet in October 2021
- Cabinet Report of 14/10/21 Recommended the Council sign the Edinburgh Declaration.
- Developed a Biodiversity and Resilience of Ecosystems Duty Forward Plan, to implement the statutory duty to seek to maintain and enhance biodiversity and in doing so to promote ecosystem resilience.
- Undertaken an 'iTree-Eco' study to look at the value of trees in terms of the ecosystem services that they provide.
- Working with neighbouring Local Authorities through the Local Nature Partnership Cymru project to share ideas and best practise for enhancing biodiversity across the City and identifying opportunities for cross-boundary projects to improve habitat and species connectivity and increase ecosystem resilience.
- Contributed to the Central South Wales Area Statement recently published by Natural Resources Wales.
- In September 2021 the Council agreed the Vision, Issues and Objectives for the new LDP.

Objective 10 is: "To ensure the resilience of ecosystems by protecting and enhancing Cardiff's Green and blue Infrastructure, its biodiversity and other natural assets."

- The Coed Caerdydd Project has also resulted in further officer resource to support volunteer activity relating to tree planting and maintenance / aftercare and whereby grant funding has enabled the appointment of a Volunteer Co-ordinator on a fixed term contract up until July 2023.

What we plan to do to meet target

- Review the Cardiff Local Development Plan
- 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)
- Further funding has been obtained which has resulted in the LNP Co-ordinator post being at full time hours up until 31/3/22 and discussions between the Council and the Wales Council for Voluntary Action concerning grant funding for 2022/23 and beyond are on-going

Linked Risks

- Coastal Erosion
- Air Quality
- Business Continuity
- Energy decarbonisation

Linked Documents

- <https://www.evaccardiff.co.uk/>
- <https://www.cdp.net/en>

Key Indicators / Measures used to monitor the risk

Extent of Green Infrastructure in the City.

Climate Change - Energy Security & Decarbonisation

Description
Cardiff is not able to manage the effects of climate change and energy security due to lack of future proofing for key (social and civil) infrastructure and business development.

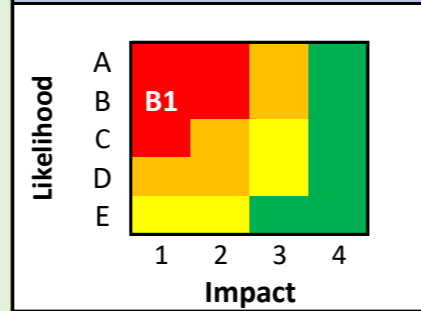
Potential Impact(s)

Energy security (energy efficiency & decarbonisation of supply)

- Inconsistent energy supply
- Increased costs
- Inability to deliver public services
- Decrease in economic output
- Disruption to the supply of utilities
- Increased transport costs
- Increased costs for heating / providing services to buildings
- Increased fuel poverty

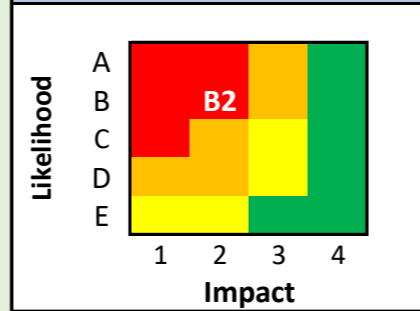
Page 133

Inherent Risk



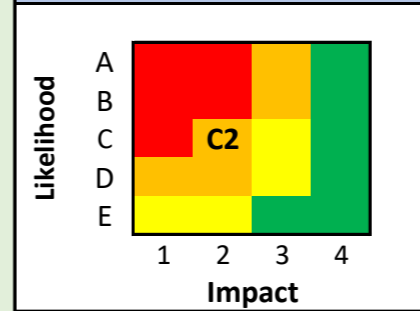
Last Reviewed Q3 2021/22
Last Revision Q3 2021/22

Residual (Current) Risk



Movement from prev Qtr ↔

Target Risk



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 elsewhere. 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 and additional in-year funding awarded to implement Rapid charging infrastructure at Lamby Way depot for 12 electric refuse collection vehicles, and to engage consultant/ specialist to scope/design & specification for renewable connection & switch gear to produce green energy from landfill gas and/or the solar farm.

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

- 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

Energy use / renewable energy production of Cardiff Council

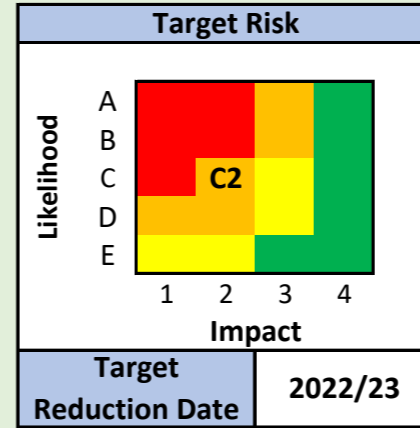
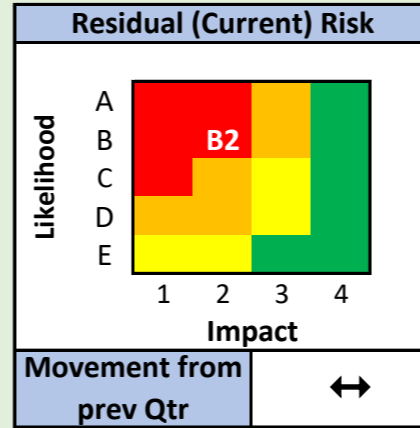
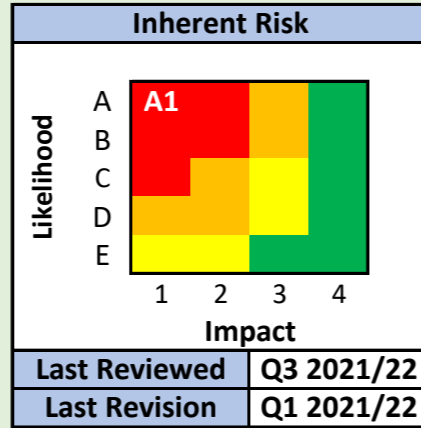
Climate Change - Extreme Weather

Description
Cardiff is not able to manage the effects of climate change and energy security due to lack of future proofing for key (social and civil) infrastructure and business development.

Potential Impact(s)

- Loss of life and risk to life
- Damage to infrastructure & utilities
- Service delivery
- Increase in health related issues including air quality
- Blight of development
- Migration of ecosystems

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Risk Owner(s)

Andrew Gregory
(EMU/Gary Brown)

Councillor Michael Michael
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

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

Climate Change - Flooding

Description
Cardiff is not able to manage the effects of climate change and energy security due to lack of future proofing for key (social and civil) infrastructure and business development.

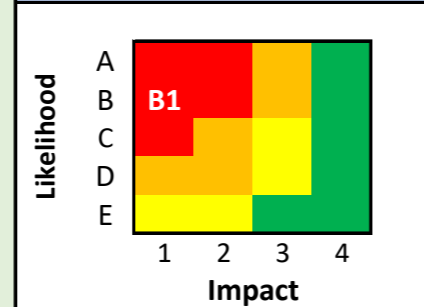
Potential Impact(s)

- Flood & Storm**
- Loss of life and risk to life
 - Direct damage to property, utilities and critical infrastructure
 - Blight of Land and Development
 - Disruption to service delivery
 - Contamination and disease from flood and sewer water and flood on contaminated land
 - Increase in health issues
 - Break up of community and social cohesion
 - Increase cost of insurance
 - Migration of ecosystems

Type(s) of Impact

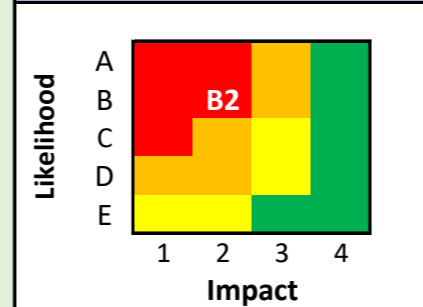
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|--------------------|---------------------------|
| • Service Delivery | • Health & Safety |
| • Reputational | • Partnership |
| • Legal | • Community & Environment |
| • Financial | • Stakeholder |

Inherent Risk



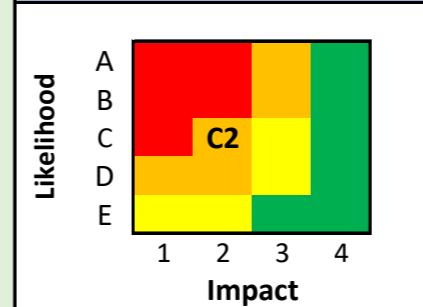
Last Reviewed	Q3 2021/22
Last Revision	Q2 2021/22

Residual (Current) Risk



Movement from prev Qtr	↔
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Target Risk



Target Reduction Date	2022/23
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Risk Owner(s)

<p>Andrew Gregory (Gary Brown/ David Brain James Clemence/ Stuart Williams)</p>	<p>Councillor Michael Michael Clean Streets, Recycling and Environment</p>
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What we'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 prevention 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 WLGA 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.

Linked Risks

- Coastal Erosion
- Air Quality
- Business Continuity

Linked Documents

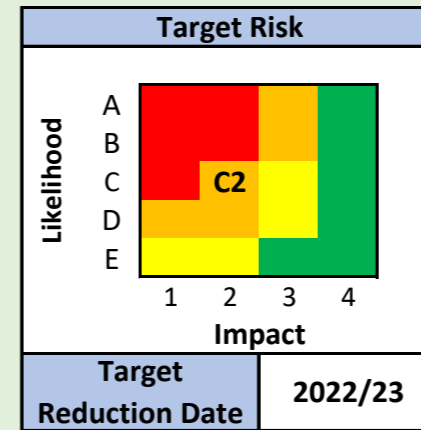
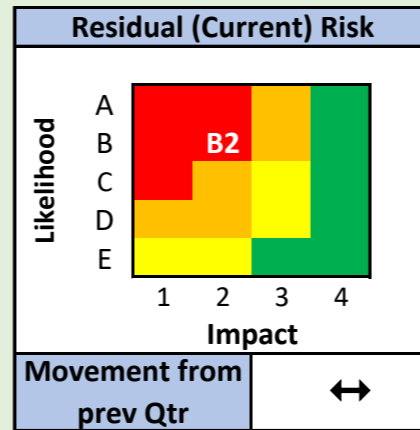
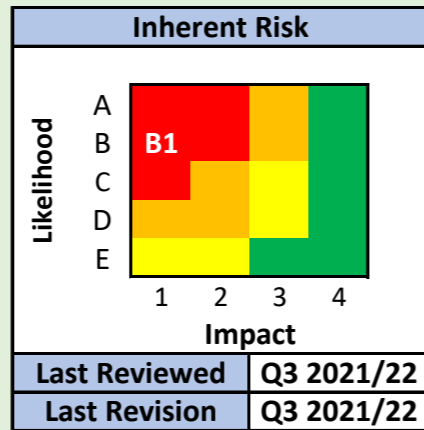
- <https://www.evaccardiff.co.uk/>
- <https://www.cdp.net/en>

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)



Risk Owner(s)

Andrew Gregory
(Gary Brown/ David Brain)

Councillor Michael Michael
Clean Streets, Recycling and Environment

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

- Incident management arrangements are in place, which whilst not preventative, represent a level of emergency management for a flood and coastal erosion risk event occurring in a significant storm event.
- Coastal Defence Scheme:
 - The Flood Risk Management Team are undertaking detailed design for the coastal defence scheme.
 - The necessary works are holistic and cannot be phased. Therefore the residual risk rating cannot be lowered until the completed construction of the coastal defence scheme in its entirety.
 - The inundation risk will be improved by implementing the coastal defence scheme. The scheme will provide defence for a 1 in 200 year severe weather event, plus an allowance for climate change influence of 40%.
 - The total costs associated with the Design, Early Contractor Engagement and Construction phases have been estimated at £10.9m (Welsh Government 75% funding = £8.2m and CCC 25% funding = £2.7m)
 - Formal application has been submitted to Welsh Government (WG) under the WG Coastal Risk Management Programme and development of the Detailed Design and Full Business Case (FBC) for the coastal defence scheme was programmed for completion in May 2020, however this has been impacted by Covid-19.
 - Ground Investigation commenced February 2020. Due to Covid 19 restrictions, ground investigations were postponed during March 2020.
 - Work ongoing with Emergency Management to formulate interim measures.
 - Draft Full Business Case submitted to Welsh Government for review
- 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)

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.
- A PQQ procurement process has been completed and a select list of 5 contractors has been established. The 5 contractors were required to submit their returns in January 2022. Due to complexities of the project, challenging environmental conditions for construction works and NRW requirements, an extension for submission to mid February has been granted. The submission, assessment, selection and award process is forecast to be completed early 2022.
- The Marine Licence application was been submitted to NRW and the required process followed. Although the Flood Risk Management Team have had prolonged and it was thought, constructive dialogue with NRW staff, NRW have stated that for the Marine Licence to be granted, a derogation will be required to be signed off by Welsh Government Ministers under the process known as Imperative Reason of Overriding Public Interest (IROPI). This process has put the requirement to be on site by the end of this financial year out of reach. WG were therefore contacted, meetings held and agreement secured for the funding deadline to be extended. This allows us to start on site in the new financial year, although we will still be pushing for the earliest possible start date, target June 2022.
- The Cabinet report to seek approval to award the contract to the successful contractor and commit to the 15% Council contribution will now be entered into the March 2022 cabinet.

Potential Impact(s)

- Continued coastal erosion along the coast threatening the Rover Way Traveller site and critical infrastructure including Rover Way and the Rover Way/Lamby Way roundabout
- Erosion to two decommissioned landfill sites, with risk of releasing landfill material into the Severn Estuary and having significant environmental impacts
- Flood risk to 1,116 residential and 72 non-residential properties over 100 years, including risk to life, property, infrastructure and services
- N.B. the predicted rates of erosion threaten the Rover Way Travellers Site and the adjacent electrical substation within 5 years, and further release of large volumes of unknown tip material from the Frag Tip into the Severn Estuary.

Type(s) of Impact

<ul style="list-style-type: none"> Health & Safety Health Reputational Financial 	<ul style="list-style-type: none"> Strategic Service Delivery
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Linked Risks

Climate Change risks

Key Indicators / Measures used to monitor the risk

- Award of contract for detailed design and Full Business Case - achieved
- Completion of detailed design and Full Business Case by May 2020 & submitted to WG
- Delivery programme of coastal protection scheme

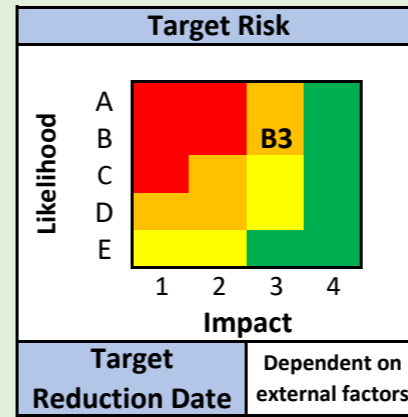
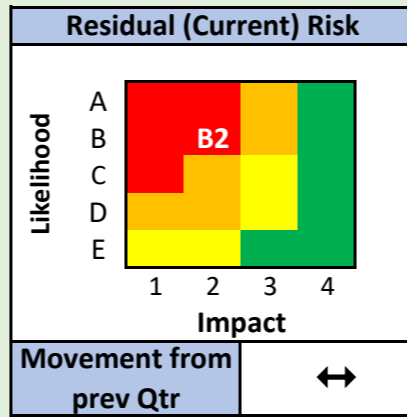
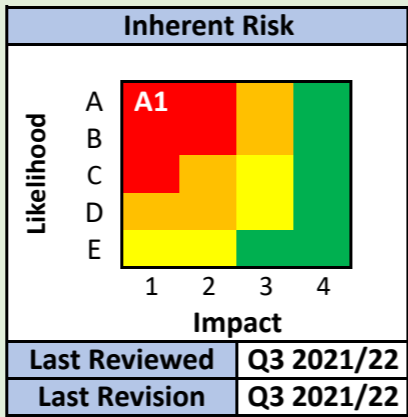
Brexit

Description

The risk that Brexit (and any subsequent decisions) will create severe disruption to the City and hinder its ability to continue to deliver effective services and maintain community cohesion.

Despite a deal (the 'Trade and Cooperation Agreement' (TCA)) 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:
Each Directorate has a Brexit Liaison Officer who is responsible for monitoring the impacts of Brexit 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.

The Council's Brexit Issues Register is no longer being utilised. Officers have reviewed the register and ensured that issues are transferred to/ captured on individual Directorate Risk Registers or within a relevant Corporate Risk.

Current Pressures:
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.

In September 2021, the Resilience Unit issue a questionnaire in order to understand current pressures. Responses highlighted issues with the following goods:

- Food (costs increases and decreases in the frequency of deliveries affecting food availability).
- Construction and building materials (delays, shortages, and cost increases)
- Technology-based items, such as computer chips and nodes, affecting, for example, laptops, screens and lighting (delays and shortages).
- Kerbside caddies for food waste (delays)

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)

Daily Reporting:
Since Monday 20 December 2021, on-call Silver Officers have been required to complete a Winter Preparedness report for their Directorate, even if it is a nil return, by 10am each day (with exception reporting on weekends). This reporting will continue for the foreseeable future.

The reporting process was initiated due to increasing levels of the Omicron Covid-19 variant in Wales, as well as to help manage the Council's response to current issues (such as those mentioned above - demand pressures, staff shortages, supply chain shortages, delays, and cost increases, as well as other typical winter pressures).

Mitigation is being put in place by each Individual Directorate/ Service Area (where necessary/ the area is able).

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.

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 and Supply Chain 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.

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

Performance Management

Description	Inherent Risk	Residual (Current) Risk	Target Risk	Risk Owner(s)									
<p>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</p> <p>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.</p> <p>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.</p> <p>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.</p>				<p>Sarah McGill (Gareth Newell)</p>	<p>Councillor Chris Weaver Finance, Modernisation and Performance</p>								
	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="background-color: #d9e1f2;">Last Reviewed</td><td>Q3 2021/22</td></tr> <tr><td style="background-color: #d9e1f2;">Last Revision</td><td>Q3 2021/22</td></tr> </table>	Last Reviewed	Q3 2021/22	Last Revision	Q3 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>N/A</td></tr> </table>	Target Reduction Date	N/A		
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Target Reduction Date	N/A												
	What we've done/are currently doing to achieve the Residual Risk Rating			What we plan to do to meet target									
	<p>Work has been undertaken to strengthen the Council's Planning and Performance Management Arrangements, with adaptations to the process also implemented in response to the Local Government and Elections Act (Wales) 2021.</p> <p>The amendments have been consulted upon with the Lead Cabinet members, Senior Management Team, Policy Review and Performance Scrutiny Committee, Chairs of Scrutiny and the Governance and Audit Committee with many process improvements already implemented. An Internal Audit has also been undertaken of performance management arrangements.</p>			<p>A revised Planning and Performance Framework will be brought forward for Cabinet consideration in February and a reassessment of the risk rating will be undertaken following Cabinet's decision.</p>									
Potential Impact(s)	Linked Risks		Key Indicators / Measures used to monitor the risk										
<ul style="list-style-type: none"> 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. 			<p>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.</p>										
Type(s) of Impact													
<ul style="list-style-type: none"> Service Delivery Reputational Stakeholder 													

Budget Monitoring (Control)

Description	Inherent Risk	Residual (Current) Risk	Target Risk	Risk Owner(s)									
<p>Failure to achieve the budget set, inclusive of budgeted spend and savings across Directorates, with increased use of emergency finance measures and the unplanned drawdown of reserves.</p>				<p>Chris Lee (Ian Allwood)</p>	<p>Councillor Chris Weaver Finance, Modernisation and Performance</p>								
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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. 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 three months has a level of uncertainty due to incidence of the pandemic, financial and the economic climate. The Corporate Director of Resources, Chief Executive and Cabinet Members have held three challenge meetings in the first nine months of 2021/22 in order to ensure there remains 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. 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Financial Resilience

Description

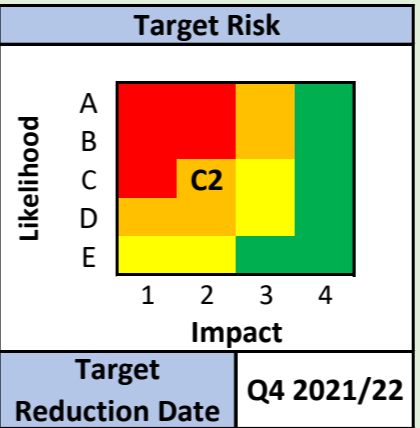
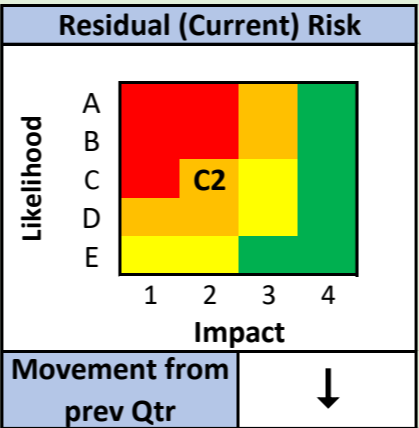
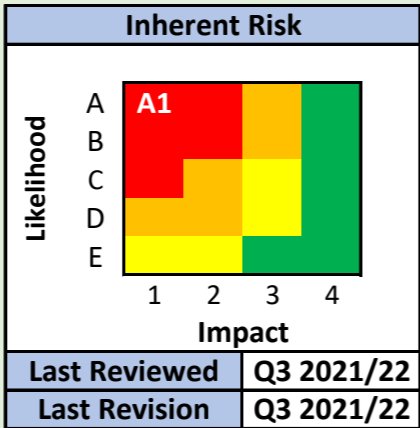
- Failure to deliver a balanced annual budget and a fully informed Medium Term Financial Plan.
- Lack of appropriate mechanisms to identify and manage unexpected financial liabilities.
- The current outlook is that there is a Budget Gap of £69 million for the period 2023/24 to 2026/27.

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

- Service Delivery
- Reputational
- Legal
- Financial
- Stakeholder



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

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

- 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
- Continue work to frame how the better than anticipated Local Government Settlement for 2022/23 can support financial resilience next financial year and beyond.
- Implement requirements, where relevant arising from CIPFA's 2021 update of the Prudential Code and Treasury Management Code. To include development of some of the listed indicators below with regards commercial investment.

