



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

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

## AGENDA

<b>Committee</b>	GOVERNANCE AND AUDIT COMMITTEE
<b>Date and Time of Meeting</b>	TUESDAY, 19 JULY 2022, 2.00 PM
<b>Venue</b>	COMMITTEE ROOM 4 - COUNTY HALL, MULTI-LOCATION MEETING
<b>Membership</b>	Independent Members: David Hugh Thomas (Chairperson); Gavin McArthur, David Price, Dr. Janet Wademan,  Councillors Ahmed, Carr, Goodway, Lewis, Moultrie, Palmer, Waldron and Williams

*Time  
approx.*

- 1 Appointment of Chairperson and Deputy Chairperson** 2.00 pm
- 2 Appointment of Committee**

To note that Council on 26 May 2022 appointed the following Members to this Committee:

Independent Members: Hugh Thomas, Gavin McArthur, David Price, Janet Wademan

Councillors: Kate Carr, Russell Goodway, Margaret Lewis, Jess Moultrie, Marc Palmer, Elaine Simmons, Daniel Waldron, Joel Williams

To further note that Council on 30 June 2022 approved the replacement of Councillor Elaine Simmons by Councillor Salah Ahmed

- 3 Terms of Reference (Pages 5 - 8)**

To note the Committee's Terms of Reference (attached).

- 4 Apologies for Absence**

To receive apologies for absence.

- 5 Declarations of Interest**
- To be made at the start of the agenda item in question, in accordance with the Members' Code of Conduct.
- 6 Minutes** *(Pages 9 - 18)*
- To approve as a correct record the minutes of the meeting held on 15 March 2022.
- 7 Audit Wales** 2.15 pm
- 7.1** Annual Audit Plan 2022 *(Pages 19 - 36)*
- 7.2** Cardiff & Vale Pension Fund Audit Plan 2022 *(Pages 37 - 46)*
- 7.3** AW Work Programme and Timetable Update *(Pages 47 - 62)*
- 8 Finance** 2.40 pm
- 8.1** Draft Statement of Accounts 2021/22 *(Pages 63 - 270)*
- 8.2** Financial Update *(Pages 271 - 280)*
- 9 Internal Audit** 3.25 pm
- 9.1** Internal Audit Annual Report 2021/22 *(Pages 281 - 322)*
- 9.2** Audit and Investigation Team Progress Update *(Pages 323 - 404)*
- COMFORT BREAK - 3.45PM**
- 10 Performance** 3.50 pm
- 10.1** Arrangements for Handling Complaints and Compliments (including the Draft Complaints and Compliments Annual Report 2021/22) *(Pages 405 - 456)*
- 11 Governance and Risk Management** 4.05 pm
- 11.1** Governance and Audit Committee Annual Report 2021/22 *(Pages 457 - 492)*
- 11.2** Corporate Risk Management (Year-End) *(Pages 493 - 524)*
- 11.3** Draft Annual Governance Statement 2021/22 *(Pages 525 - 558)*
- 11.4** Recommendation Tracker - Reports of External Review Bodies *(Pages 559 - 574)*
- 12 Outstanding Actions** *(Pages 575 - 576)* 4.45 pm

- 13 Correspondence** (*Pages 577 - 578*)
- 14 Work Programme Update** (*Pages 579 - 580*)
- 15 Urgent Items (if any)**
- 16 Date of next meeting**

The next meeting is scheduled for 27th September 2022 (TBC)

**Davina Fiore**  
**Director Governance & Legal Services**  
Date: Wednesday, 13 July 2022  
Contact: Graham Porter,  
02920 873401, [g.porter@cardiff.gov.uk](mailto:g.porter@cardiff.gov.uk)

This page is intentionally left blank

## 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.



## GOVERNANCE AND AUDIT COMMITTEE

15 MARCH 2022

Present: Hugh Thomas(Chairperson)  
Gavin McArthur, David Price, Dr. Janet Wademan,  
Councillors Cowan, Cunnah, Goodway and Williams

## 85 : APOLOGIES FOR ABSENCE

Apologies were received from Councillor Howells and Councillor Keith Jones.

## 86 : DECLARATIONS OF INTEREST

No declarations of interest were received.

## 87 : MINUTES

The minutes of the meeting held on 25 January 2022 were approved by the Committee as a correct record, subject to three minor typographical amendments.

88 : UPDATE ON THE DIRECTORATE CONTROL ENVIRONMENT –  
EDUCATION AND LIFELONG LEARNING

The Committee received a report and presentation from Melanie Godfrey, the Director of Education and Lifelong Learning, providing an update on the control environment for the Education and Lifelong Learning directorate.

Members were advised that the Directorate has responsibility for the statutory duties, functions and services in relation to education in the city including the youth service but excluding post-16 provision in 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 and there are 5,886 school-based staff.

Cardiff has 127 schools. There are 98 primary schools, including 15 that provide Welsh-medium education, 2 dual language and 3 maintained nursery schools. There are 18 secondary schools including 3 Welsh-medium schools. In addition, there are 7 special schools and one pupil referral unit.

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

The Director of Education and Lifelong Learning reported that the service area was subject to a full Estyn inspection commencing November 2021. This was the first local authority inspection since 2019 under the new inspection framework. The final inspection report was published in February 2022 and the report concluded that

Cardiff has demonstrated a sustained and incremental improvement in the quality and effectiveness of its education service.

The following recommendations for improvement were 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.

Members were advised that actions to build upon the strengths identified in the report and to address the recommendations for improvement will be built into the Directorate 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.

The Director reported on the review of the Cardiff 2030 vision and goals, that is currently being undertaken, and provided a summary of the Education Management Team (EMT) structure.

In terms of budget monitoring, Members were advised that in 2021-2022, the Council's net education budget £294,620,000. At month nine the budget monitoring position was £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. The local authority delegates the highest proportion (89.5%) 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.

Schools' balances overall significantly increased over the 2020-2021 financial year, although this was largely due to additional funding being received from Welsh Government. However, four schools were in deficit in 2021-22 and two schools brought forward a deficit balance. It was reported that the local authority has arrangements in place to work with the schools in deficit and has intervened appropriately.

There is a projected overspend of £1 million by the end of 2021-22. The main areas of overspend are home to school transport costs and provision for pupils educated other than at school.

Cardiff also has a significant capital programme in relation to schools both in terms of new school builds and investment in its existing schools' estate.

Members were advised that the Directorate leads on the management of Corporate risks relating to School Improvement, the School Organisation Programme and Schools Delegated Budget. EMT reviews the Directorate Risk Register on a quarterly basis. Members of the EMT are charged with the responsibility to identify, manage and review the risks for their respective areas, with appropriate escalation.

The Directorate Risk Register is reviewed annually alongside the setting of Corporate Plan and Directorate Delivery Plan priorities.

EMT also receives regular reporting updates on the schools buildings investment programme and renewals to the existing estate. Reporting of programme risks are assessed at the School Organisation Programme Board. In addition, EMT receives regular reporting updates on progress to deliver the strategy for improving outcomes for learners with Additional Learning Needs and a half-termly update report from the Schools Causing Concern (SCC) process.

The Director's report provided a summary of the position in relation to the following risks that received the highest risk rating in the Directorate Risk Register:

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

The report also provided an overview of the directorate's internal audit engagement and response and the wider control environment.

The Chairperson opened the debate on this item, and Members were invited to comment, seek clarification or raise questions. Those discussions are summarised as follows:

- A Member noted the increase in learners not in appropriate full-time education. They asked why the increase had occurred and whether there were any early warning signs that may be recognised to avoid this. The Director clarified that education other than at school means that children are receiving alternative provision in terms of their education, it does not mean that they are not being educated. The Director assured Members that those children receive targeted support and the directorate also liaises with Children Services.
- The Director was asked to comment on the outstanding actions in terms of internal audit recommendations, particularly in terms of the level of support schools receive. The Director stated that this issue is addressed at All School Risk meetings. A number of key areas are looked at including finance, HR, Safeguarding, audit, Estyn inspection outcomes, etc. Officers representing each of those areas attend the All School Risk meetings, where actions are agreed that are undertaken with the school. Persistent issues are picked up at Assistant Director level and these are escalated to the Director if they aren't addressed.
- A Member welcomed the commentary on value for money set out in the report. They indicated that they would welcome more extensive quantification of the subject in future iterations of the report.
- A Member asked for clarification of the legal status of schools; whether they have a legal status in their own right and whether there is a variation between the

different types of schools. The Director stated that legislation governs the roles and responsibilities for schools, the LEA and for ministers. The School Standards and Organisation Wales Act 2013 sets the powers of intervention in terms of what the authority can require governing bodies in schools to do. School governing bodies primarily hold the school to account. Schools are defined as organisations by statute but legal advice would be required on the question of whether they are legal entities in their own right. Those held to account would depend on the nature of the failing. The Member requested that the Director of Education provide legal clarification of the party (or parties) who could be held responsible for Corporate Manslaughter in schools.

- A Member questioned whether the directorate has undertaken a formal process to identify its stakeholders; how it engages with them and how it reviews stakeholder perception of performance. The Director stated that stakeholder mapping has not been undertaken on a wholistic basis across the directorate. However, it had been undertaken in each specific service area. The scope and breadth of the work undertaken by the directorate means that it will have different stakeholders and methods of engaging with them. However, adopting the MSP standard in future will require profiling stakeholders and stakeholder engagement.
- Members noted the comments in the report relating to risk associated with the sufficiency of school places for pupils with Additional Learning Needs. Members asked for further details of the plans for further provision, particularly in the secondary sector. The Director stated that plans are brought forward annually to inform the provision of places in the forthcoming years and for the Admissions Team to allow those places to be filled. It was acknowledged that planning for ALN places has its difficulties as it now including emotional health and well being and there has been an increase in demand in the area as a consequence of the pandemic. It is necessary to plan and to also be reactive and therefore sufficient capacity needs to be built in to enable reactive provision.
- A Member requested further information on the governance of the Central South Consortium; how that organisation is held to account for its performance and how Cardiff's needs are met. The Director stated that there is an overarching framework governing the Central South Consortium which is overseen by a joint committee led by a Council Leader and with suitable members drawn from the partnering authorities, generally the Cabinet Member for Education alongside key officers. Supporting the Joint Committee there are a number of boards and a comprehensive business plan. Delivery is held to account against the business plan. Cardiff Council will provide a list of its priorities in terms of education and these will inform the business plan. Estyn has recognised that there is further work to be done to ensure that the regional improvement service can provide bespoke support that addresses the priorities for Cardiff.
- A Member raised a question regarding the provision of Universal Free School Meals. Concerns were raised that some schools in Cardiff have not provided a cooked meal for approximately 2 years. Some kitchens were no longer considered by the Member to be fit for purpose, and there were concerns also about staffing numbers. The Member asked how this would be addressed in under future plans to provide universal free school meals. The Director indicated that an audit is underway that will identified the needs in each school to be able to

deliver universal free school meals. The outcome of the audit will identify what is needed and potentially the cost implications. The timeline is defined by the Welsh Government but the initial focus will be on early years. The offer of a hot meal was paused in some parts of the city as a result of the pandemic due to supply and staff shortages. The Director agreed to brief the member directly on the schools concerned following the meeting.

- Members also raised concerns regarding a number of outstanding actions in relation to the Music Service and asset management.

RESOLVED – That the Director of Education provide legal clarification of the party (parties) who could be held responsible for Corporate Manslaughter in schools.

## 89 : FINANCIAL UPDATE INCLUDING RESILIENCE ISSUES

The Corporate Director Resources presented an update on current issues including financial resilience, Covid-10 pandemic, the Month 9 position, Budget Strategy 2022/23 and the Medium Term Financial Plan (MTFP).

Members received an update on the financial impact of the pandemic including the level of support received to date (approximately £120 million). The Welsh Government Hardship fund would no longer be in place in 2022/23 and this represents a significant financial risk to the Council. The 2022/23 will need to be sufficiently robust to cope with Covid-19 related pressures.

An overspend of £0.101 million was projected at Month 9. Directorate overspends of £2.701 million were offset by the £3 million contingency budget. The position has improved on Month 6 and is expected to improve further by year-end. Furthermore, a variance of £26.402 million was reported in the capital programme (mainly slippage).

Members received summary details of the 2022/23 approved by Council. Members were asked to note the allowances made for employees, price inflation, a covid recovery budget and for policy growth. Details of the Capital Investment Programme were also provided.

The Corporate Director stated that the Medium Term Financial Plan estimates a budget gap of in excess of £69 million to 2026/27. The budget gap for 2023/24 is £23.931 million based on current modelling. An updated MTFP will be provided during the year.

RESOLVED – That the report be noted.

## 90 : STATEMENT OF ACCOUNTS 2021/22: ACCOUNTING POLICIES AND TIMESCALES

The Committee received a report providing Members with the proposed timescales for the 2021/22 Statement of Accounts. The report also highlighted the draft accounting policies on which the Statement of Accounts for 2021/22 will be based; the key changes expected to be implemented for the 2021/22 accounts arising from the 2021/22 CIPFA Code of Practice (the Code); and additional items with implications for the Statement of Accounts.

Members were advised that the statutory deadlines in relation to the accounts have been extended in recognition of the continue impact of the Covid-19 pandemic on local authority and external audit resources. The report included the key timescales within which officers would produce the final Statement of Accounts within which the Committee would be able to provide comments.

The report also highlighted the draft accounting policies, the key assumptions made and a change in the CIPFA code relating to interest rate benchmarking reform. Members were asked to note a number of additional issues that have implications for the Statement of Accounts, including the introduction of CIPFA's Financial Management Code in 2020 and a CIPFA consultation in respect of changes to the Local Authority Code of Accounting Practice as a result of feedback received that three months after the 30 September 2021 statutory deadline more local bodies had failed to meet, than had complied with, the statutory deadline to complete audits and publication of the accounts.

Members were invited to comment on the report. Members noted that additional meetings of the Committee may potentially be required in order to comply the timescales. Audit Wales confirmed that there were no concerns in relation to the accounting policies and key assumptions.

RESOLVED – the timescales proposed for the 2021/22 accounts the draft accounting policies, the assumptions to be used in preparing the statement of accounts for 2021/22 and the key changes in the Code of Practice for 2021/22 and changes in the medium term be noted.

## 91 : CORPORATE RISK MANAGEMENT (Q3)

The Head of Finance presented a report providing an update on the risk management position at quarter three 2021/22. A summary of the Corporate Risk Register was included at Appendix A of the report and the Detailed Corporate Risk Register was included at Appendix B.

Members were advised that 210 directorate risks were reported. Escalated and de-escalated risks were discussed at Senior Management Team (SMT) on 8 March 2022. Ten risks were escalated. Members were asked to note that of the 210 directorate risks, 71 were Covid-19 related.

Members were also asked to note that the risk rating for the Climate Change residual risk was reduced from A1 to B2 and the risk rating for the Financial Resilience residual risk was reduced from B2 to C2. The report provided an explanation as to why the risk rating was reduced in each instance.

Committee was advised that there was a discussion at SMT regarding the escalating energy costs. It was agreed that the mitigations already in place and those to be undertaken, combined with an assessment of the impact of these increasing energy costs, would be considered during the quarter four risk management review. The relevant risk registers would be updated accordingly and reported on at quarter four.

At the November 2021 meeting the Committee suggested that all proposed management actions, for each corporate risk, should have estimated completion dates so that progress could be monitored. Members were advised that 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.

Members asked whether there were any risk register or treasury management implications arising from the conflict in Ukraine. The Head of Finance stated that there was potential for increased energy, refugees and other costs as a result of the conflict. In terms of treasury management there was no exposure to Russian banks and funds. In terms of the pension fund, the Wales Pension Partnership had announced that whilst there was a small exposure to Russian investments, the Partnership was seeking to disinvest from those.

A Member noted comments in the Corporate Risk Register in relation to behavioural change promotion in respect of clean air targets. The Member asked whether the Council has a register of behavioural change promotion possibilities. The Head of Finance agreed to seek clarification from the Director of Strategic Planning and Environment.

A Member referred to comments made by the Corporate Director for Resources regarding the continued significant risk from the unknown financial impact of the Covid-19 pandemic. However, the Corporate Risk Register has de-escalated that risk, albeit with an action to establish the financial implications. The Head of Finance stated that the risk was still significant and was rated C2 – red/amber. However, the likelihood of a high impact risk has been reduced.

RESOLVED – Details of the behavioural change programme to be provided to the Committee in respect of the Clean Air Strategy, as referenced on the corporate risk register.

## 92 : UPDATE ON THE ROLES OF GOVERNANCE AND AUDIT COMMITTEE AND SCRUTINY COMMITTEES

The Director of Governance and Legal presented a report in relation to the Committee's responsibilities and the roles of the Council's Scrutiny Committees. The report was prepared in the context of new responsibilities for the Governance and Audit Committee introduced through the Local Government and Elections (Wales) Act 2021.

Through the Act, the Committee is required 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, at least once during an electoral cycle. The focus of these reviews relate 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 which fall within the remit of Scrutiny Committees.

Members were reminded that the Governance and Audit Committee terms of reference have been updated to reflect its new responsibilities and that it continues to be based on CIPFA best practice guidance.

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, the outcome of which was reported on 25 January 2022.

Members were advised that 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 was given to work programmes and the lines of enquiry during the current year since new responsibilities started to come into force. Officers are satisfied that Scrutiny and Governance and Audit Committees are operating within their respective terms of reference. Officers were also satisfied that Committees understand their roles and responsibilities sufficiently applying their respective existing terms of reference.

It was proposed that a review of the Governance and Audit Committee and Scrutiny Committee terms of reference be undertaken at the end of the 2022/23 municipal year.

RESOLVED – That the Committee agreed the proposed approach and timescale for reviewing its terms of reference.

### 93 : AUDIT AND INVESTIGATION TEAM PROGRESS UPDATE

The Committee received a progress report providing an update on the work and performance of the Internal Audit and Investigation Teams for January and February 2022.

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.

Members sought reassurance that the carry forward work was manageable and won't impact on future planning significantly. The Audit Manager stated that the expectation was that there would be no significant impact. A number of audits are at a mature stage and will be completed on time. There will be a number of audits that are in progress but won't be completed within the quarter. This is where elements of field work are incomplete, and a level of carry forward work is anticipated to be concluded in quarter one.



RESOLVED – That the report be noted.

94 : INTERNAL AUDIT CHARTER AND AUDIT PLAN 2022/23

The Audit Manager presented a report on the Draft Internal Audit Charter for 2022/23 and appendices, including a draft Governance and Audit Committee Terms of Reference 2022/23. The report also provided 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.

The Committee received the Draft Internal Audit Charter and Summary Audit Plan 2022/23 at its meeting on 25 January 2022. The Audit Plan was further developed applying a risk-based methodology to identify the planned activities for 2022/23.

The Audit Manager summarised the key issues set out in the report.

RESOLVED – That Committee:

(1) notes the Audit Strategy

(2) approves 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)

(3) approves the Internal Audit Plan, 2022/23

95 : TREASURY MANAGEMENT PRACTICES

Members received a report providing Governance and Audit Committee Members with the proposed Treasury Management Practices (TMP's) to apply from April 2022.

RESOLVED – That the public be excluded from consideration of this item as it contains exempt information of the description in paragraphs 14 and 21 of Schedule 12A of the Local Government Act 1972.

RESOLVED – That the Governance and Audit Committee notes the Treasury Management Practices to be applied from April 2022.

96 : OUTSTANDING ACTIONS

RESOLVED – That the report be noted.

97 : CORRESPONDENCE

RESOLVED – That the report be noted.

98 : WORK PROGRAMME UPDATE

RESOLVED – That the report be noted.

99 : URGENT ITEMS (IF ANY)

No urgent items.

100 : DATE OF NEXT MEETING

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

The meeting terminated at 6.45 pm

## 2022 Audit Plan – Cardiff Council

Audit year: 2022-23

Date issued: July 2022

Document reference: 3052A2022

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

Audit Wales is the non-statutory collective name for the Auditor General for Wales and the Wales Audit Office, which are separate legal entities each with their own legal functions as described above. Audit Wales is not a legal entity and itself does not have any functions.

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

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

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

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

# Contents

2022 Audit Plan	
About this document	4
My duties	4
Impact of COVID-19	5
Audit of financial statements	5
Performance audit	9
Certification of grant claims and returns	11
Statutory audit functions	11
Fee, audit team and timetable	12

# 2022 Audit Plan

## About this document

- 1 This document sets out the work I plan to undertake during 2022 to discharge my statutory responsibilities as your external auditor and to fulfil my obligations under the Code of Audit Practice.

## My duties

- 2 I complete work each year to meet the following duties.

## Audit of financial statements

- 3 Each year I audit Cardiff Council's (the Council) financial statements to make sure that public money is being properly accounted for.

## Value for money

- 4 The Council has to put in place arrangements to get value for money for the resources it uses, and I have to be satisfied that it has done this.

## Sustainable development principle

- 5 The Council needs to comply with the sustainable development principle when setting and taking steps to meet their well-being objectives. The Auditor General must assess the extent to which they are doing this.

## Impact of COVID-19

- 6 The COVID-19 pandemic has had an unprecedented impact on the United Kingdom and the work of public sector organisations.
- 7 While Wales is currently at Coronavirus Alert Level 0, Audit Wales will continue to monitor the position and will discuss the implications of any changes in the position with your officers.

## Audit of financial statements

- 8 It is my responsibility to issue a certificate and report on the financial statements. This includes:
  - an opinion on the on the 'truth and fairness' of the Council's and the Group's financial statements for the financial year ended 31 March 2022; and
  - an assessment as to whether the Council's Narrative Report and Annual Governance Statement is prepared in line with the CIPFA Code and relevant guidance and is consistent with the financial statements and with my knowledge of the Council.
- 9 In addition to my responsibilities for auditing the Council's financial statements, I also have responsibility for:
  - certifying a return to the Welsh Government which provides information about the Council to support preparation of Whole of Government Accounts;
  - responding to questions and objections about the accounts from local electors (additional fees will be charged for this work, if necessary);
  - auditing Cardiff and Vale of Glamorgan's pension fund accounts (a separate audit plan has been prepared for the audit of the pension fund);
  - the audit of the following:
    - Cardiff Harbour Authority;
    - Cardiff Port Health Authority;
    - Glamorgan Archives Joint Committee;
    - Prosiect Gwyrdd Joint Committee; and
  - the certification of a number of grant claims and returns as agreed with the funding bodies.
- 10 I do not seek to obtain absolute assurance on the truth and fairness of the financial statements and related notes but adopt a concept of materiality. My aim is to identify material misstatements, that is, those that might result in a reader of the accounts being misled. The levels at which I judge such misstatements to be material will be reported to the Governance and Audit Committee and full Council prior to completion of the audit.

- 11 Any misstatements below a trivial level (set at 5% of materiality) I judge as not requiring consideration by those charged with governance and therefore will not report them.
- 12 There have been no limitations imposed on me in planning the scope of this audit.
- 13 I will also report by exception on a number of matters which are set out in more detail in our Statement of Responsibilities, along with further information about my work.

## Audit of financial statements risks

- 14 The following table sets out the significant risks I have identified for the audit of the Council.

### Exhibit 1: financial statement audit risks

This table summarises the key financial statement audit risks identified at the planning stage of the audit.

Audit risk	Proposed audit response
<b>Significant risks</b>	
<p><b>Risk of Management Override</b> The risk of management override of controls is present in all entities. Due to the unpredictable way in which such override could occur, it is viewed as a significant risk [ISA 240.31-33].</p>	<p>We will:</p> <ul style="list-style-type: none"> <li>• test the appropriateness of journal entries and other adjustments made in preparing the financial statements;</li> <li>• review accounting estimates for biases; and</li> <li>• evaluate the rationale for any significant transactions outside the normal course of business.</li> </ul>
<p><b>Contingent Liabilities</b> As reported in previous years, the Council is in ongoing discussions with HMRC, with a view to resolving a purportedly under-declared landfill tax assessment from 1 April 2015. This is a specialised and technical matter. Our discussions with management during the year has confirmed that, currently, this</p>	<p>My audit team will:</p> <ul style="list-style-type: none"> <li>• continue to meet with management to obtain updates on the status of the investigation;</li> <li>• review correspondence with HMRC and any key documents</li> </ul>



Audit risk	Proposed audit response
<p>matter remains on-going and the financial impact of any potential liability is unconfirmed. Due to the ongoing nature of this matter, there is a risk that the Council will need to account for additional liabilities which will need to be correctly disclosed in the financial statements.</p>	<p>arising from its investigation process; and</p> <ul style="list-style-type: none"> <li>ensure that any known or potential liabilities as at 31 March 2022, are appropriately accounted for and disclosed within the Council's financial statements</li> </ul>
<p><b>New Fixed Asset Register System</b></p> <p>The Council has introduced a new Fixed Asset Register System during the year which will be used for the production of all of the figures relating to Property, Plant &amp; Equipment in the 2021-22 financial statements.</p> <p>There is a risk that the fixed asset information has not been transferred correctly to the new system and that new system's functionality does not work in the manner intended.</p>	<p>Our I.T. Audit specialists will review the manner in which the migration of data from the old to the new system has been managed to ensure that the correct balances have been brought forward.</p> <p>We will also review the results of the information produced via the new system to ensure that this is in line with expectations.</p>
Other Audit Risks	
<p><b>Impact of COVID-19</b></p> <p>Although COVID-19 restrictions have now been removed, there have been ongoing pressures on staff resource and of remote working that may impact on the preparation, audit and publication of accounts. There is a risk that the quality of the accounts and supporting working papers eg around estimates and valuations, may be compromised leading to an increased incidence of errors. Quality monitoring arrangements may be compromised due to timing issues and/or resource availability.</p>	<p>We will discuss your closedown process and quality monitoring arrangements with the accounts preparation team and make arrangements to monitor the accounts preparation process. We will help to identify areas where there may be gaps in arrangements.</p>

Audit risk	Proposed audit response
<p><b>Accounting for Welsh Government funding and grant income</b></p> <p>The Welsh Government has made available various funding streams to the Council. In some cases, these monies provide financial support to the Council itself. In other cases, the funds have been administered by the Council, making payments to third parties on behalf of the Welsh Government. Payments have been made available through a number of different schemes over the course of 2021-22 and the amounts involved are material to the accounts.</p> <p>There is a risk that the Council has incorrectly accounted for this income.</p>	<p>We will review the funding streams received from Welsh Government and confirm the appropriate accounting treatment with the Council.</p>
<p><b>Asset valuations</b></p> <p>In light of the COVID restrictions that were in place throughout 2021-22 and uncertainties over market values for assets since the start of the pandemic, there is a risk that the carrying value of assets reported in the accounts may be materially different to the current value of assets as at 31 March 2022. In particular, this may be the case where assets have been valued on a rolling basis and not as at the financial year end.</p>	<p>We will review the Council's asset valuation programme to establish when individual groups of assets were valued and seek to confirm that valuations carried out earlier than as at 31 March 2022 are not materially different to the current value of assets as at the year end.</p>
<p><b>Related parties</b></p> <p>Disclosure of related party transactions are important as these transactions identify relationships that might materially prevent a body pursuing its separate interests or allow the body to prevent another party from pursuing its interests independently.</p> <p>We have identified related party transactions as material to the accounts as they can provide scope to distort</p>	<p>We will review the Council's processes and procedures for identifying and disclosing related party transactions in the accounts to ensure their accuracy and completeness.</p>

Audit risk	Proposed audit response
<p>financial information and/or obscure the substance of transactions.</p> <p>Last year's audit identified weaknesses in the Council's systems for identifying and recording related party transactions.</p>	

## Performance audit

- 15 In addition to my Audit of Financial Statements, I also carry out a programme of performance audit work to discharge my duties as Auditor General as set out in paragraphs 4 and 5 in relation to value for money and sustainable development.
- 16 In response to the pandemic, I adopted a flexible approach to my performance audit work both in terms of topic coverage and methodology. This enabled me to respond to the fast-moving external environment and provide more real-time feedback in a range of formats.
- 17 For 2022-23, I intend to continue this approach to help enable my work to be responsive and timely, and where possible to share learning more quickly. As part of this approach, I anticipate that a significant proportion of my local performance audit programme will continue to be delivered through the Assurance and Risk Assessment Project, that will be ongoing throughout the year.
- 18 Given the high degree of commonality in the risks facing councils I also intend to deliver a number of thematic projects examining risks common to all councils.
- 19 During 2020-21, I consulted public bodies and other stakeholders on how I will approach my duties in respect of the Well-being of Future Generations (Wales) Act 2015 from 2020-2025.
- 20 In March 2021, I wrote to the public bodies designated under the Act setting out my intentions, which include a). carrying out specific examinations of how public bodies have set their well-being objectives and b). integrating my sustainable development principle examinations of steps to meet well-being objectives with my national and local audit programmes.
- 21 My auditors are liaising with the Council to agree the most appropriate time to examine the setting of well-being objectives.
- 22 The examination of steps to meet well-being objectives will be conducted as part of work set out in this audit plan and successive audit plans, leading up to my statutory report under the Act in 2025.
- 23 For 2022-23 my performance audit work at the Council is set out below.