Linked Risks

Budget Monitoring (Control)

Key Indicators / Measures used to monitor the risk

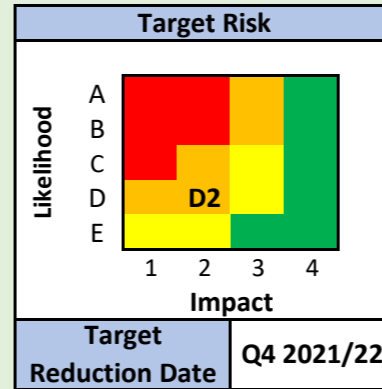
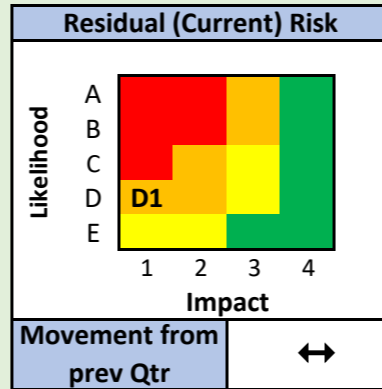
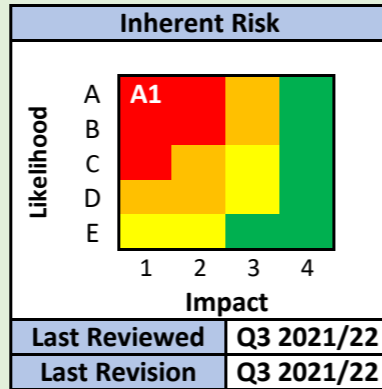
- Financial Snapshot which highlights historical & current performance with regards budget monitoring, achievability of savings, levels of borrowing, and financial ratios.
- Outturn vs Budget: Main budget lines under or overspend as a % of budgeted expenditure.
- Delivery of planned savings: Total (£) 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.
- Consider usefulness of benchmarking data re: financial resilience produced by External Audit Bodies - e.g. Audit Wales

Fraud, Bribery & Corruption

Description	Inherent Risk	Residual (Current) Risk	Target Risk	Risk Owner(s)		
Fraud, financial impropriety or improper business practices increase as internal controls are weakened as resources become severely stretched.				<table style="width: 100%;"> <tr> <td style="width: 50%; vertical-align: top;"> Chris Lee (Ian Allwood) </td> <td style="width: 50%; vertical-align: top;"> Councillor Chris Weaver Finance, Modernisation and Performance </td> </tr> </table>	Chris Lee (Ian Allwood)	Councillor Chris Weaver Finance, Modernisation and Performance
Chris Lee (Ian Allwood)	Councillor Chris Weaver Finance, Modernisation and Performance					
What we've done/are currently doing to achieve the Residual Risk Rating						
<ul style="list-style-type: none"> 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 counter-fraud updates 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. 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, with associated Fraud Awareness eLearning and face-to-face training rolled out. Annual participation in International Fraud Awareness week. Investigation Team provision of investigation and counter-fraud advice, guidance and support. SMT annual participation in CIPFA fraud tracker assessment and response. 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						
<ul style="list-style-type: none"> 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. 						
Key Indicators / Measures used to monitor the risk						
<ul style="list-style-type: none"> 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 						
Potential Impact(s)		Linked Risks				
<ul style="list-style-type: none"> Increase in frauds and losses to the Council Reputational risk as more frauds are reported Increased time investigating suspected fraud cases impacting on capacity 		(This cell is currently empty in the provided image)				
Type(s) of Impact		Linked Risks				
<ul style="list-style-type: none"> Service Delivery Reputational Legal Financial 		<ul style="list-style-type: none"> Stakeholder 				

Information Governance

Description
 Information handled inappropriately leaves the Council exposed to intervention and financial penalties issued by the Information Commissioner (ICO). This includes information held by Cardiff Schools.



Risk Owner(s)

Chris Lee
 (Dean Thomas)

Councillor
 Chris Weaver
 Finance, Modernisation and Performance

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

- Accreditation in September 2021, the next annual accreditation of this process will take place in September 2022.
 - An established Information Governance & Security Board meets quarterly. A quarterly Information Governance Report and briefings of decisions or recommendations for Board are provided on a quarterly basis.
 - Processes are established through procurement and ICT for ensuring Data Protection Impact Assessments are completed if personal data is being processed
 - 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.
 - 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
 - Advice, guidance and support is provided to all Cardiff Schools through Service Level Agreements.
 - Corporate Retention schedule in place and updated annually in line with any legislative changes or in line with any requests from services to update.
 - Information Governance Maturity Model established to monitor risks against areas of information governance to feed into corporate risk status.
 - The Digitalisation of Paper Records Strategy and associated business process changes are in place with alternative delivery contracts in place to support increased paper storage demands, with processes established to support corporate programmes.
 - 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.
 - National and Regional Information Governance Agreements in place in respect of covid-19 data processes
 - 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
 - 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 & Security Board
 - Processes have been established to enable Information Governance & Security Board to have oversight of DPIA's completed against Procurement Contract Awards where personal data is processed
 - A new streamlined surveillance system DPIA process is established to ensure services manage privacy responsibilities and link into corporate infrastructure solutions
- Whilst the Council has a Record of Processing Activity (RoPA) this is incomplete with significant gaps.
- The Data Protection Officer has established a Data Protection Impact Assessment Panel to ensure that all changes to data processing activities are considered and any risks documented and escalated where necessary
 - Corporate escalation processes have been agreed to improve directorates failure demand with answering and providing information in respect of FOI requests

What we plan to do to meet target

- Support Information Governance Champions with a review of their directorates Information Asset Registers and duplicate assets to ensure that these are accurate and up to date. Q1 2022/23
- 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. Q4
- Continue to support Social Services with compliance with data protection e-learning training in line with the revised target date for completion and work with the academy to create new content for 2022. Q3/Q4
- 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. Q4
- Continue to monitor directorate risk registers for information governance risks and reporting any concerns to Governance & Security Board. Ongoing with escalations if identified
- Continue to work with Schools to develop DPIA's on MyConcern and Skodel with support with relevant school. Q4
- Review data breach claim processes and reports and determine support models for future claim handling. Q4
- Explore options for alternative service delivery models for the Council's Records Centre linked to the Recovery and Renewal Programmes, including potential external support options. Q4
- Conduct a review of the Council's Publication Scheme against the October 2021 ICO update and provide a recommendation for progress to the Information Governance & Security Board. Q4
- Support ICT with a review of security and protection linked with Cloud Impact Assessment processes Q4
- Release training and education communications to support schools with their Information Governance responsibilities
- Develop an Information Governance awareness week to link into national data protection day. Q4
- Develop e-learning training for Council officers and Schools on FOI/EIR and provide a recommendation to Information Governance & Security Board on its mandate Q1 2022/23

Potential Impact(s)

Leads to the Information Commissioner issuing notices of non-compliance

These could consist of:

- A "Stop Now" Order which would mean that no personal data could be processed by the Council in its entirety
- An Information Notice which would mean that a service would have to provide information in a very limited period thereby impacting on service delivery
- A Decision Notice could be issued as a result of non compliance with an FOI/EIR request which would require information disclosure
- Undertaking which requires an Action Plan of Remedial Measures which would be subject to ICO Audit
- Enforcement Notice requires immediate improvement action to be put in place
- Financial Penalty up to £17.5 million for Higher Level Tier and £8 million for Lower Level Tier breaches of the Data Protection Act.
- Compensation unlimited liability claims for damages as a result of a data breach from individuals.

Type(s) of Impact

- Service Delivery
- Reputational
- Legal
- Financial
- Stakeholder

Linked Risks

Key Indicators / Measures used to monitor the risk

- Suite of IG Indicators/Service Metrics
- No. of ICO complaints
- No. of FOI /EIR SAR Requests
- No. of individuals trained on Data Protection
- No of Data Protection Impact Assessments being undertaken
- No of data protection breach complaints/claims

Cyber Security

Description

There are 10 areas of potential risk within the National Cyber Security Centre cyber risk model.

Five of the 10 areas have been identified as high risk as follows:

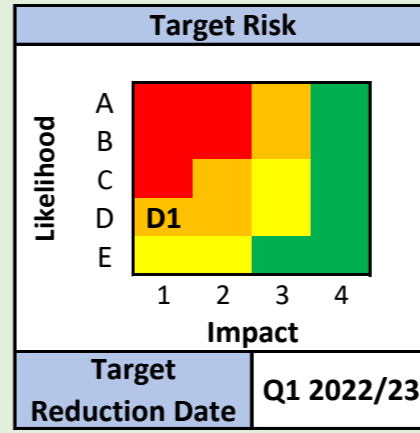
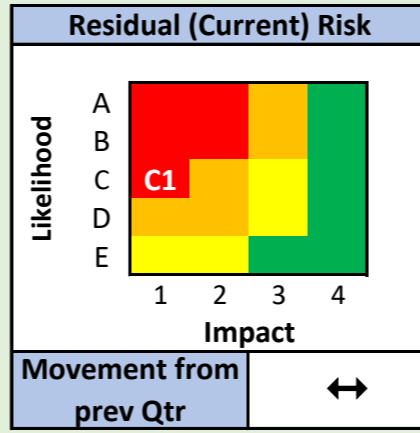
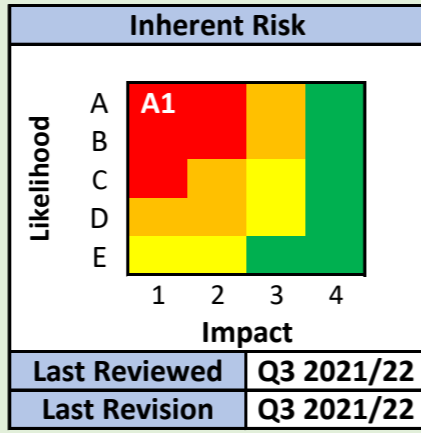
Architecture and Configuration - The need to ensure that good cyber security is baked into systems and services and can be maintained and updated to adapt effectively to emerging threats and risks.

Vulnerability Management - The majority of cyber security incidents are the result of attackers exploiting publicly disclosed vulnerabilities to gain access to systems and networks.

Data Security - With the increasingly tailored ransomware attacks preventing organisations from accessing their systems and data stored on them, security measures should include maintaining up-to-date, isolated, offline backup copies of all important data.

Logging and 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

Supply Chain Security - 2018 Internal Audit identified contract, SLA and service management weaknesses in externally hosted services



Risk Owner(s)

Chris Lee
(Phil Bear)

Councillor Chris Weaver
Finance, Modernisation and Performance

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

The principal controls for the high risk areas are as follows:

- Architecture and Configuration - ICT Management reviewed Ransomware report and has implemented improvement action dates.
- Data Security - security risk outputs for Cloud Impact Assessments and internal services are tested using WebInspect. TLS Email is used for protecting email in transit. Internal backup solution backs up all virtual and physical servers.
- Logging and 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.
- Supply Chain Security - Maturing PIA & CIA process used to assess risks to data and technology solutions

What we plan to do to meet target

SMT

- To implement NCSC Board Toolkit review to increase overall Cyber Security posture.

Architecture and Configuration

- Governance and management requirements to be formalised for periodic and systematic review of all ICT systems.
- To ensure strong ICT 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.
- ICT and Information Governance (IG) Teams to liaise with FM for physical security assurances and to promote an incident reporting culture.

Vulnerability Management

- Implement vulnerability management programme to bring services in-line with existing ICT internal patch policy.
- Meet patching obligations that exist within compliance frameworks and contractual obligations with vendors.

Supply Chain Security

- 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.
 - 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.

Potential Impact(s)

The intent of cyber attackers includes, but is not limited to:

- financial fraud;
- information theft or misuse,
- activist causes to render computer systems intolerable and to disrupt critical infrastructure and vital services.

The impact of a cyber-attack / incident has the potential to involve the realisation of the risks associated with:

- An information governance breach (i.e. Stop Now Order, Information Notice, Enforcement Notice, Financial Penalty etc.)
- A business continuity incident – with a potential for major loss of service and legal, health and safety and financial implications.
- A financial / fraud related attack.

A malicious attack could result in loss of confidence from those transacting with the Council (reputation), as well as legal, asset, system, operational and financial implications.

Type(s) of Impact

<ul style="list-style-type: none"> Service Delivery Reputational Legal Financial 	<ul style="list-style-type: none"> Health & Safety Stakeholder
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Linked Risks

Information Governance

Key Indicators / Measures used to monitor the risk

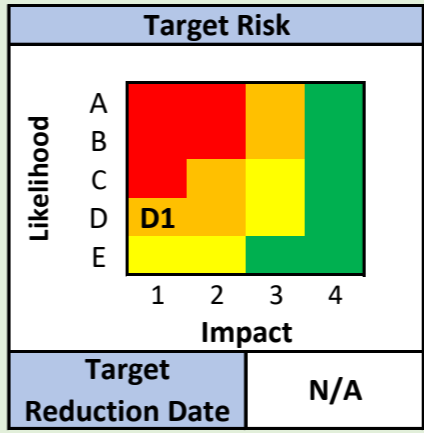
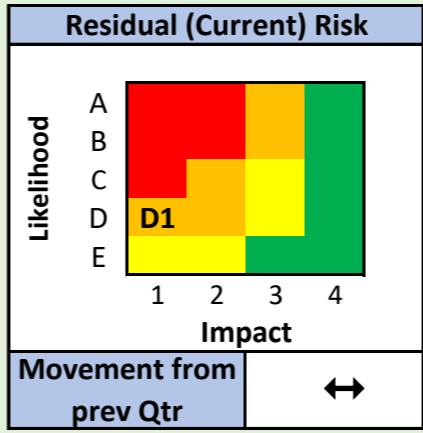
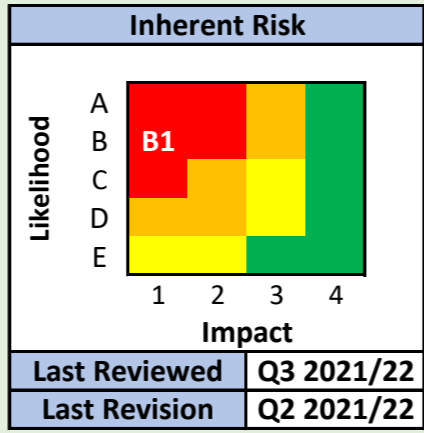
- Threat intelligence from National Cyber Security Centre (NCSC), including national posture and guidance via the National Cyber Security Strategy/Programme
- Threats and risks highlighted by NCSC Cyber Security Information Sharing Partnership (CiSP), Cymru WARP (Warning, Advice and Reporting Point) and Welsh Government/WLGA
- General UK posture and issues raised in national and local media
- Number of compromises - breaches are monitored, investigated and reported back via Information Security Board and where applicable the ICO
- Monthly reporting of number of virus attacks via email blocked

Business Continuity

Description

Large scale incident/loss affecting the delivery of services.

The potential risk is that our most time sensitive activities are not sufficiently resilient and fail, following an incident which impacts on their delivery and that our incident management structure, used in response to internal incidents and external emergencies, also fails in response to an incident.



Risk Owner(s)

Chris Lee

Councillor Huw Thomas
Leader

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

- The Council has a BCM Champion who sponsors BCM at a strategic level
- We have an approved Business Continuity Policy which is aligned to ISO22301
- BCM toolkit is now available on CIS
- The Council employs a Business Continuity Officer who is a qualified ISO22301 lead auditor
- The Emergency Management Unit has developed an Incident Management Plan (Cardiff Council's Emergency Management Plan) to ensure alignment with ISO22301. This was fully updated in March 2019.
- The Council has a 24 hour Incident Management structure for Gold and Silver Officers.
- Cardiff Council is a member of the Core Cities Business Continuity Group
- Internal Audit completed an audit of the Business Continuity Risk in September 2018 and the assurance statement was "Effective with opportunity for improvement"
- Q4 of 2019/2020 saw the council undertake a full review and update of the activities delivered across the council allowing us to focus on the resilient delivery of key functions as we planned and responded to the COVID19 threat. This review was delivered at the Strategic Level.
- Each Directorate was tasked with reviewing and updating their key business continuity plans in preparation for the emerging COVID19 threat. Each Director/Corporate Director was responsible for ensuring this work was undertaken fully and properly. The existing Business Continuity work provided a solid foundation to our response to the COVID19 threat.
- The full corporate incident management team was activated in early March.
- The Council worked positively at a Local Resilience Forum(LRF) level with partners supporting a wider Wales response to the COVID19 threat. This included daily reporting and escalation of key issues to the LRF.
- Areas were forced to change to a far more agile way of operating with our core ICT requirements changing to support far more agile/home working. The mode of delivery worked exceptionally well and provides the potential for longer-term resilient agile working in response to the ongoing COVID19 risk, in addition to positively supporting other aims and corporate risks.
- Staff across the council adapted at speed and have worked incredibly hard to deliver key services in new ways, in addition many staff changed roles to support the resilient delivery of key services and new asks on the council to keep the public safe.

What we plan to do to meet target

- Work with ICT to ensure our core infrastructure is as resilient as possible and able to support additional agile working capacity.
- Work with the teams involved with looking at the potential of using alternative delivery models for council services. Identifying risks associated with alternative delivery models for specific services and recommend potential risk management solutions for implementation, to protect the delivery of our most critical services.
- The BC Officer is working to develop and enhance individual Directorate response capability to ensure Directorates are in a stronger position to respond to incidents which could impact on the Council and our most time sensitive activities
- The BC officer is continuing a review of 4x4 resources across the council to support our response capability to deal with the potential of winter storms.
- The BC officer along with the Resilience Unit are continuing to ensure that corporately we are able to respond to the COVID19 threat and the ongoing risk including of a third wave until the threat of the pandemic has fully dissipated.
- The Resilience Unit will undertake a lessons learned review of key lessons from the first 2 waves of the pandemic and ensure that key risks/lessons/processes that feed into the councils resilience capability are incorporated into our ongoing planning to support us in being ready for ongoing risks. This will, where appropriate, involve a review and update of individual BC plans by Directorates and also a review and update of the councils Emergency Management Plan.
- 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.

Potential Impact(s)

- Health and Safety** – potential impact on staff and on the public relying on our most, time sensitive, critical services
- Legal action** -Failure of key services could lead to Legal action against the council
- Financial** - Failure of key services could led to significant financial cost both in terms of Ombudsman action and Enforcement action from regulatory bodies, as well as individual legal action against the corporate body where service failure leads to legal action against us from private claimants
- Reputational** - Impact on key services to the public could lead to significant reputational damage to the organisation
- Stakeholder** – Impact on key stakeholders as result of failure
- Service delivery** – Potential significant impact on service delivery to the public, impact of key services could lead to significant impacts to the public and the corporate body un delivering its services

Type(s) of Impact

- Service Delivery
- Reputational
- Legal
- Financial
- Health & Safety
- Stakeholder

Linked Risks

Brexit Risk

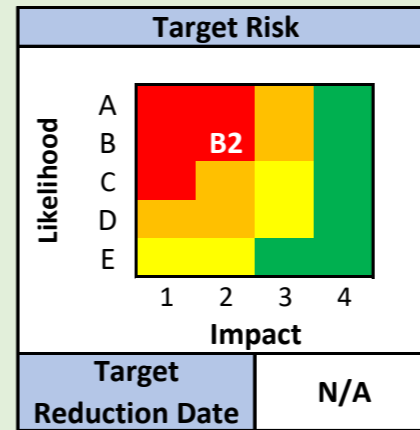
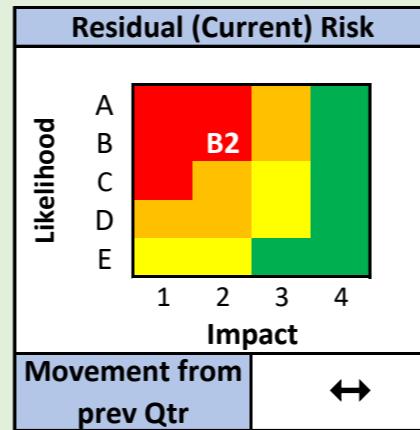
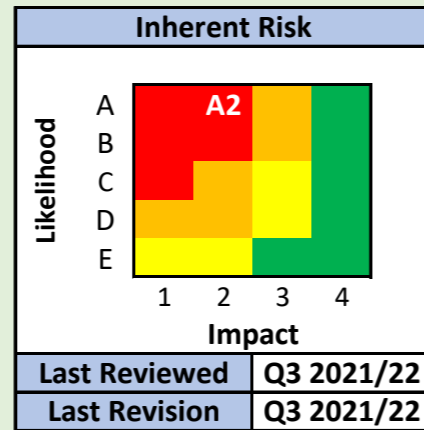
Key Indicators / Measures used to monitor the risk

The Red activity BC plan status is reviewed on a quarterly basis via a report to SMT after the CRR submission. Additionally the risk is managed as part of the Corporate Risk Management process via the CRR returns and the BC risk is also audited by Internal Audit . The last Internal Audit of the Business Continuity Risk was in in 2018.

Welfare Reform

Description

That the Council cannot meet its statutory obligations with the increased demands and reduced budgets placed upon it by the Welfare Reform including: Universal Credit, further reduction in Benefit Cap and size restrictions for social tenants. The potential impact of these changes on rent arrears, homelessness and child poverty make these changes a significant risk. The removal of the DWP funding that paid for digital and budgeting support across the city will potentially increase the problem, although currently council reserves are being used to mitigate this.



Risk Owner(s)

Sarah McGill (Jane Thomas)	Councillor Lynda Thorne Housing & Communities
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What we plan to do to meet target

Further additional resource has been agreed for supporting council tenants following the implementation of Universal Credit Full Service as rent arrears have increased significantly, staff have been recruited to assist with this and the new team is working well. Rent arrears procedure has been reviewed to include a more preventative and flexible approach and more assistance for more vulnerable tenants. After an initial sharp increase in rent arrears, the rate of increase has stabilised. This will be monitored over the coming months.

- Work has been undertaken to cost the potential risks of Universal Credit to the HRA and this will continue to be updated as more information is known.
- Temporary funding has been allocated to the Money Advice Team for 1 year to increase staffing, which will help with the negative impacts of both Welfare Reform and the pandemic on citizens. A request has been made to extend this by another year
- Regular meetings are held with social housing providers to monitor and improve processes.
- Spend across the different finance support packages 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.
- 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
- 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.
- 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

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 to 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.

- The Rent Arrears Pathway has been created using a one front door approach, supporting people to access the help they need to pay their rent or any arrears they have accrued.
- New schemes and incentives have been created to support both Landlords and tenants to obtain and retain accommodation in the PRS these include rent in advance and bonds, Help with the cost of repairs and bespoke packages, guarantor.
- 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 Solutions and Housing Help line 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, or over the phone and be triaged into the right help. Prevention advice will be expended to Hubs following an initial successful pilot in the winter of 2021
- 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.
- 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
- Digital inclusion training and Universal Credit Support has been rolled out across all the Community Hubs, Adviceline and Housing Helpline. Additional training will be provided when the migration of UC commences.
- Into Work Services has been expanded to include a new pathways into work team and the new Cardiff Works ready team. The team can provide help and support to anyone in the city from light touch support to intensive one to one mentoring.

Type(s) of Impact

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Linked Risks

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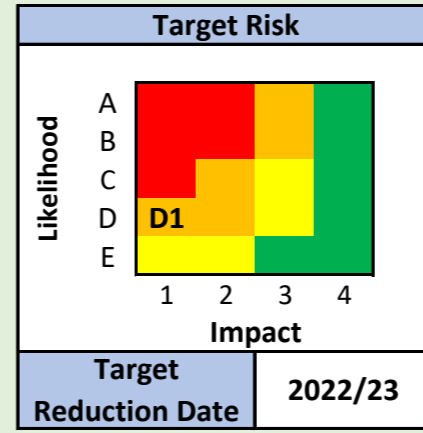
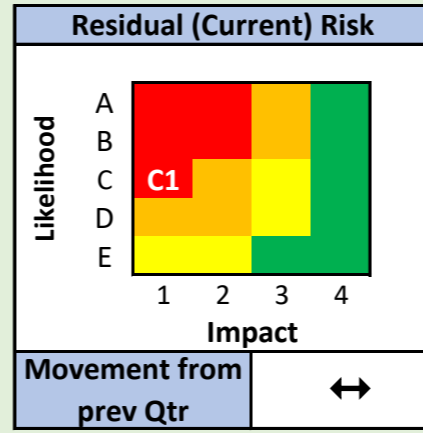
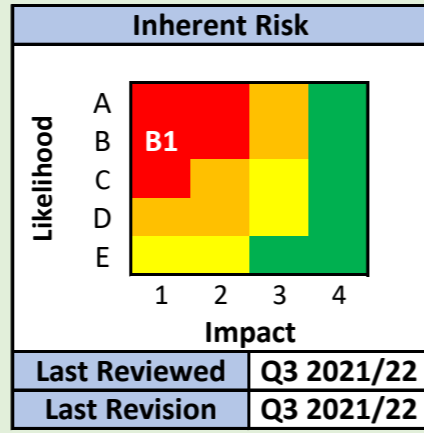
Key Indicators / Measures used to monitor the risk

Number of customers supported and assisted with their claims for Universal Credit
Additional weekly benefit identified for clients of the city centre advise team

Increase in Demand (Children's Services)

Description

Failure to effectively manage demand (and respond to increasing demand due to Covid-19), resulting in increase in number of children requiring services and financial pressures this presents.



Risk Owner(s)

Sarah McGill
(Deborah Driffield)

Councillor Graham Hinchey
Children & Families

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

- Early Help - Cardiff Family Advice and Support Services.
- Interventions Hub being developed.
- Referrals to Safe Families.
- Referrals to Ymbarel.
- Dedicated worker to focus on young carers.
- Adolescent Resource Centre.
- Assessment Centre and emergency pop up / pop down residential provision.
- Direct Payments (review being undertaken).
- Signs of Safety / Reunification Framework / Family Group Conferencing / Safe and Together model / No Wrong Door approach.
- Delivering Excellent Outcomes Children's Services Strategy to be reviewed.
- Children's Commissioning Strategy and Market Position Statement.
- Refreshed workforce strategy 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.
- Care & Support Plan Reviewing Officers.
- Reviewing Hub being developed.
- Implementation of 4th team in each locality to increase management capacity.
- 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).
- Appropriate use of COVID expenditure claims and recovery fund from Welsh Government and other funding streams; and financial planning around how longer term needs will be met.
- Temporary Resource Assistants recruited for OMs and social workers 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.
- In house respite provision being reviewed to ensure it meets demand and need.
- Resource Panel oversees decisions regarding placements.
- Services being delivered under Amber level of business continuity model with focus on highest risk cases.
- Family Drug and Alcohol Court pilot.

What we plan to do to meet target

- Business processes to be reviewed as part of implementation of Eclipse system.
- Work with judiciary re: planned changes to private and public law.
- Systems review being arranged to ensure sustainability of services going forward.

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.

Linked Risks

- Workforce Planning (Social Services)
- Safeguarding

Key Indicators / Measures used to monitor the risk

- Children's Services:
- Early Help 1 - Number of people supported through the Family Gateway
- Early Help 2 - Number of people supported by the Family Help Team
- Early Help 3 - Number of people supported by the Family Support Team
- Contacts 1 - Number of Contacts / Referrals Received
- SSWB 24 - Percentage of assessments completed for children within statutory timescales
- CS LAC 3e - Number of children looked after

Type(s) of Impact

<ul style="list-style-type: none"> • Service Delivery • Reputational • Legal • Financial 	<ul style="list-style-type: none"> • Community & Environment • Stakeholder
--	--

Legal Compliance

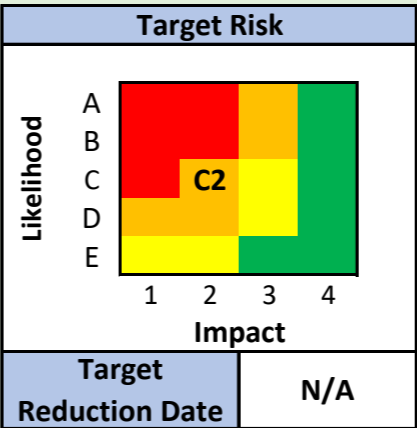
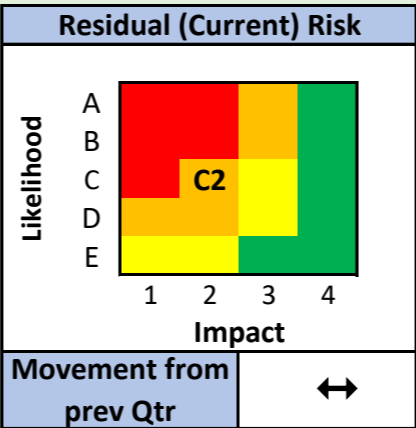
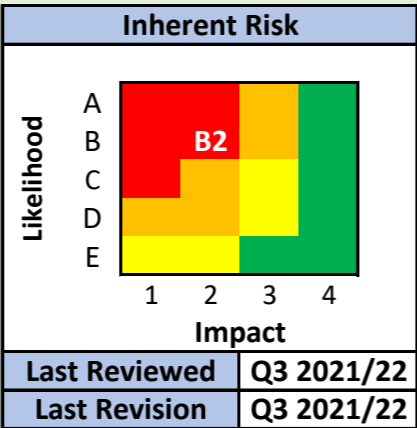
Description

Changes in services and staff roles across the Council resulting in:

- gaps in Council wide knowledge of the local authority framework of responsibilities and duties within which we have to operate;
- inability to deliver the services in accordance with all duties and responsibilities due to lack of resource:

In each case leading to increased risk of challenges.

Reduction and changes in front-line services, discretionary and statutory, will lead to increased risks of challenge from users and other stakeholders affected.



Risk Owner(s)

Davina Fiore

Councillor Huw Thomas
Leader

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

- Professional internal legal and financial advice provided to a high standard
- Maintaining robust decision making process with legal implications on all Council, Cabinet and Committee reports and Officer Decision Reports at Director level
- Appropriate use of NPS Legal Services by Solicitors Framework to increase resilience
- Dedicated teams in specialist areas e.g. equalities, FOI / DPA
- Sharing training/publications received
- 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 and Pre Election Period and Decision making Pre and Post the Local Election briefings given to the Senior Managers Forum and the Cardiff Managers Forum in January 2022, and a specific Decision Making training session held for the Environment Directorate managers in Jan 2022

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.

Potential Impact(s)

- Increase in number of challenges and complaints with consequences in terms of already stretched resources and impact of adverse decisions
- Implementation of decisions delayed due to challenges and potentially fatally disrupted
- Impact on projects if reputation for sound management and implementation of projects is damaged
- Major incident
- Adverse press/media reaction
- Involvement from Welsh Government in terms of performance standards or measures
- Increased costs
- Impact on capacity to deal with proactive legal work

Type(s) of Impact

- Service Delivery
- Reputational
- Legal
- Financial

Linked Risks

Key Indicators / Measures used to monitor the risk

Number of Judicial Reviews and Number of Successful Challenges

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GOVERNANCE & AUDIT COMMITTEE: 15 MARCH 2022

**UPDATE ON THE ROLES OF THE GOVERNANCE AND AUDIT COMMITTEE
AND SCRUTINY COMMITTEES****AGENDA ITEM: 6.2****REPORT OF THE DIRECTOR OF GOVERNANCE AND LEGAL SERVICES**

Reason for this Report

1. This report has been prepared in relation to the Governance and Audit Committee's responsibility to:
 - Work in synergy with the five Scrutiny Committees of the Council and liaise with other Council Committees as and when appropriate to avoid duplication in work programmes.
 - Raise the profile of probity generally within the Council and to report on matters of concern to the individual Cabinet Member, relevant Scrutiny Committee, Cabinet or to Council as necessary and appropriate.
 - Review the Council's draft annual Self-Assessment Report in respect of the financial year 2021/22 and each financial year thereafter, and make any appropriate recommendations for changes.
 - Consider the Panel Performance Assessment Report when received, review the Council's draft response to the Panel Performance Assessment Report, and make any appropriate recommendations for changes

Background

2. The Local Government and Elections (Wales) Act 2021 places new responsibilities on the Governance and Audit Committee. The Committee is to review and make recommendations on the Annual Wellbeing Report (the Council's statutory self-assessment report) each year, and the Panel Performance Assessment Report including the Council's draft response, required at least once during an electoral cycle.
3. The focus of the above reviews relates to a high level consideration of issues around securing performance requirements using the governance infrastructure of the Council, rather than on service area performance issues dealt with by Scrutiny Committees. Performance issues

identified by Scrutiny Committees are to continue to be raised with the relevant Cabinet Member and Director, to be addressed as soon as possible.

4. The terms of reference of the Governance and Audit Committee was updated prior to being considered and agreed by Committee on 23 March 2021, ahead of Council approval on 27 May 2021. The terms of reference continued to be based on CIPFA best practice guidance, with the provisions of the above Act incorporated through a review by the Audit Manager and Legal Services. In updating the terms of reference of the Governance and Audit Committee, consideration was given the terms of reference of other Committees of the Council.
5. On 20 July 2021, in considering new performance related duties, wider roles and the benefits of engaging as appropriate with Scrutiny Committees on relevant matters of business, the Governance and Audit Committee Chairperson advised Members of his intention to engage with the Chairs of the Council's five Scrutiny Committees in order to develop and maintain a close working arrangement.
6. A Committee update on 25 January 2022, set out the steps agreed in a Chair's Liaison Forum attended by the Chair of the Governance and Audit Committee, centred on principles of sharing and informing the respective Committees of Committee work programmes, enquiries and outcomes. In discussing Committee roles in the January Committee meeting, the Director of Governance and Legal Services and Audit Manager advised Members that they would consider the terms of reference of the Governance and Audit Committee and relevant Scrutiny Committees and report on any updates and reviews that may be required.

Issues

7. The terms of reference of the Governance and Audit Committee and the Council's Scrutiny Committees have been discussed by Legal Services and Internal Audit. Consideration has also been given to work programmes and the lines of enquiry of the respective committees during the current municipal year to date, since new responsibilities associated with the Local Government and Elections (Wales) Act 2021 started to come into force.
8. Through the above consideration, officers are satisfied that Scrutiny and Governance and Audit Committees are operating within their respective terms of reference without encroaching on the responsibilities of each other. During a Governance and Audit Committee meeting for instance, a discussion was held to ensure the Committee was operating inside its terms of reference in scoping lines of enquiry ahead of a special Committee meeting arranged for December 2021.
9. Members of the Governance and Audit Committee and Scrutiny Committees have received presentations and reports to support their awareness of new Committee roles and responsibilities arising from the Act from the Head of Performance and Partnerships during the current municipal year. The Chair, Vice Chair and Audit Manager also hosted and attended an All-Wales Governance and Audit Committee Chairs' Network meeting in September 2021, where the new responsibilities of the Act and the relationship with Scrutiny Committees were discussed with peers, the Welsh Local Government Association (WLGA), the Chartered Institute of Public Finance and Accountancy (CIPFA) and Audit Wales.
10. Officers are satisfied that Committees understand their roles and responsibilities sufficiently applying their respective existing terms of reference. Consideration has been given to the most appropriate time for a detailed review of the terms of reference for the Governance and Audit Committee and the Council's Scrutiny Committees. At this stage it is proposed that this review is undertaken prior to the end of the municipal year 2022/23.

11. The timing of the intended review would enable the Council the benefit of experience and reflection on the operation of Committees during the forthcoming municipal year. It would also enable any updates to responsibilities to be informed by updated CIPFA guidance for Governance and Audit Committees, which is scheduled to be published in April 2022, and consideration of Welsh Government statutory guidance which is likely to be consulted on over the summer and to be published in the autumn.
12. The Committee was informed in its meeting on 25 January 2022 of forthcoming updated guidance from CIPFA when discussing the Audit Charter within which its terms of reference is contained. The terms of reference of the Governance and Audit Committee reflects the current best practice CIPFA guidance as published in 2018 to which the provisions of the Local Government and Elections (Wales) Act 2021 have been added.
13. The Welsh Government has recently shared the first tranche of pre-public consultation draft statutory guidance with the Council relating to matters including Constitutions, Executives, Scrutiny, Overview and Scrutiny and Governance and Audit Committees. The consultation is being managed by the Welsh Local Government Association and with Monitoring Officer coordination within the Council.
14. A review of the terms of reference would benefit from awaiting the publication of the above guidance and is proposed to take place in sufficient time for updates where required for the municipal year 2023/24. In the event that a need is identified for an earlier full review and update, this will be progressed accordingly.

Legal Implications

15. The statutory functions of the Governance and Audit Committee, as prescribed under section 81(1) of the Local Government (Wales) Measure 2011, are to:
 - (a) review and scrutinise the authority's financial affairs,
 - (b) make reports and recommendations in relation to the authority's financial affairs,
 - (c) review and assess the risk management, internal control, performance assessment and corporate governance arrangements of the authority,
 - (d) make reports and recommendations to the authority on the adequacy and effectiveness of those arrangements,
 - (e) review and assess the authority's ability to handle complaints effectively,
 - (f) make reports and recommendations in relation to the authority's ability to handle complaints effectively,
 - (g) oversee the authority's internal and external audit arrangements, and
 - (h) review the financial statements prepared by the authority.
16. Specific additional functions in relation to performance assessment are conferred on the Governance and Audit Committee under Part 6 of the Local Government and Elections (Wales) Act 2021.
17. A local authority may confer on its Governance and Audit Committee such other functions as the authority considers suitable to be exercised by such a committee. The Committee's terms of reference must be approved by full Council.
18. It is for the Governance and Audit Committee to determine how to exercise its functions, but in doing so, it must have regard to statutory guidance issued by the Welsh Ministers.

Scrutiny Committees

19. The statutory functions of Scrutiny Committees, under section 21 of the Local Government Act 2000, are to review or scrutinise decisions made or action taken in connection with discharge of the Council's executive and non-executive functions; and to make reports or recommendations to the Council or the Cabinet with respect to the discharge of functions. Under Part 4 of the Well-Being of Future Generations (Wales) Act 2015, the Council's scrutiny arrangements must also provide for scrutiny of the Public Services Board's arrangements for discharge of its functions and governance. In considering its scrutiny arrangements, the Council must have regard to statutory guidance issued by the Welsh Ministers.
20. The Council has established 5 Scrutiny Committees, with the approved terms of reference set out in the Constitution, Part 3, Appendix 2: [Appendix 2 - Terms of Reference for Committees.pdf \(modern.gov.co.uk\)](#)

Financial Implications

21. There are no financial implications directly arising from this report.

RECOMMENDATIONS

22. That the Governance and Audit Committee considers the update and agrees the proposed approach and timescale for reviewing its terms of reference.

Davina Fiore
Director of Governance and Legal Services

Background Papers:

[Establishment of Standing Committees of Council for 2021-2022](#) report to Council dated 27 May 2021

[Audit Charter and Audit Plan 2021/22](#) report to Audit Committee dated 23 March 2021

[Draft Internal Audit Charter and Summary Audit Plan 2022/23](#) report to Governance and Audit Committee Dated 25 January 2022.

GOVERNANCE & AUDIT COMMITTEE: 15 March 2022

INTERNAL AUDIT & INVESTIGATION TEAM - PROGRESS REPORT

REPORT OF THE AUDIT MANAGER

AGENDA ITEM: 7.1

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 three period 2021/22, and follows the updates provided in the Committee meeting held on 26 January 2022.

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.
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 the year to date the priorities and approach of the Internal 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 all schools sampled. 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 28 February 2022, forty-seven new audit engagements had been completed to at least draft output stage and twenty-two audit engagements from the prior year had been finalised. Seventy-two percent of audit opinions provided were of 'effective' or 'effective with opportunity for improvement'. Further details are provided within section 2.1. 'Current Activities'.
12. Section 2.2 'Resources, outlines the reduced capacity in the team during over the year to date. Within this section of the report, it is with great sadness that we report the loss of a member of our Audit Team who passed away in recent weeks. Our thoughts are with the family of our dear friend and colleague at the current time.
13. We also report that our Principal Auditor has recently accepted a job outside of the Council and will be leaving the Team during March 2022. We wish him well in his new role, and a recruitment exercise is being initiated for a replacement officer to this important audit management role. Committee will be aware that to support the delivery of the Audit Plan, two audit engagements have been commissioned and are being delivered by an external provider under the direction and control of the Audit Manager.
14. Section 2.3 '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. As at 28 February, a number of audits are underway and at various stages of progression for which the detailed position is shown in Annex 1 – figure 4. It is intended to complete the majority of these audit to draft report stage by the end of March 2022, with the remaining audits to be completed early in the financial year 2022/23.

15. It is pleasing to report that all draft audit outputs issued in the reporting period had an opinion of effective or effective with opportunity for improvement. Within Annex 1, section 2.4 'Critical Findings or Emerging Trends' it is reported that an audit of Cardiff West Community High School has been finalised and accordingly the Executive Summary Report is included within Appendix B for the information of the Governance and Audit Committee. A follow up audit has been included within the draft Audit Plan 2022/23 for which Committee approval is sought as part of agenda item 7.2.
16. The performance position in respect of quarter three was provided to the Governance and Audit Committee in January 2022, with relevant commentary, and it is provided in section 3.2 'Performance' for reference ahead of the quarter four statistics which will be collated following the financial year-end.
17. A core focus of the team during the remainder of quarter four is to deliver the majority of the audit engagements listed in figure 4 to draft report stage. This will provide a strong level of coverage for the annual opinion from the Audit Manager on the Council's control environment. Alongside this work, focus is being given to finalising audits on a timely basis and the delivery of audit recommendations within the required timescales. The Audit Manager attended a Senior Management Team meeting on 1 March 2022 to provide relevant analysis, to discuss performance, and to emphasise the importance of continued management attention in these areas.
18. **Appendix A** shows a list of audits and their reporting status in the current year. **Appendix B** contains the Executive Summary Report for Cardiff West Community High School.
19. The recommendations and progress at the reporting date are provided in the following appendices.

Appendix C	Recommendations Summary
Appendix D	Contains the red & red / amber open recommendations
Appendix E	Contains the red and red / amber recommendations completed since the last Committee meeting in January 2022.

b) Investigations

20. Annex 2 outlines the activities of the Investigation Team in the financial year to date. 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). To date the team have applied 452 chargeable days.
21. Excluding one-off business grants work, in respect of all other casework in the current financial year (as at 28 February 2022):
 - Three hundred and seventy-eight cases were identified for investigation, compared to one hundred and fifty-five for the same period last year.
 - Seventy-seven investigations are ongoing, compared to one hundred for the same period last year.
 - Four hundred and one investigations have concluded, compared to two hundred and eighty-five over the same period last year.
 - £633,757 has been attributed concluded investigations, compared to £431,953 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. Twelve grant recipients are subject to ongoing review, the Investigation Team is also progressing one criminal investigation at the present time.
24. The summary report in Annex 2 provides further details in respect of the above, an update on the targeted blue badge scheme, and details on training supported by the Corporate Investigation Team.

Legal Implications

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

Financial Implications

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

RECOMMENDATIONS

27. The Governance and Audit Committee is recommended to:
 - Note and consider the contents of the Internal Audit and Investigation Team Progress Reports.

CHRIS PYKE AUDIT MANAGER

The following are attached:

Annex 1 - Internal Audit Progress - Summary Report

- Appendix A** Report Status as at 28 February 2022
- Appendix B** Cardiff West Community High School – Executive Summary
- 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



Resources Directorate Internal Audit Section



Internal Audit Progress Report (As at 28 February 2022)

<u>INTRODUCTION</u>	2
Background	2
Independence and Objectivity	2
Continuing Professional Development	2
<u>SUMMARY OF WORK PERFORMED</u>	3
Current Activities	3
Resources	7
Annual Plan	8
Critical Findings or Emerging Trends (Q4 (as at 28 February) 2021/22)	10
Value for Money Findings (Q4 (as at 28 February) 2021/22)	10
<u>AUDIT PERFORMANCE AND ADDED VALUE</u>	10
Added Value	10
Performance	11
Audit Plan Delivery	12
Recommendations	12
<u>CONCLUSION</u>	14
Appendix A	Report Status as at 28 February 2022
Appendix B	Cardiff West Community High School – Executive Summary
Appendix C	Recommendations Summary
Appendix D	Red & red / amber open recommendations
Appendix E	Red & red / amber recommendations completed since last Committee
Prepared by:	Chris Pyke, Audit Manager

INTERNAL AUDIT PROGRESS REPORT

1. INTRODUCTION

1.1 Background

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

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 28 February 2022.

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 completed their year-end personal reviews and formalised their objectives for 2021/22 in accordance with corporate requirements. 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 28 February 2022.

2.1 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 the schools sampled have been issued and a summary report has been issued to the Director of Education. As at the end of February 2022, nearly 85% of the action plans have been finalised with an agreed course of action in each respective school. Responses to the remaining action plans are being sought in order to conclude the exercise. 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.
- Economic Resilience Fund (Extension)
- Cardiff Growth Funds
- Winter Fuel Support Scheme
- Emergency Business Fund

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 28 February 2022, whereby 47 new audit engagements were completed to at least draft output stage and 22 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 1. Audit outputs and opinions (at 28 February 2022)

Status	Number of completed audits	Opinion				
		Effective	Effective with opportunity for improvement	Insufficient with major improvement needed	Unsatisfactory	No opinion given
Draft	11	2	7	1	0	1
Final	57	3	29	14	1	11
TOTAL	69	5	36	15	1	12
	47	<i>New Audit Engagements completed</i>				
	22	<i>Finalised Audit Engagements from 2020/21</i>				

It is pleasing to report that since the last reporting period, all draft audit outputs issued have been allocated an opinion of effective or effective with opportunity for improvement.

Figure 2. 2021/22 Audit outputs and opinions (at 28 February 2022)

No.	Assurance Audit Engagement	Audit Opinion
1.	Fraud, Bribery and Corruption	Effective
2.	Housing Rents	
3.	Resources – Income and Debtors	
4.	Main Accounting	
5.	Homelessness - Temporary Accommodation	Effective with

6.	Education - SOP - Review of Band B	opportunity for improvement	
7.	PTE – Income and Debtors		
8.	Members' Remuneration and Allowances		
9.	Marlborough Primary School		
10.	Mary Immaculate High School		
11.	Special Leave		
12.	Treasury Management		
13.	Governance and Legal Services - Pre-Contract Assurance		
14.	Bilingual Cardiff		
15.	City Deal 2020/21		
16.	Disciplinary Policy		
17.	Purchasing Cards		
18.	Cradle to grave audit		
19.	Glamorgan Archives		
20.	Adults, Housing & Communities - Pre-Contract Assurance		
21.	Libraries		
22.	British Council Grants - Follow up		
23.	Concessionary Travel		
24.	Performance Management		
25.	Payroll & HR – In Year-Testing		
26.	Social Services – Child Health and Disability (CHAD)		
27.	Whistleblowing Processes		
28.	Establishment Reviews		Insufficient with major improvement needed
29.	Joint Equipment Service		
30.	Payments to Care Leavers		
31.	Economic Development - Pre-Contract Assurance		
32.	Waste Collections		
33.	Education and Lifelong Learning - Pre-Contract Assurance		
34.	Planning, Transport and Environment - Pre-Contract Assurance		
35.	Cardiff West Community High School	Unsatisfactory	
Audit Work with 'No Opinion'			
36.	Joint Committees - Prosiect Gwyrdd	Consultancy, certification, advice and guidance	
37.	Joint Committees - Port Health Authority		
38.	Joint Committees - Glamorgan Archives		

39.	Service and Process Consultancy – Welsh Government Grants		
40.	Rumourless Cities Grant		
41.	Cardiff Further Education Trust Fund 20/21		
42.	Norwegian Church Preservation Trust 20/21		
43.	Education Improvement Grant 20/21		
44.	Creditor Payments CRSA 2021/22	Control Risk Self-Assessments	
45.	Payroll CRSA 2021/22		
46.	National Fraud Initiative	Data matching counter- fraud exercise	
47.	Pre-Contract Assurance – People and Communities	Assurance via wider directorates engagements	
Concluded Audits from the Prior Year			
48.	Risk Based Verification	Effective	
49.	Audit of scrutiny functions	Effective with opportunity for improvement	
50.	Wellbeing of Future Generations		
51.	Follow-up audit - contracts in Waste Management		
52.	Norwegian Church Preservation Trust 2019/20		
53.	Creditor Payments - In year testing 2020-21		
54.	Council Tax		
55.	Housing Benefit / Local Housing Allowances / Council Tax Reduction		
56.	IT Business Continuity		
57.	Follow-up audit - St. Peter's		
58.	Taxation		
59.	Directorate Risk Management		
60.	Programme and projects risk management		
61.	Education Improvement Grant 2019/20		
62.	Gatehouse		Insufficient with major improvement needed
63.	Follow-up audit - fly tipping		
64.	Recycling in HWRCs		
65.	St. Cuthbert's RC Primary School		
66.	Payment Card Industry		
67.	Cardiff Bus - governance relationship with Cardiff Council		
68.	Contract Monitoring and Management		
69.	Education - Asset Management		

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

Figure 3. Completed audits without an assurance opinion (at 28 February 2022)

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
Cardiff Further Education Trust Fund 2020/21	
Norwegian Church Preservation Trust 2020/21	
Education Improvement Grant 2020/21	
Creditor Payments CRSA 2021/22	Developing and coordinating a Control Risk
Payroll CRSA 2021/22	Self-Assessment exercise
National Fraud Initiative	Data matching counter-fraud exercise
Pre-Contract Assurance – People and Communities	No recent contact awards to examine, so assurance to be achieved through a sample of contacts relating to Adults, Housing and Communities and Children’s Services (under portfolio of Corporate Director)

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

2.2 Resources

Committee has been advised of the reduced capacity in the Team during the year to date, most notably as a result of cases of long-term sickness. As the team is small, any reduction in staff resource has an impact on the delivery of the Audit Plan. At the time of reporting there are no long-term staff sickness cases, although there are further matters will have an impact on the staff resources available in the short-term as detailed below.