## Exhibit 2: Performance Audit Programme 2022-23

This table summarises the performance audit programme for 2022-23

Performance audit programme	Brief description
Assurance and Risk Assessment	<p>Project to identify the level of audit assurance and/or where further audit work may be required in future years in relation to risks to the Council putting in place proper arrangements to secure value for money in the use of resources and acting in accordance with the sustainable development principle</p> <p>At Cardiff Council the project is likely to focus on:</p> <ul style="list-style-type: none"> <li>• financial position</li> <li>• capital programme management</li> <li>• use of performance information – with a focus on service user feedback and outcomes</li> <li>• setting of well-being objectives (depending on the Council's plans to do this)</li> </ul>
Thematic review - unscheduled care	<p>We intend to undertake a cross-sector review focusing on the flow of patients out of hospital. This review will consider how Cardiff Council is working with its partners to address the risks associated with the provision of social care to support hospital discharge, as well as prevent hospital admission. The work will also consider what steps are being taken to provide medium to longer-term solutions.</p>
Thematic review - digital	Exact scope to be determined
Local project	<p>Local tailoring of digital / service user perspective thematic. Scope to be discussed with the Council.</p>

- 24 In March 2022, I published a [consultation](#) inviting views to inform our future audit work programme for 2022-23 and beyond. In particular, it considered topics that may be taken forward through our national value for money examinations and studies and/or through local audit work across multiple NHS, central government and local government bodies. As we develop and deliver our future work programme, we will be putting into practice key themes in our new five-year strategy, namely:
- the delivery of a strategic, dynamic, and high-quality audit programme; supported by
  - a targeted and impactful approach to communicating and influencing.
- 25 The possible areas of focus for future audit work that we set out in the consultation were framed in the context of three key themes from our [Picture of Public Services](#) analysis in autumn 2021, namely: a changing world; the ongoing pandemic; and transforming service delivery. We also invited views on possible areas for follow-up work.
- 26 We will provide updates on the performance audit programme through our regular updates to the Governance and Audit Committee.

## Certification of grant claims and returns

- 27 I have also been requested to undertake certification work on Cardiff Council's grant claims, which I anticipate will include Housing Benefits, Teachers Pension and NDR.

## Statutory audit functions

- 28 In addition to the audit of the accounts, I have statutory responsibilities to receive questions and objections to the accounts from local electors. These responsibilities are set out in the Public Audit (Wales) Act 2004:
- Section 30 Inspection of documents and questions at audit; and
  - Section 31 Right to make objections at audit.
- 29 As this work is reactive, I have made no allowance in the fee table below. If I do receive questions or objections, I will discuss potential audit fees at the time.

## Fee, audit team and timetable

- 30 My fees and planned timescales for completion of the audit are based on the following assumptions:
- the financial statements are provided in accordance with a timescale to be agreed taking into account the impact of COVID-19, to the quality expected and have been subject to a robust quality assurance review;
  - information provided to support the financial statements is in accordance with the agreed audit deliverables document;
  - appropriate accommodation and facilities are provided to enable my audit team to deliver the audit in an efficient manner;
  - all appropriate officials will be available during the audit;
  - you have all the necessary controls and checks in place to enable the Responsible Financial Officer to provide all the assurances that I require in the Letter of Representation addressed to me; and
  - Internal Audit's planned programme of work is complete and management has responded to issues that may have affected the financial statements.
- 31 If I do receive questions or objections, I will discuss potential audit fees at the time.

## Fee

- 32 As set out in our Fee Scheme 2022-23 our fee rates for 2022-23 have increased by 3.7% as a result of the need to continually invest in audit quality and in response to increasing cost pressures.
- 33 The estimated fee for 2022 is set out in **Exhibit 3**. This represents a 2.3% increase compared to your actual 2021 fee.

### Exhibit 3: audit fee

This table sets out the proposed audit fee for 2022, by area of audit work, alongside the actual audit fee for last year.

Audit area	Proposed fee (£) <sup>1</sup>	Actual / Expected fee last year (£)
Audit of accounts <sup>2</sup>	283,759	273,664
Performance audit work <sup>3</sup>	112,420	108,470
Grant certification work <sup>4</sup>	65,000	68,726
<b>Sub-total</b>	<b>461,179</b>	<b>450,863</b>
Other financial audit work <sup>5</sup>		
Cardiff Harbour Authority	14,050	13,650
Cardiff Port Health Authority	2,175	2,100
Glamorgan Archives Joint Committee	2,175	2,100
Prosiect Gwyrdd Joint Committee	2,175	2,100
Total fee	481,754	470,813

### Exhibit 4: analysis of main fee by grade

	Cost (£)	Days	% of total Days	Actual % of total Days last year
Engagement lead	23,961	21	2.5	2.2
Audit manager	71,736	84	9.8	9.4
Audit lead	122,500	175	20.6	14.3
Senior auditor	90,552	154	18.0	20.1
Auditor	57,540	137	16.0	18.6
Graduate trainee	74,970	210	24.6	24.8
Apprentice	19,920	73	8.5	10.7
<b>Total</b>	<b>461,179</b>	<b>855</b>	<b>100.00</b>	<b>100.00</b>

<sup>1</sup> Notes: The fees shown in this document are exclusive of VAT, which is not charged to you.

<sup>2</sup> Payable November 2021 to October 2022.

<sup>3</sup> Payable April 2022 to March 2023.

<sup>4</sup> Payable as work is undertaken.

<sup>5</sup> Payable November 21 to October 2022.

Planning will be ongoing, and changes to my programme of audit work, and therefore my fee, may be required if any key new risks emerge. I shall make no changes without first discussing them with the Council.

34 Further information can be found in my [Fee Scheme 2022-23](#).

## Audit team

35 The main members of my team, together with their contact details, are summarised in **Exhibit 5**.

### Exhibit 5: my audit team

This table lists the members of the local audit team and their contact details.

Name	Role	Contact number	E-mail address
Derwyn Owen	Engagement Director	07909 882609	<a href="mailto:Derwyn.Owen@audit.wales">Derwyn.Owen@audit.wales</a>
Phil Pugh	Audit Manager (Financial Audit)	07964 118615	<a href="mailto:Phil.Pugh@audit.wales">Phil.Pugh@audit.wales</a>
Steve Stark	Audit Lead (Financial Audit)	07590 586895	<a href="mailto:Steve.stark@audit.wales">Steve.stark@audit.wales</a>
Sara-Jane Byrne	Audit Manager (Performance Audit)	07786 111385	<a href="mailto:Sara-Jane.Byrne@audit.wales">Sara-Jane.Byrne@audit.wales</a>
Samantha Clements	Audit Lead (Performance Audit)	07837 825175	<a href="mailto:Samantha.Clements@audit.wales">Samantha.Clements@audit.wales</a>

36 There is one potential conflict of interest that I wish to bring to your attention. The Audit Manager (Financial Audit) is a former colleague and friend of the Council's Operational Manager for Information Governance, Transactional Finance and Programme Management within the Resources Directorate. I can confirm that, with the exception of the above, all other members of my team are independent of the Council and its senior officers. I can also confirm that I have introduced appropriate arrangements to ensure that my officer referred to above does not undertake any



audit work in respect of the area of the Council's operations where potential conflicts of interest could be perceived to exist.

## Timetable

- 37 The key milestones for the work set out in this plan are shown in **Exhibit 6**.
- 38 The Public Audit (Wales) Act 2004 provides electors with the right to ask questions and to make objections to the Authority's accounts to the Auditor General. The rights to ask questions and make objections at audit are linked to electors' rights to inspect the accounts that are also set out in the 2004 Act.

### Exhibit 6: Audit timetable

Planned output	Work undertaken	Report finalised
2022 Audit Plan	February to May 2022	July 2022
<b>Audit of Financial statements work:</b> <ul style="list-style-type: none"> <li>• Audit of Financial Statements Report</li> <li>• Opinion on Financial Statements</li> <li>• Financial Accounts Memorandum</li> </ul>	June to September 2022 October 2022	30 October 2022 30 October 2022 31 December 2022
<b>Performance audit work:</b> <ul style="list-style-type: none"> <li>• Assurance and Risk Assessment project</li> <li>• Thematic Review – unscheduled care</li> <li>• Thematic Review - digital</li> <li>• Local projects – extended digital thematic work</li> </ul>	Timescales for individual projects will be discussed with the Council and detailed within the specific project briefings produced for each piece of work.	

Planned output	Work undertaken	Report finalised
<b>Grants certification work</b> <ul style="list-style-type: none"> <li>• Housing Benefit</li> <li>• Non-Domestic rates</li> <li>• Social Care Wales Workforce Development Plans</li> <li>• Teachers' Pensions</li> </ul>	November 2022 to January 2023	February 2023
<b>Annual Audit Summary</b>	N/A	December 2022 [subject to completion of accounts audits]





Audit Wales

24 Cathedral Road

Cardiff CF11 9LJ

Tel: 029 2032 0500

Fax: 029 2032 0600

Textphone: 029 2032 0660

E-mail: [info@audit.wales](mailto:info@audit.wales)

Website: [www.audit.wales](http://www.audit.wales)

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

## 2022 Audit Plan – Cardiff & Vale of Glamorgan Pension Fund

Audit year: 2021-22

Date issued: July 2022

Document reference: 3054A2022

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

Audit Wales is the non-statutory collective name for the Auditor General for Wales and the Wales Audit Office, which are separate legal entities each with their own legal functions. Audit Wales is not a legal entity and itself does not have any functions.

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

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

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

# Contents

2022 Audit Plan	
Summary	4
Impact of COVID-19	4
Audit of pension fund accounts	4
Fee, audit team and timetable	6

# 2022 Audit Plan

## Summary

- 1 This document sets out the work I plan to undertake during 2022 to discharge my statutory responsibilities as your external auditor and to fulfil my obligations under the Code of Audit Practice to examine and certify whether Cardiff & Vale of Glamorgan Pension Fund's (the Pension Fund) accounting statements are 'true and fair'.
- 2 The purpose of this plan is to set out my proposed work, when it will be undertaken, how much it will cost and who will undertake it.
- 3 There have been no limitations imposed on me in planning the scope of this audit.

## Impact of COVID-19

- 4 The COVID-19 pandemic has had an unprecedented impact on the United Kingdom and the work of public sector organisations.
- 5 While Wales is currently at Coronavirus Alert Level 0, Audit Wales will continue to monitor the position and will discuss the implications of any changes in the position with your officers.

## Audit of pension fund accounts

- 6 The audit work I undertake to fulfil my responsibilities responds to my assessment of risks. This understanding allows us to develop an audit approach which focuses on addressing specific risks whilst providing assurance for the Pension Fund accounts as a whole.
- 7 I do not seek to obtain absolute assurance on the truth and fairness of the financial statements and related notes but adopt a concept of materiality. My aim is to identify material misstatements, that is, those that might result in a reader of the accounts being misled. The levels at which I judge such misstatements to be material will be reported to the Governance and Audit Committee prior to completion of the audit.
- 8 Any misstatements below a trivial level (set at 5% of materiality) I judge as not requiring consideration by those charged with governance and therefore will not report them.
- 9 I will also report by exception on a number of matters which are set out in more detail in our [Statement of Responsibilities](#), along with further information about my work.

## Financial audit risks

- 10 The following table sets out the significant risks I have identified for the audit of the Pension Fund accounts.



**Exhibit 1: financial audit risks**

This table summarises the key financial audit risks identified at the planning stage of the audit.

Audit risk	Proposed audit response
<b>Significant risks</b>	
<p><b>Management Override</b> The risk of management override of controls is present in all entities. Due to the unpredictable way in which such override could occur, it is viewed as a significant risk [ISA 240.31-33].</p>	<p>We will:</p> <ul style="list-style-type: none"> <li>• test the appropriateness of journal entries and other adjustments made in preparing the financial statements;</li> <li>• review accounting estimates for biases; and</li> <li>• evaluate the rationale for any significant transactions outside the normal course of business.</li> </ul>
<b>Other risks</b>	
<p><b>Private Equity Investments</b> Year-end valuation of private market investments is provided by investment managers which is based upon forward looking estimates and judgements and industry guidelines. As there is no quoted market price, there is a greater risk for the reasonableness of valuation bases of these investments.</p>	<p>My audit team will:</p> <ul style="list-style-type: none"> <li>• confirm the investment valuation to fund manager reports; and</li> <li>• seek additional assurance over the valuation basis from control assurance reports.</li> </ul>
<p><b>Wales Pension Partnership</b> The eight Pension Funds in Wales have created an ‘all-Wales’ pooled investment vehicle which is overseen and reported on by a joint governance committee the Wales Pension Partnership. The Pension Fund has continued to invest in the pooled investment vehicle with two significant transfers totalling over £1 billion during the year.</p>	<p>My audit team will:</p> <ul style="list-style-type: none"> <li>• work with the auditors of the joint governance committee to obtain the required assurances over the valuation of the funds transferred into the Wales Pension Partnership arrangement; and</li> <li>• review the disclosures made in respect of this partnership.</li> </ul>

Audit risk	Proposed audit response
<p><b>Contributions</b></p> <p>Contributions from employers and employees represent a significant percentage of the Pension Fund's revenue. The completeness and accuracy of the transfer of contributions is therefore identified as a risk.</p>	<p>To address this risk my audit team will gain an understanding of the Pension Fund's system for accounting for contribution income and test balances accordingly.</p>
<p><b>Benefits payable</b></p> <p>Pension benefits payable represent a significant percentage of the Fund's expenditure. The completeness, accuracy and occurrence of the transfer of pension benefits payable is therefore identified as a risk.</p>	<p>To address this risk my audit team will gain an understanding of the Pension Fund's system for accounting for benefits and test balances accordingly.</p>

## Statutory audit functions

- 11 In addition to the audit of the accounts, I have statutory responsibilities to receive questions and objections to the accounts from local electors. These responsibilities are set out in the Public Audit (Wales) Act 2004:
- Section 30 Inspection of documents and questions at audit; and
  - Section 31 Right to make objections at audit.
- 12 As this work is reactive, I have not included an estimated fee in **Exhibit 2** below. If I do receive questions or objections, I will discuss potential audit fees at the time.

## Fee, audit team and timetable

- 13 My fees and planned timescales for completion of the audit are based on the following assumptions:
- the financial statements are provided in accordance with a timescale to be agreed, taking into account the impact of COVID-19, to the quality expected and have been subject to a robust quality assurance review;
  - information provided to support the financial statements is in accordance with the agreed audit deliverables document;
  - appropriate accommodation and facilities are provided to enable my audit team to deliver the audit in an efficient manner;
  - all appropriate officials will be available during the audit;

- you have all the necessary controls and checks in place to enable the Responsible Financial Officer to provide all the assurances that I require in the Letter of Representation addressed to me; and
- Internal Audit’s planned programme of work is complete and management has responded to issues that may have affected the financial statements.

## Fee

- 14 As set out in our Fee Scheme 2022-23, our fee rates for 2022-23 have increased by 3.7%, as a result of the need to continually invest in audit quality and in response to increasing cost pressures.
- 15 The estimated fee for 2022 is set out in **Exhibit 2**. The higher than average increase of 17.1% is based on our knowledge of the likely resource requirements needed to complete the work to the required audit quality and our experience of higher outturn costs last year.

### Exhibit 2: audit fee

This table sets out the proposed audit fee for 2022, alongside the actual audit fee for last year.

Audit area	Proposed fee (£) <sup>1</sup>	Actual fee last year (£)
Audit of pension fund accounts <sup>2</sup>	37,783	32,256

- 16 Planning will be ongoing, and changes to my programme of audit work, and therefore my fee, may be required if any key new risks emerge. I shall make no changes without first discussing them with the Corporate Director Resources.
- 17 Further information on my [fee scales and fee setting](#) can be found on our website.

## Audit team

- 18 The main members of my team, together with their contact details, are summarised in **Exhibit 3**.

<sup>1</sup> Notes: The fees shown in this document are exclusive of VAT, which is not charged to you.

<sup>2</sup> Payable November 2021 to October 2022.

### Exhibit 3: my audit team

This table lists the members of the local audit team and their contact details.

Name	Role	Contact number	E-mail address
Derwyn Owen	Engagement Lead	07909 882609	<a href="mailto:Derwyn.owen@audit.wales">Derwyn.owen@audit.wales</a>
Phil Pugh	Audit Manager	07964 118615	<a href="mailto:Phil.pugh@audit.wales">Phil.pugh@audit.wales</a>
Jon Martin	Audit Lead	07973 760271	<a href="mailto:Jon.martin@audit.wales">Jon.martin@audit.wales</a>

### Timetable

19 The key milestones for the work set out in this plan are shown in **Exhibit 4**. As highlighted earlier, there may be a need to revise the timetable in light of developments with COVID-19.

#### Exhibit 4: audit timetable

Planned output	Work undertaken	Report finalised
2022 Audit Plan	March to April 2022	July 2022
<b>Audit of pension fund accounts:</b> <ul style="list-style-type: none"><li>• Audit of Financial Statements Report; and</li><li>• Opinion on Financial Statements.</li></ul>	October / November 2022	30 November 2022

20 We can confirm that team members are all independent of you and your officers.





Audit Wales  
24 Cathedral Road  
Cardiff CF11 9LJ

Tel: 029 2032 0500

Fax: 029 2032 0600

Textphone: 029 2032 0660

E-mail: [info@audit.wales](mailto:info@audit.wales)

Website: [www.audit.wales](http://www.audit.wales)

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

## Audit Wales Work Programme and Timetable – Cardiff Council

**Quarterly Update: 30 June 2022**

### Annual Audit Summary

Description	Timetable	Status
A report summarising completed audit work since the last Annual Audit Summary, which was issued in January 2022.	December 2022	Not started

### Financial Audit work

Description	Scope	Timetable	Status
<b>Audit of the Council's 2021-22 statement of accounts</b>	Providing the audit opinion on the Authority's 2021-22 statement of accounts, including its Housing Revenue Account, Cardiff Harbour Authority, Cardiff Port Health Authority, Glamorgan Archives, Prosiect Gwyrdd.	October 2022	Ongoing. Draft accounts due to be presented for audit mid-June.

Description	Scope	Timetable	Status
<p><b>Audit of Cardiff and Vale of Glamorgan Pension Fund's Annual Report (including the statement of accounts)</b></p>	<p>Providing the audit opinion on the 2021-22 Cardiff and Vale of Glamorgan Pension Fund's statement of accounts. The draft statement of accounts was received on 6 September.</p>	<p>November 2022</p>	<p>Ongoing. Draft accounts and Annual Report due to be presented for audit during the summer. Annual Report and Statement of Accounts work to commence following the completion of the Council's statutory accounts.</p>



## Performance Audit work

2021-22 Performance audit work	Scope	Timetable	Status
<b>Well-being of Future Generations Act (Wales) 2015 (WFG Act) examinations</b>	We will seek to integrate the delivery of our WFG examinations of steps to deliver well-being objectives with our other audit work. We will discuss this with the council as we scope and deliver the audit projects listed in this plan.	N/A	N/A
<b>Improvement reporting audit</b>	Audit of discharge of duty to publish an assessment of performance.	Issued certificate 22 October 2021	Complete

2021-22 Performance audit work	Scope	Timetable	Status
<b>Assurance and Risk Assessment</b>	<p>Project to identify the level of audit assurance and/or where further audit work may be required in future years in relation to risks to the Council putting in place proper arrangements to secure value for money in the use of resources.</p> <p>At Cardiff Council the project is focusing on:</p> <ul style="list-style-type: none"> <li>• Financial position</li> <li>• Self-assessment arrangements</li> <li>• Recovery planning</li> <li>• Implications of the Local Government and Elections (Wales) Act</li> <li>• Carbon reduction plans</li> <li>• Statutory building compliance</li> </ul>	<p>Presented to Senior Management Team 3 February 2022</p>	<p>Carbon reduction and financial position work ongoing.</p> <p>All other work complete.</p> <p>Summary of findings to be included in ARA summary report.</p>

2021-22 Performance audit work	Scope	Timetable	Status
<b>Springing Forward – Examining the building blocks for a sustainable future</b>	As the world moves forward, learning from the global pandemic, this review looks at how effectively councils are strengthening their ability to transform, adapt and maintain the delivery of services, including those delivered in partnership with key stakeholders and communities.	March/April 2022	Drafting report
<b>Follow-up leisure review</b>	Assess the Council's progress in addressing the proposals for improvement set out in our leisure services report issued in November 2020.	Fieldwork April/May 2022	Drafting
<b>Follow-up waste management review</b>	Follow-up review to assess the Council's progress to develop its waste strategy to help reduce waste and achieve the national recycling targets.	Fieldwork March/April	Shared findings with director and assistant director in June 2022. Drafting report.

2022-23 Performance audit work	Scope	Timetable	Status
<b>Assurance and Risk Assessment</b>	<p>Project to identify the level of audit assurance and/or where further audit work may be required in future years in relation to risks to the Council putting in place proper arrangements to secure value for money in the use of resources and acting in accordance with the sustainable development principle.</p> <p>The project is likely to focus in particular on:</p> <ul style="list-style-type: none"> <li>• Financial position</li> <li>• Capital programme management</li> <li>• Use of performance information – with a focus on service user feedback and outcomes</li> <li>• Setting of well-being objectives (depending on the Council's plans to do this)</li> <li>• </li> </ul>	April 2022- March 2023	Ongoing

2022-23 Performance audit work	Scope	Timetable	Status
<b>Thematic Review – Unscheduled Care</b>	A cross-sector review focusing on the flow of patients out of hospital. This review will consider how the Council is working with its partners to address the risks associated with the provision of social care to support hospital discharge, as well as prevent hospital admission. The work will also consider what steps are being taken to provide medium to longer-term solutions.	July – December 2022	Scoping
<b>Thematic review – Digital</b>	This project will be scoped over the summer with further details of the specific focus of the review to be confirmed.	To be confirmed.	Scoping
<b>Local work</b>	Local tailoring of digital / service user perspective thematic. Scope to be discussed with the Council.	To be confirmed.	Scoping

## Local government national studies planned/in progress

Study	Scope	Timetable	Status	Fieldwork planned at Cardiff Council
<b>Poverty</b>	Understanding how local authorities ensure they deliver their services to minimise or reduce poverty.	Autumn 2021 – Autumn 2022	Drawing Conclusions	Yes – interview with nominated officer at the Council
<b>Social Enterprises</b>	Review of how local authorities are supporting and utilising social enterprises to deliver services	Autumn 2021 – Autumn 2022	Drawing conclusions	Yes – interview with nominated officer at the Council
<b>Building Social Resilience and Self reliance</b>	Review of how local authorities can build greater resilience in communities	Autumn 2021 – Autumn 2022	Drawing conclusions	Yes – interview with nominated officer at the Council

## Estyn

Estyn planned work 2022-23	Scope	Timetable	Status
<p><b>Local Government Education Services Inspections</b></p>	<p>Estyn inspected Anglesey and Swansea local government education services during the summer term. The reports will be published in August and early September. The <a href="#">Torfaen</a> report was published on 18 May. Estyn will be reviewing the inspection guidance to reflect a greater emphasis on socio-economic disadvantage and inequity and to make minor tweaks in response to feedback from inspections in 2021-22</p> <p>Estyn inspected Cardiff local government education services and published its <a href="#">report</a> in February 2022.</p>	<p>Inspection guidance review – July. Published on website 1 September.</p>	<p>N/A</p>
<p><b>Curriculum Reform thematic review</b></p>	<p>The Welsh Government have also asked Estyn to review the school improvement</p>	<p>Evidence collecting in June/July – published in September.</p>	<p>N/A</p>

<b>Estyn planned work 2022-23</b>	<b>Scope</b>	<b>Timetable</b>	<b>Status</b>
	services in south-west Wales.		

## Care Inspectorate Wales (CIW)

<b>CIW planned work 2022-23</b>	<b>Scope</b>	<b>Timetable</b>	<b>Status</b>
<b>Programme 2022-23</b>	CIW will continue to run its pilot cyclic programme of assurance checks, improvement checks and performance evaluation inspections.	April 2022 – March 2023	In progress
<b>Development</b>	CIW will continue to develop its approach to inspection and review of local authorities.  CIW will consult further regarding its approach.	September 2022 – December 2022	In progress
<b>Deprivation of Liberty Safeguards Annual Monitoring Report for Health and Social Care 2021-22</b>	Following the publication of the 2020-21 report, planning is underway for the next report publication date to be confirmed.	Publication to be confirmed	Data collecting
<b>Annual meeting with Statutory Directors of Social Services</b>	CIW will meet with all Directors of Social Services	December 2022 and January 2023	Planning



CIW planned work 2022-23	Scope	Timetable	Status
<p><b>National review of Care Planning for children and young people subject to the Public Law Outline pre-proceedings</b></p>	<p>Purpose of the review</p> <p>To provide external scrutiny, assurance and to promote improvement regarding the quality of practice in relation to the care planning for children and young people subject to the public law outline pre-proceedings.</p> <p>To consider the extent to which practice has progressed since the publication of both the CIW 'National Review of care planning for children and young people subject to public law outline pre proceedings' and the publication of the PLO working group report 2021 including best practice guidance.</p>	<p>September 2022</p>	<p>Planning</p>
<p><b>Joint Inspection Child Protection Arrangements</b></p>	<p>Cross-inspectorate approach. Area to be determined. We will complete a further four multi agency joint inspections.</p> <p>We will publish a national report in late 2023.</p>	<p>Autumn 2022-Spring 2023</p>	<p>Planning</p>
<p><b>Cafcass Assurance Check</b></p>	<p>CIW will continue to develop its approach to inspection and review of Cafcass Cymru. We will evaluate our approach and will consult on our revised approach in late 2022.</p> <p>Assurance check completed. Drafting letter. Due to be published August 2022</p>	<p>September – December 2022</p> <p>August 2022</p>	<p>Review</p> <p>Drafting</p>

## Audit Wales national reports and other outputs published since January 2022

Report title	Publication date and link to report
Tackling the Planned Care Backlog in Wales – and waiting times data tool	<a href="#">May 2022</a>
The new Curriculum for Wales	<a href="#">May 2022</a>
Unscheduled care – data tool and commentary	<a href="#">April 2022</a>
Direct Payments for Adult Social Care	<a href="#">April 2022</a>
Local Government Financial Sustainability data tool	<a href="#">February 2022</a>
Joint Working Between Emergency Services (including data tool)	<a href="#">January 2022</a>

## Audit Wales national reports and other outputs (work in progress/planned)<sup>1</sup>

Title	Anticipated publication date
NHS finances data tool update	July 2022
Welsh Community Care Information System  (Update for the Public Accounts and Public Administration Committee)	July 2022
COVID response and recovery/Welsh Government grants management – third sector support  (Briefing for the Public Accounts and Public Administration Committee)	July 2022
Climate change – baseline review <sup>2</sup>	July/August 2022
Sustainable Tourism in Wales' National Parks <sup>3</sup>	July 2022
Welsh Government setting of well-being objectives	July 2022

<sup>1</sup> We will continue to keep our plans under constant review, taking account of the evolving external environment, our audit priorities, the context of our own resourcing and the capacity of audited bodies to engage with us. This includes maintaining some flexibility so that we can respond to developments in Welsh Government policy and areas of possible interest for the Public Accounts and Public Administration Committee.