It is with great sadness that we report the loss of a member of our Audit Team who passed away in recent weeks. Our thoughts are with the family of our dear friend and colleague at the current time. In due course, our Audit Management Team will reflect on the skill and grade composition of the Team, and an appropriate decision will be made on the use of the available budget for future staffing needs.

Our Principal Auditor has recently accepted a job outside of the Council and will be leaving the Team during March 2022. We wish him well in his new role, and a recruitment exercise is being initiated for a replacement officer to this important audit management role.

Committee will be aware that to support the delivery of the Audit Plan, two audit engagements have been commissioned with an external provider under the direction and control of the Audit Manager. The audits of information governance and cloud computing will be delivered by the end of the financial quarter to support the assurance work delivered by the in-house team.

Timesheet data contained 1,238 chargeable days across the team as at the end of February 2022, against a pro-rata plan of 1,499 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.

One auditor continues to have funding for study in place, for the Certified Information Systems Auditor (CISA) Qualification with ISACA.

2.3 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 subject to ongoing risk assessment, prioritisation, and review throughout the year to maximise assurance and management support. In its meeting on 23 November 2021, the Governance and Audit Committee approved the deferral of 29 audit engagement from the Audit Plan 2021/22 and the addition of a corporate performance management audit. This action did not impact the performance target, indicated the strategic priorities, focussing on the delivery of all planned audits of fundamental systems, a high level of coverage in areas of core governance and a spread of directorate level systems. The revised Audit Plan contained 75% of the audits approved by Committee at the beginning of the year. The target remained to deliver 70% of the original plan.

As at 28 February, a number of audits are underway and at various stages of progression. It is intended to complete the majority of these audit to draft report stage by the end of March 2022, with the remaining audits to be completed early in the financial year 2022/23.

Figure 4. Status of audits targeted for completion by the financial year-end

Audit	Status (28.02.22)
Resources – Pre-Contract Assurance	Report Drafting
Llanedeyrn Primary	
Ysgol Bro Edeyrn	
Section 106 Agreements	
Safeguarding	Audit Fieldwork
Waste Management Enforcement	
Information Governance	
NNDR In-Year Testing	
Directorate Recovery Plans	
Value for Money in Digital Initiatives	
Leisure Contract Governance	
Telecare	
Children’s Services - Pre-Contract Assurance	
Shared Regulatory Services in Cardiff	
Creditor payments in-year testing	
Cloud Computing	
Income and Debtors	
Schools Asset Management – Thematic	
Schools Health and Safety - Thematic	
Cantonian High School	
Payment Card Industry - Process Consultancy	Ongoing
Schools with Surplus Balances - Thematic	Audit Planning
Health and Safety	
ICF schemes (incl. Families First)	
Asset Management	
Get Me Home Service	
Business Continuity and Incident Management	
Welsh Government Grants - Assurance	

The position against the full Audit Plan is contained in agenda item 7.2 (annex 6) and is therefore not included as an appendix to this report to avoid duplication. However the report status is shown in **Appendix A**.

2.4 Critical findings or emerging trends (Q4 (as at 28 February) 2021/22)

It is pleasing to report that all draft audit outputs issued in the reporting period had an opinion of effective or effective with opportunity for improvement.

An audit of Cardiff West Community High School has been finalised and accordingly the Executive Summary Report is included within **Appendix B** for the information of the Governance and Audit Committee. A follow up audit has been included within the draft Audit Plan 2022/23 for which Committee approval is sought as part of agenda item 7.2.

2.5 Value for Money findings (Q4 (as at 28 February) 2021/22)

There were no value for money themed audits completed within the reporting period, although an audit of value for money in digital initiatives is being progressed at the time of reporting.

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.

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 have then been held on a quarterly basis this year, 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, high satisfaction rates, although in three instances the client reported that their audit did not 'add value'. The audits of pre-contract assurance in Governance and Legal Services, directorate risk management and project

and programme risk management did not identify particular issues that management were not aware of.

Figure 5. Client Feedback

	Excellent	Good	Satisfactory	Poor
Communication	19	7	4	0
Advice	12	14	5	0
Report Value	8	17	6	0
Overall Performance	15	11	3	0
Percentages	45%	40%	15%	0%

In the audit outputs issued to date (as at 28 February 2022), there have been 458 recommendations made, of which 353 have been agreed and 105 are being considered by audit clients through draft audit outputs. These are summarised below:

Figure 6. Recommendations raised and agreed

Rating	Recommendations made	Recommendations agreed	Recommendations being considered
Red	13	12	1
Red / amber	170	131	39
Amber / green	247	188	59
Green	28	22	6
TOTAL	458	353	105

3.2 Performance

The priorities and approach of the audit team are outlined in section 2.1 ('Current Activities') which set the context against which performance is considered. The performance position in respect of quarter three was provided to the Governance and Audit Committee in January 2022, with relevant commentary, and it is provided below for reference ahead of the quarter four statistics which will be collated following the financial year-end.

A core focus of the team during quarter four is to deliver the majority of the audit engagements listed in figure 4 to draft report stage. This will provide a strong level of coverage for the annual opinion from the Audit Manager on the Council's control environment.

Alongside this work, focus is being given to finalising audits on a timely basis and the delivery of audit recommendations within the required timescales. The Audit Manager attended a Senior Management Team meeting on 1 March 2022 to provide relevant analysis, to discuss

performance, and to emphasise the importance of continued management attention in these areas.

Figure 7. Performance against targets for 2021-2022 (as at the end of Q3)

Performance Indicator	2020/21 Outcome	2021/22 Target	Q1 Outcome	Q2 Outcome	Q3 Outcome
The percentage of the Audit Plan completed	55%	70%	13%	24%	36%
The average number of audit productive days per FTE	145	150	32.56	64.29	104.46
The average number of finalised audits per FTE	8.51	9	1.64	3.4	5.74
The percentage of draft audit outputs delivered within four weeks* <i>*indicator changed from within 'six weeks' from 2021/22</i>	97%	90%	100%	100%	90%
The percentage of audit recommendations implemented within the agreed timescale	69%	80%	69%	64%	69%

3.3 Audit Plan Delivery

In addition to monitoring and managing the numbers of audits delivered, audit engagements are allocated in order to ensure that there is a breadth of assurance by the financial year-end, upon which to provide a complete Audit Manager annual opinion. Sections 2.1 – Current Activities and 2.3 – Audit Plan set out relevant details.

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 28.02.2022).

Figure 8. Revised recommendation implementation dates and status

Directorate / Audit Category	Number of recommendations with revised dates	Actions now implemented	Actions still open
Fundamental	17	11	6
Corporate	39	31	8
External and grants	8	4	4
Adult Services, Housing and Communities	37	16	21
Childrens Services	20	16	4
Economic Development	29	26	3
Education and Lifelong Learning	79	57	22
Planning Transport and Environment	33	24	9
People and Communities	3	3	0
Resources	21	16	5
Governance and Legal Services	5	5	0
Waste Management	79	75	4
	370	284	86
Schools	142	93	49
TOTAL	512	377	135

NB - It should be noted that the table above represents the position as at 28 February 2022, 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.

Over the year the Team has faced reduced capacity which has affected delivery of the Audit Plan. As at 28 February a number of audits are underway and at various stages of progression. It is intended to complete the majority of these audit to draft report stage by the end of March 2022, with the remaining audits to be completed early in the financial year 2022/23. This will provide a strong level of coverage for the annual opinion from the Audit Manager on the Council's control environment.

Alongside the above work, focus is being given to finalising audits on a timely basis and the delivery of audit recommendations within the required timescales. The Audit Manager attended a Senior Management Team meeting on 1 March 2022 to provide relevant analysis, to discuss performance, and to emphasise the importance of continued management attention in these areas.

Report Status (as at 28 February 2022)

Audit Opinion	Audit Area	High Risk Recommendations		Status (If not Final)
		Proposed	Agreed	
Fundamental / High				
Effective	People and Communities – Commissioning & Procurement (cf. 2020/21)			Draft
	Resources – Income and Debtors			Issued
	Main Accounting			
	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
	Social Services – Income and Debtors (cf. 2020/21)			Issued
	Adults, Housing and Communities - Pre-Contract Assurance			
	Cradle to grave audit			
	Purchasing Cards			
	Whistleblowing Processes			
	Corporate Performance Management			
	Payroll & HR – In Year-Testing			
	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			
	Directorate Risk Management (cf. 2020/21)			
	Disciplinary Policy			
	Special Leave			
	Treasury Management			
	Governance & Legal Services – Pre-Contract Assurance			
Taxation (cf. 2020/21)				
Programme and projects risk management (cf. 2020/21)				

Audit Opinion	Audit Area	High Risk Recommendations		Status (If not Final)
		Proposed	Agreed	
Insufficient with major improvement needed	Mileage and Subsistence (cf. 2020/21)	1		Drafts
	Economic Development – Pre-Contract Assurance	1		Issued
	PTE – Pre-Contract Assurance	1		
	Establishment Reviews			
	Payment Card Industry (chip and pin devices) (cf. 2020/21)			
	Cardiff Bus – Governance relationship with Cardiff Council (cf. 2020/21)	1	1	
	Education – Asset Management (cf. 2020/21)	1	1	
	Contract Monitoring and Management (cf. 2020/21)			
	Education & LL – Pre-Contract Assurance	1	1	
Medium				
Effective with opportunity for improvement	Social Services – Child Health and Disability (CHAD)			Draft
	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			
	Libraries			
	Marlborough Primary School			
	Mary Immaculate High School			
	British Council Grants - Follow up			
	Glamorgan Archives			
	Bilingual Cardiff			
	Concessionary Travel			
Insufficient with major improvement needed	Children's Placements (cf. 2020/21)	1		Drafts
	Dominions Way Temporary Stores (cf. 2020/21)	2		Issued
	Waste Collections	1	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	

Audit Opinion	Audit Area	High Risk Recommendations		Status (If not Final)
		Proposed	Agreed	
	Joint Equipment Service	1	1	
	Payments to Care Leavers	2	2	
Unsatisfactory	Cardiff West Community High School	6	6	
Grants / Accounts / External Bodies				
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			
	Norwegian Church 2020/21			
	Cardiff Further Education Trust Fund 2020/21			
	Education Improvement Grant 2020/21			
Effective with opportunity for improvement	Education Improvement Grant 2019/20 (cf. 2020/21)			Draft Issued
	Norwegian Church 2019/20 (cf. 2020/21)			
	City Deal 2020/21			
Other assignments				
No assurance opinion given	People and Communities - Pre-Contract Assurance	No recent contact awards – assurance to be obtained via wider audits under portfolio of Corporate Director		Pending wider audits
	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			
	National Fraud Initiative	Data matching counter-fraud exercise		

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Executive Summary

Cardiff West Community High School (CHS)

BACKGROUND

- 1 An Internal Audit review has been undertaken of the control environment in Cardiff West CHS. The school was established in September 2017 following amalgamation of the former Glyn Derw High School and Michaelston Community College. It has an agreed deficit budget of £878,203 for 2021/22 and as at April 2021, there were 893 pupils on roll. Accountancy support is in place, including in the development of a Medium-Term Financial Plan.
- 2 The school was subject to an Estyn inspection in November 2018 where an opinion of “adequate and needs improvement” was given for the five inspection areas. Five recommendations were made, relating to matters including raising standards and strengthening the effectiveness of leadership. Following a recent follow up inspection, the school is considered to have made sufficient progress to be removed from follow up by Estyn. The school has been subject to additional Council and Central South Consortium (Principal Improvement Partner) support since the Estyn report was received.

MAIN CONCLUSIONS

- 3 The audit identified a number of control gaps that need to be addressed to provide the necessary assurance on good governance, risk management and systems of internal control, and an audit opinion of **unsatisfactory** has been allocated.
- 4 Gaps were identified in the completeness of declarations of interest, the monitoring of governor training, the availability of sub-committee minutes, documented risk management measures in cases where staff are to start work prior to receipt of a Disclosure and Barring Service (DBS) check, and there was a need to review and update certain statutory policies.
- 5 At an operational level, general financial control was reported to require improved oversight and control. This included a need for school private fund account updates and audit following school amalgamation, improvements to the management trail of contracts entered and associated processes followed, the completeness of income records, and purchasing card record keeping and control.

RECOMMENDATIONS FOR ACTION

- 6 The audit included twenty-two recommendations (six red, fourteen red/amber and two amber/green).
- 7 Management have agreed all of the twenty-two recommendations raised during the audit.

LATEST POSITION

- 8 Audit Management have met with the Headteacher, the Chair of Governors and the Chair of Finance to discuss the draft report. Following the meeting a formal response has been received with a commitment to deliver all recommendations.
- 9 Internal Audit will continue to monitor the internal control environment through the recommendation tracker and regular discussions with management. A further follow up audit will be undertaken in line with the audit protocol.

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

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

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Resources Directorate Internal Audit Section



Investigation Team Progress Report

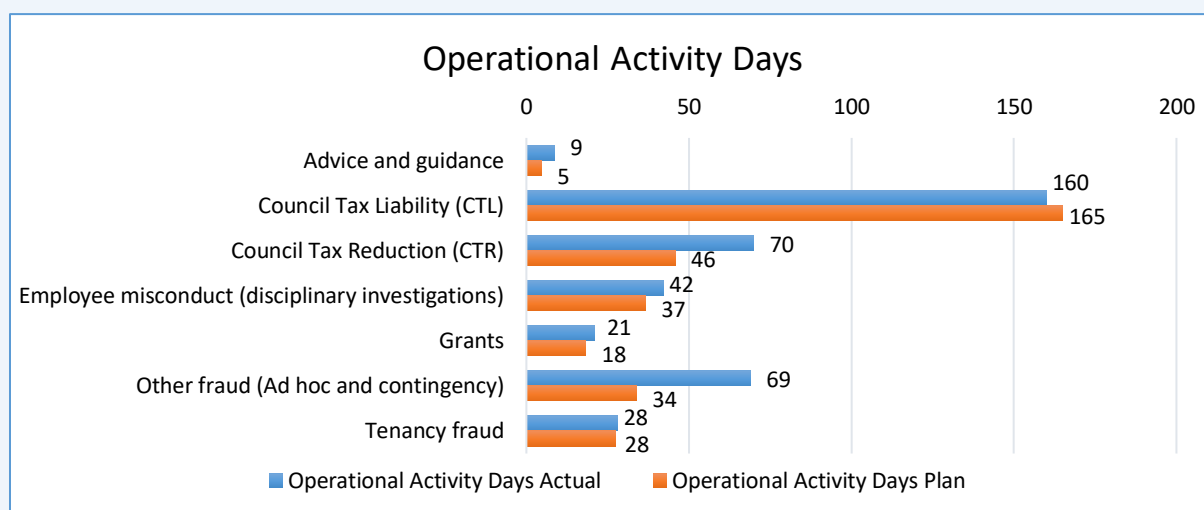
(As at 28 February 2022)

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). Since quarter two an Investigator's request to temporarily reduce their working time by 3 hours per week, has continued, in accordance with the Council's Flexible Working Policy.

Activities

In the financial year to 28 February 2022, the team have applied 452 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 and Awareness

Mandatory Fraud Awareness training continues to be delivered. As at 28 February 2022, more than six thousand, one hundred employees had completed the eLearning or attended a face-to-face session.

Anti-Money Laundering eLearning training is in place to reinforce the requirements of the Council's Anti-Money Laundering Policy. The Money Laundering Reporting Officer (MLRO) is a senior officer in the Internal Audit Section, for reporting, advice and guidance needs.

An Internet Investigation Procedure has been developed by the Corporate Investigation Team and Legal Services, to support effective, safe and legal use of the internet to obtain information about individuals or businesses. For example, the Council may need to check online if a business is still trading or to make relevant social services / safeguarding checks. The procedure will apply to all Council officers with effect from 1 June 2022 and is commended to schools for consideration and adoption by their respective Governing Bodies. A staff information article will be published shortly, and officer training will be given in April and May. Arrangements are being made for training to be delivered to Headteachers and School Governors separately.

COVID Grants and Schemes

As referred to in previous updates, the Audit and Investigation Teams, 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.

Business Grants

As reported previously, members of Internal Audit supported colleagues across the organisation to administer business grants on behalf of Welsh Government, linked to non-domestic properties.

Post payment verification and assurance processes for Business Grants consisted of four exercises:

- Manual system checks (open-source information)
- Electronic system checks (utilising Experian's commercial database)
- Participant in Pilot NFI data matching exercise, working with Audit Wales and the Cabinet Office
- Participant 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.

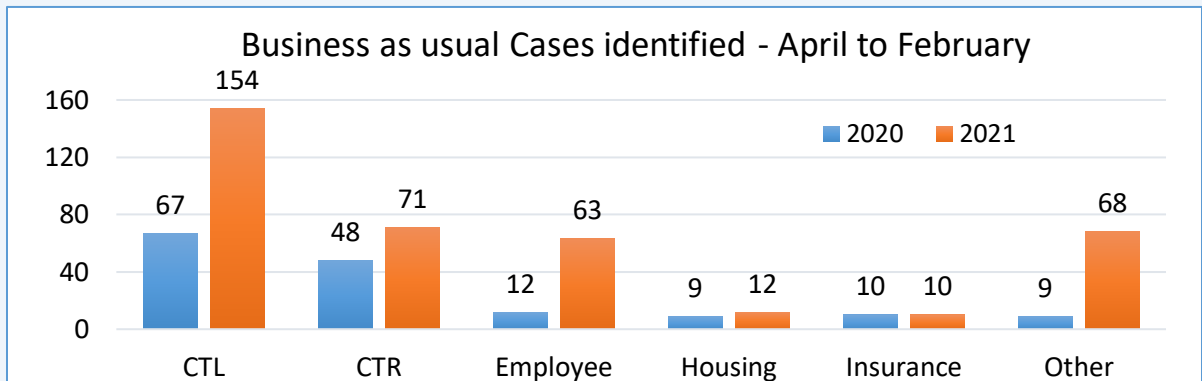
Twelve grant recipients are subject to ongoing review, the Investigation Team is also progressing one criminal investigation at the present time.

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

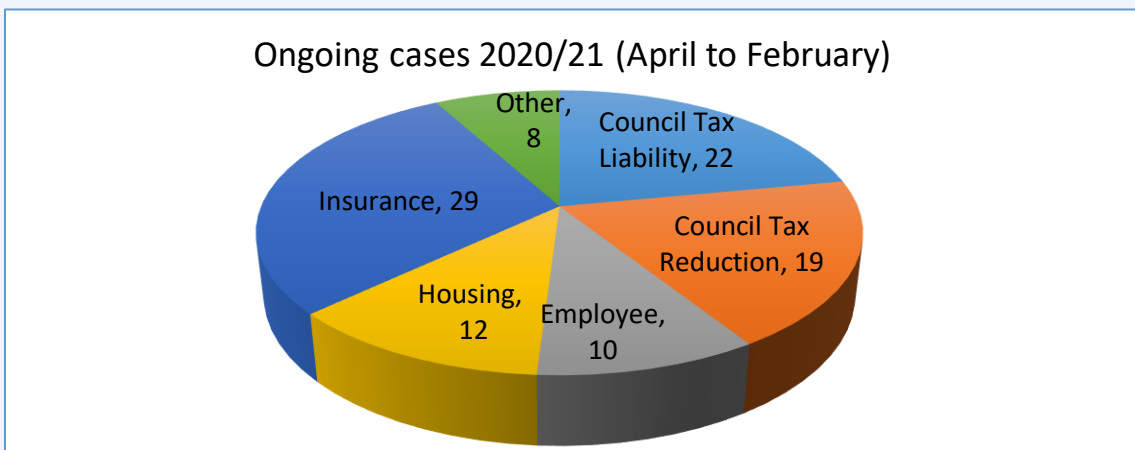
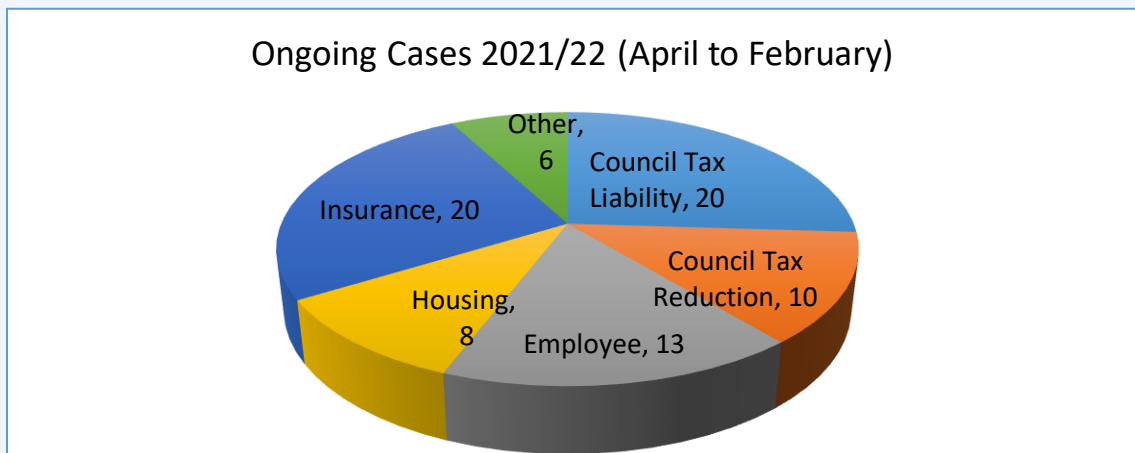
Excluding the stand-alone Business Grants work, as detailed above, three hundred and seventy-eight cases have been identified for investigation so far this year, compared to one hundred and fifty-five for the same period last year:



The cases designated as other this year related to, two grants, NFI creditor / payroll and VAT overpaid NFI matches and a school investigation.

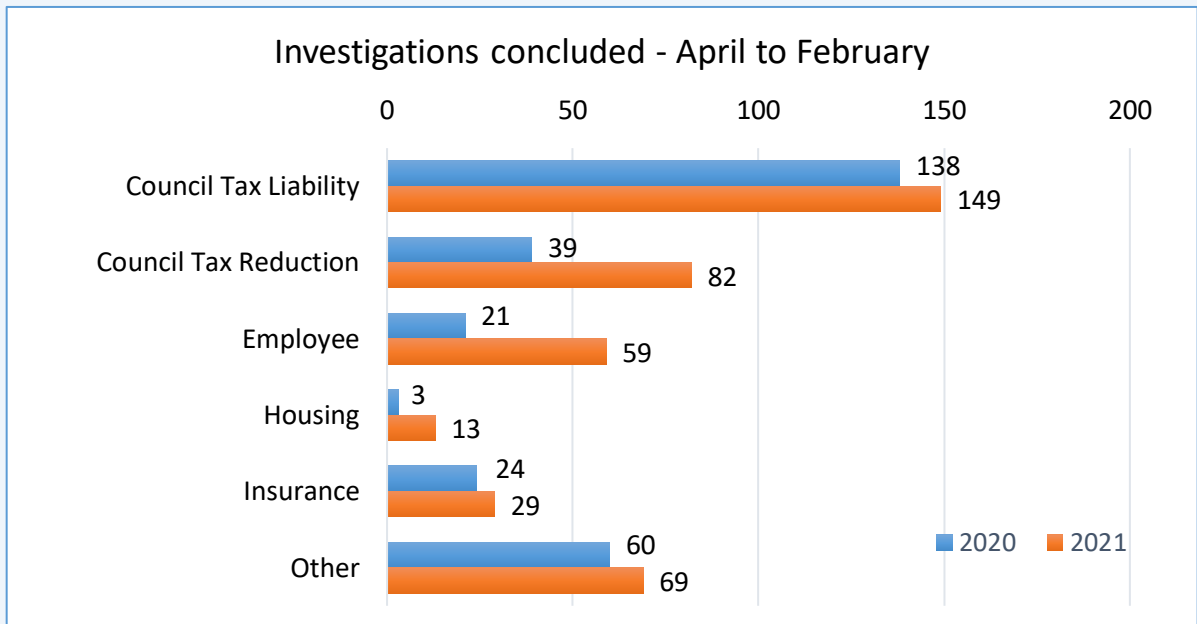
'General' Ongoing Cases

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



'General' Concluded Cases

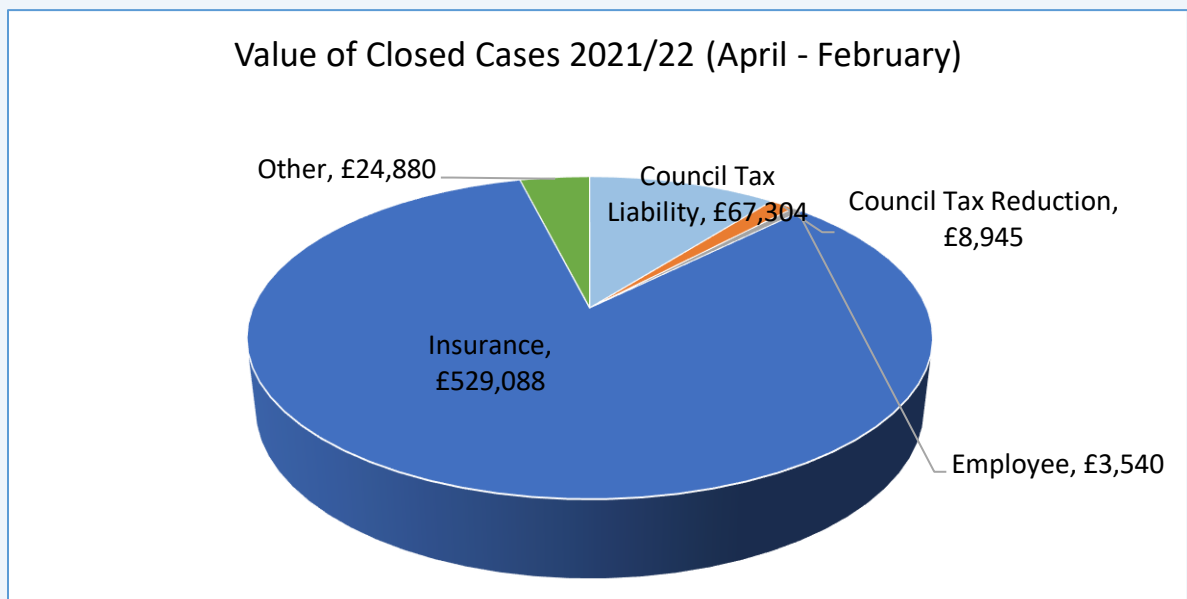
Excluding the stand-alone Business Grants work, as detailed separately, four hundred and one investigations have concluded so far this year, compared to two hundred and eighty-five over the same period last year:



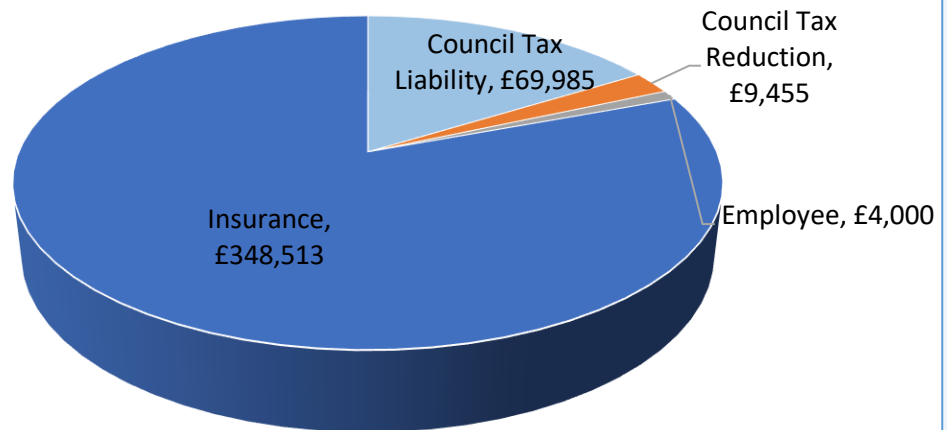
**64 of the concluded 'other' cases related to NFI creditor / payroll and VAT overpaid matches.*

Financial Value

Excluding the stand-alone Business Grants work, £633,757 has been attributed to concluded cases in the 2021/22 year to date, compared to £431,953 for the same period last year:



Value of Closed Cases 2020/21 (April - February)



- 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.

Blue Badge Update

Further to the above activities, on-street enforcement activity continues, this year sixty-six badges were seized, there are thirty-five cases ongoing which are at various stages of investigation, including being prepared for / due to go to Court.

Between April 2021 and the 28 February 2022 thirty-four sanctions were administered (two cautions and thirty-two prosecutions).

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GOVERNANCE & AUDIT COMMITTEE: 15 MARCH 2022

INTERNAL AUDIT CHARTER AND AUDIT PLAN 2022/23

REPORT OF AUDIT MANAGER

AGENDA ITEM: 7.2

Reason

1. The Terms of Reference for the Governance and Audit Committee sets out its responsibility:
 - To approve the Internal Audit Charter.
 - To approve the risk-based Internal Audit Plan, containing internal audit's resource requirements, the approach to using other sources of assurances and any work required to place reliance upon those other sources.
2. The Governance and Audit Committee has a responsibility to review its Terms of Reference annually, and under the Public Sector Internal Audit Standards (PSIAS Standard 1110 – organisational independence), is required to approve the Internal Audit Charter and the risk based Internal Audit Plan.
3. This report has been prepared to provide Governance and Audit Committee Members with the Draft Internal Audit Charter for 2022/23 and appendices, including a draft Governance and Audit Committee Terms of Reference 2022/23.
4. The report also provides the Draft Audit Plan for 2022/23, and the Audit Strategy which sets out the strategic intentions of the Internal Audit Service for planning and delivery in accordance with PSIAS Standard 2010 (Planning).

Background

5. At its meeting on 25 January 2022, the Draft Internal Audit Charter and Summary Audit Plan 2022/23 were presented for Governance and Audit Committee to consider and provide comments. Accompanying the Charter is the Governance and Audit Committee's Terms of Reference 2022/23.
6. The Audit Plan has been further developed for approval by Governance and Audit Committee at this meeting. Discussions have been held with senior management in directorates to shape the Plan, which has been developed applying a risk-based methodology, to identify the planned activities of Internal Audit for 2022/23.

Issues

Audit Strategy

7. The Internal Audit Strategy is designed to contain the strategic intentions and approach of the audit service (**Annex 1**). It aims to provide a focus for the Audit Management Team in planning and delivering audit engagements, for auditors when performing individual audit engagements, and to communicate the objectives of the Internal Audit service, beyond the definitions of roles, responsibilities and authority within the Audit Charter. The Audit Strategy was last considered by the Audit Committee (subsequently renamed Governance and Audit Committee) in its meeting of 23 March 2021.
8. The Audit Strategy is appended to this report as a statement of how the Internal Audit Service will be delivered and developed in accordance with the Audit Charter, and how it is linked to organisational objectives and priorities. The Audit Strategy sets out the aims and objectives for the Internal Audit Service as a whole, comprising the Internal Audit and Investigation Teams. This is to provide a co-ordinated delivery of audit and investigative services through the separate disciplines of risk-based and objective assurance, advice and insight and proactive and reactive work to prevent and detect fraud. There are no proposed changes to the Audit Strategy for the year ahead.

Audit Charter

9. The Internal Audit Charter set out in **Annex 2** is a formal document which establishes the Internal Audit Service's position within the organisation and the Audit Manager's functional reporting relationship with the Committee. It also authorises audit access to records, personnel and physical properties relevant to the performance of engagements, and defines the scope of internal audit activities. Contained within the Draft Internal Audit Charter are six appendices, which detail the parameters within which Internal Audit and the Governance and Audit Committee operate.
10. The Governance and Audit Committee considered the Draft Audit Charter 2022/23 in its meeting on 25 January 2022. Prior to the meeting, the current Audit Charter was reviewed by the Audit Manager and minor updates were suggested for the year ahead in red font. No further updates are proposed and committee approval is now sought.
11. Contained within Appendix D of the Draft Audit Charter 2022/23 is the Terms of Reference for the Governance and Audit Committee. It continues to reflect the current best practice CIPFA guidance as published in 2018 and the provisions of the Local Government and Elections (Wales) Act 2021. CIPFA is intending to publish updated Committee guidance in April 2022 which will incorporate the requirements of the Act, as already reflected in the Governance and Audit Committee's Terms of Reference in Cardiff. The author of the guidance has advised that the substantive updates to the guidance will relate to the Act. Accordingly, as such updates have already been reflected in the Committee's existing Terms of Reference, there are no proposed changes for the year ahead.

Audit Plan 2022/23

12. The approach to developing the Audit Plan was outlined to the Governance and Audit Committee in its report of 25 January 2022, at which time a summary plan and indicative allocation of audit time was provided.

13. The Audit Plan included in **Annex 3** has taken into account a range of management and independent assurances to develop a plan of audits on a risk-based prioritisation for 2022/23.
14. Since the Governance and Audit Committee Meeting on 25 January 2022, work has been undertaken to further develop the Plan and identify the audits that will be undertaken, with the engagement of senior management. This has involved an assurance mapping process in respect of fundamental systems and core areas of governance, for which a summary is included in **Annex 4**. The same process applies for operational audits, but this area needs to be more dynamic and responsive to the ongoing relationship management approach with senior officers of the Council. The dynamic nature of audit planning is summarised in **Annex 5**.
15. In respect of the dynamic nature of Internal Audit, Members will note that 40 days have been set aside for important service / process consultancy. It is anticipated that there will be a need to use some of this provision to provide advice and guidance on the design of controls and systems relating to the pandemic, such as the ongoing administration of Welsh Government funding and service changes / adjustments. The time allocation enables Internal Audit to provide active advice and guidance across the Council, as and when required.
16. The overall approach to developing the Audit Plan is designed to be risk-based and co-ordinated in application of the “three lines model”. The process involves the application of three basic review principles as follows:
- (a) Informed Inherent Risk** - The starting point is the development of an inherent audit need / risk score as a product of the nature of the potential audit area, and the results of Senior Management Assurance Statement (SMAS) responses from Directors. There are three broad audit categories, which are audited with an inherent frequency in the following priority order from highest to lowest (1) Fundamental systems, (2) Governance functions (e.g. Risk Management, Health and Safety, Performance Management etc.) and (3) Operational audits, such as a school or standard system audit.
- (b) Coordination and Reliance** - After considering the inherent need for an audit, the Audit Plan is refined to account for the level of further sources of assurance and indicators of risk, in considering and accounting for the:
- Information on risk registers;
 - Planned and programmed projects, scrutiny and management activities;
 - Existing levels of internal audit assurance; and
 - Planned and actual work and findings from wider audit, regulatory and consultancy activities.
- (c) Extensive and Appropriate Audit Coverage** - In consideration of the above two stages, audits will be programmed and typically delivered through a combination of Control Risk Self Assessment (CRSA), thematic and full audit engagements. As the information sources are being developed through relationship management mechanisms in directorates, there will be a greater scope to progress the approach to co-ordination and reliance in accordance with PSIAS Standard 2050.
17. Members will be aware that the Internal Audit resources are allocated over a number of broad categories of work:
- (a) Fundamental audits
 - (b) Corporate Audit
 - (c) Service specific

18. Fundamental Audits relate to key financial systems, to provide the Section 151 Officer with assurance that appropriate controls are in place. The Audit Plan has been developed on the continued basis, as communicated with Governance and Audit Committee and the Council's external auditor, that fundamental systems are to be audited generally on a biennial basis. However, if there are any major system or operational changes during the year when it is planned not to undertake a full audit, an audit of that system will be added for that year (and the change reported to a meeting of this Committee). It is proposed to undertake fundamental audits of purchasing payments and processing, payroll and HR, council tax, and housing benefit / local housing allowances / council tax reduction scheme.
19. The section of the Plan related to Corporate Audit includes a range of audit engagements covering areas of governance, risk management and control.
20. A large proportion of days has, as in previous years, been allocated to Service Specific audits. The proposed area for thematic review across directorates in 2022/23 is Performance Management. This thematic review was originally scheduled for the existing financial year, but with the agreement of the Governance and Audit Committee on 23 November 2021, it was replaced with a single corporate audit of performance management this year, and an intention to defer the thematic review until the year ahead. This decision was made when reflecting on audit coverage and priorities in respect of the Audit Plan 2021/22 at the mid-year stage. Separate audit themes have been developed for Schools this year and details are contained within the Audit Plan in Annex 3.
21. The Plan allows a small amount of flexibility to undertake unplanned work. Any such assignments will be reported to Committee as part of the regular progress updates.

Conclusion of Audit Plan 2021/22

22. To further inform the Governance and Audit Committee in considering the Audit Plan 2022/23, **Annex 6** contains the current position in delivering the Audit Plan 2021/22. Against each audit, the position as at 28 February 2022 is recorded with an outline of those audits targeted for delivery by the financial year-end. Any targeted audit engagements not delivered by the year-end will conclude in 2022/23. A comment is also included, to outline how any audits not delivered in 2021/23 will be treated after the year-end.

Legal Implications

23. The approval of the Internal Audit Charter and the Internal Audit Plan are matters delegated to the Governance and Audit Committee within its approved terms of reference.

Financial Implications

24. There are no financial implications arising from this proposal.

Recommendations

25. Audit Committee to:

- Note the Audit Strategy
- Approve the Internal Audit Charter 2022/23 (including the Governance and Audit Committee Terms of Reference 2022/23, ahead of a request for approval by Council)
- Approve the Internal Audit Plan, 2022/23

CHRIS PYKE
AUDIT MANAGER

Annex 1: Internal Audit Strategy

Annex 2: Internal Audit Charter 2022/23

Annex 3: Internal Audit Plan 2022/23

Annex 4: Summary Assurance Map

Annex 5: Cyclical Audit Planning

Annex 6: Conclusion of Audit Plan 2021/22

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Internal Audit Strategy

This following strategic statement seeks to inform those relying on the work and assurances of the Internal Audit Team. It references, but avoids duplicating the content of core documents, namely the Internal Audit Charter (and its appendices).

Strategic Intentions

The Strategic intentions of the Internal Audit Service are:

- Enhance and protect organisation value through risk based and objective assurance, advice and insight
- Be recognised as a leading provider of audit and investigative services, based on achieving a high standard of professionalism and expertise in service delivery.
- Deliver audit services in accordance with the Public Sector Internal Audit Standards.
- Deliver a plan of assurance audit engagements, which are sufficient to publish an Audit Manager annual opinion on the Council's control environment.
- Deliver value by aligning the Audit Plan to the Council's strategies, objectives and risks, and through delivering robust audit assurance and support.
- Support managers to develop and maintain a culture in which fraud, bribery and corruption are understood across the organisation as unacceptable.
- Develop and maintain a strong knowledge, skills and expertise within Audit Teams.

Vision and Mission

Our purpose is to enhance and protect organisation value by providing risk based and objective assurance, advice and insight. We aim to be recognised as a leading provider of audit and investigative services, based on achieving a high standard of professionalism and expertise in service delivery.

Audit Charter

The Internal Audit Charter establishes the position of Internal Audit within the organisation, the Audit Manager's functional reporting relationship with the Governance and Audit Committee, rights of access, and the scope of our internal audit services.

It also states how we deliver audit services in accordance with the Public Sector Internal Audit Standards (PSIAS), encompassing the mandatory elements of the International Professional Practices Framework ('Definition of Internal Audit', 'Core Principles', 'Standards' and 'Code of Ethics').

The Internal Audit Plan

Purpose

A primary requirement of the Audit Team is to deliver a plan of assurance audit engagements, which are sufficient to publish an Audit Manager annual opinion on the Council's control environment, comprising governance, risk management and control. We also provide core assurance to the Section 151 Officer and the Governance and Audit Committee relevant to their respective responsibilities.

We also provide consulting or advisory services, generally at the request of Management for independent insight and guidance on areas of control during process development / change. We aim to deliver value by aligning the Audit Plan to the Council's strategies, objectives and risks, and through delivering robust audit assurance and support.

The Investigation Team performs a range of proactive and reactive work in order to prevent and detect fraud. We support managers to develop and maintain a culture in which fraud, bribery and corruption are understood across the organisation as unacceptable, for which firm action is and will be taken to prevent and detect fraud loss, bring fraudsters to account quickly and efficiently, and to recover any losses.

The first line of defence is the internal control environment within each directorate, in which there needs to be a culture of accountability, a zero tolerance to fraud, supported by a robust application of controls.

Process

Our risk-based Internal Audit Plan is prepared annually and is subject to continual review throughout the year, and adjusted as necessary in response to changes in risks, programmes, systems and controls, and the work and findings of other assurance providers.

Our audit plan will align to the strategies, objectives and risks of the Council, with audit engagements prioritised for delivery through assurance mapping in application of the 'three lines of defence' model, and a process of co-ordination and reliance, to account for relevant wider sources of assurance in the timing and focus of planned audits.

We will obtain the information to develop our plan through:

- Regular engagement with the Chief Executive, Section 151 Officer and Directors.
- Audit Manager attendance at Assurance Senior Management Team meetings.
- Monitoring Council activity, strategy, risks, assurance / inspection / regulatory reports.
- Regular meetings with the Wales Audit Office to discuss and co-ordinate work.

We plan to undertake fundamental audits (of core financial systems) every other year. A fundamental audit may take place in an intervening year in response to audit intelligence / assurance. In order to continue to rely on the Council's assurance framework, we will plan to undertake an audit of Risk Management on an annual basis.

The investigation Team will gather best practice information and intelligence through networking, investigate referrals to an appropriate outcome, engage with the Wales Audit Office and Cabinet Office in undertaking data matching exercises to identify and review potential frauds and irregularities, and lead the Council's counter-fraud agenda. The Team

will offer support, advice and assistance on all matters of fraud risks including prevention, detection, money laundering, other criminal activity, deterrent measures, and policies and procedures.

Delivery

The Audit Plan will be delivered by the Council's Internal Audit Service. The Audit Manager will use the audit resources available to deliver the Audit Plan and buy-in additional resources as required, as outlined in the Audit Charter.

The Counter-Fraud Plan will be delivered by the Investigation Team, and resources will be monitored and managed in order to deliver the targets and objectives set.

The Audit Manager will inform the Governance and Audit Committee and Section 151 Officer if there are insufficient resources available to effectively deliver the Internal Audit Service.

We will follow up all audit recommendations, with client evidence required to the satisfaction of the lead auditor, for the closure of any 'red' or 'red/amber' rated recommendations.

Internal Audit Development

The quality assurance and improvement programme (QAIP) within the Audit Charter summarises our performance management approach, at individual auditor and team levels. This approach provides ongoing, annual review and 5-yearly external assessment for reporting ongoing conformance with the PSIAS.

The Audit Manager will continually monitor the knowledge skills and other attributes necessary to deliver the audit plan each year. All operational auditors will undertake a skills assessment annually and professional development and training will be allocated accordingly.

Oversight Reporting for Internal Audit Activity

At least quarterly, the Audit Manager will report to the Governance and Audit Committee on Internal Audit Service performance and PSIAS conformance, and will provide critical information on the progress against the Internal Audit and Investigation Team Plans, and the core findings.

An executive summary of any unsatisfactory audit reports will be provided to the Governance and Audit Committee and the Portfolio Cabinet Member once the audit is finalised.

The Audit Manager will produce an Annual Report, which will principally include

- An annual opinion on the framework for governance, risk management and control.
- A summary of the Internal Audit work completed from which the opinion is derived.
- The results of an annual review of the performance of the Internal Audit Team against the QAIP and conformance with the PSIAS.

A separate Annual Report will be prepared for the Investigation Team, outlining the work completed, its impact, the progress against the work plan, and actions for the next year.

Chris Pyke - Audit Manager, Cardiff Council.

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Cardiff Council

DRAFT INTERNAL AUDIT CHARTER 2022/23

Mission Statement

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



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

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INTERNAL AUDIT CHARTER

Definition, Objective and Scope of Internal Audit

1. Internal Audit is an independent and objective assurance and consulting activity that is guided by its mission to enhance and protect organisational value by providing risk based and objective assurance, advice and insight.
2. It assists Cardiff Council in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the organisation's full control environment in respect of risk management, control and governance processes.

Role and Professionalism

3. The internal audit activity is established by the Governance and Audit Committee. The internal audit activity's responsibilities are defined by the Governance and Audit Committee as part of their oversight role.
4. A professional, independent and objective Internal Audit service is one of the key elements of good governance in Local Government. Cardiff Council's Internal Audit Section seeks to be compliant with the Public Sector Internal Audit Standards and the Local Government Application Note (LGAN), which forms a foundation for an effective Internal Audit service and encompasses the mandatory elements of the Institute of Internal Auditors (IIA) International Professional Practices Framework (IPPF). Through compliance with these standards, all members of the section adhere to the Code of Ethics stipulated within the Standards. This mandatory guidance constitutes principles of the fundamental requirements for the professional practice of internal auditing and for evaluating the effectiveness of the internal audit activity's performance.
5. The Code of Ethics is set out in further detail in Appendix A and works in alignment with the Council's code of professional conduct. The internal audit activity will adhere to Cardiff Council's relevant policies and procedures, and the internal audit activity's protocol. The Core Principles through which the Internal Audit service is delivered are included in Appendix B which, taken as a whole, articulate internal audit effectiveness.

Authority

6. The internal audit activity with strict accountability for confidentiality and safeguarding records and information, is authorised full, free, and unrestricted access to any and all of the organisation's records, physical properties, and personnel pertinent to carrying out an engagement. All employees are required to assist the internal audit activity in fulfilling its roles and responsibilities. The internal audit activity will also have free and unrestricted access to the Governance and Audit Committee.

Organisation

7. The Audit Manager will report functionally to the Governance and Audit Committee and administratively to the Head of Finance (Deputy Section 151 Officer).
8. The Governance and Audit Committee will receive and consider reports regarding the performance evaluation of the Internal Audit function.

9. The Governance and Audit Committee will approve the internal Audit Charter, the risk based internal audit plan and receive communications from the Audit Manager on the internal audit activity's performance relative to its plan and other matters. The Audit Manager is delegated the authority to make in-year changes to the internal audit plan and approve audit engagements of no more than 10 planned audit days without seeking approval from the Governance and Audit Committee. The Audit Manager will use the audit resources available to deliver the audit plan and buy-in additional resources as required.
10. Management will notify the Audit Manager immediately, in accordance with the Council's Financial Procedure Rules and related policies, of suspected breach, theft or loss of Council assets, and any suspected or detected fraud, corruption or impropriety.
11. The resources allocated to the Internal Audit activity are outlined in Appendix C, in conjunction with the reporting arrangements.