<sup>2</sup> An initial overview report followed by a more detailed evidence paper.

<sup>3</sup> Summary based on local audit work.

Title	Anticipated publication date
Collaborative arrangements for managing local public health resources	July 2022
Welsh Government workforce	August 2022
Orthopaedic services	August/September 2022
Equality impact assessment	August/September 2022
Quality governance in the NHS	September 2022
Flood risk management	September 2022
Cyber resilience	October 2022
Digital inclusion/Broadband infrastructure	October 2022
National Fraud Initiative (summary report)	October 2022
Welsh Government accounts commentary	To be confirmed – plans for this work have been under review
COVID-19 response and recovery – business support	To be confirmed
Affordable housing	To be confirmed

## Good Practice Exchange resources

Title	Link to resource
<p>Direct Payments Provision – A webinar discussing our report on Direct Payments Provision and how they can be a key part in implementing the principles of the Social Service and Well-Being (Wales) Act 2014</p>	<p><a href="#">Direct Payments Provision webinar recording</a></p>
<p>Responding to the Climate Emergency in Wales A webinar discussing emerging findings from our baseline review of public bodies' arrangements to respond to the Welsh Government's carbon reduction targets for 2030.</p>	<p>Responding to the Climate Emergency in Wales recording [link to be added]</p>
<p>Covid Perspectives: A series of recorded conversations learning how organisations have adapted to the extended period of uncertainty following the initial covid emergency.</p>	<p><a href="#">Good Practice   Audit Wales</a></p>

## Recent Audit Wales Blogs

Title	Publication date
<p><a href="#">Direct Payments in Wales</a></p>	<p>15 June 2022</p>
<p><a href="#">Unscheduled Care in Wales – a system under real pressure</a></p>	<p>21 April 2022</p>
<p><a href="#">Skills Competition Wales</a></p>	<p>18 February 2022</p>

Title	Publication date
<u>Cyber resilience – one year on</u>	9 February 2022
<u>Helping to tell the story through numbers</u> (Local government financial sustainability data tool)	3 February 2022
<u>Call for clearer information on climate change spending</u>	2 February 2022
<u>Actions speak louder than words</u> (Building social resilience and self-reliance in citizens and communities)	14 January 2022

**GOVERNANCE AND AUDIT COMMITTEE:**

**19 July 2022**

**DRAFT STATEMENT OF ACCOUNTS 2021/22**

**REPORT OF CORPORATE DIRECTOR RESOURCES**

**AGENDA ITEM: 8.1**

**Reason for this Report**

1. The Governance and Audit Committee terms of reference set out the responsibility for reviewing the financial statements prepared by the authority and to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council.
2. CIPFA Audit Committee Guidance (2018) sets out the details of core knowledge and application of knowledge.

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

3. This report has been prepared to provide Governance and Audit Committee Members with an opportunity to review and provide comments on the draft 2021/22 Statement of Accounts of:
  - Cardiff Council including; Cardiff Harbour Authority and Trust Funds
  - Cardiff and the Vale of Glamorgan Pension Fund
4. The accounts were signed by the Responsible Finance Officer on 22 June and are currently the subject of external audit and the commencement of the public inspection period.

## Background

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

## Issues

8. At its meeting on 15 March 2022, the Committee received an introductory report on the financial statements for this year, including proposed timescales, draft accounting policies and changes in the 2021/22 Code of Practice.
9. The draft accounts are the subject of a public inspection period from 20 July to 16 August 2022. A date of 30 August 2022 has been set for the external auditor to be available to answer questions from any local government elector or their representative for the area to which the accounts relate. In accordance with the audit plans received for the Council's accounts and those for Cardiff & the Vale of Glamorgan Pension Fund, audited accounts are now proposed to be taken to October and November Council's respectively.
10. The Council's statement of accounts includes:
  - narrative report
  - accounting policies
  - core financial statements
  - disclosure notes to the accounts
  - supplementary statements including Housing Revenue Account, Trust Funds, Cardiff Harbour Authority and also group accounts which consolidates the position to include the unaudited financial position of Cardiff City Transport Services Limited.
11. Notes included in the Council's Statement of Accounts, either as a result of legislative or accounting requirements, include:
  - disclosures on financial instruments (financial assets and financial liabilities)



- capital expenditure and financing
  - remuneration and
  - reserves and provisions.
12. Committee have previously been provided with a document prepared by CIPFA – Understanding Local Authority Financial Statements (Appendix 3). This may assist members of Governance and Audit Committee and other users to understand the format of the accounts.
13. It is recognised that these are complex documents and to support members in undertaking their scrutiny role, Governance and Audit Committee members have been provided with the opportunity of an extended period of time to review and comment on the statements.

### **Reason for Recommendations**

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

### **Legal Implications**

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

### **Financial Implications**

16. No Direct Financial Implications arise from this report

### **Recommendations**

17. That Audit Committee:
- i. Note the 2021/22 draft Statement of Accounts and highlight any queries and comments.
  - ii. Note that the audited Statements for 2021/22 will, prior to being presented to Council, be reviewed by this Committee.

**CHRISTOPHER LEE**  
**CORPORATE DIRECTOR RESOURCES**  
**19 JULY 2022**

The following Appendices are attached:

- Appendix 1 – Unaudited Draft Statement of Accounts 2021/22 – Cardiff Council including Cardiff Harbour Authority and Trust Funds
- Appendix 2 – Unaudited Draft Statement of Accounts 2021/22 Cardiff and Vale of Glamorgan Pension Fund
- Appendix 3 – Understanding Local Authority Financial Statements (CIPFA – 2016)

This page is intentionally left blank



# Draft Statement of Accounts 2021/22



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

## Contents

<b>Narrative Report by Council's Statutory Finance Officer</b>	<b>3</b>
<b>Statement of Responsibilities for the Financial Statements</b>	<b>21</b>
<b>Council's Responsibilities</b>	<b>22</b>
<b>Corporate Director Resources Responsibilities and Certificate</b>	<b>23</b>
<b>Audit Report</b>	<b>24</b>
<b>Accounting Policies, Critical Judgements and Assumptions</b>	<b>25</b>
<b>Core Financial Statements</b>	<b>40</b>
<b>Comprehensive Income and Expenditure</b>	<b>41</b>
<b>Movement in Reserves</b>	<b>43</b>
<b>Balance Sheet</b>	<b>44</b>
<b>Cash Flow</b>	<b>45</b>
<b>Notes to the Financial Statements</b>	
1 Adjustments between Accounting Basis and Funding Basis under Regulations	46
2 Expenditure and Funding Analysis	48
3 Precepts and Levies	51
4 Participation in Joint Committees	52
5 Council Tax	52
6 Non-Domestic Rates	53
7 Agency Income and Expenditure	54
8 Remuneration	55
9 Health Act 1999 Pooled Funds and Similar Arrangements	60
10 Related Parties	61
11 External Audit Costs	63
12 Leasing	63
13 Pensions	64
14 Non-Current Assets	71
15 Financial Instruments	76
16 Held for Sale Assets	84
17 Debtors	84
18 Cash and Cash Equivalents	84
19 Creditors	85
20 Interests in other Companies and other Organisations	85
21 Provisions	89
22 Pension Strain	90
23 Deferred Liabilities	90
24 Grant Income	90
25 Usable Reserves – General, Earmarked and Capital Receipts	92
26 Unusable Reserves	98
27 Contingent Assets and Liabilities	102
28 Notes to the Cash Flow Statement	103
29 Prior Period Adjustment	104
30 Exceptional Items	104
31 Events After the Reporting Period	104
32 Date of Authorisation of the Accounts for Issue	104
<b>Housing Revenue Account</b>	<b>105</b>
<b>Group Accounts</b>	<b>115</b>
<b>Trust Funds</b>	<b>125</b>
<b>Cardiff Harbour Authority</b>	<b>128</b>
<b>Glossary of Accounting Terms</b>	<b>141</b>



# Narrative Report by Council's Statutory Finance Officer



## *Introduction*

This report presents the 2021/22 Statement of Accounts for the County Council of the City and County of Cardiff (the Council). It sets out our financial performance for the past year and is prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.

## *Our City*

Cardiff is the Capital City of Wales, covering an area of 140 square kilometres. It has a population of 369,000 living in approximately 162,000 homes. It is an economic, cultural and political capital city. A city of strong and safe communities, great schools and universities, creative, talented, and welcoming people.

Like all cities, Cardiff has its challenges and health, social and economic inequalities exist within the city. In fact, if the 'Southern Arc' of Cardiff was considered a single Local Authority, it would be identified as the most deprived in Wales. Economic success has brought pressures such as congestion, air pollution and a demand for affordable housing.

Children and young people are at the heart of plans as we work toward becoming a UNICEF Child Friendly City, with new schools delivered across the city and performance amongst the highest in Wales and significant progress in supporting young people thrive after leaving school. The latest Estyn inspection report recognised the "bold and ambitious vision for learners", the work undertaken to make "education everyone's business in Cardiff" and the excellent service being delivered.

As well as delivering new schools, the City has one of the UK's most ambitious Council house-building programmes and is expanding on the Metro plans for new tram-train routes and stations across the city and 15 kilometres of new cycleways have either been delivered or are under construction

Our work to support the Cardiff economy has ensured that it continues to deliver opportunities for the people of Cardiff and the wider region. The Council has declared a Climate Emergency, recognising the conclusions of the Intergovernmental Panel on Climate Change and aims to be a Carbon Neutral City by 2030.

In response to the Covid 19 pandemic, a series of short, medium and long-term strategies to support service delivery and the city economy's transition from lockdown to long-term city renewals are in place. The pandemic has led to changes in the economy, in the way in which people live, work and travel in and the way in which services are received and delivered. As part of the recovery and renewal programme, a focus remains on how the city responds to the economic crisis and the long-term shifts caused by the pandemic in order to build a stronger, more inclusive and sustainable post-pandemic economy.

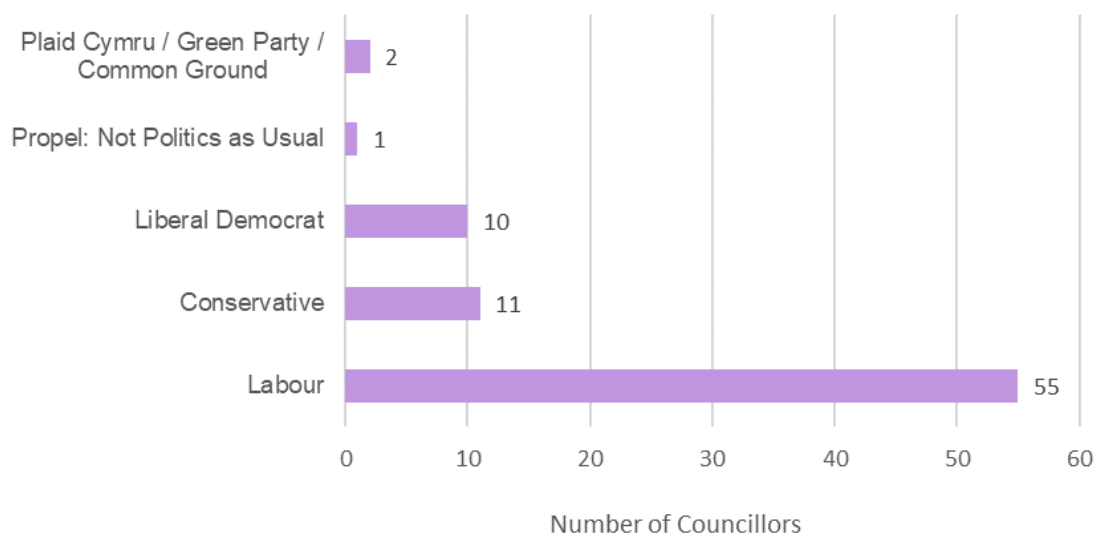
During the past ten years, the Council has identified over £200 million in cumulative savings. Looking ahead, the Council must close a budget gap of £69 million over the next four years. In the medium term, the amount of funding available for 'non-statutory' services like parks, libraries or elements of waste

collection will make their continued delivery very challenging. This will form the backdrop to public service delivery as the City responds to the realities of an uncertain geopolitical and post pandemic world to deliver its agenda for the city.

## Our Democracy

Following the Local Government Elections in May 2022, the Council has 79 elected Councillors who represent the people of Cardiff and set the overall policy and budget framework. This is an increase of 4 members following a boundary review.

Cardiff Councillors - Political Party Representation



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

The role of Cabinet is to:

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

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

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

Regulatory and other committees support delivery of Council services. Council has given the Governance and Audit Committee the responsibility for the review of the Financial Statements for the Council. The Council's Management Team is led by Chief Executive Paul Orders and includes Corporate Directors,

Directors and Assistant Directors, including the statutory officers (Monitoring Officer and Section 151 Officer). They are responsible for:

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

### *Our Services and the way we work*

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

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



## Our Capital Ambition

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

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



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

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

## *Impact of Covid-19*

The Council led a city-wide response to the pandemic and, whilst the public health crisis brought with it unprecedented challenges, it also brought out the best in the city, its communities and those who work on their behalf. Joint working with our partners across the public services has been taken to another level as we worked together to deliver the highly effective Test, Trace, Protect Service and a mass vaccination programme, at speed, to save lives. With the move through the various Covid-19 alert levels, and the spread of the more contagious Omicron variant of Covid-19, it was crucial to continue to follow public health guidance, remain alert to Covid-19 symptoms and to be ready to take appropriate action. To mitigate any potential impacts on frontline services, the council continued work with our public health colleagues to deliver the booster vaccine programme, support widespread testing and implement a strong set of workplace risk assessments.

Even at lower alert levels, the Council continued to grapple with significant service delivery challenges. The number of staff who needed to self-isolate represented an ongoing challenge, whilst national labour market challenges compounded these issues for a number of specific services such as waste management. It was clear that the easing of Covid-19 restrictions did not signal the end of the crisis, but a next phase of pandemic management. There were early indicators of the 'long-tail' of the pandemic, where the impact of Covid-19 over the past two years would translate into heightened demand for many Council services, introducing new delivery challenges and financial pressures.

As well as being a devastating public health crisis, Covid-19 has brought significant economic hardship to bear, particularly on the poorest and most vulnerable. The Recovery and Renewal programme launched last year recognises the need to re-animate the city centre, protect jobs and support the recovery of key sectors. The effort to support the recovery should also, at every opportunity, seek to create lasting employment opportunities and support the transition to net zero.

The Covid-19 pandemic continued to have a significant financial impact on the Council. This is evidenced through both additional expenditure pressures and reduced income across services during 2021/22. In recognition of these pressures being experienced by local authorities, Welsh Government continued to make available a Covid-19 general Hardship Fund with £34.389 million of additional expenditure and £14.011 million of lost income claimed from the Hardship Fund by the Council in the year. Further information of the financial impact of Covid-19 on the Council's financial outturn position compared to the budget for 2021/22 can be found [here](#)

## *Our Performance*

The Well-being of Future Generations Act requires the Council to publish an annual report of progress against achieving its Wellbeing Objectives. The Local Government and Elections Act also requires the Council to keep performance under review and report on its performance. These performance requirements are discharged through a self-assessment process undertaken twice a year. The Council's end-of-year self-assessment is titled the Annual Well-being Report, in line with statutory requirements.

Both the Annual Well-being Report and the Mid-Year Self-Assessment draws on a number of sources of intelligence to make judgements about the Council’s performance, including performance against Corporate Plan Commitments, budget monitoring, risk management as well as the judgements of external regulators. The report is formally considered by the Council’s Senior Management Team and Cabinet as well as the Council’s wider political governance, which includes the Policy Review and Performance Committee and the Governance and Audit Committee. The Annual Wellbeing report is normally considered by Cabinet and Council in July each year, however, following the Local Government Election in May and the appointment of new Committee Members, the Annual Wellbeing Report for 2021/22 will be formally considered in October 2022.

*Link to be inserted following Council consideration in October 2022.*

### Our Governance, Risks and Financial Outlook

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

*Link to be inserted following Council approval in October 2022.*

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



The Council continued to adapt its governance arrangements during 2021/22 as a result of the impact of Covid-19, with changes including:

- Adaptations to reflect new ways of working and priority emergency arrangements
- Changes to ‘business as usual’ activities, including cessation or reduced frequency or scale of activities

- Longer-term changes to priorities, programmes, strategies and plans as a result of the impact of the pandemic on the stakeholders of the Council and users of services

The budget is reviewed on a rolling basis, with updates to key variables and emerging pressures considered by Cabinet during the year prior to updating of the budget each year at Council in line with regulatory requirements. Since March, and the invasion of Ukraine, inflation remains elevated arising from increases in prices of goods, services and energy, with interest rates also rising from historic lows.

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

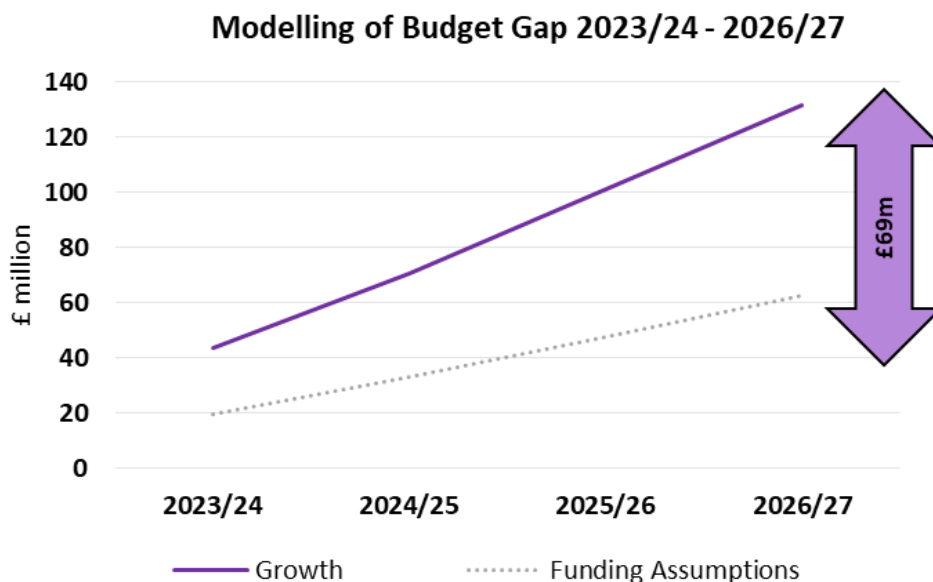
The 2020/21 financial year was a 'shadow' year for the implementation of CIPFA's Financial Management (FM) Code, with a goal to improve the financial resilience of organisations by embedding enhanced standards of financial management. Inevitably, the impact of Covid-19 as well as wider geopolitical and economic factors continued to test that financial resilience in 2021/22. Following the formal adoption of the CIPFA Financial Management (FM) Code in 2021/22 the approach to compliance with the FM Code will be covered in the AGS identifying any identified areas for improvement or change with associated timescales.

The Council's risk management regime supports the identification, assessment, reporting and management of risks in directorate, corporate, programme and project activities. It involves quarterly risk assessments to support the timely identification and escalation of the Council's most critical risks to Senior Management Team for ownership, review and reporting. Over the course of the year, many risks have been progressed and appropriately mitigated through the above mechanisms. At 31 March 2022, there are nine corporate risks at a 'red' residual risk status i.e. major or significant consequence is likely without further mitigation.

Climate Change and Energy Security
Failure to manage the effects of climate change and energy security due to lack of future proofing for key (social and civil) infrastructure and business development.
City Security
Major security-related incident in the city as a result of international or domestic terrorism.
Coastal Erosion
The risk of a breach of current coastal defence measures resulting in widespread flooding.
Air Quality & Clean Air
The risk that air quality in Cardiff does not meet statutory requirements set by legislation and continues to have a detrimental impact on health for residents and visitors to the city.
Welfare Reform
The risk that the Council cannot meet its statutory obligations placed upon it by the Welfare Reform including Universal Credit, Benefit Cap reductions, and size restrictions for social tenants.

<b>Impact of Brexit</b>
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.
<b>Waste Management</b>
Failure to deliver cost effective compliance with waste legislation including statutory recycling targets.
<b>Increase in Demand (Children’s Services)</b>
Failure to effectively manage demand (and respond to increasing demand due to Covid-19) resulting in an increase in the number of children requiring services and the financial pressures this presents
<b>Cyber Security</b>
Monitoring - risk of an inability to assess how and when systems are being used, leading to an ineffective response to deliberate attacks or accidental user activity. Secure Configuration – the increased risk from malware and ransomware. Corporate Cloud Security - risk of weaknesses in externally hosted services.

Funding Gap is the term used to describe the difference between the funding the Council expects to receive, and the estimated cost of continuing to deliver services at the current level. Put simply, the gap is a result of funding failing to keep pace with demand, inflation and other financial pressures. Despite a 10.7% increase and better than anticipated Local Government Settlement in 2022/23, a budget gap of £69 million between 2023/24 and 2026/27 is forecast as part of the medium-term financial plan approved in March 2022.



This is due to factors such as employee costs, price inflation, allowance for emerging pressures, paying for capital projects and population demand in areas such as Adult Social Care, Looked after Children and Pupil numbers.

A range of options have been considered in order to address budget gaps in 2022/23 and future years including continuing to review and challenge all directorate budgets for productivity savings; maximising opportunities for digital transformation and to work across directorates and in partnership with other organisations; maximising income streams and exploring the potential for new income streams, particularly where services are not universal; and considering the level at which it is affordable to continue to subsidise services of a more discretionary nature.

With increased levels of risk to the delivery of savings targets and demand likely to remain unpredictable as a result of uncertainty, financial resilience risk will need to be managed and monitored closely to ensure financial sustainability. Significant capital expenditure investment is proposed in areas such as new schools; to address the condition of existing assets used in service delivery; to develop new council housing; to address air quality; economic regeneration and for sustainable travel schemes. The five-year investment plan will require a significant increase in borrowing and confirmation of the approach to generating a significantly enhanced level of asset disposals in order to help pay for investment.

Further details of the Council's budget for 2022/23 and Medium Term are available on the Council's website [Budget Proposals 2022/2023](#) and include the key documents below:

- Medium Term Financial Plan (MTFP)
- Housing Revenue Account 2022/23 Budget and MTFP
- Capital Strategy 2022/23
- Treasury Management Strategy
- A financial resilience snapshot which sets out a number of financial indicators and ratios.

## *Financial Performance 2021/22*

The Council's budget for 2021/22 was approved in March 2021. The budget was set against a backdrop of financial uncertainty, significant challenges in funding services and increasing demand for our services. An overall funding gap of £15.594 million in 2021/22 was identified and addressed by a combination of savings measures and a 3.5% Council Tax increase. A net revenue budget of £682.252 million was approved for 2021/22 as well as a Medium Term Financial Plan based on a rolling four-year period from 2022/23 to 2025/25, ensuring that resources are aligned to outcomes in the Corporate Plan.

### **Revenue Expenditure and Funding**

Revenue expenditure covers the cost of the Council's day-to-day operations and contributions to and from reserves.

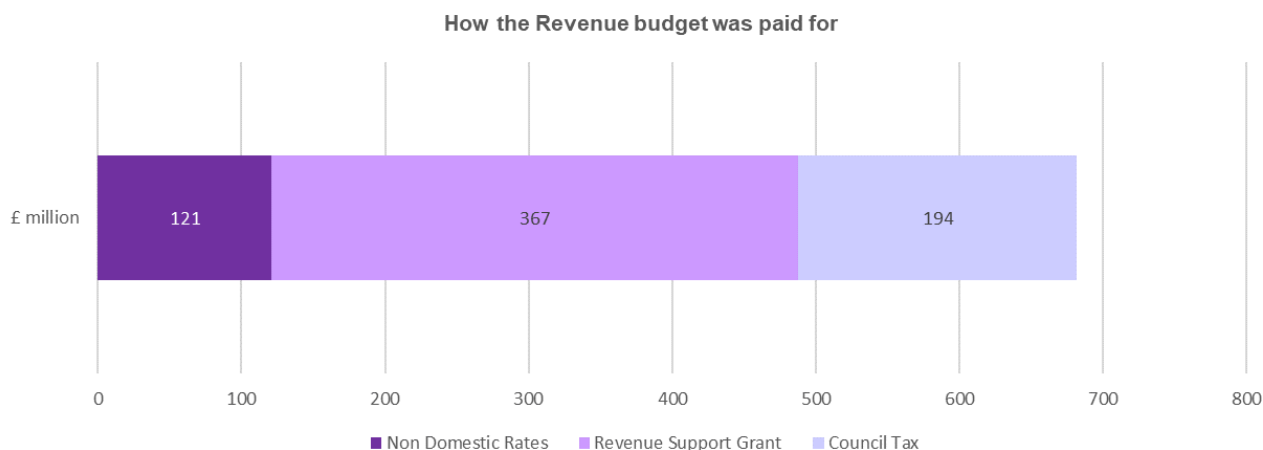
Directorate	Net Expenditure Budget	Net Expenditure Outturn	Variance (Under)/Over
	£000	£000	£000
Corporate Management	26,429	26,429	0

Economic Development	8,290	8,236	(54)
Economic Development - Recycling and Neighbourhood Services	30,460	30,460	0
Education & Lifelong Learning	297,392	297,868	476
People & Communities - Housing and Communities	49,727	48,965	(762)
People & Communities – Performance and Partnerships	3,010	2,882	(128)
People & Communities - Social Services - Children's	71,190	71,190	0
People & Communities - Social Services - Adults	119,457	119,336	(121)
Planning, Transport and Environment	6,066	6,066	0
Resources - Governance and Legal Services	6,084	6,514	430
Resources	15,281	15,186	(95)
<b>Directorate Outturn Subtotal</b>	<b>633,386</b>	<b>633,132</b>	<b>(254)</b>
Capital Financing	32,436	32,559	123
General Contingency	3,000	0	(3,000)
Summary Revenue Account inc. Council Tax collection and NDR refunds and Discretionary Relief	13,430	16,561	3,131
<b>Total Council Outturn</b>	<b>682,252</b>	<b>682,252</b>	<b>0</b>

The Council contained its spending within the £682.252 million budget approved for the year, after transfers to and from earmarked reserves. The net directorate position reflected a net underspend of £254,000 and overspends against the Summary Revenue Account and Capital Financing budgets were fully offset by the general contingency budget and a surplus in relation to Council Tax collection. The overall position improved throughout the year, largely due to the receipt of additional external grant funding. This also allowed an increase in the value of existing and creation of new Earmarked Reserves, which will support the Council both in the recovery from the impact of the pandemic and also the financial challenges arising from demand and cost uncertainty.