Independence and Objectivity

12. The internal audit activity will remain free from interference by any element in the organisation including matters of audit selection, scope, procedures, frequency, timing, or report content, to permit maintenance of a necessary, independent, and objective mental attitude.
13. The Audit Manager oversees the Investigation and Internal Audit teams. In any case where the Audit Manager has, or is expected to have, roles and / or responsibilities that fall outside of internal auditing, safeguards will be established to maintain independence and objectivity.
14. Internal auditors will have no direct operational responsibility or authority over any of the activities audited. Accordingly, they will not implement internal controls, develop procedures, install systems, prepare records or engage in any other activity that may impair internal auditor's judgement.
15. Internal auditors must exhibit the highest level of professional objectivity in gathering, evaluating and communicating information about the activity or process being examined. Internal auditors must make a balanced assessment of all the relevant circumstances and not be unduly influenced by their own interests or by others in forming judgements.
16. Auditors will complete, on an annual basis, a Declaration of Interests form and submit it to the Audit Manager for review and authorisation. Any declarations will be used to ensure that there are no conflicts of interest in the audits allocated and to demonstrate transparency. The Group Auditor will not allocate audits to officers where potential conflicts have been identified.
17. The Audit Manager will confirm to the Governance and Audit Committee at least annually the organisational independence of the internal audit activity.

Responsibility

18. The scope of internal auditing encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of the organisation's governance, risk management and internal control processes in relation to the organisation's defined goals and objectives. Internal control objectives considered by internal audit include:
 - Consistency of operations or programmes with established objectives and goals and effective performance

- Effectiveness and efficiency of operations and employment of resources
- Compliance with significant policies, plans, procedures, laws and regulations
- Reliability and integrity of management and financial information processes including the means to identify, measure, classify and report such information
- Safeguarding of assets.

19. Internal Audit is responsible for evaluating all processes of the Council, including governance processes and risk management processes. It also assists the Governance and Audit Committee in evaluating the quality of performance of external auditors and maintains a proper degree of coordination with external audit.
20. Internal audit may perform consulting and advisory services related to governance, risk management and control, as appropriate for the Council. It may also evaluate specific operations at the request of Governance and Audit Committee or management as appropriate.
21. When notified of suspected fraud, corruption or impropriety, the Audit Manager will take appropriate actions in line with the Council's Fraud, Bribery and Corruption Policy for the matter to be properly investigated.
22. Based on its activity, Internal Audit is responsible for reporting significant risk exposures and control issues identified to the Governance and Audit Committee and senior management including fraud risks, governance issues and other matters needed or required.
23. The Governance and Audit Committee has a Terms of Reference, which defines the area in which it operates, and this is set out in Appendix D. The Terms of Reference are reviewed on a periodic basis.

Internal Audit Plan

24. At least annually, the Audit Manager will submit to the Governance and Audit Committee an internal audit plan for review and approval including risk assessment criteria. The internal audit plan will include resource requirements for the next financial year. The Audit Manager will communicate the impact of resource limitations and significant interim changes to senior management and the Governance and Audit Committee.
25. The internal audit plan will be developed based on a prioritisation of all auditable areas using a risk-based methodology including input of senior management and Governance and Audit Committee. Prior to submission to the Governance and Audit Committee for approval, the plan may be discussed with appropriate senior management. Any significant deviation from the approved internal audit plan will be communicated through the periodic activity reporting process.

Reporting and Monitoring

26. An audit output will be prepared and issued by the Audit Manager following the conclusion of each internal audit engagement and will be distributed as appropriate. Internal audit results will be communicated to the Governance and Audit Committee in accordance with the Audit Protocol, and on a basis which reflects the significance of findings.

27. The audit output may include management's response and corrective action taken or to be taken in regard to the specific findings and recommendations. Management's response, whether included within the original audit output or provided thereafter by management of the audited area will include a timetable for anticipate completion of action to be taken and an explanation for any corrective action that will not be implemented.
28. The internal audit activity will be responsible for appropriate follow up on engagement findings and recommendations. All significant findings will remain in an open issues file until cleared.

Quality Assurance and Improvement Programme - QAIP

29. The internal audit activity will maintain a Quality Assurance and Improvement Programme that covers all aspects of the internal audit activity. The programme will include an evaluation of the internal audit activity's conformance with the Public Sector Internal Audit standards, encompassing all mandatory elements of the IPPF, including an evaluation of whether internal auditors apply the Code of Ethics. The programme also assesses the efficiency of the internal audit activity and identifies opportunities for improvement.
30. The Audit Manager is responsible upholding the Audit Charter, for ongoing assurance to senior management and Governance and Audit Committee on conformance with the Code of Ethics and the Standards, and for reporting audit performance, critical findings and trends in respect of the audit plan.
31. The Audit Manager will communicate to senior management and Governance and Audit Committee on the internal audit activity's quality assurance and improvement programme, comprising the results of:
 - ongoing internal quality assurance reviews,
 - annual assessments against the Local Government Application Note,
 - external assessments conducted at least every five years.
32. Action taken to ensure that the Quality Assurance and Improvement Programme is effective is set out in Appendix E. It is supplemented by the Audit Protocol, which provides an outline of the audit process from planning to reporting, as contained in Appendix F.

CODE OF ETHICS

Public Sector Requirement

Internal Auditors in UK public sector organisations must conform to the Code of Ethics as set out below. If individual Internal Auditors have membership of another professional body then he or she must also comply with the relevant requirements of that organisation.

The purpose of the Institute's Code of Ethics is to promote an ethical culture in the profession of Internal Auditing. A code of ethics is necessary and appropriate for the profession of Internal Auditing, founded as it is on the trust placed in its objective assurance about risk management, control and governance.

The Institute's Code of Ethics extends beyond the definition of Internal Auditing to include two essential components:

- 1. Principles that are relevant to the profession and practice of Internal Auditing;

and

- 2. Rules of Conduct that describe behaviour norms expected of Internal Auditors.

These rules are an aid to interpreting the Principles into practical applications and are intended to guide the ethical conduct of Internal Auditors.

The Code of Ethics provides guidance to Internal Auditors serving others. 'Internal Auditors' refers to Institute members and those who provide Internal Auditing services within the definition of Internal Auditing.

Applicability and Enforcement

This Code of Ethics applies to both individuals and entities that provide Internal Auditing services. For Institute members, breaches of the Code of Ethics will be evaluated and administered according to the Institute's Disciplinary Procedures. The fact that a particular conduct is not mentioned in the Rules of Conduct does not prevent it from being unacceptable or discreditable and, therefore, the member liable to disciplinary action.

Public Sector Interpretation

The 'Institute' here refers to the Institute of Internal Auditors. Disciplinary procedures of other professional bodies and employing organisations may apply to breaches of this Code of Ethics.

1. Integrity

Principle

The integrity of Internal Auditors establishes trust and thus provides the basis for reliance on their judgement.

Rules of Conduct

Internal Auditors:

- 1.1 Shall perform their work with honesty, diligence and responsibility.
- 1.2 Shall observe the law and make disclosures expected by the law and the profession.
- 1.3 Shall not knowingly be a party to any illegal activity, or engage in acts that are discreditable to the profession of Internal Auditing or to the organisation.
- 1.4 Shall respect and contribute to the legitimate and ethical objectives of the organisation.

2. Objectivity

Principle

Internal Auditors exhibit the highest level of professional objectivity in gathering, evaluating and communicating information about the activity or process being examined.

Internal Auditors make a balanced assessment of all the relevant circumstances and are not unduly influenced by their own interests, or by others, in forming judgements.

Rules of Conduct

Internal Auditors:

- 2.1 Shall not participate in any activity or relationship that may impair or be presumed to impair their unbiased assessment. This participation includes those activities or relationships that may be in conflict with the interests of the organisation.
- 2.2 Shall not accept anything that may impair or be presumed to impair their professional judgement.
- 2.3 Shall disclose all material facts known to them that, if not disclosed, may distort the reporting of activities under review.

3. Confidentiality

Principle

Internal Auditors respect the value and ownership of information they receive and do not disclose information without appropriate authority, unless there is a legal or professional obligation to do so.

Rules of Conduct

Internal Auditors:

- 3.1 Shall be prudent in the use and protection of information acquired in the course of their duties.
- 3.2 Shall not use information for any personal gain or in any manner that would be contrary to the law or detrimental to the legitimate and ethical objectives of the organisation.

4. Competency

Principle

Internal Auditors apply the knowledge, skills and experience needed in the performance of Internal Auditing services.

Rules of Conduct

Internal Auditors:

- 4.1 Shall engage only in those services for which they have the necessary knowledge, skills and experience.
- 4.2 Shall perform Internal Auditing services in accordance with the International Standards for the Professional Practice of Internal Auditing.
- 4.3 Shall continually improve their proficiency, effectiveness and quality of their services.

Internal auditors must also have regard to the Committee on Standards of Public Life's Seven Principles of Public Life, information on which can be found at www.public-standards.gov.uk

CORE PRINCIPLES

FOR THE PROFESSIONAL PRACTICE OF INTERNAL AUDITING

The Internal Audit service is delivered through application of ten Core Principles, which taken as a whole, articulate internal audit effectiveness.

The following Core Principles underpin the mission of the Internal Audit service.

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

1. Demonstrates integrity
2. Demonstrates competence and due professional care
3. Is objective and free from undue influence (independent)
4. Aligns with the strategies, objectives, and risks of the organisation
5. Is appropriately positioned and adequately resourced
6. Demonstrates quality and continuous improvement
7. Communicates effectively
8. Provides risk-based assurance
9. Is insightful, proactive, and future-focused
10. Promotes organisational improvement

AUDIT ACTIVITY & RESOURCES

Resources

1. **Audit Manager** -1 FTE - responsible for leading and managing the audit and investigation teams in delivering their roles, as set out within the Public Sector Internal Audit Standards (PSIAS), and other professional Codes of Practice.
2. **Audit Team** - 9.28 FTE - who undertake system based audits, financial audits, provide advice and guidance to clients on a wide range of matters, and undertake work around efficiency and value for money.
3. **Investigation Team** - 2.42 FTE - dedicated to the prevention, detection and investigation of suspected fraud or financial impropriety.
4. All audit staff are required to maintain the highest standards of professional practice, and comply with professional Codes of Practice. The Public Sector Internal Audit Standards are followed in all aspects of internal audit work undertaken.
5. For the purpose of the Public Sector Internal Audit Standards, the Governance and Audit Committee acts as the “Board”, members of the Senior Management Team represent ‘Senior Management’, and the Corporate Director of Resources & Section 151 Officer is the Senior Manager overseeing the Internal Audit Function. The Audit Manager is the Chief Audit Executive.
6. All auditors and investigators are suitably qualified and collectively offer a wide range of skills, experience and knowledge.
 - In the Audit team, there are three qualified Accountants, one Chartered Internal Auditor, two Certified Internal Auditors and most other auditors are qualified Accounting Technicians. A further member is studying for a Certified Information Systems Auditor (CISA) qualification.
 - The Investigation team is led by a Group Auditor who has the CIPFA Certificate in Investigative Practice, and investigators are professionally trained. Two members are professionally qualified counter fraud officer’s, accredited with Portsmouth University, with the third team member being a former police officer with many years of professional expertise.
7. Ongoing development and training of auditors is fundamental to the delivery of an effective and professional audit and Investigation services. The Council’s Personal Review Scheme is fully adopted and the teams assess themselves against the skills required for their respective roles. This assists in the identification of team and individual development and training opportunities within a robust performance management framework.

GOVERNANCE AND AUDIT COMMITTEE**TERMS OF REFERENCE**Statement of Purpose

- Our Governance and Audit Committee is a key component of Cardiff Council's corporate governance. It provides an independent and high-level focus on the audit, assurance, and reporting arrangements that underpin good governance and financial standards.
- The purpose of our Governance and Audit Committee is to provide independent assurance to the members of Cardiff Council, and its wider citizens and stakeholders, on the adequacy of the risk management framework, the internal control environment, and the performance assessment of the Council. It provides an independent review of Cardiff Council's governance, performance assessment, risk management and control frameworks and oversees the financial reporting and annual governance processes. It oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place.

Governance, Performance, Risk & Control

- To review the Council's corporate governance arrangements against the good governance framework, including the ethical framework and consider annual governance reports and assurances.
- To review the Council's draft annual Self-Assessment Report, and make any appropriate recommendations for changes.
- To review the Council's draft response to the Panel Performance Assessment Report, and make any appropriate recommendations for changes.
- To review the Council's draft response to any Auditor General's recommendations arising from a 'special inspection' in respect of the Council's performance requirements, and to make any appropriate recommendations for changes.
- To review and assess the authority's ability to handle complaints effectively, and make any associated reports and recommendations.
- To review the Annual Governance Statement prior to approval and consider whether it properly reflects the risk environment and supporting assurances, taking into account the internal audit opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and internal control.
- To consider the Council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.
- To consider the Council's framework of assurance and ensure that it adequately addresses the risk and priorities of the Council.
- To monitor the effective development and operation of risk management in the Council.
- To monitor progress in addressing risk-related issues reported to the Committee.

- To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.
- To review the assessment of fraud risks and potential harm to the Council from fraud and corruption.
- To monitor the Counter-fraud strategy, actions and resources.
- To review the governance and assurance arrangements for significant partnerships or collaborations.

Internal Audit

- To approve the Internal Audit Charter.
- To review proposals in relation to the appointment of external providers of internal audit services and to make recommendations.
- To approve the risk-based internal audit plan, containing internal audit's resource requirements, the approach to using other sources of assurances and any work required to place reliance upon those other sources.
- To approve significant interim changes to the risk based internal audit plan and resource requirements.
- To make appropriate enquiries of both management and the audit manager to determine if there are any inappropriate scope or resource limitations.
- To consider any impairments to independence or objectivity arising from additional roles or responsibilities outside of internal auditing of the Audit Manager. To approve and periodically review safeguards to limit such impairments.
- To consider reports from the Audit Manager on Internal Audit's performance during the year including the performance of external providers of internal audit services. These will include:
 - Updates on the work of internal audit including key findings, issues of concern and action in hand as a result of internal audit work
 - Regular reports on the results of the Quality Assurance and Improvement Programme (QAIP)
 - Reports on instances where the internal audit function does not conform to the PSIAS and Local Government Application Note (LGAN) considering whether the non- conformance is significant enough that it must be included in the Annual Governance Statement.
- To consider the Audit Manager's annual report:
 - The statement of the level of conformance with the PSIAS and LGAN and the results of the QAIP that support the statement – these will indicate the reliability of the conclusions of internal audit

- The opinion on the adequacy and effectiveness of the Council's framework of governance, risk management and control together with a summary of the work supporting the opinion – these will assist the Committee in reviewing the Annual Governance Statement.
- To consider summaries of specific internal audit reports as requested.
- To receive reports outlining the action taken where the Audit Manager has concluded that management has accepted a level of risk that may be unacceptable to the authority or there are concerns about progress with the implementation of agreed actions.
- To contribute to the Quality Assurance and Improvement Programme and in particular the external quality assessment of internal audit that takes place at least once every five years.
- To consider a report on the effectiveness of internal audit to support the Annual Governance Statement, where required to do so by the Accounts and Audit Regulations.
- To provide free and unfettered access to the Governance and Audit Committee Chair for the Audit Manager, including the opportunity for a private meeting with the Committee.

External Audit

- To consider the external auditor's annual letter, relevant reports, and the report to those charged with governance.
- To consider specific reports as agreed with the external auditors.
- To comment on the scope and depth of external audit work and to ensure it gives value for money.
- To commission work from internal and external audit.
- To advise and recommend on the effectiveness of relationships between external and internal audit and other inspector agencies or relevant bodies.

Financial Reporting

- To review the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council.
- To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.
- To seek assurances on the arrangements for the management of the authority's financial affairs.
- To seek assurances that the Council has complied with the Treasury Management Strategy and Practices by demonstrating effective control of the associated risks and pursuing optimum performance consistent with those risks.

Accountability Arrangements

- To report to Council on the Committee's findings, conclusions and recommendations concerning the adequacy and effectiveness of the governance, risk management and internal control frameworks, financial reporting arrangements and internal and external audit functions.

- To report to Council on an annual basis and to publish an annual report on the Committee's work, its performance in relation to the Terms of Reference, and its effectiveness in meeting its purpose.
- To raise the profile of probity generally within the Council and to report on matters of concern to the individual Cabinet Member, relevant Scrutiny Committee, Cabinet or to Council as necessary and appropriate.
- To work in synergy with the five Scrutiny Committees of the Council and liaise with other Council Committees as and when appropriate to avoid duplication in work programmes.

Training & Development

- To attend relevant training sessions in accordance with the Member Development Programme including specialist training tailored for Members of the Governance and Audit Committee e.g. Treasury Management.

DRAFT

QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME (QAIP)

A Quality Assurance and Improvement Programme (standard 1300) is designed to enable an evaluation of the Internal Audit section's conformance with the Standards and an evaluation of whether internal auditors apply the Code of Ethics.

The programme also assesses the efficiency and effectiveness of the internal audit activity and is used to identify and deliver opportunities for improvement.

Key principles of the QAIP:

- The Audit Manager has established a system of ongoing monitoring of conformance with the standards and the Code of Ethics as part of each audit engagement, and a system of periodic review and reporting.
- Regular periodic reports and an Annual Internal Audit Report are presented to the Section 151 Officer and to the Governance and Audit Committee.
- There is a commitment to undergoing an external inspection on conformance to PSIAS every five years.

To support the delivery of an efficient and effective service:

- Each Directorate has a relationship manager with whom they hold regular meetings to discuss risks and emerging issues, progress against and development of the audit plan, and audit outcomes and feedback.
- The Audit Manager has regular contact with the Governance and Audit Committee Chair, Audit Wales, Senior Managers including the Chief Executive and the Section 151 Officer, and peers within Welsh Local Authorities and the Core UK Cities.
- Benchmarking exercises are undertaken in order to assess performance against other comparable organisations and report on significant variances, with action plans developed and implemented where appropriate.
- Annual personal reviews include auditor assessments against a skills and competency framework, leading to development goals and targets.
- Quality assurance is delivered through monitoring and review processes at key stages within the audit, to ensure all relevant Codes of Practice and Standards are adhered to.
- All Auditors are required to comply with the Code of Ethics, any other professional standards for the associations to which they belong and the Council's Codes of Conduct.

QAIP - OPERATIONAL APPROACH

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

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

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

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

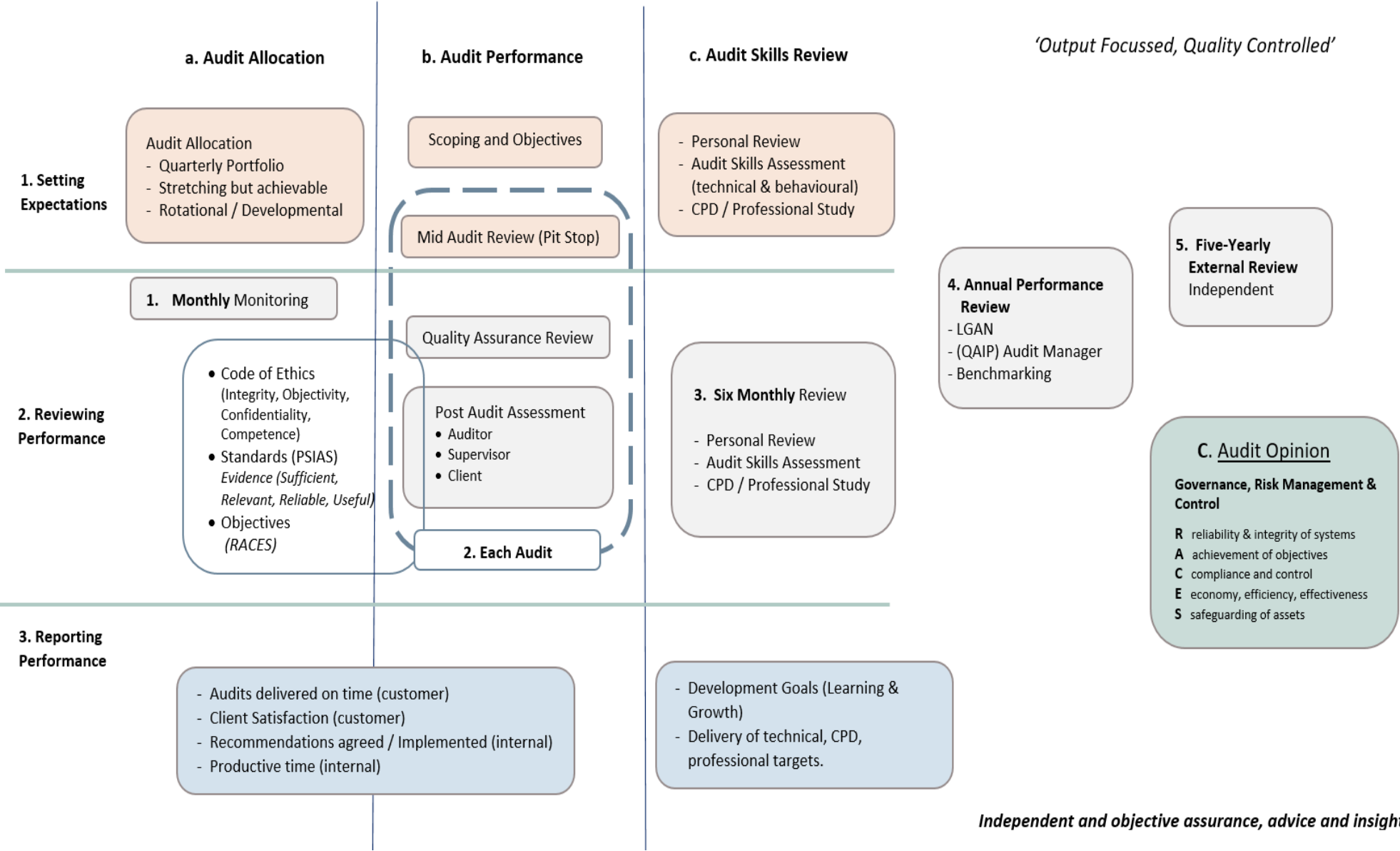
- ✓ **Monitoring** - Each auditor attends a monthly monitoring meeting, through which the delivery of their 'Audit Allocation' is reviewed, issues are identified and addressed.
- ✓ **Quality Assurance Review** - Each audit is subject to a quality assurance review by a member of the audit management team,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

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

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

QAIP – OPERATIONAL APPROACH (DIAGRAM)

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The Audit Protocol provides an outline of the audit process from planning to reporting.

PLANNING

The Audit Plan sets the proposed audit coverage, based on a risk assessment. The plan is approved by the Governance and Audit Committee and is discussed with Directors.

Auditors are allocated audit engagements from the plan. They research the audit area and meet the client to understand relevant strategies, objectives and risks. A risk assessment informs the audit objectives and approach.

Control Stage 1 (Audit Planning) – The risk assessment is reviewed by a member of the audit management team, and used to develop the audit terms of reference (TOR)

The TOR is issued: it sets out the area/s under review, the objectives, approach and records required. The TOR is sent to the relevant management (Line Management, OM (and Director, where appropriate)). The audit fieldwork will commence as set out in the TOR.

NB – For consultancy services, the guidance / support is planned with management directly, with the objectives documented for significant engagements. There will be regular dialogue with the reviewing manager throughout the audit, but only formal control stage 4 will apply (Post Audit Review).

FIELDWORK

Normally pre-arranged to help minimise disruption. Any significant issues will be raised as soon as they are identified. The main findings will be discussed at the end of the visit (where applicable) or shortly afterwards.

Control Stage 2 (Audit Fieldwork) – An audit ‘pit-stop’ is held with the senior team member mid-way through the audit, as a quality assurance and progress check. A full quality assurance review is completed once fieldwork is completed and the draft audit opinion, output and recommendations are prepared.

Once fieldwork has been completed, and a review undertaken, a decision will be made whether to issue a formal Report or an Action Plan, depending on the overall ‘Audit Opinion’.

REPORTING

The audit output prepared depends on the audit opinion:

- o An Action Plan – For *Effective*, or *Effective with Opportunity for Improvement* audit opinions (where recommendations are raised);
- o A Report and Action Plan – for *Insufficient with Major Improvement Needed*, or *Unsatisfactory* audit opinions.

Control Stage 3 (Audit Reporting) – Where the audit opinion is *Insufficient with Major Improvement Needed*, or *Unsatisfactory*, the draft report will be considered by the Audit Management Team prior to being issued.

Draft Reports / Action Plans are discussed with Client Manager and comments are considered in any final Report / Action Plan. Management responses to audit recommendations are recorded in the Action Plan.

Final report or Action Plan is issued to the Director, OM/Line Manager and an opportunity to discuss the report, or provide comments is provided. Any recommendations not agreed are referred to the Director for consideration.

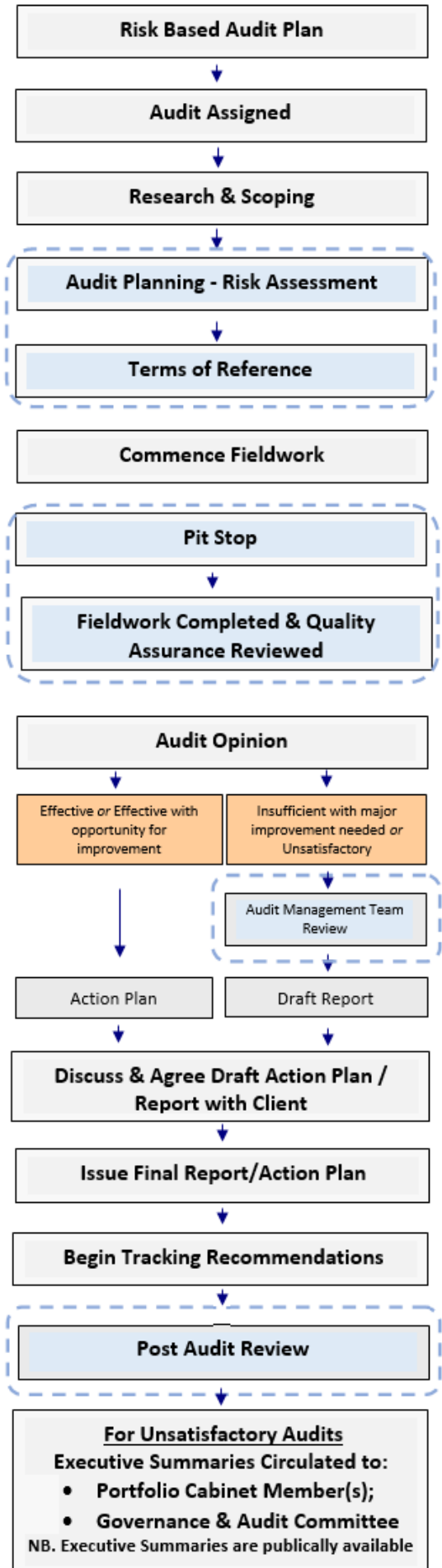
Control Stage 4 (Post Audit Review) – Upon conclusion of each audit, the auditor, and a senior team member review the auditor’s performance. A client satisfaction survey is used to identify the audit delivery and value from the client’s perspective. Development needs are progressed.

The Audit Manager reports the summary findings of *Insufficient* and *Unsatisfactory* Reports to the Chief Executive and the Governance and Audit Committee. For all *Unsatisfactory* Reports, an Executive Summary is prepared, discussed with the Chief Executive and Section 151 Officer, reported to the relevant Portfolio Cabinet Member(s) and the Governance and Audit Committee.

RESPONSE

Recommendations are added to the ‘Recommendation Tracker’ in SharePoint, through which management provide progress updates and submit evidence of delivering agreed actions. All red and red/amber rated recommendations require evidence of completion in order to be closed. The recommendation tracker is reported as part of each progress report to Governance and Audit Committee meetings, and is discussed in Director Relationship Manager Meetings.

All *Unsatisfactory* Audit Opinion Reports will be scheduled for an audit follow-up six months after the audit conclusion.



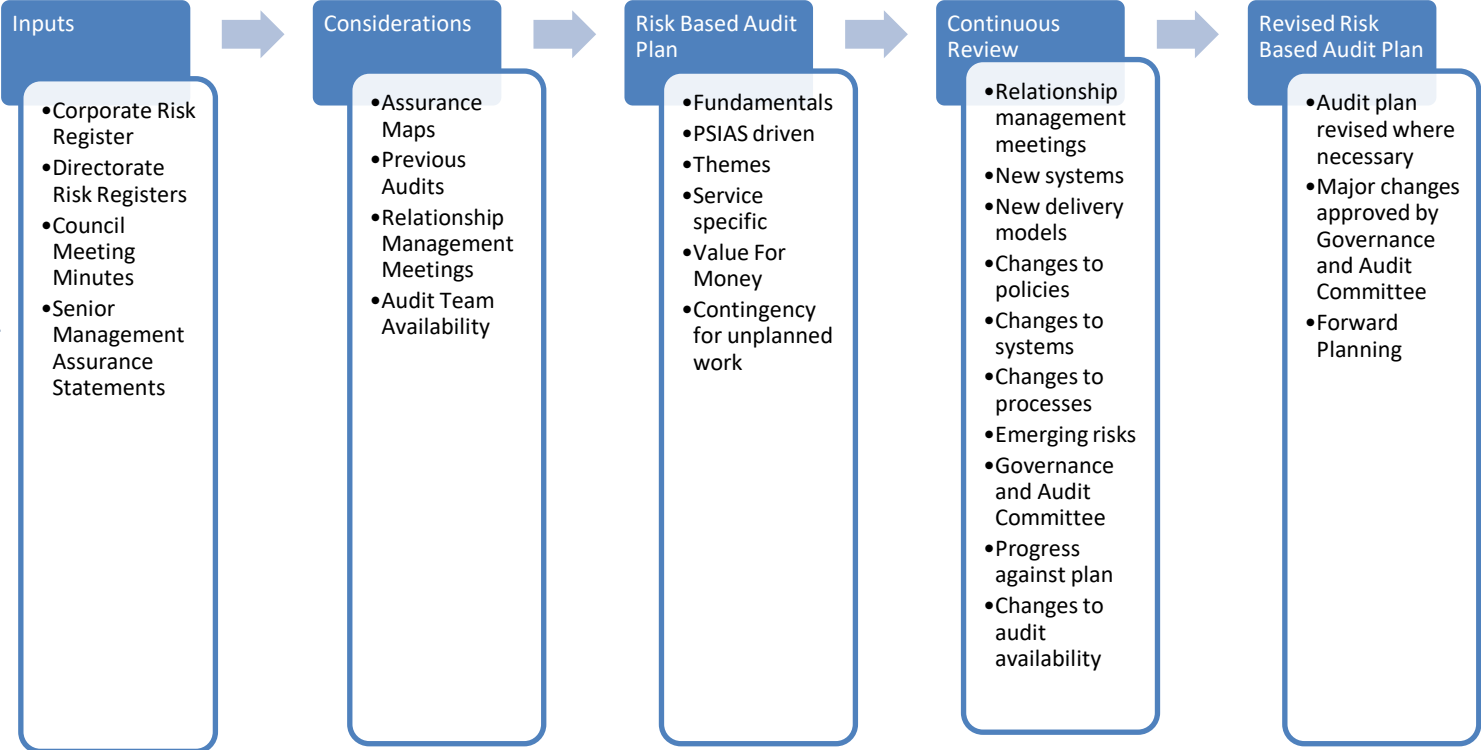
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Audit Category	Risk	Engagement Type	CIPFA Classification	Audit Plan, 2021/22	Original Audit Plan 2022/23	Assignment	Days	Audit Scope	National Issue		
Fundamental Audits - S151 Assurance											
Purchasing Payments and Processing	High	Assurance	Chargeable	50	50	CRSA	5	Purchases and Payments are compliant, authorised, accurate and timely			
					In-year testing	25					
					Purchasing Cards	20					
Payroll & HR						50	50	CRSA		5	Recruitment processes are transparent and robust, leave processes are well governed, only bona fide, authorised and accurate payments are made, with effective prevention, detection and recovery of errors
					In-year testing	15					
					Agency Staff Payments	15					
					Time Recording	15					
Council Tax			0	20	Council Tax	20	Compliance and control, with effective and efficient processes				
HB / LHA/ CTRS			0	20	HB / LHA/ CTRS	20	Effective controls to ensure accurate processing of bona fide claims				
<i>NNDR</i>			20	0							
<i>Treasury Management</i>			20	0							
<i>Main Accounting</i>			20	0							
<i>Income and Debtors</i>			20	0							
<i>Asset Management</i>			20	0							
<i>Housing Rents</i>			10	0							
Total				210	140		140				
Corporate Audit											
				<i>Original audit plan, 2021/22</i>	<i>Original audit plan 2022/23</i>	Assignment	Days				
Risk Management	High	Assurance	Chargeable	15	15	Risk Management Arrangements	15	Risk management arrangements are effective and operated consistently			
Ethics and values				15	20	Ethics and Values	20	Policy and process alignment to principles of best practice ethics and values			
Delegation and decision making				20	20	Delegation and decision making	20	Effective application of delegated authority and decision making			
Contract Audit				40	40	Cradle to Grave Audit	20	Effective contract compliance, control and delivery of objectives			
						Contract Variations	20				
Taxation				20	20	Taxation	20	Effective compliance and control.			
Procurement				20	20	Procurement	20	Effective and compliance commissioning and procurement compliance and control arrangements			
Mileage & subsistence				15	15	Mileage & Subsistence	15	Accurate claiming and authorisation for reasonable expenditure.			
Welsh Government Covid Grants - Assurance				20	20	Welsh Government Covid Grants - Assurance	20	Sample check of effective compliance and control in administering WG Grants			
ICT Audit				30	30	ICT Audit - Cyber Security Governance	15	Effective co-ordination, risk management and control			
						Directorate PCI - DSS Compliance	15	Effective co-ordination, risk management and control			
Complaints and Compliments				0	20	Complaints and Compliments	20	Effective arrangements and systems in place for handling complaints & compliments			
National Fraud Initiative				10	10	National Fraud Initiative	10	Data matching counter-fraud exercise			
Value for Money studies				30	30	Value for money in use of Council Vehicles	15	Assurance on value for money in use of Council vehicles			
						Value for money in use of Overtime	15	Value for money in use of overtime			
Stores				10	10	Brindley Road Stores	10	Effective and efficient stores management, and stock / equipment control			
Partnership / Arms-length Assurance				0	20	Partnership / Arms-length Assurance	20	Effective governance, risk management and control arrangements			
Education - SOP				0	20	Education - SOP	20	Delivery of objectives, with effective compliance and control			
Pensions and Investments				0	20	Pensions and Investments	20	Effective compliance and control			
Governance Arrangements	0	20	Governance Arrangements	20	Audit of the application of good corporate governance arrangements						
Programmes and Projects	0	20	Programmes and Projects	20	Effective, clear and consistent project governance arrangements.						
System Development		TBC	0	30	Provision for System Development	30	Consultation or assurance services, as relevant.				
<i>Health and safety</i>			20	0							
<i>Safeguarding</i>			20	0							
<i>Information governance</i>			20	0							
<i>Investigation Processes</i>			30	0							
<i>Directorate Recovery Plans</i>			30	0							
<i>Business Continuity</i>			20	0							
<i>Members' allowances</i>			15	0							
Total				400	400		400				
Service Specific Audit											
				<i>Original audit plan, 2021/22</i>	<i>Original audit plan 2022/23</i>	Assignment	Days				
Service / Process Consultancy	High	Consultancy	Chargeable	40	40	Provision for Service / Process Consultancy	40	Consultancy support across the Council, as appropriate			
Resources	High	Assurance		65	60	Performance Management	15	Performance management arrangements are effective, and operated consistently.			
	Medium			Insurance	15	Delivery of service objectives with effective compliance and control					
				Alarm Receiving Centre	15						
		Central Transport Service		15							
Governance and Legal Services	High	Assurance		50	45	Performance Management	10	Performance management arrangements are effective, and operated consistently.			
	Medium			Electoral Services	20	Delivery of service objectives with effective compliance and control					
				Land Charges	15						
People and Communities	High	Assurance		45	40	Performance Management	15	Performance management arrangements are effective, and operated consistently.			
						Community Safety	15	Assurance on compliance with statutory requirements			
						Hubs	10	Assurance on payroll, asset management, information governance, payment and income systems			
Adults, Housing & Communities	High	Assurance		145	150	Performance Management	15	Performance management arrangements are effective, and operated consistently.			
	Medium					Mental Health Day Services	15	Delivery of service objectives with effective compliance and control			

						Independent Living	15		
						Residential Care	15		
						Emergency Duty Team	15		
						Adult Services Income Processes	20		
						Allocations, lettings and voids	20		
						Home Care	15		
						Direct Payments - Children's and Adults	20		
Childrens' Services	High	Assurance		70	40	Performance Management	15	Performance management arrangements are effective, and operated consistently.	
	Medium					Youth Offending Service	15	Delivery of service objectives with effective compliance and control	
Economic Development	High	Medium		100	95	Performance Management (inc Waste Management)	15	Performance management arrangements are effective, and operated consistently.	
	Medium					Harbour Authority	15	Delivery of service objectives with effective compliance and control	
						International White Water	15		
						St David's Hall	15		
						Cardiff Caravan Park	10		
						Cardiff Riding School	10		
						Disposal of Land and Buildings	15		
Economic Development (Waste)	Medium	Assurance		60	60	Commercial Waste	15	Delivery of service objectives with effective compliance and control	
						Cardiff Organic Waste Treatment Contract	15		
						Skip Hire	15		
						Street Cleansing	15		
Education and Lifelong Learning	High	Assurance		190	180	Performance Management	15	Performance management arrangements are effective, and operated consistently.	
	Medium					Health and Safety	15	Directorate health and safety compliance and risk management.	
						School Admissions	15	Effective and well governed arrangements for school admissions	
						Secondary school audits * 5	40	Audits of systems of governance and internal control within individual schools	
						Primary school audits * 5	25		
						FOLLOW UP - Cardiff West Community High School	10		
						Schools VAT Assurance	15	Effective compliance and control	
						Cashless catering in secondary schools	10		
						Catering in Opted out schools	15		
						Schools Information Management	20		
						Performance Management	15	Performance management arrangements are effective, and operated consistently.	
Planning, Transportation and Environment	High	Assurance		55	55	Cardiff Dogs Home	10	Delivery of service objectives with effective compliance and control	
	Medium					Highways Maintenance	15		
						Planning	15		
Total				820	765		765		
External				<i>Original audit plan, 2021/22</i>	<i>Original audit plan 2022/23</i>	Assignment	Days		
External clients	High	Assurance	Chargeable	35	25	City Deal 2021/22	10	Scope as per rolling SLA	y
	Low	Certification				Cardiff Further Education Trust Fund 2021/22 - tbc	2	Grant certification / statement of accounts work	
						Norwegian Church Preservation Trust 2021/22 - tbc	2		
						Joint Committees	6		
						Education Improvement Grant 2021/22 - tbc	5		
Total				35	25		25		
Contingencies				<i>Original audit plan, 2021/22</i>	<i>Original audit plan 2022/23</i>	Assignment	Days		
General Audit	TBC	TBC	Chargeable	10	25	General Audit (provision for carried forward audits / other work)	25	TBC	
Total				10	25		25		
Management				<i>Original audit plan, 2021/22</i>	<i>Original audit plan 2022/23</i>	Assignment	Days		
Corporate work – Audit Committee, Audit Wales etc.	Medium	Management	Chargeable	50	50	Corporate work – Audit Committee, Audit Wales etc.	50	Internal Audit management, planning, guidance and support activities.	
Assurance mapping		Management	Chargeable	10	15	Assurance mapping	15		
CRSA development		Management	Chargeable	0	10	CRSA development	10		
Process development		Management	Chargeable	15	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	15	40	Review of financial rules etc.	40		
General advice and guidance		Management	Chargeable	10	10	General advice and guidance	10		
Total				160	200		200		
Total chargeable days				1,635	1,555		1,555		

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Cyclical Audit Planning



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CONCLUSION OF AUDIT PLAN 2021/22

Annex 6

Audit Category	Risk	Engagement Type	CIPFA Classification	Audit Plan, 2020/21	Original Audit Plan 2021/22	Assignment	Days	Audit Scope	National Issue	Deferred Audits (as at 23.11.21)	Audit Output Status 28.02.22	Audit Opinion	Comment, if audit engagement is not targeted to be delivered in 2021/22
Fundamental Audits - S151													
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				Draft Issued	Effective with opportunity for improvement	
						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	
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				Draft Issued	Effective with opportunity for improvement	
						Special Leave	15				Final 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			Final 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			Draft Issued	Effective	
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	

Audit Category	Risk	Engagement Type	CIPFA Classification	Audit Plan, 2020/21	Original Audit Plan 2021/22	Assignment	Days	Audit Scope	National Issue	Deferred Audits (as at 23.11.21)	Audit Output Status 28.02.22	Audit Opinion	Comment, if audit engagement is not targeted to be delivered in 2021/22	
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		
Total				155	210		210							
Corporate Audit				<i>Original audit plan, 2020/21</i>	<i>Original audit plan</i>	Assignment	Days							
Risk Management	High	Assurance	Chargeable	20	15	Directorate Risk Management	15	Risk management arrangements are effective and operated consistently		yes			Carry Forward to Audit Plan for 2022/23	
Page 264					0	Directorate Risk Management (carried forward from 2020/21)	0	Risk management arrangements are effective and operated consistently			Final Issued	Effective with opportunity for improvement		
					0	Programme and Project Risk Management (carried forward from 2020/21)	0	Risk management arrangements are effective and operated consistently			Final Issued	Effective with opportunity for improvement		
	Audit of ethics and values			20	15	Whistleblowing Processes	15	Whistleblowing processes are compliant and effective			Draft Issued	Effective with opportunity for improvement		
	Health and safety			0	20	Health and safety	20	Effective and compliant application of the Council's health and safety framework						
	Safeguarding			0	20	Safeguarding	20	Effective safeguarding governance and control processes						
	Information governance			0	20	Information governance	20	Effective mechanisms and systems operated in accordance with the data protection act 2018						
	Investigation Processes				0	30	Disciplinary Policy	15	Disciplinary policy processes are effective and operating consistently			Final 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	

Audit Category	Risk	Engagement Type	CIPFA Classification	Audit Plan, 2020/21	Original Audit Plan 2021/22	Assignment	Days	Audit Scope	National Issue	Deferred Audits (as at 23.11.21)	Audit Output Status 28.02.22	Audit Opinion	Comment, if audit engagement is not targeted to be delivered in 2021/22
Delegation and decision making				0	20	Delegation and decision making	20	Effective application of delegated authority and decision making		yes			Carry Forward to Audit Plan for 2022/23
Contract Audit				40	40	Cradle to grave audit	20	Effective contract compliance, control and delivery of objectives			Draft Issued	Effective with opportunity for improvement	
			Contract Variations			20		yes			Carry Forward to Audit Plan for 2022/23		
			0	Contract Monitoring & Management (carried forward from 2020/21)	0	Effective contract compliance, control and delivery of objectives			Final Issued	Insufficient with major improvement needed			
Taxation				20	20	Schools VAT Assurance	15	Effective compliance and control.					Carry Forward to Audit Plan for 2022/23
			Adhoc VAT reviews			5					No direct work required to date through this time provision		
			0	Taxation (carried forward from 2020/21)	0	Effective compliance and control.			Final Issued	Effective with opportunity for improvement			
Procurement				0	20	Procurement	20	Effective and compliance commissioning and procurement compliance and control arrangements		yes			Carry Forward to Audit Plan for 2022/23
Mileage & subsistence				15	15	Mileage & subsistence	15	Accurate claiming and authorisation for reasonable expenditure.		yes			Carry Forward to Audit Plan for 2022/23
			Mileage & subsistence (carried forward from 2020/21)			0	Accurate claiming and authorisation for reasonable expenditure.			Draft Issued	Insufficient with major improvement needed		
Welsh Government Covid Grants - Assurance				12	20	Welsh Government Covid Grants - Assurance	20	Sample check of effective compliance and control in administering WG Grants	y				
Directorate Recovery Plans				0	30	Directorate Recovery Plans	30	Effective directorate recovery plans from the COVID-19 pandemic					
ICT Audit				50	30	Cloud Computing	15	Effective co-ordination, risk management and control.					
			PCI - Process Consultancy			15	Consultancy on process and policy development						
			0	IT Business Continuity (carried forward from 2020/21)	0	Effective co-ordination, risk management and control.			Final Issued	Effective with opportunity for improvement			

Audit Category	Risk	Engagement Type	CIPFA Classification	Audit Plan, 2020/21	Original Audit Plan 2021/22	Assignment	Days	Audit Scope	National Issue	Deferred Audits (as at 23.11.21)	Audit Output Status 28.02.22	Audit Opinion	Comment, if audit engagement is not targeted to be delivered in 2021/22
		Consultation			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	
National Fraud Initiative		Participation		10	10	National Fraud Initiative	10	Data matching counter-fraud exercise.			Final Issued	No Opinion	
Value for Money studies	Medium	Assurance		20	30	Value for money in Digital Initiatives	15	Assurance on value for money in digital initiatives					
						VFM in use of Council vehicles	15	Value for money in use of council vehicles	yes			Carry Forward to Audit Plan for 2022/23	
Stores				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
Business Continuity				20	20	Business Continuity and Incident Management	20	Effective business recovery and incident management systems.	y				
Members' allowances				15	15	Members' Remuneration and Allowances	15	Effective governance and management of Members' allowances			Final Issued	Effective with opportunity for improvement	
Education - School Organisation Programme	High			0	0	Education - SOP - Review of Band B cf	5	Delivery of objectives, with effective compliance and control			Final Issued	Effective with opportunity for improvement	
Partnership / Arm's-length Assurance						10	0	Cardiff Bus - governance relationship with Cardiff Council	0	Section 151 Assurance on governance arrangements			Final Issued
Wellbeing of Future Generations				20	0	Wellbeing of Future Generations (carried forward from 2020/21)	0	Effective application of Wellbeing of Future Generations requirements.	y		Final Issued	Effective with opportunity for improvement	
Pensions and Investments Insurance				0									
Fleet Management (pool cars, grey fleet, etc.)				15									
				0									