Non-Domestic Rates (NDR) are collected by the Council for Welsh Government based on the value of buildings used in business or for non-domestic purposes and a rate is set annually. The net NDR collectable by Cardiff for 2021/22 totalled £198.777 million of which Cardiff received £121.062 million after redistribution by Welsh Government. The in-year collection rate was 95.11% (85.58% in 2020/21).

Revenue Support Grant of £373.452 million from Welsh Government was received in the year, with £366.851 utilised in year for the 2021/22 budget. Council Tax collected by the Council includes precepts for the police and community councils and where applicable was passed onto the relevant bodies. Council Tax income retained by the Council of £194.279 million funds just over a quarter of the Council's net expenditure. The in-year collection rate was 96.00% (96.06% in 2020/21).



## Housing Revenue Account (HRA)

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

- The council has 13,789 dwellings as at 31 March 2022.
- The average weekly net rent for 2021/22 was £110.38.
- Income including rent and charges for services totalled £92.571 million.
- Revenue expenditure included £25.009 million on repairs and maintenance, £33.1 million on supervision and management and £28.668 million on capital financing costs, including interest, provision for the repayment of debt and towards capital expenditure.

The Housing Revenue Account reported a balanced position for 2021/22 after a transfer to earmarked reserves of £6.886 million. Factors resulting in the surplus included a reduced spend on repairs and maintenance, underspend on void property repairs, lower capital financing costs reflecting the timing of capital investment and delays in recruitment of staff. This will be used to meet the costs of high rise overcladding projects in future years.

## Capital Expenditure and Funding by the Council

Capital investment forms a large part of our spending. The Council has an ambitious capital programme to deliver projects that are fundamental to the Council achieving its aspirations to re-shape how we deliver our services as well as helping to unlock revenue savings and efficiencies to secure our non-financial stability. Capital spending during the year totalled £217.8 million.

Schemes	Detail	£m
Business and City Development	Town Centre Loans; acquisition of regeneration sites at international sports village and for Atlantic Wharf Masterplan and balance of payment for Red Dragon Centre.	20.7
Parks, Leisure and Venues	Parks play areas, open space and infrastructure; Play Opportunities; Leisure and venues buildings maintenance; Roath Park dam scheme design and Harbour asset renewal.	5.3



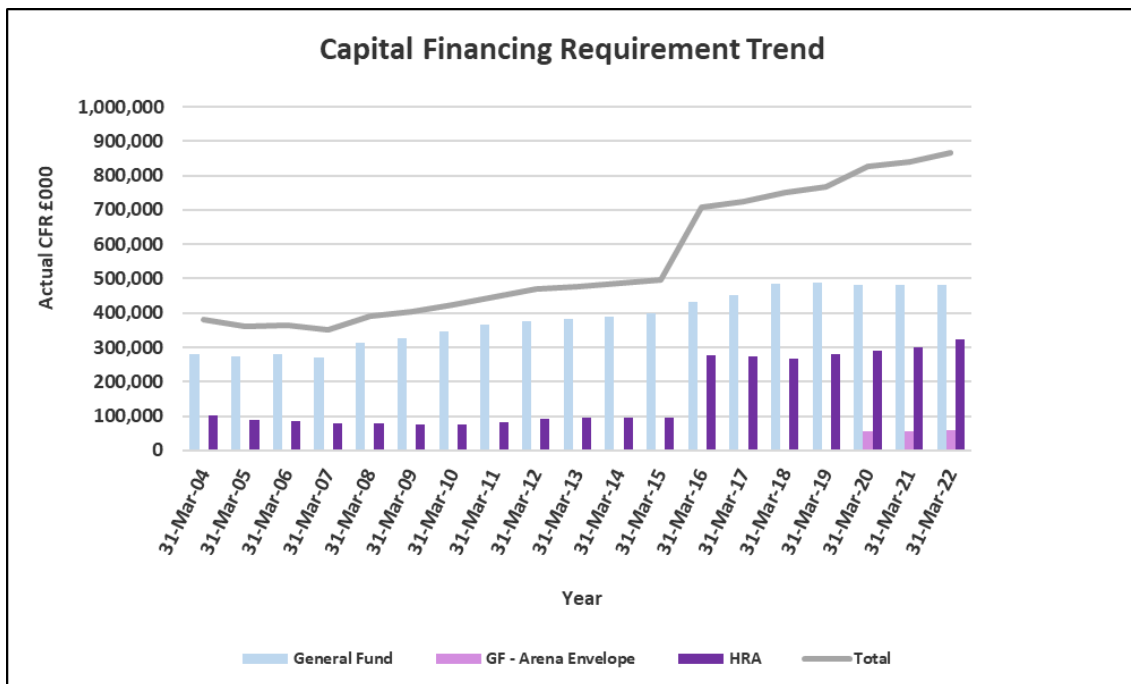
Education & Lifelong Learning	21 <sup>st</sup> Century schools Band B including new Fitzalan High School construction. Acquisition of Ty Glas site Llanishen; investment in the condition and suitability of school buildings and ICT.	61.5
Neighbourhood Regeneration and Private Housing	Disabled adaptation grants, allowing people to live independently in their homes; environmental and shop front improvements at Tudor Street, Cowbridge Road East and housing estate environmental improvements, Maelfa games area; Lisvane Community Hall and Infirmary Chapel Hub.	11.3
Highways & Transportation	Road and footpath resurfacing; LED lighting in residential areas and replacement of decking on Millennium Walkway; Coastal erosion and flood mitigation; public transport and road safety improvements; cycling strategy implementation; investment in active travel and safe routes in communities; city centre air quality measures including Wood Street and Canal Quarter.	34.3
Corporate, Technology and Vehicles	Works to relinquish leased buildings and acquisition of equity in Cardiff Bus as part of a financial support package; Modernising ICT; Replacement vehicle fleet including electric refuse collection vehicles and charging points.	14.4
Energy Projects and Sustainability	Completion of Lamby Way solar farm; Energy retrofit of buildings and contribution to Cardiff Heat Network.	6.1
Public Housing	Disabled adaptations; estate regeneration; investment in existing stock condition; acquisition of land and existing dwellings from the private market; construction of new dwellings.	61.4
Other	Recycling depot infrastructure, Bereavement, Electric fleet charging infrastructure and a range of grant funded circular economy schemes; Property and Asset Management.	2.8
<b>Total</b>		<b>217.8</b>

The Council pays for its capital expenditure from a number of sources. This includes borrowing money. Borrowing and any associated interest costs must ultimately be repaid in a prudent way from existing and future income. The Capital Programme was financed from a combination of increasing borrowing commitments (£72.2 million) and from grants, contributions, revenue budgets and sale of assets (£145.6 million). An analysis of the sources of capital funding for the year is shown in the chart below:

### Funding of Capital Expenditure



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



In 2015/16 additional borrowing was taken by the Council and paid to HM Treasury to exit the HRA subsidy system. The CFR and associated financing costs, interest and repayment, of capital investment are to increase in future years, with the Council's Capital and Treasury Management Strategies setting out a range of indicators for affordability, prudence and sustainability of the Council's capital investment plans. Each year, a prudent amount is charged to our revenue budgets to reduce the CFR.

## Financial Position

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



## Property, Plant, Equipment and Other Non-Current Assets

The valuation of assets involves a number of assumptions; however, movements in asset valuations as well as any accounting charges such as depreciation have no impact on the council tax or rent payable, as they are required to be reversed from unusable reserves.

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

- capital receipts from the disposal of property assets and similar income was £2.652 million
- as part of the Council's rolling programme, revaluations took place during the year for non-schools operational property, investment properties and surplus assets. This is part of shortened cycle of revaluations than the 5 year period recommended in guidance for valuations which are required solely for accounting purposes. This supports us to ensure the values recorded in the accounts reflect the significant numbers of assumptions, variables and market conditions, where relevant, that impact on such data over a reasonable and planned time frame.

## Financial Assets and Liabilities

Treasury Investment and borrowing activities were undertaken in accordance with regulatory requirements and the Council's Treasury Management Strategy for 2021/22. Investments for treasury management purposes and cash is £233.856 million at 31 March 2022 and is primarily represented by temporary cash balances deposited with financial institutions. The average rate of interest earned for the year was 0.16%.

The Council borrows money to manage its daily cash flows and to pay for capital expenditure. In accordance with the Treasury Management Strategy, borrowing is undertaken to manage the capital financing requirement when deemed necessary to mitigate against the risk of future interest rates rising unexpectedly. The net change in external borrowing during the year was an increase of £44.9 million. Note 15 of the accounts provides further information on the Council's financial assets and liabilities and the nature and extent of risks involved.

## Provisions

The Council sets aside money for liabilities or losses which are likely to be incurred, but where the exact amount and timing of payment may be uncertain. This includes insurance claims received as well as for landfill aftercare. During 2021/22, total provisions decreased by £1.081 million to £29.002 million. Details of the movement of individual provisions are shown in note 21 of the accounts.

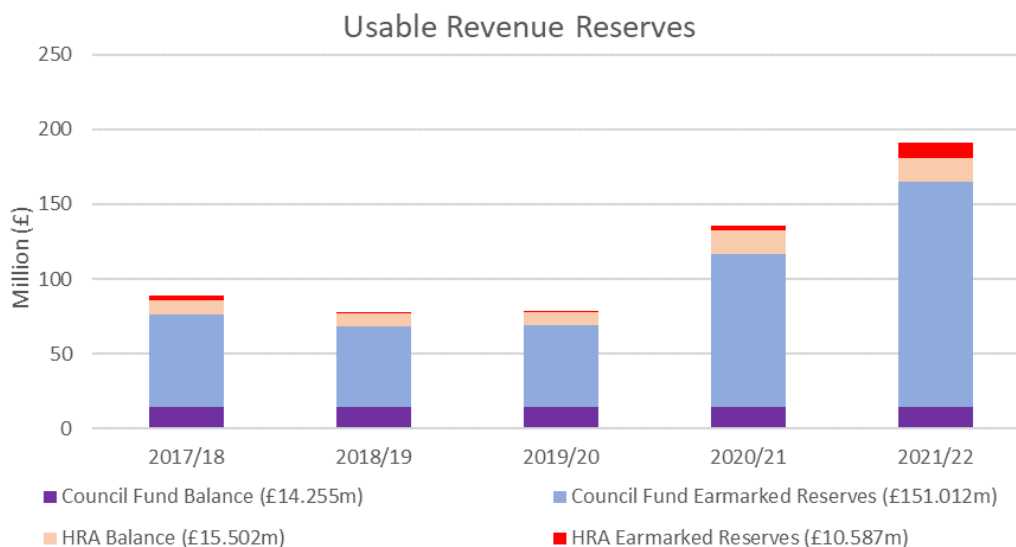
## Pensions Liabilities

The Council’s participation in all pension schemes is shown in note 13 of the accounts:

- The cost to the Council during the year for pension liabilities is £48.640 million.
- The Council’s future liability in respect of pension benefits payable, compared to assets held, is £853.005 million at 31 March 2022. This is based on the latest actuarial assumptions, resulting in a decrease of £227.463 million from 2020/21.
- The Local Government Pension Scheme is revalued every three years, with the fund’s assets at 31 March 2019 deemed to cover 96% of future liabilities. A 17 year recovery plan is in place in order to meet the shortfall.

## Balances and Reserves

Balances and Reserves are sums of money put aside for specific policy purposes or for general contingencies and cash flow management. Their use, creation and assessment of sufficiency also considers risks to financial resilience. A favourable improvement in the net directorate position, plus the receipt of Welsh Government additional grant funding at the end of the financial year, provided an opportunity to increase the level of earmarked reserve balances and improve the Council’s overall level of financial resilience. The historic level of usable reserves as a percentage of revenue expenditure remains one of the lowest in Wales. Earmarked revenue and other usable reserves are detailed in note 25 of the accounts whilst unusable reserves are shown in note 26.



## *Financial Statements*

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

The core statements are:

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

The supplementary statements are:

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

## *Conclusions*

The pandemic will have affected us all in different ways and will continue to do so. This year was set against continuing uncertainty and risk arising from the pandemic, increases in costs and geo-political issues. Despite in year pressures, the Council was able to remain within its net revenue budget set for 2021/22 with support from the Welsh Government through various grants. Demand for all Council services continues to increase with cost pressures and risks to future funding predicted over the medium term. The Council has set an ambitious agenda to invest and improve what we do for residents which will require difficult choices to be made and a focus on key priorities.

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

- Organisational Recovery and Renewal – how the Council and local public services need to respond to the challenges and opportunities of the post-Covid-19 world.
- 'Greener, Fairer, Stronger' – a draft strategy for the recovery and renewal of the city's economy, including a series of 'missions', priorities and projects to consider.

- Delivering a Child Friendly Recovery – programmes of work across Council services to support children and young people, particularly those who are most vulnerable.
- One Planet Recovery – development of the One Planet Cardiff strategy and immediate actions the Council will take to tackle the climate emergency.

I am grateful for the work of my finance team in supporting directorates and for all officers who facilitate the transparency of our financial transactions and ensure processes are in place to support Covid-19 grant claims and initiatives. They have made possible the preparation of these financial statements and reporting of financial performance and position during what remains uncertain times. This is a requirement that will itself be more challenging in future years due to the ambitious change agenda, additional accounting and reporting requirements and consequential audit impacts.

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



# Statement of Responsibilities for the Financial Statements



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

The Council is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In 2021/22 that officer was Christopher Lee, Corporate Director Resources who holds the statutory post of Section 151 Officer;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- approve the statement of accounts.

**Councillor Graham Hinchey**  
**Lord Mayor**

**Date:**



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

The Corporate Director Resources is responsible for the preparation of the Council's financial statements in accordance with proper practices as set out in the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (the Code).

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

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

The Corporate Director Resources has also:

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

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

The financial statements for the Council give a true and fair view of its income and expenditure for the financial year 2021/22 and financial position of the Council at 31 March 2022.



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

**Date:** 22/06/2022

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

This page is left intentionally blank



# Accounting Policies, Critical Judgements and Assumptions



## *Accounting policies used when formulating the accounts*

The Statement of Accounts summarises the Council's income and expenditure for the year ended 31 March 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*

International Financial Reporting Standard 16 – Leases was adopted in the 2022/23 Code. Following a consultation with local authorities and auditors, the timescale for required adoption has been pushed forward to the financial year beginning 1 April 2024 or earlier if deemed possible. 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 and 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 valuations 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 3-7 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*
<b>Assets under Construction</b>	Depreciated Historical Cost	n/a	n/a	n/a	n/a	n/a
<b>Community Assets</b>	Depreciated Historical Cost	n/a	n/a	n/a	n/a	n/a
<b>Council Dwellings</b>	Existing Use Value for Social Housing	Every 2 years	2020/21	Savills	2022/23	Land: n/a Buildings: 50 years
<b>Infrastructure</b>	Depreciated Historical Cost	n/a	n/a	n/a	n/a	7-120 years**
<b>Other Operational Land &amp; Buildings</b>	Existing Use Value or Depreciated Replacement Cost if specialist nature	Every 3 years	2021/22	Cooke & Arkwright	2024/25	Land: n/a Buildings: 3-65 years

	without market-based evidence					
<b>School Assets</b>	Detailed Depreciated Replacement Cost (Modern Equivalent Asset)	Every 3 years	2019/20	Cooke & Arkwright	2022/23	Land: n/a Buildings: 3-54 years
<b>Surplus Assets</b>	Fair Value	Annual Fair Value Check	2021/22	Jones Lang LaSalle	2022/23	n/a
<b>Vehicles, Plant, Furniture &amp; Equipment</b>	Depreciated Historical Cost	n/a	n/a	n/a	n/a	5-20 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. The valuations consider not only cost variables but a number of other essential variables such as condition and changes in use. Asset valuations take place with an effective date at 1 April or 31 March where a full professional valuation of a full class of assets indicates that there may be a material change at the final balance sheet position.

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 significantly 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 and valuation changes are averaged out at least over a three year period.

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. It should be noted that revaluation movements are an accounting exercise only and do not impact on the financial performance of the Council, including where such assets are continued to be intended to be held for service delivery purposes.

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.

## Critical Judgements and Assumptions

### Critical judgements in applying accounting policies

Accounting policies are only applied to material Council transactions. In applying policies, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- there remains a degree of uncertainty about future levels of income and expenditure for the Council and its subsidiaries particularly as a result of the Covid-19 crisis. However, the Council has determined that this uncertainty is not an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision.
- in 2014/15, CIPFA clarified the requirements for recognising schools property on Council Balance sheets. This highlighted the need for there to be 'control' of assets, with a key criteria for recognition being legal ownership. The Council includes Voluntary Aided, Voluntary Controlled and Foundation schools in its balance sheet only if it owns the land and/or can accordingly direct the use of the assets. In most cases these are owned by religious bodies, the trustees or governing body of the school.

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

The Statement of Accounts contains figures that are based on assumptions or estimates about the future or that are otherwise uncertain. Whilst these take into account historical experience, current trends, professional guidance and other relevant factors, actual results could be different. The main items in the Council's Balance Sheet at 31 March 2022 for which there is a risk of adjustment in future financial years are:

Item	Uncertainty	Effect if Actual Results Differ from Assumptions
Valuation, where required of Property, Plant and Equipment assets, Heritage assets and Investment properties	Valuation of property interests involves assessment of a number of variables such as market conditions, useful life, cost of reconstruction, assessment of condition, use of 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	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.

Item	Uncertainty	Effect if Actual Results Differ from Assumptions
	<p>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 required by the CIPFA Code ensure that changes in all variables impacting on a valuation are captured as soon as possible in the next full and professional 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>	
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.
Provisions	The Council makes a number of provisions for liabilities that it may face where a reasonable estimate of value can be made at the balance sheet date. In most cases these are subject to legal claims, such as those for insurance. Provisions relating to landfill sites are subject to a high level of estimation primarily given the length of period over which they are to be considered. Professional internal and external advice is used to determine the need and value of provisions.	The outcomes of assumptions will have an impact on the Outturn in future years, however due to the uncertain nature of these events, are difficult to quantify
Arrears	<p>The Authority is owed for items such as sundry debtors, Council Tax, Non Domestic Rates (NDR) and rents. After taking into account trends in past collection experience and other relevant changes which may impact on collectability a level of impairment or provision for expected credit losses is assumed. It is not certain however that this impairment allowance would be sufficient as the Council cannot assess with certainty which debts will be collected or not.</p> <p>The economic impact of the Covid-19 pandemic has made the estimation of debt impairment more difficult as there is more uncertainty about the economic viability</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.



Item	Uncertainty	Effect if Actual Results Differ from Assumptions
	of debtors and hence their ability to settle their debts which may, or may not be sufficient.	
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>	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.



One  
Central  
Square

# Core Financial Statements and Notes to the Financial Statements



## Comprehensive Income and Expenditure

This statement records all of the Council's income and expenditure throughout the year and consequently shows the accounting cost of providing services during the year in line with generally accepted accounting practices. The Expenditure and Funding Analysis (Note 2) demonstrates how the funding available to the Council has been used to provide services in comparison with those resources consumed or earned under Generally Accepted Accounting Practices (GAAP).

2020/21				2021/22			
Gross Expenditure	Gross Income	Net Expenditure		Note	Gross Expenditure	Gross Income	Net Expenditure
£000	£000	£000			£000	£000	£000
18,836	(14,507)	4,329	Corporate Management		30,048	(26,007)	4,041
95,697	(48,885)	46,812	Economic Development		107,782	(55,527)	52,255
379,590	(92,688)	286,902	Education & Lifelong Learning		427,715	(111,419)	316,296
7,916	(1,244)	6,672	Governance & Legal Services		9,633	(2,015)	7,618
8,882	(5,916)	2,966	Harbour Authority		9,314	(5,959)	3,355
111,940	(85,884)	26,056	Housing Revenue Account		76,546	(92,571)	(16,025)
240,491	(186,579)	53,912	Housing and Communities		253,597	(193,817)	59,780
10,494	(7,281)	3,213	Performance and Partnerships		10,097	(6,793)	3,304
68,946	(44,358)	24,588	Planning , Transport and Environment		76,410	(44,360)	32,050
37,000	(18,415)	18,585	Resources		45,573	(25,730)	19,843
244,963	(59,883)	185,080	Social Services		260,449	(66,997)	193,452
4,967	(9,239)	(4,272)	Summary Revenue Account		259	(4,484)	(4,225)
<b>1,229,722</b>	<b>(574,879)</b>	<b>654,843</b>	<b>Net Cost of Services</b>		<b>1,307,423</b>	<b>(635,679)</b>	<b>671,744</b>
40,165	0	40,165	Police and Crime Commissioner for South Wales	3	42,523	0	42,523
446	0	446	Community Council Precepts		458	0	458
18,244	0	18,244	Levies & Contributions		18,632	0	18,632
15,760	(15,081)	679	(Gain)/loss on sale of non-current assets		719	(1,965)	(1,246)
<b>74,615</b>	<b>(15,081)</b>	<b>59,534</b>	<b>Other Operating Expenditure</b>		<b>62,332</b>	<b>(1,965)</b>	<b>60,367</b>
34,020	0	34,020	Interest Payable on debt	15	34,108	0	34,108
18,832	0	18,832	Interest on net defined benefit liability/(asset)	13	22,180	0	22,180
0	(394)	(394)	Interest & Investment Income	15	0	(388)	(388)
13,490	(3,286)	10,204	Change in fair value of Investment Properties	14	27,180	(2,340)	24,840
0	(148)	(148)	Movement in Financial Instruments		0	0	0
<b>66,342</b>	<b>(3,828)</b>	<b>62,514</b>	<b>Financing and Investment Income &amp; Expenditure</b>		<b>83,468</b>	<b>(2,728)</b>	<b>80,740</b>
0	(87,562)	(87,562)	Recognised Capital Grants & Contributions	24	0	(128,326)	(128,326)
0	(344,468)	(344,468)	Revenue Support Grant		0	(373,452)	(373,452)
0	(124,579)	(124,579)	Non-Domestic Rates	6	0	(121,062)	(121,062)
2,135	(230,151)	(228,016)	Council Tax Income	5	3,081	(240,341)	(237,260)
0	(3,211)	(3,211)	Donated Inventories		0	(6,022)	(6,022)
0	(218)	(218)	Corporation Tax (CCRCO)		116	0	116
<b>2,135</b>	<b>(790,189)</b>	<b>(788,054)</b>	<b>Taxation &amp; Non-Specific Grant Income</b>		<b>3,197</b>	<b>(869,203)</b>	<b>(866,006)</b>
<b>1,372,814</b>	<b>(1,383,977)</b>	<b>(11,163)</b>	<b>(Surplus)/Deficit on Provision of Services</b>		<b>1,456,420</b>	<b>(1,509,575)</b>	<b>(53,155)</b>

2020/21				2021/22			
Gross Expenditure	Gross Income	Net Expenditure		Note	Gross Expenditure	Gross Income	Net Expenditure
£000	£000	£000			£000	£000	£000
		(25,878)	Revaluation Gains				(29,697)
		1,109	Revaluation Losses				9,819
		233	Impairment losses on non-current assets charged to the Revaluation Reserve	26			581
		2,283	(Surplus)/Deficit on Financial Instrument Revaluation Reserve				(769)
		198,203	Actuarial (gains)/losses on pension assets/liabilities	13			(307,373)
		175,950	<b>Other Comprehensive Income &amp; Expenditure</b>				(327,439)
		164,787	<b>Total Comprehensive Income &amp; Expenditure</b>				(380,594)

The 2020/21 breakdown of the Net Cost of Services has been amended to take account of the changes in structure in 2021/22.

## Movement in Reserves

The statement is split into both Usable and Unusable Reserves. Usable Reserves are those that the Council can use to provide services such as the General Fund and Capital Receipts Reserve whereas Unusable Reserves such as the Pension Fund and Capital Adjustment Account cannot be used, as they are for accounting purposes only.