Audit Category	Risk	Engagement Type	CIPFA Classification	Audit Plan, 2020/21	Original Audit Plan 2021/22	Assignment	Days	Audit Scope	National Issue	Deferred Audits (as at 23.11.21)	Audit Output Status 28.02.22	Audit Opinion	Comment, if audit engagement is not targeted to be delivered in 2021/22
Governance Arrangements				20									
Performance Management				0	0	Performance Management	20	Performance management arrangements are effective, and operated consistently.			Draft Issued	Effective with opportunity for improvement	
Digital Services	Medium			0									
Scrutiny Functions				0									
Programmes and Projects				20									
System Development				30									
Total					367	400		425					
Service Specific Audit				Original audit plan, 2020/21	Original audit plan	Assignment	Days						
Service / Process Consultancy	High	Consultancy	Chargeable	100	40	Provision for Service / Process Consultancy	40	Consultancy support across the Council, as appropriate			Work Completed (and ongoing)	No Opinion	
Resources	High	Assurance	Chargeable	90	65	Performance Management	15	Performance management arrangements are effective, and operated consistently.		yes			Carry Forward to Audit Plan for 2022/23
						Pre-Contract Assurance	15	Relevant compliance and due diligence checks are undertaken					
						Income and Debtors cf	5	Operation of appropriate arrangements to record, monitor and recover sundry debts.			Draft Issued	Effective	
						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										
	Central Transport Service	15			yes			Carry Forward to Audit Plan for 2022/23					
	60	50	Performance Management	15	Performance management arrangements are effective, and operated consistently.		yes		Carry Forward to Audit Plan for 2022/23				
		Pre-Contract Assurance	10	Relevant compliance and due diligence checks are undertaken			Final Issued	Effective with opportunity for improvement					
		Electoral Services	15	Effective systems, compliance and control		yes		Carry Forward to Audit Plan for 2022/23					

Audit Category	Risk	Engagement Type	CIPFA Classification	Audit Plan, 2020/21	Original Audit Plan 2021/22	Assignment	Days	Audit Scope	National Issue	Deferred Audits (as at 23.11.21)	Audit Output Status 28.02.22	Audit Opinion	Comment, if audit engagement is not targeted to be delivered in 2021/22
	Medium					Glamorgan Archives	10	Effective systems, compliance and control			Final Issued	Effective with opportunity for improvement	
						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		75	45	Performance Management	15	Performance management arrangements are effective, and operated consistently.		yes			Carry Forward to Audit Plan for 2022/23
						Pre-Contract Assurance	15	Relevant compliance and due diligence checks are undertaken			Draft Issued	No Opinion	
						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	
	Medium					Bilingual Cardiff	15	Effective compliance and control in delivering services in accordance with the Welsh Language Standards			Final Issued	Effective with opportunity for improvement	
Adults, Housing & Communities	High	Assurance		150	145	Performance Management	15	Performance management arrangements are effective, and operated consistently.		yes			Carry Forward to Audit Plan for 2022/23
						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			Draft Issued	Effective with opportunity for improvement	
	Medium					Mental Health Day Services	15	Delivery of service objective with effective compliance and control		yes			Carry Forward to Audit Plan for 2022/23
	Get me home service					15							
	Independent Living					10			yes			Carry Forward to Audit Plan for 2022/23	
	ICF schemes (incl. Families First)					10							

Audit Category	Risk	Engagement Type	CIPFA Classification	Audit Plan, 2020/21	Original Audit Plan 2021/22	Assignment	Days	Audit Scope	National Issue	Deferred Audits (as at 23.11.21)	Audit Output Status 28.02.22	Audit Opinion	Comment, if audit engagement is not targeted to be delivered in 2021/22
						Residential Care	15			yes			Carry Forward to Audit Plan for 2022/23
						Libraries	10			Final Issued	Effective with opportunity for improvement		
						Homelessness - Temporary Accommodation	10			Final Issued	Effective with opportunity for improvement		
						Social Services - CHAD	15	Delivery of service objective with effective compliance and control		Draft Issued	Effective with opportunity for improvement		
						Emergency Duty Team	15		yes			Carry Forward to Audit Plan for 2022/23	
Childrens' Services	High	Assurance		130	70	Performance Management	15	Performance management arrangements are effective, and operated consistently.		yes			Carry Forward to Audit Plan for 2022/23
	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		Final Issued	Insufficient with major improvement needed		
						Youth Offending Service	20					Carry Forward to Audit Plan for 2022/23	
						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			Carry Forward to Audit Plan for 2022/23
	Medium					Pre-Contract Assurance (inc Waste Management)	15	Relevant compliance and due diligence checks are undertaken		Final Issued	Insufficient with major improvement needed		
						Harbour Authority	10	Effective systems, compliance and control		yes			Carry Forward to Audit Plan for 2022/23
						Leisure Contract Governance	20	Delivery of service objective with effective compliance and control					
						Shared Regulatory Services in Cardiff	15						

Audit Category	Risk	Engagement Type	CIPFA Classification	Audit Plan, 2020/21	Original Audit Plan 2021/22	Assignment	Days	Audit Scope	National Issue	Deferred Audits (as at 23.11.21)	Audit Output Status 28.02.22	Audit Opinion	Comment, if audit engagement is not targeted to be delivered in 2021/22
						Disposal of Land and Buildings	15						Carry Forward to Audit Plan for 2022/23
						White International White Water	10						Carry Forward to Audit Plan for 2022/23
Economic Development (Waste Management)	Medium	Assurance		100	60	Commercial Waste	15	Delivery of service objective with effective compliance and control		yes			Carry Forward to Audit Plan for 2022/23
						Waste Collections	15				Final Issued	Insufficient with major improvement needed	
						Cardiff Organic Waste Treatment Contract	15			yes			Carry Forward to Audit Plan for 2022/23
						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	
						Gatehouse (carried forward from 2020/21)	0	Compliance and control in gatehouse / weighbridge systems.			Final Issued	Insufficient with major improvement needed	
						Follow-up audit - Contracts in Waste Management (carried forward from 2020/21)	0	Follow up Audit			Final Issued	Effective with opportunity for improvement	
						Follow-up audit - flytipping (carried forward from 2020/21)	0	Follow up Audit			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			Carry Forward to Audit Plan for 2022/23
						Pre-Contract Assurance	15	Relevant compliance and due diligence checks are undertaken			Final Issued	Insufficient with major improvement needed	
						Health and Safety	15	Directorate health and safety compliance and risk management.		yes			Carry Forward to Audit Plan for 2022/23
						School Health and Safety - Thematic	20	Schools health and safety compliance and risk management.					

Audit Category	Risk	Engagement Type	CIPFA Classification	Audit Plan, 2020/21	Original Audit Plan 2021/22	Assignment	Days	Audit Scope	National Issue	Deferred Audits (as at 23.11.21)	Audit Output Status 28.02.22	Audit Opinion	Comment, if audit engagement is not targeted to be delivered in 2021/22
	Medium					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			Final Issued	Insufficient with major improvement needed	
						Llanedeyrn Primary	5	Audits of systems of governance and internal control within individual schools					
					Marlborough Primary	5					Final Issued	Effective with opportunity for improvement	
					Cantonian High School	7							
						primary school audit - tbc	5			yes			School Audit Allocation in Audit Plan for 2022/23
						primary school audit - tbc	5			yes			School Audit Allocation in Audit Plan for 2022/23
						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			Final Issued	Unsatisfactory	
					Mary Immaculate	7					Final 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			Final Issued	Effective with opportunity for improvement	
						Catering in Opted out schools	15	Delivery of objectives, with effective compliance and control		yes			Carry Forward to Audit Plan for 2022/23

Audit Category	Risk	Engagement Type	CIPFA Classification	Audit Plan, 2020/21	Original Audit Plan 2021/22	Assignment	Days	Audit Scope	National Issue	Deferred Audits (as at 23.11.21)	Audit Output Status 28.02.22	Audit Opinion	Comment, if audit engagement is not targeted to be delivered in 2021/22
						School Admissions	15	Effective and well governed arrangements for school admissions		yes			Carry Forward to Audit Plan for 2022/23
						Cashless catering in secondary schools	10	Effective and controlled arrangements to receive, record and monitor income		yes			Carry Forward to Audit Plan for 2022/23
Planning, Transportation and Environment	High	Assurance		80	55	Performance Management	15	Performance management arrangements are effective, and operated consistently.		yes			Carry Forward to Audit Plan for 2022/23
						Pre-Contract Assurance	15	Relevant compliance and due diligence checks are undertaken			Draft Issued	Insufficient with major improvement needed	
						Income and Debtors cf	5	Operation of appropriate arrangements to record, monitor and recover sundry debts.			Final Issued	Effective with opportunity for improvement	
						S106 Agreements	10	Effective systems, compliance and control					
						Concessionary Travel	10				Final Issued	Effective with opportunity for improvement	
	Medium												
Total				1,135	820		825						
External				<i>Original audit plan, 2020/21</i>	<i>Original audit plan</i>	Assignment	Days						
External clients	High	Assurance	Chargeable	30	35	City Deal 2020/21	10	Scope as per rolling SLA	y		Final Issued	Effective with opportunity for improvement	
	Low	Certification				Cardiff Further Education Trust Fund --	2	Grant certification / statement of accounts work		Final Issued	No Opinion		
						Norwegian Church Preservation Trust - 2020/21	2			Final Issued	No Opinion		
						Norwegian Church Preservation Trust 2019/20 (carried forward from	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		Final Issued	Effective with opportunity for improvement		
						Education Improvement Grant - 2020/21	5	Grant certification / statement of accounts work		Draft Issued	No Opinion		

Audit Category	Risk	Engagement Type	CIPFA Classification	Audit Plan, 2020/21	Original Audit Plan 2021/22	Assignment	Days	Audit Scope	National Issue	Deferred Audits (as at 23.11.21)	Audit Output Status 28.02.22	Audit Opinion	Comment, if audit engagement is not targeted to be delivered in 2021/22
						Rumourless Cities Grant	10				Final Issued	No Opinion	
Total				30	35		35						
Contingencies				<i>Original audit plan, 2020/21</i>	<i>Original audit plan</i>	Assignment	Days						
General Audit	TBC	TBC	Chargeable	30	10	General Audit (provision for carried forward audits / other	0	TBC					
Total				30	10		0						
Management				<i>Original audit plan, 2020/21</i>	<i>Original audit plan</i>	Assignment	Days						
Corporate work – Audit Committee, Audit Wales etc.	Medium	Management	Chargeable	50	50	Corporate work – Audit Committee, Audit Wales etc.	50	Internal Audit management, planning, guidance and support activities.					
Assurance mapping		Management	Chargeable	10	10	Assurance mapping	10						
CRSA development		Management	Chargeable	0	0	CRSA development	0						
Process development		Management	Chargeable	20	15	Process development	15						
Work for Audit Manager		Management	Chargeable	30	30	Work for Audit Manager	30						
Planning, monitoring & reporting		Management	Chargeable	30	30	Planning, monitoring & reporting	30						
Review of financial rules etc.		Management	Chargeable	20	15	Review of financial rules etc.	15						
General advice and guidance		Management	Chargeable	20	10	General advice and guidance	10						
Total				180	160		160						

Time for performance management audit applied from deferred **-20**

Total chargeable days	1,897	1,635	1,635
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CARDIFF COUNCIL CYNGOR CAERDYDD

GOVERNANCE AND AUDIT COMMITTEE: 15 MARCH 2022

PROPOSED TREASURY MANAGEMENT PRACTICES - APRIL 2022 ONWARDS

REPORT OF CORPORATE DIRECTOR RESOURCES

ITEM 8.1

Appendix 1 of this report is not for publication as it contains exempt information of the description in paragraphs 14 and 21 of Schedule 12A of the Local Government Act 1972

Reason for this Report

1. The Governance and Audit Committee Terms of Reference sets out their responsibility for seeking assurances that the Council has complied with the Treasury Management Strategy and Practices by demonstrating effective control of the associated risks and pursuing optimum performance consistent with those risks.
2. This report has been prepared to provide Governance and Audit Committee Members with the proposed Treasury Management Practices (TMP's) to apply from April 2022.

Background

3. The Council carries out its treasury management activities in accordance with a Treasury Management Code of Practice for public services, updated by the Chartered Institute of Public Finance and Accountancy (CIPFA) in 2017. This requires the preparation of what are termed 'Treasury Management Practices' and the areas which these must cover are specified.
4. The purpose of TMP's is to demonstrate that the Council's Treasury Management activities are carried out in an open and transparent framework. These are reviewed periodically under delegation FS5 to the Corporate Director Resources.
5. These Treasury Management practices will continue to be revised during 2022/23 in line with technical or other updates. This includes

updates to the Treasury Management Code made in 2021, to apply from 2023/24. This includes:

- A requirement for the Council to develop and adopt a debt liability benchmark treasury indicator to support the financing risk management of the Capital Financing Requirement.
- A requirement to effectively manage liquidity and longer-term cash flow requirements.
- Consider Environmental, Social and Governance policy within the treasury management risk framework.
- Amendment to the knowledge and skills register for individuals involved in the treasury management function - to be proportionate to the size and complexity of the treasury management conducted by the council.

Future updates of the Treasury Practices will include any agreed changes arising to the Treasury Management Code of Practice.

Issues

6. The Council's proposed Treasury Management Practices are based on the requirements of the CIPFA Code and where relevant includes content as suggested by the Council's Treasury Management advisors in respect to Treasury investments. The document covers controls, processes and practices in the following twelve areas:-

- Treasury risk management.
 - Credit and counterparty risk management.
 - Liquidity risk management.
 - Interest rate risk management.
 - Exchange rate risk management.
 - Refinancing risk management.
 - Legal and regulatory risk management.
 - Fraud, error and corruption, and contingency management.
 - Market risk management.
 - Economic, Social and Governance
- Performance management.
- Decision-making and analysis.
- Approved instruments, methods and techniques.
- Organisation, clarity and segregation of responsibilities, and dealing arrangements.
- Reporting requirements and management information arrangements.
- Budgeting, accounting and audit arrangements.
- Cash and cash flow management.
- Money laundering.
- Training and qualifications.
- Use of external service providers.
- Corporate governance.

Reason for Recommendations

7. To note the proposed treasury management practices to apply from April 2022 which assists in the review and assessment of the risk management, internal control and corporate governance arrangements of the authority in relation to treasury activities.

Legal Implications

8. No direct legal implications arise from this report.

Financial Implications

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

RECOMMENDATIONS

10. Governance and Audit Committee to note the Treasury Management Practices to be implemented from April 2022.

CHRISTOPHER LEE
CORPORATE DIRECTOR RESOURCES
15 March 2022

The following appendix is attached
Appendix 1 – Treasury Management Practices and Annexes – Valid from April 2022

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

Document is Restricted

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Governance and Audit Committee Action Plan

(Updated following meeting held on 25 January 2022)

Minute No. /Agenda No.	Actions	Timeline	Action Owner
Finance (Budget)			
Governance & Risk Management			
21.01.20	The Head of Finance to provide an aggregated action plan of the future generation significant governance issue responses from directorates.	Completed 25.01.22 Details to be contained in committee report	IA
Audit Wales (AW)			
23.03.21	Audit Wales to provide an account of how their time was applied as part of future Annual Audit Plan reports.	19.07.22	PP
Internal Audit			
23.11.21	Audit Manager to report a breakdown of fraud awareness training compliance data to Committee.	Completed 25.01.22	CP
Treasury Management			
Operational Items			
23.03.21	Committee to be provided, in due course, with information on the preparation for 'IFRS 16 – Leases' for the Statement of Accounts 2022/23.		AH
02.04.19	Once disciplinary procedures have concluded within the Waste Management Service, Audit Committee to be informed of the terms of reference and approach for delivering the associated Post Investigation Review.	Interim confidential assurance briefing paper circulated 3.06.2021	CL / CP
AW Tracker/Other Studies			
26.01.21	The external audit recommendation tracker to be expanded for future reports to Audit Committee, to include 'accountability / reporting to' arrangements, in respect of relevant Committees or Boards.	19.07.22 (TBC)	GN
Performance			
23.11.21	Next complaints report to provide an overview of the preferred option for the new complaints handling system, including details of the specification used to inform the procurement process	19.07.22 (TBC)	
Work Programme			
Outstanding Actions			
Correspondence			
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.	Completed 25.01.22	CP / DHT
25.01.22	Audit Manager, and Director of Governance and Legal Services, to have a dialogue around the Terms of Reference of Governance and Audit Committee and relevant Scrutiny Committees, and bring a report back to the next meeting of the Committee clarifying the position.	15.03.22	DF / CP

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Correspondence

The Governance and Audit Committee and each of the Council’s Scrutiny Committees have established an arrangement to share and inform each other of their work programmes, enquiries and outcomes, in accordance with the partnership working steps agreed at the Scrutiny Chairs’ Liaison Forum on 6 December 2021.

As part of this process, the Chair of the Governance and Audit Committee and the Audit Manager have been copied into the following Scrutiny Committee letters over the reporting period. Where responses have been received at the time of reporting, these are also included for information.

Each of the letters have been reviewed by the Audit Manager who has provided comments to the Committee Chairperson.

The information contained within the letters published is useful for Governance and Audit Committee Member awareness of the activities and lines of enquiry of the Council’s Scrutiny Committees.

In considering the terms of reference of the Governance and Audit Committee, and the correspondence received, it is not considered that any updates to the Committee work programme are required.

For the information of the wider Committee, the published letters circulated to the Chair of the Governance and Audit Committee and the Audit Manager over the reporting period were as follows.

Chris Pyke

**Audit Manager
4 March 2022**

Community and Adult Services Scrutiny Committee

Committee Date	Agenda Item No.	Item Background Papers	Correspondence Following Committee Meeting
Wednesday 12 th January 2022	Item 4 (minute No. 48)	Preventing Serious Violent Crime in Cardiff	Link to Correspondence (pages 3-10)
Monday 21 st February 2022	Item 3	Draft Budget Proposals 2022/23 & Corporate Plan 2022/25 Draft Corporate Plan 2022-25 & Draft Budgetary Proposals 2022/23 Presentation (Cabinet Budget Proposal 2022/23 Scrutiny)	Link to Correspondence (pages 3-9) Link to Correspondence (pages 11-17)

Environmental Scrutiny Committee

Committee Date	Agenda Item No.	Item Background Papers	Correspondence Following Committee Meeting
Thursday 13 th January 2022	Items 4 & 5 (minute No. 46 & 47)	Biodiversity and Weed Control	Link to Correspondence (pages 3-10)
Tuesday 22 nd February 2022	Item 4	Draft Corporate Plan 2022-25 & Draft Budget Proposals 2022-23 – to follow Additional link to: Draft Corporate Plan 2022-2025 & Draft Budgetary Proposals 2022/23	Link to Correspondence (pages 3-15)

Children and Young People Scrutiny Committee

Committee Date	Agenda Item No.	Item Background Papers	Correspondence Following Committee Meeting
Tuesday 18 th January 2022	Item 4 (minute No. 106)	Cardiff Childcare Sufficiency Assessment	Link to Correspondence (pages 3-10)
Tuesday 22 nd February 2022	Item 4 Minute No. 113	Draft Budget Proposals 2022/23 and Draft Corporate Plan 2022-25 Additional link to: Reports & Appendices Additional link to: Presentation	Link to Correspondence (pages 3-8) Link to Correspondence (pages 9-22)
Tuesday 22 nd February 2022	Item 5 & 6 Minute No. 114 & 115	Education Performance Report and WESP Additional link to: Reports & Appendices	Link to Correspondence (pages 23-25)

Policy Review and Performance Scrutiny Committee

Committee Date	Agenda Item No.	Item Background Papers	Correspondence Following Committee Meeting
Tuesday 18 th January 2022	Item 5 (minute No. 59)	Budget update and Consultation	Link to Correspondence (pages 3-5)
Tuesday 18 th January 2022	Item 4 (minute No. 58)	Performance Management & Data Strategy Supplementary Papers	Link to Correspondence (pages 7-10)
Wednesday 23 rd February 2022	Items 3 & 4a	Draft Corporate Plan 2022-25 and Draft Budget Proposals 2022-23 Additional link to: Items 3 & 4 Reports and Appendices	Link to Correspondence (pages 3-11)

Economy and Culture Scrutiny Committee

Committee Date	Agenda Item No.	Item Background Papers	Correspondence Following Committee Meeting
Wednesday 19 th January 2022	Item 4 (minute No. 64)	City Centre Recovery Action Plan	Link to Correspondence (pages 3-5)
Wednesday 19 th January 2022	Item 5 (minute No. 65)	Physical Activity and Sports Strategy	Link to Correspondence (pages 7-9)
Wednesday 19 th January 2022	Item 6 (minute No. 66)	Community Engagement and Safety in Parks	Link to Correspondence (pages 11-12)
Monday 21 st February 2022	Item 3	Draft Corporate Plan 2022-2025 and Budgetary Proposals Additional link to: Corporate Plan & Budgetary Proposals Presentation : (Cabinet Budget Proposal 2022/23 Scrutiny)	Link to Correspondence (pages 3-9) Link to Correspondence (pages 11-13)

Governance and Audit Committee Work Programme 2021-22

1. Current Work Programme 2021/22:

Area	Tuesday 20.07.21 (4:30pm)	Tuesday 28.09.21 (2pm)	Special Committee Meeting Tuesday 19.10.21 (2pm)	Tuesday 23.11.21 (2pm)	Special Committee Meeting Tuesday 07.12.21 (2pm)	Tuesday 25.01.22 (4:30pm)	Tuesday 15.03.22 (4:30pm)	Tuesday 19.07.22 (2pm) TBC
Audit Wales (AW)			ISA 260 and Audited Statement of Accounts 2020/21 for Cardiff Council including; Cardiff Harbour Authority & Trust Funds	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
Performance	Member Breach of Code of Conduct Complaints	Planning and Performance Framework – Update and Overview on the Role of Governance and Audit Committee				Mid-Year Self-Assessment Report Update		Draft Year-End Self-Assessment Report 2021/22
	Council Complaints and Compliments – Policy and Annual Report 2020/21			Council Complaints – Mid Year Report				Council Complaints and Compliments – Policy and Annual Report 2021/22
Treasury Management		Treasury Management Annual Report		Half Year Report		Draft Treasury Management Strategy 2022/23	Treasury Management Practices	
Finance	Financial Update including Resilience Issues	Financial Update including Resilience Issues		Financial Update including Resilience Issues		Financial Update including Resilience Issues	Financial Update including Resilience Issues	Financial Update including Resilience Issues
	Draft Statement of Accounts 2020/21						Statement of Accounts 2021/22: Accounting Policies and Timescales	Draft Statement of Accounts 2021/22
Internal Audit	Audit and Investigation Team - Progress Update			Audit and Investigation Team - Progress Update		Audit and Investigation Team - Progress Update	Audit and Investigation Team - Progress Update	Audit and Investigation Team - Progress Update
	Internal Audit Annual Report 2020/21	Counter-Fraud Annual Report 2020/21				Draft Internal Audit Charter & Summary Audit Plan 2022/23	Audit Charter and Audit Plan 2022/23	Internal Audit Annual Report 2021/22
Governance and Risk Management	Audit Committee Annual Report 2020/21							Governance and Audit Committee Annual Report 2021/22
	Draft Annual Governance Statement 2020/21					Senior Management Assurance Statement and AGS Action Plan 2021/22 (Mid-Year)		Draft Annual Governance Statement 2021/22
	Corporate Risk Management Year-End			Corporate Risk Management 2021/22 (Mid-Year)			Corporate Risk Management (Q3)	Corporate Risk Management (Year-End)
	Recommendation Tracker – Reports of External Review Bodies					Recommendation Tracker – Reports of External Review Bodies		Recommendation Tracker – Reports of External Review Bodies
Senior Officer Updates <i>(Operational Matters / Key Risks / Other)</i>		Davina Fiore – Update on Governance and Legal Services Directorate Control Environment		Andrew Gregory – Update on Planning Transport and Environment Directorate Control Environment	Neil Hanratty – Governance, Internal Control and Risk Management within Waste Management	Chris Lee – Update on Resources Directorate Control Environment	Melanie Godfrey – Update on Education & Lifelong Learning Directorate Control Environment	TBC - Chief Executive – Update on the Council's Control Environment

2. Matters to be addressed outside of formal Committee meetings during 2021/22:

Governance and Audit Committee <ul style="list-style-type: none"> Annual self-assessment workshop (25.01.22) Training and development sessions. 	General <ul style="list-style-type: none"> Correspondence, publications and reports for information purposes Time sensitive consultation. 	Director / Senior Officer Assurance <ul style="list-style-type: none"> Use of letters, correspondence, and video / telephone meetings as necessary.
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