	Council Fund Balance	Council Fund Earmarked Reserves	HRA Balance	HRA Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Council Reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Balance at 31 March 2020 carried forward</b>	<b>14,255</b>	<b>54,894</b>	<b>8,983</b>	<b>878</b>	<b>10,906</b>	<b>0</b>	<b>89,916</b>	<b>389,756</b>	<b>479,672</b>
Movement in Reserves during 2020/21									
Surplus or (deficit) on the provision of Services	24,927	0	(13,764)	0	0	0	11,163	0	11,163
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	(175,950)	(175,950)
<b>Total Comprehensive Income and Expenditure</b>	<b>24,927</b>	<b>0</b>	<b>(13,764)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>11,163</b>	<b>(175,950)</b>	<b>(164,787)</b>
Adjustments between accounting basis & funding basis under regulations (note 1)	22,683	0	23,105	0	(2,233)	0	43,555	(43,555)	0
<b>Net Increase/(Decrease) before Transfers to/(from) Earmarked Reserves</b>	<b>47,610</b>	<b>0</b>	<b>9,341</b>	<b>0</b>	<b>(2,233)</b>	<b>0</b>	<b>54,718</b>	<b>(219,505)</b>	<b>(164,787)</b>
Transfers to/(from) Earmarked Reserves	(47,610)	47,610	(2,822)	2,822	0	0	0	0	0
<b>Increase/(Decrease) in 2020/21</b>	<b>0</b>	<b>47,610</b>	<b>6,519</b>	<b>2,822</b>	<b>(2,233)</b>	<b>0</b>	<b>54,718</b>	<b>(219,505)</b>	<b>(164,787)</b>
<b>Balance at 31 March 2021 carried forward</b>	<b>14,255</b>	<b>102,504</b>	<b>15,502</b>	<b>3,700</b>	<b>8,673</b>	<b>0</b>	<b>144,634</b>	<b>170,251</b>	<b>314,885</b>
Movement in Reserves during 2021/22									
Surplus or (deficit) on the provision of Services	18,973	0	34,182	0	0	0	53,155	0	53,155
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	327,439	327,439
<b>Total Comprehensive Income and Expenditure</b>	<b>18,973</b>	<b>0</b>	<b>34,182</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>53,155</b>	<b>327,439</b>	<b>380,594</b>
Adjustments between accounting basis & funding basis under regulations (note 1)	29,535	0	(27,295)	0	(1,833)	6,972	7,379	(7,379)	0
<b>Net Increase/(Decrease) before Transfers to/(from) Earmarked Reserves</b>	<b>48,508</b>	<b>0</b>	<b>6,887</b>	<b>0</b>	<b>(1,833)</b>	<b>6,972</b>	<b>60,534</b>	<b>320,060</b>	<b>380,594</b>
Transfers to/(from) Earmarked Reserves (note 25)	(48,508)	48,508	(6,887)	6,887	0	0	0	0	0
<b>Increase/(Decrease) in 2021/22</b>	<b>0</b>	<b>48,508</b>	<b>0</b>	<b>6,887</b>	<b>(1,833)</b>	<b>6,972</b>	<b>60,534</b>	<b>320,060</b>	<b>380,594</b>
<b>Balance at 31 March 2022 carried forward</b>	<b>14,255</b>	<b>151,012</b>	<b>15,502</b>	<b>10,587</b>	<b>6,840</b>	<b>6,972</b>	<b>205,168</b>	<b>490,311</b>	<b>695,479</b>

## Balance Sheet

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

31 March 2021 £000		Note	31 March 2022 £000
1,898,189	Property, Plant & Equipment	14	2,009,902
58,682	Heritage Assets		58,849
156,238	Investment Properties		150,718
1,711	Intangible assets including AUC		1,135
14,792	Long-term Investments	15	22,043
5,951	Long-term Debtors		10,906
<b>2,135,563</b>	<b>Total Long-Term Assets</b>		<b>2,253,553</b>
98,882	Short-term Investments	15	210,105
918	Held for Sale assets	16	0
5,764	Inventories		11,684
168,405	Short-term Debtors	17	174,866
34,450	Cash and Cash Equivalents	18	23,751
<b>308,419</b>	<b>Total Current Assets</b>		<b>420,406</b>
(35,393)	Short-term Borrowing	15	(31,311)
(128,988)	Short-term Creditors	19	(166,411)
(1,471)	Pension Strain	22	(1,035)
(4,999)	Provisions	21	(4,544)
(3,453)	Deferred Liabilities	23	(3,640)
<b>(174,304)</b>	<b>Total Current Liabilities</b>		<b>(206,941)</b>
(783,666)	Long-term Borrowing	15	(832,819)
(25,084)	Provisions	21	(24,458)
(8,181)	Deferred Liabilities	23	(9,621)
(22,155)	Capital Contributions Receipts in Advance	24	(22,388)
(18,008)	Revenue Grants Receipts in Advance		(16,521)
(13,797)	Capital Grants Receipts in Advance		(11,431)
(3,434)	Pension Strain	22	(1,296)
(1,080,468)	Net Pensions Liability	13	(853,005)
<b>(1,954,793)</b>	<b>Total Long-Term Liabilities</b>		<b>(1,771,539)</b>
<b>314,885</b>	<b>NET ASSETS</b>		<b>695,479</b>
	<b>Financed by:</b>		
14,255	Council Fund Balance	25	14,255
102,504	Council Fund Earmarked Reserves		151,012
15,502	Housing Revenue Account Balance		15,502
3,700	Housing Revenue Account Earmarked Reserves		10,587
8,673	Capital Receipts Reserve		6,840
0	Capital Grants Unapplied		6,972
<b>144,634</b>	<b>Usable Reserves</b>		<b>205,168</b>
310,754	Revaluation Reserve	26	333,076
947,365	Capital Adjustment Account		1,007,728
5,003	Deferred Capital Receipts		5,003
6,984	Financial Instruments Revaluation Reserve		7,660
(1,085,373)	Pensions Reserve		(855,336)
(17,693)	Accumulated Absences Adjustment Account		(17,054)
3,211	Donated Inventories Account		9,234
<b>170,251</b>	<b>Unusable Reserves</b>		<b>490,311</b>
<b>314,885</b>	<b>TOTAL RESERVES</b>		<b>695,479</b>

This statement shows how the Council generates and uses cash and cash equivalents by classifying the cash flows as arising from operating, investing and financing activities.

2020/21		Note	2021/22
£000			£000
(11,163)	Net (surplus) /deficit on the provision of services		(53,155)
(180,826)	Adjustments to net surplus or deficit on the provision of services for non-cash movements	28	(203,001)
102,979	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities		131,273
<b>(89,010)</b>	<b>Net cash flows from operating activities</b>		<b>(124,883)</b>
146,179	Purchase of property, plant and equipment, investment property and intangible assets		191,372
30,337	Purchase of short-term and long-term Investments		117,750
(17,098)	Other payments for investing activities		2,133
(15,422)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets		(2,649)
(98,976)	Capital Grants and Contributions		(126,516)
<b>45,020</b>	<b>Net cash flows from investing activities</b>		<b>182,090</b>
(3,111)	Cash receipts from short-term and long-term borrowing		(72,479)
26,315	Other receipts from financing activities		(1,562)
22,287	Repayments of short-term and long-term borrowing		27,533
<b>45,491</b>	<b>Net cash flows from financing activities</b>		<b>(46,508)</b>
<b>1,501</b>	<b>Net (increase)/ decrease in cash and cash equivalents</b>		<b>10,699</b>
35,951	Cash and cash equivalents at the beginning of the reporting period		34,450
<b>34,450</b>	<b>Cash and cash equivalents at the end of the reporting period</b>	18	<b>23,751</b>

## Notes to the Financial Statements

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

This note details the adjustments that are made to the total comprehensive income and expenditure, recognised by the Council in the year, in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure.

Usable Reserves 2020/21					Movement in Unusable Reserves	Usable Reserves 2021/22				
Council Fund Balance	Housing Revenue Account	Capital Receipts Reserves	Unapplied Capital Grants	Adjustments between Accounting and Funding Basis		Council Fund Balance	Housing Revenue Account	Capital Receipts Reserves	Unapplied Capital Grants	Movement in Unusable Reserves
£000	£000	£000	£000	£000		£000	£000	£000	£000	£000
					<b>Adjustments primarily involving the Capital Adjustment Account:</b>					
					<u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</u>					
50,823	11,933	0	0	(62,755)	Charges for depreciation and impairment of Non-Current assets	55,489	12,609	0	0	(68,098)
347	48,354	0	0	(48,700)	Revaluation losses of Non-Current Assets	29,934	3,102	0	0	(33,036)
(519)	(79)	0	0	598	Reverse previous impairment on revaluation	(20,400)	(1,407)	0	0	21,807
797	86	0	0	(884)	Amortisation of Intangible Assets	842	86	0	0	(928)
8,405	7	0	0	(8,413)	Movements in the market value of Investment Properties	26,694	(62)	0	0	(26,632)
(17)	457	0	0	(440)	Movement in the value of Held for Sale Assets	0	0	0	0	0
(64,124)	(23,438)	0	0	87,562	Capital grants and contributions applied	(90,802)	(30,552)	0	0	121,354
0	0	0	0	0	Capital grants unapplied	(6,972)	0	0	6,972	0
4,294	104	0	0	(4,398)	Revenue expenditure funded from capital under statute	2,661	31	0	0	(2,692)
14,423	766	30	0	(15,219)	Amount of Non-Current Assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income & Expenditure Statement	573	43	0	0	(616)
1	0	320	0	(321)	Movement of Financial Instruments	25	0	0	0	(25)
					<u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</u>					



Usable Reserves 2020/21					Adjustments between Accounting and Funding Basis	Usable Reserves 2021/22				
Council Fund Balance	Housing Revenue Account	Capital Receipts Reserves	Unapplied Capital Grants	Movement in Unusable Reserves		Council Fund Balance	Housing Revenue Account	Capital Receipts Reserves	Unapplied Capital Grants	Movement in Unusable Reserves
£000	£000	£000	£000	£000		£000	£000	£000	£000	£000
(24,714)	(13,396)	0	0	38,110	Statutory provision for the financing of capital investment	(31,522)	(13,015)	0	0	44,537
(973)	(2,400)	0	0	3,373	Capital expenditure charged against the Council Fund and HRA balances	(1,540)	(2,400)	0	0	3,940
0	0	(6,455)	0	6,455	Use of the Capital Receipts Reserves to finance new capital expenditure	0	0	(3,781)	0	3,781
0	0	0	0	0	Credit for disposal costs that qualify to be met from the resulting capital receipts	0	0	0	0	0
0	0	(11,202)	0	11,202	Capital receipts set aside for the repayment of debt	0	0	(18)	0	18
					<b>Adjustments involving the Revaluation Reserve</b>					
12,242)	(2,285)	15,068	0	(541)	Amount of Non-Current Assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income & Expenditure Statement/Recoupment of Grant/Other	(1,067)	(796)	1,966	0	(103)
					<b>Adjustments involving the Pensions Reserve:</b>					
86,648	6,461	0	0	(93,109)	Net retirement benefits as per IAS19	119,054	9,510	0	0	(128,564)
(42,540)	(4,013)	0	0	46,553	Employer's contributions to the Pension Scheme	(44,497)	(4,157)	0	0	48,654
(142)	(138)	0	0	280	Pension Strain Future Years	(2,577)	3	0	0	2,574
					<b>Adjustments involving the Accumulated Absences Adjustment Account</b>					
5,426	687	0	0	(6,113)	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements.	(338)	(290)	0	0	628
					<b>Adjustments involving the Deferred Capital Receipts Reserve</b>					
0	0	6	0	(6)	Transfers to the Capital Receipts Reserve upon receipt of cash	0	0	0	0	0
0	0	0	0	0	Transfers to the Deferred Capital Receipts Reserve in relation to gain/loss on disposal	0	0	0	0	0
					<b>Transfer to Donated Inventories Account</b>					
(3,211)	0	0	0	3,211	Transfer to Donated Inventories Account	(6,022)	0	0	0	6,022
<b>22,683</b>	<b>23,105</b>	<b>(2,233)</b>	<b>0</b>	<b>(43,555)</b>	<b>Total Adjustments</b>	<b>29,535</b>	<b>(27,295)</b>	<b>(1,833)</b>	<b>6,972</b>	<b>(7,379)</b>

## 2. Expenditure and Funding Analysis

The Expenditure and Funding Analysis demonstrates how the funding available to the Council has been used to provide services in comparison with those resources consumed or earned under Generally Accepted Accounting Practices (GAAP).

2020/21			Directorate	2021/22		
Net Expenditure Charged to CF and HRA	Adjustments between accounting & funding basis	Net expenditure CIES		Net Expenditure Charged to CF and HRA	Adjustments between accounting & funding basis	Net expenditure CIES
£000	£000	£000		£000	£000	£000
26,340	(22,011)	4,329	Corporate Management	26,429	(22,388)	4,041
38,329	8,483	46,812	Economic Development	38,696	13,559	52,255
287,533	(631)	286,902	Education & Lifelong Learning	297,868	18,428	316,296
6,285	387	6,672	Governance & Legal Services	6,514	1,104	7,618
0	2,966	2,966	Harbour Authority	0	3,355	3,355
0	26,056	26,056	Housing Revenue Account	0	(16,025)	(16,025)
47,315	6,597	53,912	Housing & Communities	48,965	10,815	59,780
2,868	345	3,213	Performance & Partnerships	2,882	422	3,304
7,619	16,969	24,588	Planning Transport and Environment	6,066	25,984	32,050
14,317	4,268	18,585	Resources	15,186	4,657	19,843
182,020	3,060	185,080	Social Services	190,526	2,926	193,452
43,560	(47,832)	(4,272)	Summary Revenue Account	49,120	(53,345)	(4,225)
656,186	(1,343)	654,843	Net Cost of Services	682,252	(10,508)	671,744
(604,582)	(61,424)	(666,006)	Other Income and Expenditure	(636,441)	(88,458)	(724,899)
<b>51,604</b>	<b>(62,767)</b>	<b>(11,163)</b>	<b>(Surplus) or Deficit on Provision of Services</b>	<b>45,811</b>	<b>(98,966)</b>	<b>(53,155)</b>
	<b>Council Fund</b>	<b>HRA Balance</b>			<b>Council Fund</b>	<b>HRA Balance</b>
	<b>14,255</b>	<b>8,983</b>	<b>Opening Balance as at 1 April</b>		<b>(14,255)</b>	<b>(15,502)</b>
	0	6,519	Surplus/(Deficit)		0	0
	<b>14,255</b>	<b>15,502</b>	<b>Closing Balance as at 31 March</b>		<b>(14,255)</b>	<b>(15,502)</b>

The 2020/21 breakdown of the Net Cost of Services has been amended to take account of the changes in structure in 2021/22.

## 2.1 Note to the Expenditure and Funding Analysis

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

2020/21				Directorate	2021/22			
Adjustments for capital purposes	Net change for Pensions Adjustments	Other Adjustments	Total Adjustments		Adjustments for capital purposes	Net change for Pensions Adjustments	Other Adjustments	Total Adjustments
£000	£000	£000	£000		£000	£000	£000	£000
537	708	(23,256)	<b>(22,011)</b>	Corporate Management	396	890	(23,674)	<b>(22,388)</b>
6,842	4,121	(2,480)	<b>8,483</b>	Economic Development	11,294	7,363	(5,098)	<b>13,559</b>
18,604	6,704	(25,939)	<b>(631)</b>	Education & Lifelong Learning	22,950	15,982	(20,504)	<b>18,428</b>
3	450	(66)	<b>387</b>	Governance & Legal Services	0	958	146	<b>1,104</b>
2,673	266	27	<b>2,966</b>	Harbour Authority	2,826	500	29	<b>3,355</b>
60,855	2,310	(37,109)	<b>26,056</b>	Housing Revenue Account	12,022	5,356	(33,403)	<b>(16,025)</b>
4,955	2,871	(1,229)	<b>6,597</b>	Housing & Communities	5,484	6,887	(1,556)	<b>10,815</b>
0	322	23	<b>345</b>	Performance & Partnerships	0	641	(219)	<b>422</b>
19,294	1,843	(4,168)	<b>16,969</b>	Planning Transport and Environment	20,862	3,355	1,767	<b>25,984</b>
1,850	3,013	(595)	<b>4,268</b>	Resources	2,701	4,140	(2,184)	<b>4,657</b>
280	3,852	(1,072)	<b>3,060</b>	Social Services	633	8,923	(6,630)	<b>2,926</b>
0	0	(47,832)	<b>(47,832)</b>	Summary Revenue Account	101	9	(53,455)	<b>(53,345)</b>
<b>115,893</b>	<b>26,460</b>	<b>(143,696)</b>	<b>(1,343)</b>	<b>Net Cost of Services</b>	<b>79,269</b>	<b>55,004</b>	<b>(144,781)</b>	<b>(10,508)</b>
(76,827)	18,832	(3,429)	<b>(61,424)</b>	Other Income and Expenditure from the Expenditure & Funding Analysis	(104,732)	22,180	(5,906)	<b>(88,458)</b>
<b>39,066</b>	<b>45,292</b>	<b>(147,125)</b>	<b>(62,767)</b>	<b>(Surplus) or Deficit on Provision of Services</b>	<b>(25,463)</b>	<b>77,184</b>	<b>(150,687)</b>	<b>(98,966)</b>

The 2020/21 breakdown of the Net Cost of Services has been amended to take account of the changes in structure in 2021/22.

### ***Adjustments for capital purposes***

Depreciation, impairment charges and revaluation gains and losses are included within the net cost of services. In addition:

- other operating expenditure – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets
- financing and investment income – the statutory charges for capital financing i.e. prudent revenue provision and other revenue contributions are deducted from other income and expenditure, as these are not chargeable under generally accepted accounting practices (GAAP)
- taxation and non-specific income and expenditure - capital grants are adjusted for income not chargeable under GAAP. Revenue grants are adjusted from those receivables during the year to those receivable without conditions or for which conditions were satisfied throughout the year. The taxation and non-specific income and expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied within the year.

### ***Net Change for Pension Adjustments***

The removal of pension contributions and the addition of the IAS19 Employee Benefits pension related expenditure and income are reflected as follows:

- for the net cost of services – the removal of the employer pension contributions made by the Council as determined by statute and their replacement with current service costs and past service costs
- for financing and investment income and expenditure – the net interest on the defined benefit liability is charged to the CIES.

### ***Other Adjustments***

The amounts debited/credited to the CIES and amounts payable/receivable to be recognised under statute are as follows:

- for financing and investment income and expenditure – the other differences column recognises adjustments to the Council Fund for the timing differences of premiums and discounts
- the charge for taxation and non-specific grant income represents the difference between what is chargeable under statute for council tax and NDR that was forecast to be received at the start of the year, and the income recognised under GAAP. This is a timing difference as any difference is brought forward in the surpluses or deficits on the collection fund.

## 2.2. Expenditure and Income Analysed by Nature

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

2020/21		2021/22
£000		£000
532,713	Employee Benefits Expenses	599,145
654,187	Other Service Expenses	664,603
63,789	Depreciation, Amortisation & Impairment	69,052
13,490	Change in Fair Value of Investment Properties	27,180
34,020	Interest Payments	34,108
58,855	Precepts & Levies	61,613
15,760	Loss on Sale of Non-Current Assets	719
<b>1,372,814</b>	<b>Total Expenditure</b>	<b>1,456,420</b>
(176,310)	Fees, Charges & Other Service Income	(242,196)
(3,286)	Change in Fair Value of Investment Properties	(2,340)
(394)	Interest and Investment Income	(388)
(354,730)	Income from Council Tax and Non-Domestic Rates	(361,403)
(834,176)	Grants and Contributions	(901,283)
(15,081)	Gain on Sale of Non-Current Assets	(1,965)
<b>(1,383,977)</b>	<b>Total Income</b>	<b>(1,509,575)</b>
<b>(11,163)</b>	<b>Surplus &amp; Deficit on the Provision of Services</b>	<b>(53,155)</b>

## 3. Precepts and Levies

2020/21		2021/22
£000		£000
	<b>Precepts</b>	
40,165	Police and Crime Commissioner for South Wales	42,523
	Community Councils:	
45	- Lisvane	51
175	- Pentyrch	175
126	- Radyr & Morganstown	126
31	- St Fagans	34
46	- Old St Mellons	49
23	- Tongwynlais	23
<b>40,611</b>	<b>Total Precepts</b>	<b>42,981</b>
	<b>Levies &amp; Contributions</b>	
17,986	South Wales Fire and Rescue Service	18,374
139	Natural Resources Wales	139
114	Cardiff Port Health Authority	114
5	Newport Port Health Authority	5
<b>18,244</b>	<b>Total Levies and Contributions</b>	<b>18,632</b>

#### 4. Participation in Joint Committees

During 2021/22 the Council was lead Authority for three Joint Committees and a member authority of three others. The table below shows the revenue contributions made to these Committees. The Statement of Accounts for each Joint Committee will be available on the lead authority's website.

2020/21 £000	Committee	Purpose	Lead Authority	2021/22 £000
262	Cardiff Capital Region City Deal (CCRCD)	To co-ordinate and discharge Councils' obligations in relation to the City Deal	Cardiff Council	275
1,412	Central South Consortium Joint Education Service	To provide a regional approach to improvement in schools	Rhondda Cynon Taf Council	1,293
209	Glamorgan Archives	Management and administration of the Glamorgan Records Office	Cardiff Council	243
27	Prosiect Gwyrdd	To manage residual waste treatment	Cardiff Council	27
673	Regional Adoption Service	To share best practice, develop and improve adoption services	Vale of Glamorgan Council	699
4,927	Shared Regulatory Service	To provide environmental health services	Vale of Glamorgan Council	4,722
<b>7,510</b>	<b>Total</b>			<b>7,259</b>

The Council has accounted for its share of the transactions and balances with CCRCD but for the other Joint Committees it accounts just for their contributions.

Capital contributions to CCRCD in respect to the Wider Investment Fund are included in the core financial statements but not shown in the table above. No capital contribution was made in 2021/22 (£474,000 for 2020/21).

#### 5. Council Tax

Council Tax income derives from charges raised according to the value of residential properties, which have been classified into nine valuation bands, estimating 1 April 2003 values for this specific purpose. Charges are calculated by taking the amount of income required for the Council and the Police and Crime Commissioner for the forthcoming year and dividing this amount by the Council Tax base. The Council Tax base is the number of properties in each band adjusted to a proportion to convert the number to a band D equivalent, totaled across all bands and adjusted for discounts. Cardiff's Council Tax base for tax-setting purposes for 2021/22 was 147,794 (147,277 for 2020/21).

The amounts for a band D property in Cardiff during 2021/22 were as follows:

2020/21 £	Band D Council Tax:	2021/22 £
1,266	Cardiff Council	1,310
272	Police and Crime Commissioner for South Wales	288
<b>1,538</b>	<b>Total</b>	<b>1,598</b>

The above amount (£1,598) is multiplied by the proportion specified for the particular band (see following table) to give the individual amount due. Community Council precepts are then added in each of the six Community Council areas.

### Analysis of property bandings

Band	A*	A	B	C	D	E	F	G	H	I	Totals
Multiplier	5/9	6/9	7/9	8/9	1	11/9	13/9	15/9	18/9	21/9	
No of Band D equivalent dwellings	4	2,182	12,741	25,039	30,781	29,231	26,601	15,242	5,081	3,093	149,995
Apply Collection rate										98.50%	147,745
Plus Class O ( Ministry of Defence ) dwellings											49
Council Tax Base											147,794

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

2020/21 £000		2021/22 £000
(230,151)	Council Tax collectable	(240,341)
2,135	Impairment for non-payment of Council Tax	3,081
<b>(228,016)</b>	<b>Net proceeds</b>	<b>(237,260)</b>
	Represented by:	
40,611	Precepts	42,981
187,405	Council Tax attributable to the Council	194,279

The cumulative impairment for non-payment of Council Tax held at the 31 March 2022 is £10.422 million (£8.189 million at 31 March 2021).

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

31 March 2021 £000		31 March 2022 £000
5,143	Debts less than one year	4,876
1,618	Debts between two and 5 years	1,920
116	Debts over five years	117
<b>6,877</b>	<b>Total Council Tax due but not impaired</b>	<b>6,913</b>

## 6. Non-Domestic Rates (NDR)

The Welsh Government specifies an amount for the rate (53.5p in 2021/22 and 53.5p in 2020/21) and, subject to the effects of transitory arrangements, local businesses pay rates calculated by multiplying their rateable value by that amount. The Council is responsible for collecting rates due from ratepayers in its areas but pays the proceeds into the NDR pool administered by the Welsh Government. The sums collected are redistributed back to Councils on the basis of a fixed amount per head of population. The rateable value was

£457.565 million for 2021/22 (£457.012 million 2020/21). An analysis of the net proceeds from non-domestic rates is shown below:

2020/21 £000		2021/22 £000
189,469	Non-Domestic Rates collectable	198,777
(928)	Cost of collection allowance	(933)
(11,763)	Impairment for non-payment	3,685
<b>176,778</b>	<b>Payment into national pool</b>	<b>201,529</b>
<b>(124,579)</b>	<b>Redistribution from national pool</b>	<b>(121,062)</b>

## 7. Agency Income and Expenditure

The Council acted as an agent on behalf of the following in the provision of goods and services:

### Welsh Government

- Non-Domestic Rates collection - a net creditor of £2.022 million at 31 March 2022 (£31.503 million debtor at 31 March 2021) is included in the balance sheet which represents the amount collected from ratepayers exceeds the amount paid over to Welsh Government.
- Houses into Homes Loans - provide loans to bring back unused properties into homes. At 31 March 2022 the Welsh Government had provided £2.173 million of funding, of which £521,000 is outstanding as loans provided. The balance available for new loans was £1.652 million (£2.102 million at 31 March 2021).
- Home Improvement loans – provide loans for home improvements. At 31 March 2022 the Welsh Government had provided £1.624 million of funding, of which £787,000 is outstanding as loans provided leaving a balance available for new loans of £837,000.
- Covid-19 Business Grants - the Council distributed grants to eligible business on behalf of the Welsh Government totaling £18.908 million in 2021/22 (£101.221 million in 2020/21)
- Other Welsh Government Covid-19 grants and financial support – there have also been a number of grants or areas of financial support that local authorities have been asked to administer on the Welsh Government’s behalf because they have the local knowledge and ability to put in place systems quickly to make payments. At 31 March 2022 Welsh Government had provided approx. £16.638 million for this support.

### South Wales Trunk Road Agency

The total reimbursement received by the Council was £265,000 in 2021/22 (£341,000 in 2020/21).

### FOR Cardiff

This is a partnership between the local business community and the Council to form a Business Improvement District in a defined area within the city centre. A levy is charged on all business rate payers of all relevant businesses in addition to their business rates bill. This is used to develop projects benefitting the local area. Further information is available on their website <https://www.forcardiff.com>. The Council collects the income and pays this over to FOR Cardiff. This totaled £1.457 million in 2021/22 (£968,000 in 2020/21).



## Prosiect Gwyrdd

The Council is responsible for the payments to Viridor to provide waste treatment in relation to residual waste. The Council made payments of £10.198 million in 2021/22 (£10.094 million in 2020/21) on behalf of all the partners.

## 8. Remuneration

**8.1** The Accounts and Audit (Wales) Regulations 2014 require the ratio of the remuneration of the Chief Executive to the median remuneration of all the body's employees. The multiple between the median full time equivalent earnings and the Chief Executive in 2021/22 was 1:7 (1:7 in 2020/21). The median full time equivalent earnings for 2021/22 was £28,572 (£27,264 in 2020/21). These figures include staff directly employed by the governing bodies of schools including a Voluntary-Controlled and a Foundation school and several Voluntary-Aided schools, as well as those employed by the Council.

**8.2** The Accounts and Audit (Wales) Regulations 2014 also require that the number of employees, whose remuneration is over £60,000 per annum be disclosed within bands of £5,000. The following table includes all staff that fall within this category including teaching staff and senior officers whose remuneration is disclosed in more detail in note 8.3. The table excludes any staff paid via agency.

The remuneration bands include all taxable remuneration received in the year, including in some cases, severance payments and Returning Officer fees but exclude employers pension contributions and any expenses that are not chargeable to UK income tax.

The table separately identifies individuals directly employed by the governing bodies of schools including several Voluntary-Aided, Voluntary-Controlled and Foundation schools, as well as those employed by the Council. The employee costs relating to these individuals are included with the Council's Net Cost of Services and, therefore, these individuals are included in the following table:

Number of Employees		Remuneration band £	Number of Employees	
2020/21			2021/22	
Non Schools	Schools		Non Schools	Schools
20	59	60,000-64,999	9	62
2	55	65,000-69,999	11	57
19	34	70,000-74,999	18	25
1	8	75,000-79,999	1	23
2	6	80,000-84,999	1	7
8	5	85,000-89,999	0	6
0	4	90,000-94,999	9	2
1	4	95,000-99,999	0	6
0	4	100,000-104,999	0	5
1	0	105,000-109,999	1	2
0	1	110,000-114,999	0	1
0	0	115,000-119,999	0	1
0	1	120,000-124,999	0	0
0	0	125,000-129,999	0	1
3	2	130,000-134,999	5	0
0	1	135,000-139,999	1	1
2	1	140,000-144,999	2	2

Number of Employees		Remuneration band £	Number of Employees	
2020/21			2021/22	
Non Schools	Schools		Non Schools	Schools
0	0	145,000-149,999	0	0
0	0	150,000-154,999	0	0
0	1	155,000-159,999	0	0
0	0	160,000-164,999	0	1
0	1	165,000-169,999	0	1
0	0	170,000-174,999	0	0
0	0	175,000-179,999	0	0
0	0	180,000-184,999	0	0
1	0	185,000-189,999	1	0
<b>60</b>	<b>187</b>	<b>Total</b>	<b>59</b>	<b>203</b>

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

- senior employees who form part of the Council's Senior Management Team (Directors, Assistant Directors and Heads of Service) whose salary is £60,000 or more per annum but less than £150,000. These are identified by job title
- senior employees whose salary is £150,000 or more on an annualised basis are identified by name
- the table does not include senior employees in schools.

Remuneration also includes the cost of any additional contributions that the Council is required to make to the Pension Fund in respect of the individuals who are leaving the Council i.e. Enhancement of Retirement Benefits (Pension Strain costs). Bonuses totaling £1,470, funded by Welsh Government, have been paid during 2021/22 (£0 in 2020/21)

2020/21	2021/22	Note	Salary, fees and allowances received	Taxable benefits	Compensation for loss of employment			Employers pension contribution (20.7% of salary)	Total remuneration including pension contributions	Explanatory notes
					Received via payroll (taxable)	Received via payroll (non-taxable)	Enhancement of Retirement Benefits			
£			£	£	£	£	£	£		
223,760	Chief Executive - Paul Orders	(a)	188,166	0	0	0	0	38,950	227,116	
171,109	Corporate Director Resources & Section 151 Officer		143,891	0	0	0	0	29,785	173,676	
171,109	Corporate Director People and Communities		143,891	0	0	0	0	29,785	173,676	
157,947	Director Planning, Transport & Environment		132,822	0	0	0	0	27,494	160,316	
157,947	Director Economic Development		132,822	0	0	0	0	27,494	160,316	
47,530	Director Education & Lifelong Learning		0	0	0	0	0	0	0	Left the Council 31/10/2020

2020/21	2021/22		Salary, fees and allowances received	Taxable benefits	Compensation for loss of employment			Employers pension contribution (20.7% of salary)	Total remuneration including pension contributions	Explanatory notes
Total remuneration including pension contributions	Post title	Note			Received via payroll (taxable)	Received via payroll (non-taxable)	Enhancement of Retirement Benefits			
£			£	£	£	£	£	£		
59,230	Director Education & Lifelong Learning		132,822	0	0	0	0	27,494	160,316	Commenced 16/11/2020
156,908	Director Governance & Legal Services & Monitoring Officer		132,822	0	0	0	0	27,494	160,316	
78,159	Director Social Services	(c)	0	0	0	0	0	0	0	Left the Council 30/09/2020
4,246	Director Children's Services	(d)	133,557	0	0	0	0	27,646	161,203	Commenced 22/03/2021
29,411	Director Adults, Housing & Communities Services		132,822	0	0	0	0	27,494	160,316	Commenced 25/01/2021
126,798	Chief Digital Officer		106,628	0	0	0	0	22,072	128,700	
107,405	Assistant Director Adult Services	(e)	1,971	0	0	0	0	408	2,379	Left the Council 05/04/2021 Annualised salary £90,320
56,332	Assistant Director County Estates		90,320	0	0	0	0	18,696	109,016	Commenced 23/09/2020
221,186	Assistant Director Children's Services - Deborah Driffield	(b)	0	0	0	0	0	0	0	Left role 21/03/2021
107,405	Assistant Director Education & Lifelong Learning		90,320	0	0	0	0	18,696	109,016	
0	Assistant Director Housing & Communities		65,069	0	0	0	0	13,469	78,538	Commenced 12/07/2021 Annualised salary £90,320
87,369	Assistant Director Housing & Communities		0	0	0	0	0	0	0	Left role 24/01/2021

2020/21	2021/22	Note	Salary, fees and allowances received	Taxable benefits	Compensation for loss of employment			Employers pension contribution (20.7% of salary)	Total remuneration including pension contributions	Explanatory notes
					Received via payroll (taxable)	Received via payroll (non-taxable)	Enhancement of Retirement Benefits			
£			£	£	£	£	£	£		
107,405	Assistant Director Street Scene		90,320	0	0	0	0	18,696	109,016	
107,405	Programme Director - Schools Organisation Programme		90,320	0	0	0	0	18,696	109,016	
62,762	Chief Human Resources Officer		0	0	0	0	0	0	0	Left the Council 09/10/2020
11,242	Chief Human Resources Officer		90,320	0	0	0	0	18,696	109,016	Commenced 22/02/2021
107,405	Head of Finance		90,320	0	0	0	0	18,696	109,016	
105,592	Head of Performance & Partnerships		90,320	0	0	0	0	18,696	109,016	

- a) In addition to the remuneration fees detailed in the table above, the Chief Executive is the Council's nominated Returning Officer. Any subsequent fees owed in relation to this role have been waived.
- b) During 2021/22 no agency invoices were received. In 2020/21, agency invoices of £221,186 were received for the service as Assistant Director Children's Services.
- c) In addition to the remuneration fees detailed in the table above, in 2021/22 the Social Services Director received £1,761 (salary & pension contribution) relating to a backdated pay award for 2020/21.
- d) Includes bonus payment of £735 as part of the Welsh Government Financial Recognition for Social Care Worker Scheme.
- e) Includes bonus payment of £735 as part of the Welsh Government Financial Recognition for Social Care Worker Scheme.

## 8.4 Exit Packages

The numbers of exit packages with total cost per band and the total cost of the compulsory and other redundancies are set out in the following tables. The total costs of the exit packages identified are made up of two elements. The first element is the one-off payment made to an individual as compensation for loss of employment through either voluntary or compulsory redundancy. The second element is the pension strain cost for which the Council has the option to pay the Pension Fund over a five-year period.

2020/21				Exit package cost band (including special payments)	2021/22			
Number of compulsory redundancies *	Number of other departures agreed *	Total number of exit packages by cost band	Total cost of exit packages in each band £		Number of compulsory redundancies *	Number of other departures agreed *	Total number of exit packages by cost band	Total cost of exit packages in each band £
31	41	72	470,590	0 - 20,000	15	53	68	566,610
2	15	17	450,315	20,001 – 40,000	2	22	24	648,854
2	13	15	733,154	40,001 – 60,000	0	4	4	197,091
0	2	2	137,929	60,001 – 80,000	0	2	2	153,951
0	0	0	0	80,001 – 100,000	0	2	2	165,771
0	3	3	402,130	100,001 – 150,000	0	0	0	0
0	1	1	185,359	150,001 – 200,000	0	0	0	0
<b>35</b>	<b>75</b>	<b>110</b>	<b>2,379,477</b>	<b>Total</b>	<b>17</b>	<b>83</b>	<b>100</b>	<b>1,732,277</b>

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

## 8.5 Members Allowances

The total amount of Members' Allowances (including basic and special responsibility) paid in 2021/22 was £1.385 million (£1.371 million in 2020/21). As required by the Code, this figure includes all remuneration paid to members including basic and special allowances, care allowances and directly reimbursed expenses.

## 9. Health Act 1999 Pooled Funds and Similar Arrangements

The Cardiff and Vale Joint Equipment Store (JES) is a Section 33 partnership agreement between Cardiff and Vale of Glamorgan local authorities and the Cardiff and Vale University Health Board for the provision of an integrated community equipment service serving the combined Cardiff and Vale region. The original agreement came into effect on 1 January 2012 and following a review, a new model of contributions was agreed by the partnership and implemented during 2020/21. The transactions are included in the Housing and Communities line of the Comprehensive Income and Expenditure Statement.

Under regulation 19(1) of the Partnership Arrangements (Wales) Regulations 2015, a pooled budget arrangement has been agreed between Cardiff and Vale local authorities and the Cardiff and Vale University Health Board in relation to the provision of care home accommodation for older people. The arrangement came into effect on 1st April 2018, initially for one year, however, the agreement has been extended to also cover the 2021/22 financial year. Cardiff Council has acted as host authority during the four years of the

agreement. The Cardiff Council transactions are included in the Social Services line of the Comprehensive Income and Expenditure statement.

Income and expenditure for these pooled budget arrangements for the year ending 31 March 2022 are as follows:

2020/21 £000			2021/22 £000	
Joint Equipment	Care Homes for older people		Joint Equipment	Care Homes for older people
		<b>Expenditure</b>		
1,611	0	Equipment	1,689	0
487	0	Contribution to Overheads	487	0
0	65,661	Care Home costs	0	64,046
<b>2,098</b>	<b>65,661</b>	<b>Total Expenditure</b>	<b>2,176</b>	<b>64,046</b>
		Funding		
(1,258)	(25,118)	Cardiff and Vale University Health Board	(1,376)	(24,549)
(550)	(24,655)	Cardiff Council	(663)	(23,744)
(290)	(15,888)	Vale of Glamorgan Council	(347)	(15,753)
<b>(2,098)</b>	<b>(65,661)</b>	<b>Total Funding</b>	<b>(2,386)</b>	<b>(64,046)</b>
<b>0</b>	<b>0</b>	<b>(Surplus)/Deficit transferred to Reserve</b>	<b>(210)</b>	<b>0</b>

## 10. Related Parties

The Council is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council.

Central Government has effective control over the general operations of the Council. It is responsible for providing the statutory framework, within which the Council operates, providing the majority of its funding in the form of grants and prescribing the terms of many of the transactions that the Council has with other parties. For 2021/22 financial transactions with the Welsh Government totaled £322,000 of expenditure and approximately £360.379 million of income. At the year-end, in addition to financial instruments (Note 15) and expenditure incurred as an agent for Welsh Government (Note 7), no money was owed to Welsh Government and £326,000 was owed from Welsh Government.

Members of the Council have direct control over the Council's financial and operating policies. The total members' allowances paid in 2021/22 is shown in note 8. Members' interests in other organisations have been identified by an inspection of the Members' and Officers' Declaration of Interest Register. This is available on the Councils Website <https:cardiff.moderngov.co.uk/mgMemberIndex>.

The following transactions relating to elected members took place during the year, with associated balances due to or from the Authority at the year end. These do not include any Covid-19 Business Grants issued.

The relevant members did not take part in any discussion or decision relating to the Grants.

2020/21				Related Party	Related Party Relationship	Transaction details	2021/22			
Amounts owed by the Authority	Amounts paid by the Authority	Amounts Received by the Authority	Amounts owed to the Authority				Amounts owed by the Authority	Amounts paid by the Authority	Amounts Received by the Authority	Amounts owed to the Authority
£000	£000	£000	£000				£000	£000	£000	£000
0	818	(66)	(15)	Huggard	Management Committee	Primarily Supporting people	11	1,149	(91)	(45)
0	745	(19)	(5)	Cartref Care Homes	Trustee	Primarily Residential Care	0	949	(8)	0
0	0	(65)	(12)	Principality Stadium	Board Member	Primarily Waste Management	0	0	(51)	(2)
0	17	(2)	0	St John Cymru Wales	President	Primarily training	0	32	(2)	0
0	26	0	0	Old St Mellons Community Council	Elected Councillor	No 2021/22 transactions	0	0	0	0
0	66	(168)	0	Wales and the West Housing	Family Member is Chief Executive	Payment relates to supporting individuals in relation to alarm subsidy.	0	137	(92)	0
0	20	0	0	Safer Wales Ltd	Charity Senior Manager	Grant for Domestic Abuse support	0	21	(4)	0
0	2	(15)	0	Cardiff Cycle Workshop	Family Member is Chair of Trustees	Payments are primarily for Bike Clinics and purchase of refurbished Bikes . Income is mainly Ground Rent	0	25	(15)	0
0	0	0	0	APSE	Chairperson	Membership Fees	0	25	0	0
0	2	0	0	Seren in the Community	Trustee	Primarily Childrens Play Grant	0	60	0	0
<b>0</b>	<b>1,696</b>	<b>(335)</b>	<b>(32)</b>	<b>Total transactions</b>			<b>11</b>	<b>2,398</b>	<b>(263)</b>	<b>(47)</b>

Officer's emoluments are shown in note 8. In 2021/22, for organisations in which Senior Officers had an interest there were no goods or services commissioned (£0 in 2020/21). For goods and services provided, income of £130,000 was received in 2021/22 (£160,000 in 2020/21). Of this income, £51,000 is also included in the income for members as there are officers and members represented on the board.



Subsidiary Companies include Cardiff City Transport Services (Cardiff Bus), Cardiff Business Technology Centre (CBTC), Atebion Solutions Ltd and Cardiff Heat Network Ltd. Details of transactions with these companies are shown in note 20 to the Core Financial Statements. The Council also participates in 6 Joint Committees. Details of these can be found in Note 4. Pension Fund contributions paid to the Fund are shown in note 13.

Precepts and Levies collected on behalf of other organisations and an analysis of amounts levied on the Council by other bodies can be found in note 3 to the Core Financial Statements. Separate to the precept, the Council made payments of £123,000 to Police and Crime Commissioner for South Wales during 2021/22 (£139,000 in 2020/21).

## 11. External Audit Costs

2020/21		2021/22
£000		£000
382	Fees payable to Audit Wales for external audit services	401
50	Fees payable to Audit Wales for the certification of grant claims	69
20	Fees payable to Audit Wales for other financial audit work	14
<b>452</b>	<b>Total</b>	<b>484</b>

## 12. Leasing

### *Council as Lessee*

#### Operating leases

Operating leases exist in respect of properties, vehicles and other items of equipment. The following sums were charged to revenue in 2021/22:

2020/21		2021/22
£000		£000
1,473	Property Leases	1,357
2,414	Other Leases	2,130
<b>3,887</b>		<b>3,487</b>

The Council was committed at 31 March 2022 to making payments of £12.995 million under operating leases (£13.805 million at 31 March 2021) comprising the following elements:

31 March 2021			31 March 2022	
Property Leases £000	Other Leases £000		Property Leases £000	Other Leases £000
		<b>Minimum lease payments</b>		
375	2,076	Not later than one year	1,122	1,864
1,084	3,084	Later than one year but not later than five years	1,028	2,052
7,136	50	Later than five years	6,897	32
<b>8,595</b>	<b>5,210</b>		<b>9,047</b>	<b>3,948</b>

## Finance Leases

There were no finance leases recognised at 31 March 2022 (none in 2020/21) and there are currently no future obligations under finance leases.

## *Council as Lessor*

### Operating Leases

Operating leases exist in respect of land and buildings and the Council received revenue of £8.939 million in 2021/22 (£8.343 million in 2020/21)

The Council was committed as at 31 March 2022 to receiving income of £476.917 million (£477.722 million as at 31 March 2021) under operating leases for Land & Buildings comprising the following elements:

31 March 2021 £000	Minimum Income	31 March 2022 £000
8,615	Not later than one year	8,687
27,612	Later than one year and not later than five years	28,467
441,495	Later than five years	439,763
<b>477,722</b>		<b>476,917</b>

## Finance Leases

There were no finance leases recognised at 31 March 2022 (none in 2020/21).

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

## 13. Pensions

### Participation in Pension Schemes

As part of the terms and conditions of employment of its employees, the Council offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments and this commitment needs to be disclosed at the time that employees earn their future entitlement.

The Council participates in the following pension schemes which provide members with benefits related to pay and service:

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

### Teachers' Pension Scheme

Unless they opt out, teachers employed by the Council are members of the Teachers' Pension Scheme, administered by the Teacher's Pension Agency on behalf of the Department for Education. It is a defined

benefit scheme and although it is unfunded, it is a notional fund as a basis for calculating the employer's contribution rate. However, it is not possible for the Council to identify its share of the underlying liabilities of the scheme attributable to its own employees and so for the purposes of the Statement of Accounts it is accounted for on the same basis as a defined contribution scheme, i.e. the cost charged to Net Cost of Services in the year is the cost of the Council's contributions to the scheme.

In 2021/22 the Council paid £32.252 million in respect of teachers' pension costs, which represents 23.7% of teachers' pensionable pay for 2021/22 (£30.592 million representing 23.7% of teachers' pensionable pay for 2020/21). In addition, the Council is responsible for the costs of any additional benefits awarded on early retirement outside of the Teachers' scheme. These benefits are fully accrued in the pension's liability for unfunded liabilities.

### **Local Government Pension Scheme**

The Council's non-teaching employees are automatically enrolled unless they choose to opt out of joining the Cardiff and Vale of Glamorgan Pension Fund (The Fund), for which the Council acts as Administering Authority. This is a defined benefit scheme based on career-average pensionable salary. Both the Council and the employees pay contributions into the Fund, calculated at a level intended to balance its liabilities and assets.

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

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

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

### **Transactions relating to retirement benefits**

The core financial statements have been compiled in accordance with International Accounting Standards 19 – Employee Benefits (IAS 19) and for the Local Government Pension Scheme, include the cost to the Council of pension entitlements earned in the year rather than the cost of contributions paid into the Fund. The cost of entitlements earned which is known as the Current Service Cost has been recognised in the Net Cost of Services in the Comprehensive Income and Expenditure Statement. However, the charge that is required to be made against Council Tax in respect of pensions is to be based on the amount payable to the pension fund during the year. To achieve this, IAS 19 costs are reversed out in the Movement in Reserves Statement and replaced with the employers' contribution payable during the year.

The following table sets out the requisite transactions that have been made by Cardiff Council in the Comprehensive Income and Expenditure Statement and Movement in Reserves Statement during the year.

2020/21				2021/22		
Funded scheme £000	Unfunded liabilities £000	Total £000		Funded scheme £000	Unfunded liabilities £000	Total £000
			<b>Comprehensive Income and Expenditure Statement (CIES)</b>			
			<b>Net Cost of Services</b>			
71,580	0	<b>71,580</b>	Current Service Cost	104,900	0	<b>104,900</b>
1,410	0	<b>1,410</b>	Past Service Costs	1,470	0	<b>1,470</b>
			<b>Financing &amp; Investment Income and Expenditure</b>			
17,850	980	<b>18,830</b>	Interest on net defined benefit liability/(asset)	21,260	910	<b>22,170</b>
<b>90,840</b>	<b>980</b>	<b>91,820</b>	<b>Net charge to CIES</b>	<b>127,630</b>	<b>910</b>	<b>128,540</b>
			<b>Remeasurement of the net Defined Liability comprising</b>			
(229,490)	0	<b>(229,490)</b>	Returns on Plan Assets excluding amounts included in net interest	(124,670)	0	<b>(124,670)</b>
442,720	3,260	<b>445,980</b>	Actuarial gains arising from changes in Financial assumptions	(160,590)	(1,210)	<b>(161,800)</b>
0	0	<b>0</b>	Actuarial gains arising from changes in demographic assumptions	(24,350)	(560)	<b>(24,910)</b>
(17,280)	(620)	<b>(17,900)</b>	Other experience and Actuarial adjustments	7,570	(3,210)	<b>4,360</b>
<b>195,950</b>	<b>2,640</b>	<b>198,590</b>	<b>Total Remeasurements recognised in Other Comprehensive Income</b>	<b>(302,040)</b>	<b>(4,980)</b>	<b>(307,020)</b>
<b>286,790</b>	<b>3,620</b>	<b>290,410</b>	<b>Total charged to Comprehensive Income and Expenditure Statement</b>	<b>(174,410)</b>	<b>(4,070)</b>	<b>(178,480)</b>

2020/21				2021/22		
Funded scheme £000	Unfunded liabilities £000	Total £000		Funded scheme £000	Unfunded liabilities £000	Total £000
			<b>Movement in Reserves Statement</b>			
(90,840)	(980)	<b>(91,820)</b>	Reversal of net charges made for retirement benefits in accordance with IAS19	(127,630)	(910)	<b>(128,540)</b>
			<b>Actual amount charged against Council Tax in respect of pensions for the year</b>			
43,230	0	<b>43,230</b>	Employers contributions payable to the scheme	45,850	0	<b>45,850</b>
0	3,020	<b>3,020</b>	Payments in respect of unfunded pensions liabilities *	0	2,790	<b>2,790</b>
<b>43,230</b>	<b>3,020</b>	<b>46,250</b>	<b>Total</b>	<b>45,850</b>	<b>2,790</b>	<b>48,640</b>

\* Included in this figure are enhanced benefits awarded to teachers for which the Council is responsible and some unfunded liabilities which are administered by Rhondda Cynon Taf (RCT) Council on behalf of the Council.

The net pension liability reported in the accounts includes a potential liability related to the McCloud judgement. The pension fund actuary, Aon Hewitt, has based the estimate on the major provisions of the

estimate, however, there remains some uncertainty over the final outcome which will not be clarified for some time.

## Reconciliation of Funded Status to Balance Sheet

31 March 2021				31 March 2022		
Funded scheme £000	Unfunded liabilities £000	Total £000		Funded scheme £000	Unfunded liabilities £000	Total £000
(1,974,720)	(44,120)	<b>(2,018,840)</b>	Opening present value of liabilities	(2,476,000)	(44,720)	<b>(2,520,720)</b>
(71,580)	0	<b>(71,580)</b>	Current service cost	(104,900)	0	<b>(104,900)</b>
(45,660)	(980)	<b>(46,640)</b>	Interest cost	(51,540)	(910)	<b>(52,450)</b>
(12,580)	0	<b>(12,580)</b>	Contributions by participants	(13,410)	0	<b>(13,410)</b>
(425,440)	(2,640)	<b>(428,080)</b>	Remeasurements in Other Comprehensive Income (OCI)	177,330	4,980	<b>182,310</b>
55,390	3,020	<b>58,410</b>	Net benefits paid out *	57,880	2,790	<b>60,670</b>
(1,410)	0	<b>(1,410)</b>	Past service cost	(1,470)	0	<b>(1,470)</b>
<b>(2,476,000)</b>	<b>(44,720)</b>	<b>(2,520,720)</b>	<b>Closing present value of liabilities</b>	<b>(2,412,110)</b>	<b>(37,860)</b>	<b>(2,449,970)</b>
1,183,130	0	<b>1,183,130</b>	Opening fair value of assets	1,440,850	0	<b>1,440,850</b>
27,810	0	<b>27,810</b>	Interest income on assets	30,280	0	<b>30,280</b>
229,490	0	<b>229,490</b>	Remeasurement gains/(losses) on assets	124,710	0	<b>124,710</b>
43,230	3,020	<b>46,250</b>	Contributions by employer	45,850	2,790	<b>48,640</b>
12,580	0	<b>12,580</b>	Contributions by participants	13,410	0	<b>13,410</b>
(55,390)	(3,020)	<b>(58,410)</b>	Net benefits paid out *	(57,880)	(2,790)	<b>(60,670)</b>
<b>1,440,850</b>	<b>0</b>	<b>1,440,850</b>	<b>Closing fair value of assets</b>	<b>1,597,220</b>	<b>0</b>	<b>1,597,220</b>
<b>(1,035,150)</b>	<b>(44,720)</b>	<b>(1,079,870)</b>	<b>Net pension asset /(liability)*</b>	<b>(814,890)</b>	<b>(37,860)</b>	<b>(852,750)</b>

\*The figures for net benefits paid out consists of net cash-flow out of the Fund in respect of the employer, excluding contributions and any death in service lump sums paid, and including an approximate allowance for the expected cost of death in service lump sums.

It is important to note that this is a snapshot of the position as at 31 March 2022. The Pension Fund is a defined benefit scheme, which means that members' benefits are not linked to stock market performance. The Pension Fund is a long-term investor and members can be assured that contributions are reviewed as part of the triennial valuation.

There has been a significant decrease in the pension liability at 31 March 2022 as compared to the previous year. This is primarily due to a change in the actuarial assumptions as shown in the table below which sets out the basis for estimating assets and liabilities.

### Contributions for year ending 31 March 2023

Local Government Scheme - employer's regular contributions to the Fund for the accounting period ending 31 March 2023 are estimated to be £52.932 million. Additional contributions may also become due in respect of any employer discretions to enhance members' benefits in the Fund over the next accounting period.

Unfunded liabilities - in the accounting period ending 31 March 2023 the Council expects to pay £3.012 million directly to beneficiaries.

### Basis for estimating assets and liabilities

The principal assumptions used by the independent qualified actuaries in updating the full March 2019 valuation figures as at 31 March 2022, for IAS19 purposes, are shown in the following table:

31 March 2021	Assumptions	31 March 2022
	<b>Longevity at 45 for Current Pensioners (years)</b>	
23.3	Men	23.2
26.1	Women	26.0
	<b>Longevity at 65 for Current Pensioners (years)</b>	
22.3	Men	22.1
24.7	Women	24.6
	<b>Rates</b>	
2.7%	Rate of Inflation - Consumer Price Index (CPI)	3.0%
3.7%	Rate of general increase in salaries	4.0%
2.7%	Rate of increase to pensions in payment	3.0%
2.7%	Rate of increase to deferred pensions	3.0%
2.1%	Discount rate for scheme liabilities	2.7%

### Asset Allocation

The approximate split of assets for the Fund as a whole is shown in the following table. The asset allocation in the fund is notional and the assets are assumed to be invested in line with the investments of the Fund set out below for the purposes of calculating the return to be applied to those notional assets.

The Council does not invest in property or assets related to itself. However, it is possible that assets may be invested in shares relating to some of the private sector employers participating in the Fund if it forms part of the balanced investment strategy.

31 March 2021				31 March 2022		
Quoted %	Unquoted %	Total %	Assets	Quoted %	Unquoted %	Total %
62.1	3.5	65.6	Equities	63.8	3.7	67.5
6.6	0.0	6.6	Property	6.9	0.0	6.9
10.7	0.0	10.7	Government Bonds	9.2	0.0	9.2
15.7	0.0	15.7	Corporate Bonds	8.4	0.0	8.4
0.0	0.0	0.0	Multi Asset Credit	5.7	0.0	5.7
1.4	0.0	1.4	Cash	2.3	0.0	2.3
<b>96.5</b>	<b>3.5</b>	<b>100.0</b>	<b>Total</b>	<b>96.3</b>	<b>3.7</b>	<b>100.0</b>

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

	31 March 2018	31 March 2019	31 March 2020	31 March 2021	31 March 2022
	£000	£000	£000	£000	£000
Fair value of assets	1,230,630	1,317,980	1,183,130	1,440,850	1,597,220
Present value of funded liabilities	(1,820,380)	(1,931,978)	(1,974,720)	(2,476,000)	(2,412,110)
Present value of unfunded liabilities	(46,520)	(48,720)	(44,120)	(44,720)	(37,860)
<b>Surplus/(deficit)</b>	<b>(636,270)</b>	<b>(662,718)</b>	<b>(835,710)</b>	<b>(1,079,870)</b>	<b>(852,750)</b>

## Sensitivity Analysis of Present Value of Funded Liabilities

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

Funded Defined Benefit Obligation £2,412,110	+0.1% p. a		-0.1% p. a	
Change in Assumptions on Present value of the funded defined benefit obligations	£000	% Increase / Decrease to Employee Liability	£000	
Adjustment to Discount rate	2,363,870	-2.0%	2.1%	2,462,760
Adjustment to Salary Increase rate	2,416,930	0.2%	-0.2%	2,407,290
Adjustment to Pension Increase rate	2,455,530	1.8%	-1.8%	2,368,690
	<b>-1 year</b>		<b>1 year</b>	
Adjustment to Mortality rate	2,496,530	3.5%	-3.5%	2,327,690

## Cardiff Bus Pension Schemes

In March 2021 the Council entered into a Flexible Apportionment Arrangement (FAA) in respect of the Cardiff City Transport Services Limited (Cardiff Bus) Pension Scheme. Under this arrangement, the company ceased to be the employer of the scheme and the Council became the Scheme's principal employer and the sole statutory employer of the scheme. The scheme relates to two defined benefit funded pension schemes administered by Trustees under a Deed and closed to any new entrants and future accrual. Assets held are invested in third party professionally managed funds. The level of contributions made to the schemes and the cost of contributions included in the financial statements are based on the recommendations of independent actuaries and will be updated as part of the next triennial valuation as at 31 March 2024. The transfer also includes a defined contribution scheme which carries a guaranteed minimum return for its members, which is also closed to new members.

## Reconciliation of Funded Status to Balance Sheet

31 March 2021 £000	Cardiff Bus Defined Contribution Pension Scheme	31 March 2022 £000
(13,220)	Opening present value of liabilities	(13,138)
(18)	Interest cost	(242)
100	Remeasurement (gains)/losses	(468)
0	Net benefits paid out	868

<b>(13,138)</b>	<b>Closing present value of liabilities</b>	<b>(12,980)</b>
11,933	Opening fair value of assets	11,891
16	Interest income on assets	218
(58)	Remeasurement gains/(losses) on assets	(316)
0	Net benefits paid out	(868)
<b>11,891</b>	<b>Closing fair value of assets</b>	<b>10,925</b>
<b>(1,247)</b>	<b>Net pension asset /(liability)*</b>	<b>(2,055)</b>

<b>31 March 2021</b>	<b>Cardiff Bus Defined Benefit Pension Scheme</b>	<b>31 March 2022</b>
<b>£000</b>		<b>£000</b>
(40,435)	Opening present value of liabilities	(40,045)
(56)	Interest cost	(751)
309	Remeasurement (gains)/losses	1,596
137	Net benefits paid out	1,058
<b>(40,045)</b>	<b>Closing present value of liabilities</b>	<b>(38,142)</b>
40,739	Opening fair value of assets	40,694
56	Interest income on assets	765
36	Remeasurement gains/(losses) on assets	(459)
(137)	Net benefits paid out	(1,058)
<b>40,694</b>	<b>Closing fair value of assets</b>	<b>39,942</b>
<b>649</b>	<b>Net pension asset /(liability)</b>	<b>1,800</b>

<b>31 March 2021</b>	<b>Cardiff Bus Defined Benefit Pension Scheme</b>	<b>31 March 2022</b>
<b>%</b>	<b>Assets</b>	<b>%</b>
23.1	Diversified Growth Funds	24.3
23.7	Cash & Liability Driven Investments	21.7
53.2	Bonds	54.0
<b>100.0</b>	<b>Total</b>	<b>100.0</b>



## 14. Non-Current Assets

Property, Plant and Equipment	Council Dwellings	Other Land & Buildings	Vehicles, Plant & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	P, P & E under construction	Total Property, Plant & Equipment
Movements in Cost or Values	£000	£000	£000	£000	£000	£000	£000	£000
<b>1 April 2020</b>	<b>650,686</b>	<b>832,653</b>	<b>40,760</b>	<b>664,410</b>	<b>19,897</b>	<b>44,540</b>	<b>38,339</b>	<b>2,291,285</b>
Additions	17,222	17,204	10,146	15,585	0	34,010	50,278	144,445
Revaluations Increases/(Decreases) recognised in the RR*	25,562	172	0	0	0	(1,100)	0	24,634
Revaluations Increases/(Decreases) recognised in the SDPS**	(68,495)	(697)	0	0	0	(192)	0	(69,384)
Impairment Losses/Reversals to RR	0	(233)	0	0	0	0	0	(233)
Impairment Losses/Reversals to SDPS	(166)	(23)	0	0	0	(2,874)	(1,483)	(4,546)
Derecognition - Disposals	(55)	(120)	(10,550)	(192,717)	0	(898)	0	(204,340)
Reclassified (to)/from Held for Sale	0	(23)	0	0	0	1,000	0	977
Other Reclassifications - Transfers	6,028	2,324	9,074	1,235	0	200	(20,280)	(1,419)
<b>31 March 2021</b>	<b>630,782</b>	<b>851,257</b>	<b>49,430</b>	<b>488,513</b>	<b>19,897</b>	<b>74,686</b>	<b>66,854</b>	<b>2,181,419</b>
Additions	28,529	27,589	17,972	33,063	727	8,928	56,727	173,535
Revaluations Increases/(Decreases) recognised in the RR	0	14,603	0	0	0	(839)	0	13,764
Revaluations Increases/(Decreases) recognised in the SDPS	0	(24,535)	0	0	(96)	(5,459)	0	(30,090)
Impairment Losses/Reversals to RR	0	(541)	0	0	0	(40)	0	(581)
Impairment Losses/Reversals to SDPS	(54)	(1,374)	0	0	0	(560)	(36)	(2,024)
Derecognition - Disposals	0	(781)	(3,451)	(12,896)	0	0	(36)	(17,164)
Reclassified (to)/from Held for Sale	0	0	0	0	0	395	0	395
Other Reclassifications - Transfers	12,292	6,592	2,280	8,704	3,048	(803)	(34,289)	(2,176)
<b>31 March 2022</b>	<b>671,549</b>	<b>872,810</b>	<b>66,231</b>	<b>517,384</b>	<b>23,576</b>	<b>76,308</b>	<b>89,220</b>	<b>2,317,078</b>
<b>Movements in Depreciation/Impairment</b>								
<b>1 April 2020</b>	<b>20,812</b>	<b>28,569</b>	<b>25,187</b>	<b>375,133</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>449,701</b>
Depreciation Charge	9,324	22,123	6,325	20,415	0	0	0	58,187
Depreciation written out on Impairment	0	(25)	0	0	0	0	0	(25)
Depreciation written out to the RR	0	(9)	0	0	0	0	0	(9)
Depreciation written out to the SDPS	(20,811)	(409)	0	0	0	0	0	(21,220)
Derecognition - Disposals	0	(120)	(10,550)	(192,717)	0	0	0	(203,387)
Reclassifications - Transfers	0	(17)	0	0	0	0	0	(17)
<b>31 March 2021</b>	<b>9,325</b>	<b>50,112</b>	<b>20,962</b>	<b>202,831</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>283,230</b>
Depreciation Charge	10,144	25,227	8,002	22,701	0	0	0	66,074
Depreciation written out on Impairment	0	0	0	0	0	0	0	0
Depreciation written out to the RR	0	(6,114)	0	0	0	0	0	(6,114)
Depreciation written out to the SDPS	0	(18,861)	0	0	0	0	0	(18,861)
Derecognition - Disposals	0	(781)	(3,440)	(12,896)	0	0	(36)	(17,153)
Reclassifications - Transfers	600	0	0	0	0	(600)	0	0

Property, Plant and Equipment	Council Dwellings	Other Land & Buildings	Vehicles, Plant & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	P, P & E under construction	Total Property, Plant & Equipment
Movements in Cost or Values	£000	£000	£000	£000	£000	£000	£000	£000
31 March 2022	20,069	49,583	25,524	212,636	0	(600)	(36)	307,176
Net Book Value								
At 31 March 2021	621,457	801,145	28,468	285,682	19,897	74,686	66,854	1,898,189
At 31 March 2022	651,480	823,227	40,707	304,748	23,576	76,908	89,256	2,009,902

\*RR Revaluation Reserve

\*\*SDPS Surplus or Deficit on Provision of Services

## Heritage Assets

2020/21 £000		2021/22 £000
58,616	Balance at 1 April	58,682
66	Additions	167
0	Revaluation increases /(decreases) to RR	0
58,682	Balance at 31 March	58,849

The Council has tangible heritage assets which consist mainly of the following three categories: -

- public art
- scheduled ancient monuments for which it is responsible
- paintings, artefacts and civic regalia.

The notes below indicate the treatment of each of the above three categories in these accounts.

**Public art** - there are over 100 pieces of public art owned by the Council across the city, including freestanding artworks and significant pieces integrated into the design of buildings. These assets are not identified or valued separately in the Council's Balance Sheet as conventional valuation approaches lack sufficient reliability. In addition, the costs of obtaining valuations for these items would be disproportionate to the benefits. Details of these assets are held within the Cardiff Public Art Register, which is available on the Council's internet site <http://www.cardiff.gov.uk/citydesign>.

**Scheduled ancient monuments** - the Council is responsible or part responsible for 20 of the 31 scheduled ancient monuments in the city. These are required to be protected for their contribution to knowledge and culture and include prehistoric burial sites and mounds, castles and forts, religious sites, defence structures as well as other sites of industrial significance. Unless expenditure has been incurred on these assets previously, these sites are not included in the Council's accounts at historic cost or value. Given the unique and often diverse nature of these assets, conventional valuation approaches lack sufficient reliability and the costs of obtaining valuations for these items would be disproportionate to the benefits. Details of these monuments are held within the scheduled ancient monuments in Cardiff information leaflet which is available on <http://www.cardiff.gov.uk/conservation>.

**Paintings, artefacts and civic regalia** - the Council has a collection of paintings, artefacts and civic regalia, much of which is related to local interest. The main items in terms of number and value are collections at the castle reflecting its historic significance and interpretation for visitors. Other items held at public buildings have been accumulated over a number of years. These items are included in the balance sheet at a valuation of £42.594 million undertaken externally as at 1 April 2019, by Mr. A.N. Schoon, Antiques and Fine Art Valuer.

**Council policy on acquisitions, disposals, care and conservation** - where resources allow, the Council will seek to create, acquire and preserve heritage resources for the benefits of its citizens in partnership with other public and private sector bodies using grant and other funding opportunities. Acquisitions are rare, although public art is often commissioned as part of regeneration schemes.

For assets held at the castle, acquisition, disposal and care is undertaken in accordance with the museum accreditation scheme. The statutory requirements placed upon the owners of scheduled ancient monuments are likely to make the disposal of assets within Council ownership unviable. Before any work, alteration or controlled archaeological excavations are undertaken, consent is obtained from the Welsh Government.

### Investment Properties

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

2020/21 £000		2021/22 £000
178,521	<b>Balance at 1 April</b>	156,238
1,015	Additions	17,180
(26)	Impairment	(12)
(14,807)	Disposals	(50)
0	Reclassified (to) / from Held for Sale	0
1,418	Other Reclassifications	2,175
0	Revaluation increases / (decreases) to RR*	0
(9,883)	Revaluation increases / (decreases) to SDPS**	(24,813)
<b>156,238</b>	<b>Balance at 31 March</b>	<b>150,718</b>

\* Revaluation Reserve      \*\* Surplus/Deficit on Provision of Services

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

2020/21 £000		2021/22 £000
(11,059)	Rental income from investment property	(10,318)
4,439	Direct operating expenses arising from investment property	3,273
<b>(6,620)</b>	<b>Net (gain) / loss</b>	<b>(7,045)</b>

## Intangible Assets

Movements in intangible assets during 2021/22 are summarised as follows:

2020/21 Total £000		2021/22		
		Other Intangible Assets £000	Intangible AUC £000	Total £000
	<b>Cost or Valuation</b>		0	
10,559	<b>Balance at 1 April</b>	4,418	0	4,418
302	Additions	352	0	352
(6,443)	Derecognition - Disposals	(30)	0	(30)
4,418	<b>Balance at 31 March</b>	4,740	0	4,740
	<b>Amortisation</b>		0	
8,267	<b>Balance at 1 April</b>	2,707	0	2,707
884	Amortisation	928	0	928
(6,444)	Derecognition - Disposals	(30)	0	(30)
2,707	<b>Balance at 31 March</b>	3,605	0	3,605
	<b>Net Book Value:</b>			
1,711	<b>Balance at 31 March</b>	1,135	0	1,135

## Capital Expenditure and Capital Financing

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

2020/21 £000		2021/22 £000
848,897	Opening Capital Financing Requirement*	858,757
	<b>Capital Expenditure:</b>	
144,445	Property, Plant and Equipment	173,535
66	Heritage Assets	167
351	Assets Held for Sale	137
1,015	Investment Properties	17,180
302	Intangible Assets	352
7,985	Loans / Equity	7,751
12,132	Expenditure on REFCUS	19,306
	<b>Sources of Finance:</b>	
(6,455)	Capital Receipts	(3,781)
(95,296)	Government grants and other contributions	(137,968)
(3,373)	Direct revenue contributions and reserves	(3,940)
(49,312)	Prudent revenue and capital provision for loan repayment	(45,547)
(2,000)	Amendment for Reduction in Landfill Provision	0
858,757	<b>Closing Capital Financing Requirement*</b>	885,949
	<b>Explanation of movements in year:</b>	

2020/21		2021/22
£000		£000
2,607	Increase / (Decrease) in underlying need to borrow (supported by government financial assistance)	2,437
7,253	Increase / (Decrease) in underlying need to borrow (unsupported by government financial assistance)	24,755
<b>9,860</b>	<b>Increase in Capital Financing Requirement</b>	<b>27,192</b>

\*This includes a notional amount in respect of Landfill provision of 2020/21 £17.348 million and 2021/22 £16.329 million for landfill restoration and after care. Where future cost estimates are reviewed, this results in either an increase or decrease in the provision.

### Prudent Revenue Provision

The Council is required to set aside annually from its revenue budget, a prudent amount for the repayment of borrowing historically undertaken to pay for capital expenditure. The amount is set having regard to Welsh Government Guidance and a policy agreed by Council as part of its budget proposals each year. This amount reduces the Council's underlying need to borrow, the Capital Financing Requirement (CFR).

Depreciation, impairment charges and finance lease charges included in the Comprehensive Income and Expenditure Statement are accounting charges. These are reversed and replaced by the prudent revenue provision via an appropriation to/from the Capital Adjustment Account in the Movement in Reserves Statement.

2020/21		2021/22
£000		£000
24,714	Council Fund provision	31,523
13,396	Housing Revenue Account provision	13,015
<b>38,110</b>	<b>Prudent revenue provision</b>	<b>44,538</b>

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

The following revenue amounts were treated as capital expenditure to be paid for from capital resources. The table includes expenditure on items that do not result in the creation or enhancement of an asset for the Council or where specific approval has been received from Welsh Government to treat such expenditure as capital expenditure and meet from capital resources.

2020/21		2021/22
£000		£000
	<b>Expenditure:</b>	
4,181	Housing Improvement Grants	5,117
4,403	Buildings not owned by Cardiff Council	9,837
1,244	Grants awarded (not Housing Grants)	4,352
2,304	Repayment of Grant	0
<b>12,132</b>	<b>Charged to Income and Expenditure Statement</b>	<b>19,306</b>
	<b>Funded by:</b>	
(7,734)	Grants and Contributions	(16,613)
(4,398)	Borrowing, Receipts and other Capital Resources	(2,693)
<b>(12,132)</b>		<b>(19,306)</b>

**Significant Capital Expenditure contractual commitments**

At 31 March 2022, the significant capital expenditure commitments scheduled for completion in 2021/22 and future years is shown below (£92.940 million 2020/21):

Capital Scheme	£000
Fitzalan High School	20,295
Lydstep Flats Recladding	14,756
Cardiff Heat Network	12,750
Cardiff Living - Eastern High	12,427
New Build Scheme - St Mellons Centre	12,138
New Build Scheme - Maelfa	9,862
Ice Arena Acquisition	5,950
City Centre East - Churchill Way/Canal	5,420
Pre- Contract Service Agreement - Cardiff Arena	4,290
Cycleways Cathays Terrace/Whitchurch Rd	3,978
New Build Scheme - Iorwerth Jones Centre	3,842
LED Residential	2,893
Cardiff Living - Highfields	2,752
New Build Scheme - Wakehurst Place	2,119
ISV Site 2 Land Acquisition	1,550
Llanishen High School Autism Unit	1,179
Tudor Street Environmental Improvements	934
Cardiff Living - Howardian	623
<b>Total</b>	<b>117,758</b>

**15. Financial Instruments****Financial Instrument Balances**

The following categories of Financial Instruments (Assets and Liabilities) are included in the Balance Sheet. They arise as a result of the Council's Treasury Management activities as well as Financial Instruments issued to further service objectives. Further detail, and where applicable and material, a Fair value is shown in the sections below, including the method of determining fair value in accordance with accounting policies for Financial Assets and Liabilities, and consideration of the business model for holding investments. Creditors are shown separately in the respective notes rather than as financial instruments:

31 March 2021				31 March 2022		
Long Term	Short Term	Total		Long Term	Short Term	Total
£000	£000	£000		£000	£000	£000
			Amortised Cost :			
0	98,862	<b>98,862</b>	Investments - Principal	0	210,012	<b>210,012</b>
0	20	<b>20</b>	Investments - Accrued Interest	0	93	<b>93</b>
0	34,450	<b>34,450</b>	Cash and Cash Equivalents	0	23,718	<b>23,718</b>
0	0	<b>0</b>	Cash and Cash Equivalents Accrued Interest	0	33	<b>33</b>

0	133,332	133,332	Total Investments at Amortised Cost Included in Investments	0	233,856	233,856
14,792	0	14,792	Total Investments at Fair Value through Other Comprehensive Income	22,043	0	22,043
1,285	786	2,071	Loans	2,103	449	2,552
4,666	167,619	172,285	Other Debtors	8,803	174,417	183,220
5,951	168,405	174,356	Total Debtors	10,906	174,866	185,772
20,743	301,737	322,480	Total Financial Assets	32,949	408,722	441,671
			Financial liabilities at Amortised Cost			
(783,666)	(27,013)	(810,679)	Loans (Principal)	(832,819)	(22,802)	(855,621)
0	(8,380)	(8,380)	Loans Accrued Interest	0	(8,509)	(8,509)
(783,666)	(35,393)	(819,059)	Total Borrowings	(832,819)	(31,311)	(864,130)

#### Investments at amortised cost include:

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

#### Investments at Fair Value through Other Comprehensive Income include:

- the Council's 100% shareholding in Cardiff City Transport Services Limited. The Council's shareholding is not listed on any quoted market, however accounting rules require a fair value to be estimated. The valuation estimate is based on the net worth of the company as per its draft set of financial accounts (Level 3). The valuation can fluctuate dependent on the company's performance, technical accounting adjustments and economic climate and so any accounting valuation should be used with caution. Any change in value is offset by a corresponding movement to the 'Financial Instruments Revaluation Reserve'; hence there is no impact on Council Tax payable. During 2021/22, the Board of Cardiff Bus authorised the issue of additional shares and the Council agreed the acquisition of these shares at a value of £6.600 million (£7 million in 2020/21) as part of the implementation of a financial support package. The fair value of the investment at 31 March 2022 is estimated to be £21.339 million (£14.059 million in 2020/21)
- various minority equity holdings in companies are included either at cost or at quoted prices where available.

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

#### Debtors include:

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

#### Liabilities at Amortised Cost include:

- external borrowing undertaken to fund capital expenditure and short term cash flow requirements. It includes Lender Option Borrower Option Loans (LOBO) which allow the lender to change the rate of interest at specified periods, allowing the Council to either accept the new rate or repay the loan before the contractual maturity date. The date of maturity for such instruments is assumed to be the contractual period to maturity rather than the next date that the lender could request a change in the rate. Where possible and viable, opportunities for early repayment are considered. The carrying

amounts below also include accrued interest payable at 31 March 2022 Interest payable for 2021/22 is £8.509 million (£8.380 million in 2020/21).

31 March 2021			Valuation Method - Level	31 March 2022	
Carrying amount £000	Fair value £000			Carrying amount £000	Fair value £000
(706,478)	(1,011,937)	Public Works Loan Board Loans (PWLB)	Level 2	(770,882)	(983,511)
(51,629)	(77,718)	Lender Option Borrower Option Loans	Level 2	(51,632)	(70,297)
(22,550)	(18,483)	Welsh Government	Level 2	(23,281)	(17,828)
(38,402)	(38,808)	Local Authorities and Other Loans	Level 2	(18,335)	(18,316)
<b>(819,059)</b>	<b>(1,146,946)</b>	<b>Financial Liabilities</b>		<b>(864,130)</b>	<b>(1,089,952)</b>

The fair value of borrowing and financial liabilities is more than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans at the Balance Sheet date.

#### Fair value calculations use the following assumptions:

- for PWLB debt, the transfer or fair value shown in the table is based on new borrowing rates from the PWLB for equivalent loans at 31 March 2022. An exit price fair value of £1.157 billion is also calculated using early repayment discount rates which are lower than equivalent loan rates. The Council has no contractual obligation to pay these penalty costs and would not incur any additional cost if the loans run to their planned maturity date
- for other market debt and investments, the discount rate used is the rate available for an instrument with the same terms from a comparable lender
- no early repayment or impairment is recognised.



## Financial Instrument Gains/Losses

The following table shows the gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to Financial Instruments:

Financial Liabilities	Financial Assets				Financial Liabilities	Financial Assets			
	Measured at Amortised Cost	Amortised Cost	Investments at Fair Value through Other Comprehensive Income			Total	Measured at Amortised Cost	Amortised Cost	
2020-21 £000				2021-22 £000					
34,020	0	0	<b>34,020</b>	Interest Payable & Similar Charges	34,108	0	0	<b>34,108</b>	
0	(376)	0	<b>(376)</b>	Interest and Investment Income	0	(381)	0	<b>(381)</b>	
0	0	(148)	<b>(148)</b>	(Gain)/loss arising on Disposal / Derecognition of Financial Assets	0	0	(98)	<b>(98)</b>	
0	0	2,283	<b>2,283</b>	(Gain)/loss arising on Revaluation or Disposal of Financial Assets	0	0	(676)	<b>(676)</b>	
<b>34,020</b>	<b>(376)</b>	<b>2,135</b>	<b>35,779</b>	<b>Net (gain) / loss for the year</b>	<b>34,108</b>	<b>(381)</b>	<b>(774)</b>	<b>32,953</b>	

Gains and losses include interest payable on borrowing, amounts receivable on investments, gains on disposal of investments and also movements from estimating changes in value of investments at fair value.

**Nature and Extent of Risks arising from Financial Instruments**

The Council's activities in relation to financial instruments whether for treasury management purposes or service objectives expose it to a variety of risks. In undertaking its treasury management activities, the overriding objective is to minimise the risk of adverse consequences or loss, whilst at the same time not unduly constraining investment returns or unnecessarily incurring interest costs. Given the nature of investments, a trade-off between security, liquidity and yield cannot be avoided i.e. there is risk of default. This risk is enhanced when loans to external organisations are provided for service delivery objectives and indicators of significant impairment are considered at the balance sheet date.

Treasury management risks include credit and counterparty, liquidity and refinancing, interest rate, market value, exchange rate, fraud and regulatory risk. The Council has Treasury Management Practices to address and mitigate these risks. It has adopted the CIPFA Treasury Management Code of Practice and sets indicators to control key financial instrument risks. Further details in relation to key risks are disclosed in the following sections where relevant.

## Credit Risk

Risk that other parties may fail to pay amounts due to the Council. It arises from lending of temporary cash balances as part of the Council's Treasury Management activities, from exposure to the Council's customers and from organisations to whom a loan has been provided.

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

31 March 2021 £000	Likelihood of Default	31 March 2022 £000
	Deposits are placed only with banks and building societies that have Fitch minimum criteria of F1 (i.e. highest credit quality). Lending is restricted to a maximum amount and duration for each financial institution, also taking into account extent of public ownership and sovereign rating. A risk of non-recoverability applies to all of the Council's deposits, requiring rigorous monitoring of credit risk and credit criteria. The Council uses treasury management advisors who assist in this process. Using historic data adjusted for current financial market conditions and based on the level of counterparty exposure at 31 March 2022, the expected credit loss calculated on a historic risk of default basis is 0.01% or £21,409. This is minimal, so no provision for expected credit loss is recognised.	
<b>133,332</b>	<b>Deposits - Banks and Building societies</b>	<b>233,856</b>
	Repayments are recovered directly from employees pay and indemnity insurance is a condition of the loan. Default experience is minimal.	
<b>360</b>	<b>Car Loans</b>	<b>282</b>
	Includes loans to SME's and Town Centre \loans. Where there is deemed to be a risk of non-repayment a provision for impairment is considered.	
<b>1,711</b>	<b>Loans to External bodies</b>	<b>2,269</b>
	The Council does not generally allow credit for customers and provision is made for non-payment based on the age profile of outstanding debt, adjusted for large invoices known to have been settled after balance sheet date and any other material factors that could affect the ultimate sum collectable. Other debt such as grant income due from government bodies and year-end accruals of income is considered to be 100% collectable and impairment for non-payment is not usually considered necessary. The impairment for bad debt in 2021/22 was based on the adjusted age profile disclosed as following	
13,031	Less than one year	17,123
1,445	1-2 years	1,456
442	2-3 years	614
301	3-4 years	337
115	4-5 years	166
444	Over 5 years	497
<b>15,778</b>	<b>Customers</b>	<b>20,193</b>
<b>151,181</b>	<b>Total</b>	<b>256,600</b>

### Liquidity and Refinancing Risk

This is the possibility that the Council may not have funds available to make payments or have to refinance a financial liability at disadvantageous interest rate or terms. The Council has ready access to funds from the financial markets and Public Works Loan Board in order to raise finance. Within its Treasury Management Strategy, limits are set on the proportion of its fixed rate loans maturing during specified periods. The amounts of fixed rate debt maturing in any period are disclosed in the following table:

31 March 2021 £000	Loans Outstanding	31 March 2022 £000
698,866	Public Works Loans Board	763,077
51,000	Market Lender Option Borrower Option (LOBO)	51,000
22,550	Welsh Government	23,281
38,263	Local Authorities and Other Loans	18,263
<b>810,679</b>	<b>Total</b>	<b>855,621</b>
27,013	Under 12 months	22,803
22,698	12 months and within 24 months	4,459
13,370	24 months and within 5 years	18,187
66,310	5 years and within 10 years	76,638
175,275	10 years and within 20 years	174,522
170,000	20 years and within 30 years	176,800
212,689	30 years and within 40 years	217,888
118,324	40 years and within 50 years	159,324
5,000	50 years and within 60 years	5,000
<b>810,679</b>	<b>Total</b>	<b>855,621</b>

Currently, £29 million of the LOBO loans are subject to the lender having the right to change the rate of interest payable during the next financial year. The Council has the right to refuse the change, triggering early repayment and the need to re-finance. Details are shown in the following table:

£m	Potential Repayment Date	Option Frequency	Full Term Maturity
6	23/05/2022	6 months	21/11/2041
6	23/05/2022	6 months	21/11/2041
6	23/05/2022	6 months	23/05/2067
6	02/09/2022	6 months	23/05/2067
5	15/01/2023	5 years	17/01/2078
22	21/11/2025	5 years	23/11/2065

## Interest Rate Risk

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

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

To give an indication of the Council's sensitivity to interest rate change, the table below indicates the estimated impact on the Comprehensive Income and Expenditure Statement had interest rates during 2021/22 been on average 1% higher with all other variables held constant.

<b>Interest Rate Risk Income and Expenditure Account</b>	<b>£000</b>
Increase in interest payable on borrowings	409
Increase in interest receivable on investments	(960)
<b>Impact on Income and Expenditure Account</b>	<b>(551)</b>
Increase in interest transferred to other balances and accounts	95
<b>Net (Income)/ Expenditure</b>	<b>(456)</b>

The impact of a 1% fall in interest rates may not have exactly the opposite effect, since financial instruments with calls may not be exercised by the lender or borrower.

<b>Changes in Fair Value</b>	<b>£000</b>
Change in Fair Value of Fixed Rate Investments	0
Decrease in Fair Value of Fixed Rate Borrowings	(159,381)

## Foreign exchange risk

The Council's exposure to loss arising from movements in exchange rates is minimal. Borrowing and investments are carried out only in sterling.

## Price Risk

This is the possibility of the Council having financial gains or losses from movements in prices of financial instruments. Whilst the Council's approved Treasury Management policy allows investments in financial instruments such as bank certificates of deposit and Government bonds. The Council invests primarily in those instruments where the sum returned on maturity is the same as the initial amount invested. For service investment purposes, the Council has equity holdings of £41,000 (£45,000 in 2020/21) which are quoted on a recognised stock exchange at 31 March 2022

The Council's 100% shareholding in Cardiff City Transport Services Ltd is not quoted on a recognised exchange and thus not subject to gains or losses from market price movements. A general shift of 5% in the fair value (positive or negative) would result in a £1.067 million gain or loss being recognised in the Movement in Reserves Statement in terms of valuations for accounts purposes only.

## 16. Held for Sale Assets

31 March 2021 £000		31 March 2022 £000
1,860	Balance at 1 April	918
351	Additions	137
0	De-recognition	(660)
(36)	Impairment	0
(977)	Reclassified to/(from) Held for Sale	(395)
125	Revaluation increases /(decreases) to RR*	0
(405)	Revaluation increases /(decreases) to SDPS**	0
918	Balance at 31 March	0

\*Revaluation Reserve

\*\* Surplus/Deficit on Provision of Services

## 17. Short Term Debtors

31 March 2021 £000		31 March 2022 £000
101,413	Central Government Bodies	72,560
23,319	Other Local Authorities & NHS Bodies	16,620
43,673	Other Entities and Individuals including Public Corporations	85,686
168,405	Total Short Term Debtors	174,866

## 18. Cash and Cash Equivalents

31 March 2021 £000		31 March 2022 £000
151	Cash	148
(8,909)	Bank (including cheque book schools)	6,432
43,208	Short-term deposit with banks and building societies	17,171
34,450	Total Cash and Cash Equivalents	23,751

In addition to the above, at 31 March 2022 the Council held £58,000 (£637,000 at 31 March 2021) on behalf of third parties, mainly Adult Services social care clients. This amount is not included on the balance sheet as this money does not belong to the Council.

## 19. Short Term Creditors

31 March 2021 £000		31 March 2022 £000
(17,786)	Central Government Bodies	(46,257)
(14,801)	Other Local Authorities & NHS Bodies	(10,204)
(96,401)	Other Entities & Individuals incl Public Corporations	(109,950)
<b>(128,988)</b>	<b>Total Short Term Creditors</b>	<b>(166,411)</b>

## 20. Interests in Other Companies and Other Organisations

The Council has five wholly owned subsidiary companies. The interest in Cardiff City Transport Services Ltd is consolidated to form the Council's group accounts which are shown later in these Statements. The interests in the other four organisations are considered immaterial in terms of both the turnover and the net assets of the group and have therefore been excluded from consolidation in 2021/22. The Council does not depend upon these four organisations for statutory service provision, and it is not considered that they expose the Council to a material level of commercial risk.

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

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

During the year, the company continued to address a number of challenges in common with the entire public transport industry as a result of the Covid-19 pandemic. This included patronage below pre covid levels impacting on income, cost increases, labour shortages and transport changes in the city. Actions taken during the year to support a transformation programme include:

- Use of the national Bus Emergency Scheme support
- Resizing of the company to meet future challenges
- Investment in modern electric fleet and infrastructure.

The Council agreed in October 2020 to implement a range measures and agreements to address risks to financial viability, allowing the company to implement a turnaround plan to build a more sustainable financial and operational future. Equity of £6.6 million was injected into the company during 2021/22 as part of an approved turnaround plan and emergency support of £1 million provided by the Council at the start of the pandemic was repaid. The Council became the statutory employer of the Cardiff Bus Pension Scheme on 3 March 2021, and the actuarial valuation of the fund as at 31 March 2021 was agreed with the Trustees of the fund as well as addressing a number of legacy issues in protecting member benefits.

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

31 March 2021 £000		31 March 2022 £000
(41,471)	Turnover and other income	(34,002)
28,800	Operating and other expenditure	33,323
<b>(12,671)</b>	<b>Net (Profit) / Loss before Taxation</b>	<b>(679)</b>
342	Taxation	0
<b>(12,329)</b>	<b>(Profit) / Loss after Taxation</b>	<b>(679)</b>

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

31 March 2021 £000		31 March 2022 £000
9,739	Bus and other operating assets	23,178
17,822	Current Assets	15,129
(3,962)	Less Current Liabilities	(7,378)
	Creditors: Amounts falling due after more than one year	
(9,540)	Provisions & Long term liabilities	(9,590)
<b>14,059</b>	<b>Total Assets less Liabilities</b>	<b>21,339</b>
	Represented by:	
11,618	Share Capital	18,218
(1,452)	Retained Earnings	(772)
3,893	Revaluation Reserve	3,893
<b>14,059</b>	<b>Net Worth</b>	<b>21,339</b>

During 2021/22 the Council made payments totaling £17.408 million to Cardiff City Transport Services Ltd (£18.207 million in 2020/21), of which £9.617 million related to concessionary fares payments (£9.229 million in 2020/21), and £6.6 million in respect to acquisition of additional equity. The Council also received income of £1.850 million which included repayment of £1 million in financial support from 2020/21 (£89,000 in 2020/21).

At year-end, there is a balance due to Cardiff City Transport Services Ltd of £58,000 (£474,000 at March 2021) and a balance due of £210,000 from Cardiff City Transport Services Ltd (£1 million at March 2021).

During 2020/21 and 2021/22, no dividend was paid to the Council.

The accounts for year ended 31 March 2022 are in draft status and pending final audit opinion. The company's auditors are Kilsby Williams.

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

The company's principal activity is to promote and assist in the development of new and existing high technology and innovation companies through the provision of business/incubator premises with a high level of support services. It completed another successful year despite operational challenges of Covid restrictions. Demand for space remained consistently strong, sustaining high levels of occupancy. The company continues to offer flexible terms to newly established tenants to ensure accelerated growth and a nurturing atmosphere from which they are able to establish commercially stronger businesses. The Council's



guarantee to CBTC is to pay costs not exceeding £10 in the event of the company being wound up. The draft operating results are shown as follows:

31 March 2021 £000		31 March 2022 £000
(24)	Net (Profit) / Loss before Taxation	18
9	Less: Taxation	(7)
<b>(15)</b>	<b>(Profit) / Loss after Taxation</b>	<b>11</b>

31 March 2021 £000		31 March 2022 £000
776	Total assets less current liabilities	755
(36)	Provision for taxation	(29)
(29)	Pension Liability	0
<b>711</b>	<b>Total Assets less Liabilities</b>	<b>726</b>
	Represented by:	
386	Retained Profit	402
(29)	Pension Reserve	0
354	Revaluation Reserve	324
<b>711</b>	<b>Net Worth</b>	<b>726</b>

During 2021/22 the Council made payments of £284,000 to CBTC (£326,000 in 2020/21) and received no income (£0 in 2020/21 from CBTC. At year end, there is no balance due to CBTC (£36,000 at 31 March 2021) and no balance due from CBTC (£0 at 31 March 2021).

The accounts for year ended 31 March 2022 are in draft status and pending final audit opinion. The company's auditors are Gerald Thomas.

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

Atebion Solutions Ltd. is wholly owned by the Council to deliver procurement and commercial services to the public sector. Atebion staff continued to work remotely, enabling a more efficient and effective service for clients by minimising travel time. In common with the wider public procurement sector, challenges of recruitment and employee retention are impacting capacity to take on additional work. The draft operating results are shown below:

31 March 2021 £000		31 March 2022 £000
(25)	Net (Profit) / Loss before Taxation	(16)
4	Less: Taxation	3
<b>(21)</b>	<b>(Profit) / Loss after Taxation</b>	<b>(13)</b>

31 March 2021 £000		31 March 2022 £000
34	Total assets less current liabilities	43
(8)	Creditors: falling due after more than one year	(4)
<b>26</b>	<b>Total Assets less Liabilities</b>	<b>39</b>
	Represented by:	
26	Retained Profit	39
<b>26</b>	<b>Net Worth</b>	<b>39</b>

During 2021/22, the Council made no payments (£0 in 2020/21) to Atebion Solutions Ltd and received income of £79,407 (£94,732 in 2020/21) from Atebion Solutions Ltd. At year end, there is no balance due to Atebion Solutions Ltd (£0 at 31 March 2021) and a balance due of £68,733 from Atebion Solutions Ltd (£85,256 at March 2021).

The accounts for year ended 31 March 2022 are in draft status and pending final audit opinion. The company's auditors are Azets.

### Cardiff Heat Network Ltd (company number 13199235)

Cardiff Heat Network Limited is wholly owned by Cardiff Council and was incorporated on 12 February 2021. The company's principal activities are to develop and then run a sustainable heat network across the city which will supply heat to buildings agreed to be connected to the network. A two year period of construction works commenced in January 2022 in respect of the Phase 1 scope, with first live heat supplies expected to be delivered from winter 2024. Whilst global supply chain difficulties and increasing material costs are impacting on the construction programme for the network, these are currently assumed to be mitigated through a fixed price contract. Negotiations continued to take place during the year with customers of the energy to ensure sufficient take up to allow the business case assumptions for the network to be met. These targets and assumptions continue to be reviewed. The draft operating results are shown as follows:

31 March 2021 £000		31 March 2022 £000
0	Net (Profit) / Loss before Taxation	(15)
0	Less: Taxation	0
<b>0</b>	<b>(Profit) / Loss after Taxation</b>	<b>(15)</b>

31 March 2021 £000		31 March 2022 £000
0	Total assets less current liabilities	15
0	Creditors: falling due after more than one year	0
<b>0</b>	<b>Total Assets less Liabilities</b>	<b>15</b>
	Represented by:	
0	Retained Profit	15
<b>0</b>	<b>Net Worth</b>	<b>15</b>

There were no transactions between Cardiff Council and Cardiff Heat Network Limited for the financial year 2020/21. During 2021/22, the Council made Grant payments of £2.45 million (£0 in 2020/21) to Cardiff Heat

Network Ltd and received no income (£0 in 2020/21) from Cardiff Heat Network Ltd. At year end, there is no balance due to or from Cardiff Heat Network Ltd.

The accounts for year ended 31 March 2022 are in draft status and pending final audit opinion. The company's auditors are Azets.

### Cardiff Waste Limited (company number 02664172)

The company was incorporated in November 1991, to be able to collect and dispose of waste materials of every description, operate waste disposal sites, vehicles and plant and provide related advice. The company remains dormant, with no trading activities.

## 21. Provisions

	Balance 31 March 2021	Utilised/ Released in year	Transfers to Provisions	Balance 31 March 2022	Not later than one year	Later than one year
	£000	£000	£000	£000	£000	£000
Insurance & MMI Scheme	(11,165)	5,269	(4,284)	(10,180)	(2,790)	(7,390)
Ferry Road Landfill	(8,070)	523	0	(7,547)	(367)	(7,180)
Lamby Way Landfill	(10,116)	354	0	(9,762)	(751)	(9,011)
City Deal	(493)	0	(93)	(586)	0	(586)
Other	(239)	141	(829)	(927)	(636)	(291)
<b>Total</b>	<b>(30,083)</b>	<b>6,287</b>	<b>(5,206)</b>	<b>(29,002)</b>	<b>(4,544)</b>	<b>(24,458)</b>

Insurance represents sums set aside to meet the cost of claims received, but not yet settled. The Council operates a system of self-insurance which provides cover either in part or in total for a considerable number of the Council's insured risks. Major risks including property, liability and motor vehicle are partially self-funded whereas full cover is provided for secondary risks such as 'all-risks'.

Municipal Mutual Insurance (MMI) Scheme of arrangement levy - represents a scheme that was triggered on 13 November 2012 and this will involve the claw back of a percentage of previously paid claims as well as a percentage of future claims. Further details are provided in note 27.

Landfill aftercare reflects the financial obligations to address restoration and aftercare for Lamby Way and Ferry Road sites in accordance with initial permits for the disposal of waste. These obligations can stretch for over 60 years with potentially significant but uncertain capital and revenue expenditure. The level of provision is reviewed periodically with the next review to take place in 2022/23.

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

## 22. Pension Strain

In addition to the costs of redundancy payments made to leavers, in some cases the Council also incurs costs relating to pension strain which it is required to pay over to the Pension Fund when individuals leave via the Severance Scheme.

This applies only to leavers who are members of the Local Government Pension Scheme and aged 55-59 at the date they leave employment with the Council. The pension strain cost to the Council is the amount it has to pay over to the Pension Fund to compensate for the lost pension contributions for these staff.

The Council has an arrangement in place with the Cardiff and Vale of Glamorgan Pension Fund whereby it has the option to pay the amounts due in respect of pension strain over a 5 year period in order to spread the impact of these costs. The following table shows the level of pension strain in the balance sheet.

31 March 2021		31 March 2022
£000	Pension Strain	£000
(1,471)	Pension Strain due within 1 year	(1,035)
(3,434)	Pension Strain due later than 1 year	(1,296)
<b>(4,905)</b>	<b>Total Pension Strain</b>	<b>(2,331)</b>

## 23. Deferred Liabilities

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

	Balance 31 March 2021 £000	Utilised/ Released in year £000	Transfers to Deferred Liabilities £000	Balance 31 March 2022 £000	Not later than one year £000	Later than one year £000
Commuted Maintenance Sums	(8,441)	757	(308)	(7,992)	(840)	(7,152)
Rent Smart Wales Income in Advance	(3,192)	2,733	(4,810)	(5,269)	(2,800)	(2,469)
<b>Total Deferred Liabilities</b>	<b>(11,633)</b>	<b>3,490</b>	<b>(5,118)</b>	<b>(13,261)</b>	<b>(3,640)</b>	<b>(9,621)</b>

## 24. Grant Income

The Council credited the following grants and contributions to the Comprehensive Income and Expenditure Statement in 2021/22

2020/21 £000		2021/22 £000
	<b>Grants and contributions credited to the CIES</b>	
(344,468)	Revenue Support Grant	(373,452)
(124,579)	Non-Domestic Rates	(121,062)
(84,215)	Capital Grants	(126,037)
(3,347)	Developers' Contributions	(2,289)

<b>(556,609)</b>	<b>Total</b>	<b>(622,840)</b>
	<b>Credited to Services (Revenue Grants &amp; Contributions)</b>	
(381,231)	Central Government Bodies	(370,257)
(22,822)	Other Local Authorities & NHS Bodies	(19,590)
(3,247)	Other Entities and Individuals including Public Corporations	(9,658)
<b>(407,300)</b>	<b>Total</b>	<b>(399,505)</b>

The Council has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned to the giver. The balances at the year-end are as follows:

<b>31 March 2021</b>	<b>Revenue Grants and Contributions Receipts in Advance</b>	<b>31 March 2022</b>
<b>£000</b>		<b>£000</b>
(17,547)	Central Government Bodies	(15,560)
(15)	Other Local Authorities & NHS Bodies	0
(446)	Other Entities and Individuals including Public Corporations	(961)
<b>(18,008)</b>	<b>Total</b>	<b>(16,521)</b>

<b>31 March 2021</b>	<b>Capital Grants Receipts in Advance</b>	<b>31 March 2022</b>
<b>£000</b>		<b>£000</b>
(13,797)	Central Government Bodies	(11,431)
0	Other Local Authorities & NHS Bodies	0
0	Other Entities and Individuals including Public Corporations	0
<b>(13,797)</b>	<b>Total</b>	<b>(11,431)</b>

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

<b>31 March 2021</b>	<b>Capital Contributions Receipts in Advance</b>	<b>31 March 2022</b>
<b>£000</b>		<b>£000</b>
<b>(17,430)</b>	<b>Balance as at 1 April</b>	<b>(22,155)</b>
(8,558)	Contributions received during the year	(3,589)
3,495	Contributions applied to expenditure during the year	3,314
338	Reclassification	42
<b>(22,155)</b>	<b>Balance as at 31 March</b>	<b>(22,388)</b>

## 25. Usable Reserves

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

### 25.1 Council Fund and HRA Balances

	Balance	Contributions		Balance
	31 March 2021 £000	From Revenue £000	To Revenue £000	31 March 2022 £000
<b>COUNCIL FUND AND HRA BALANCES</b>				
Council Fund Balance	14,255	0	0	<b>14,255</b>
Housing Revenue Account Balance	15,502	0	0	<b>15,502</b>
<b>Total Council Fund and HRA Balances</b>	<b>29,757</b>	<b>0</b>	<b>0</b>	<b>29,757</b>

### 25.2 Earmarked Reserves

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

	Balance	Contributions		Balance	Purpose of the Reserve / To fund:
	31 March 2021 £000	From Revenue £000	To Revenue £000	31 March 2022 £000	
<b>SCHOOLS BALANCES</b>					
Schools Reserves	21,714	12,323	(667)	<b>33,370</b>	The net position on individual school balances, comprising surpluses, deficits and the overall deficit on the Mutual Supply Fund
Cathays HS – Maintenance of Playing Field	3	0	0	<b>3</b>	To maintain path alongside Cathays High School
Primary/Special Schools Repairs	925	197	0	<b>1,122</b>	The overall balance held on the mutual scheme for repairs to school buildings
	<b>22,642</b>	<b>12,520</b>	<b>(667)</b>	<b>34,495</b>	
<b>SCHOOLS RESERVES</b>					
Out of School Childcare	118	4	(37)	<b>85</b>	Surplus balances from each school operating an out of school childcare scheme. These can be drawn upon by each school to balance their in-year financial position
Schools Catering	256	734	0	<b>990</b>	Schools Catering Service, including kitchen improvements and cashless transaction system

	Balance	Contributions		Balance	Purpose of the Reserve / To fund:
	31 March 2021 £000	From Revenue £000	To Revenue £000	31 March 2022 £000	
Schools Formula Funding	2,091	1,872	(415)	3,548	Unplanned and unforeseen expenditure incurred by or on behalf of the delegated schools budgets
Schools Organisational Plan	1,160	11,367	(9,592)	2,935	Manage the cash flow implications of the Schools Organisational Plan financial model
	<b>3,625</b>	<b>13,977</b>	<b>(10,044)</b>	<b>7,558</b>	
<b>OTHER COUNCIL RESERVES</b>					
Adults Social Care	1,182	2,233	0	3,415	Service specific pressures and to enhance financial resilience
Apprenticeships and Trainees	513	326	(220)	619	Corporate Apprentice Scheme
Bereavement Services	347	618	(813)	152	Planned programme of refurbishment and improvement
Building Control Regulations	49	147	0	196	Smooth effects of future deficits within ring fenced building control account
Bute Park Match Funding	73	0	0	73	Match funding for grant funded initiatives in relation to Bute Park, as per Heritage Lottery Fund agreement
Capital Business Case Development	0	900	0	900	Development of capital business cases
Cardiff Academy Training	78	0	0	78	Support initiatives undertaken in connection with the Academy
Cardiff Capital Region City Deal	216	0	(15)	201	Council's contribution to the Joint Cabinet for the Cardiff Capital Region City Deal
Cardiff Dogs Home Legacy	252	269	(139)	382	Donations left to Cardiff Dogs Home to be used for improvements to the home
Cardiff Enterprise Zone	2,364	1,351	(1,475)	2,240	Cardiff Enterprise Zone in future years
Central Market Works	247	0	(62)	185	Works at Cardiff Central Market and as potential match funding for external grants bids
Central Transport Service	177	919	0	1,096	Central transport vehicle service
Children's Services	950	3,891	0	4,841	Enhance resilience
City Events and Recovery	1,000	0	0	1,000	Post pandemic recovery
City Wide Management and Initiatives	746	2,266	0	3,012	City wide management and initiatives including supporting marketing and infrastructure
Community Based Services Transition	121	0	(16)	105	Better integration of community facilities across the public sector
Community Initiatives	1,237	543	(13)	1,767	Initiatives arising from the legacy of the Community First Programme
Connect to Cardiff Refurbishment	10	0	0	10	Expansion due to new and changing regulations
Corporate Events and Cultural Services	830	2,361	(198)	2,993	Feasibility studies and costs of major events and to offset future pressures arising from fluctuations in income within Venues and Cultural Services
Corporate Landlord Function	636	0	0	636	Corporate landlord functions across the Council in order to provide a cohesive and commercial operating model
Corporate Recovery Risk	2,250	2,000	0	4,250	Mitigate risk of transition post pandemic

	Balance	Contributions		Balance	Purpose of the Reserve / To fund:
	31 March 2021 £000	From Revenue £000	To Revenue £000	31 March 2022 £000	
Cost of Living Support	0	2,194	0	2,194	WG discretionary grant for cost of living support
Covid-19 Council Tax Reduction Scheme pressures	2,000	2,153	0	4,153	Medium term increases in Council Tax Reduction Scheme expenditure
Demand Pressures	0	4,652	0	4,652	Financial resilience to help manage demand volatility and uncertainty
Digital Transformation	3,203	0	(261)	2,942	Investment to deliver new ways of working
Discretionary Rate Relief	100	0	0	100	Non-Domestic Rates due diligence
Emergency Management, Safeguarding & Prevent	139	0	0	139	Preventative measures in relation to safeguarding, the Prevent agenda and emergency management
Employee Changes	8,726	0	(313)	8,413	Costs associated with voluntary redundancy and other employee costs in future years
Empty Homes & Housing Needs	0	1,223	0	1,223	Housing needs including activities relating to investing in empty homes and bringing them back in use
Energy Conservation (One Planet Cardiff)	150	1,100	(5)	1,245	Energy conservation initiatives
Energy Market Volatility	336	1,000	0	1,336	Expected fluctuations in the cost of energy
Family Guarantor	339	0	0	339	Guarantor for landlords and aid the transfer of families from temporary accommodation into permanent homes
Flatholm	7	0	0	7	Initiatives and repairs and renewals
Fraud Detection	44	0	0	44	Supplement staffing and other costs associated with fraud detection
Governance and Legal Services	185	0	(45)	140	Future Governance & Legal Services initiatives, including projects in connection with ICT upgrades
Harbour Authority Project and Contingency Fund	126	0	(22)	104	Improvement and enhancement of infrastructure, assets, activities or services in or around Cardiff Bay
Highways Section 278	342	0	(78)	264	Highway investment
Homelessness	1,812	440	(11)	2,241	Increases in homelessness pressures
Housing Support	758	0	(24)	734	Improve sustainability by maintaining the independence of people in their own homes
ICT Holding Account	716	0	0	716	Future business process improvement initiatives and other future ICT initiatives
Inspectorate Support	1,008	100	0	1,108	Consultancy for inspections and regulatory environment
Insurance	7,449	470	0	7,919	Protect the Council from future potential insurance claims
Invest to Save	261	0	0	261	Used in connection with revenue invest to save schemes.
Joint Equipment Store	305	210	0	515	Offset deficits or one off expenditure items in the pooled budget, in future years
Local Development Plan	338	62	0	400	Local Development Plan and any potential appeals or judicial reviews



	Balance	Contributions		Balance	Purpose of the Reserve / To fund:
	31 March 2021 £000	From Revenue £000	To Revenue £000	31 March 2022 £000	
Major Projects	480	750	(224)	<b>1,006</b>	Major Projects
Members Development	61	170	(61)	<b>170</b>	Members' ICT software
Municipal Election	797	200	(117)	<b>880</b>	Local elections
Municipal Mutual Insurance	935	0	0	<b>935</b>	Liabilities to pay a percentage of claims previously settle by Municipal Mutual Insurance (MMI) and contribute to the cost of future settled claims
New Theatre Repairs	0	210	0	<b>210</b>	Council building repairs liabilities in line with the lease terms
Non-Domestic Rates Due Diligence	60	0	0	<b>60</b>	Non-Domestic Rates due diligence
Parking and Enforcement	4,536	3,742	(6,293)	<b>1,985</b>	Surpluses to parking and enforcement schemes which, under the Road Traffic Act 1984, have to be reinvested in Road Traffic Schemes. Additional details provided in note below
Property Asset Management	16	0	0	<b>16</b>	Managing timing and fluctuations of income from fees relating to the disposal of properties
Red Dragon Centre	1,802	155	0	<b>1,957</b>	Premises funding requirements
Rentsmart Wales	458	0	(117)	<b>341</b>	Training and service delivery in respect of Rentsmart Wales
Resources	2,255	1,440	(441)	<b>3,254</b>	Areas within the Resources Directorate particularly where transition to methods of operation are required
Roads Maintenance	1,033	0	(1,033)	<b>0</b>	Future road maintenance improvements
Schools ICT Infrastructure	0	171	0	<b>171</b>	Cyclical replacement of Schools ICT in order to ensure equipment and infrastructure is current and avoid obsolescence
Scrutiny Development and Training	118	0	0	<b>118</b>	Scrutiny member development and training
Shared Regulatory Service	0	108	0	<b>108</b>	Future flexibility in relation to the Council's costs of the Shared Regulatory Service
Social Care Technology	655	0	0	<b>655</b>	Social care ICT developments
Social Care Worker Mobility	0	600	0	<b>600</b>	Increase domiciliary support service capacity in conjunction with decarbonisation of services
South East Wales Construction Framework	975	510	(232)	<b>1,253</b>	Ring fenced revenue to fund future costs of the project. Remaining funding to be distributed amongst the participating authorities
Strategic Budget	7,147	0	(751)	<b>6,396</b>	Financial resilience and the future budget requirements of the Council over the three year budget period within the Medium Term Financial Plan
Treasury Management	9,025	4,300	(2,007)	<b>11,318</b>	Management of risk in relation to major projects and to offer some protection and flexibility to the wider capital programme
Wales Interpretation and Translation Service	320	99	0	<b>419</b>	Manage in-year fluctuations in funding and financial performance of the service

	Balance	Contributions		Balance	Purpose of the Reserve / To fund:
	31 March 2021 £000	From Revenue £000	To Revenue £000	31 March 2022 £000	
Waste Management	311	872	0	1,183	Initiatives to achieve recycling targets and offset the impact of additional tonnage and associated waste management costs
Welfare Reform	2,144	420	(55)	2,509	Mitigate pressures and reduced funding within the Housing Benefit Service following the transfer of services to DWP, as part of the rollout of the Universal Credit Scheme
Youth and Community Education	787	420	(255)	952	Costs connected with the refurbishment of youth centres
	<b>75,537</b>	<b>45,595</b>	<b>(15,296)</b>	<b>105,836</b>	
<b>SHARE OF JOINT COMMITTEE RESERVES</b>					
Cardiff Capital Region City Deal (CCRCD)	700	2,428	(5)	3,123	The Council's percentage share of the accumulated balances and earmarked usable reserves of Cardiff Capital Region City Deal
	<b>700</b>	<b>2,428</b>	<b>(5)</b>	<b>3,123</b>	
<b>Total Council Fund Reserves</b>	<b>102,504</b>	<b>74,520</b>	<b>(26,012)</b>	<b>151,012</b>	
<b>HRA RESERVES</b>					
Housing Development Resilience	250	250	0	500	Improve resilience within the Housing Development Capital Programme
Housing Repairs and Building Maintenance	3,021	6,001	0	9,022	Housing repairs and to mitigate against risk within the construction industry
Housing Supply Increase	0	636	0	636	Increase housing stock and improve resilience within the Housing Development Capital Programme
Welfare Reform	429	0	0	429	Project costs and scheme development to address issues for council tenants due to benefit cap and universal credit
<b>Total HRA Reserves</b>	<b>3,700</b>	<b>6,887</b>	<b>0</b>	<b>10,587</b>	
<b>TOTAL EARMARKED RESERVES</b>	<b>106,204</b>	<b>81,407</b>	<b>(26,012)</b>	<b>161,599</b>	

## Parking & Enforcement

This reserve is generated from surpluses achieved from Civil Parking Enforcement (CPE). The use of any surplus is governed by Section 55 of the Road Traffic Regulations Act 1984 which specifies that the surplus may be used to fund operational costs including subsidising the enforcement service, supporting public passenger transport services, transport planning and road safety, maintaining off-street car parks and highway and environmental maintenance and improvements.

2020/21 £000		2021/22 £000
599	Operational costs / Parking and Permits	776
5,481	Enforcement service	6,279
<b>6,080</b>	<b>Total Expenditure</b>	<b>7,055</b>
(1,364)	On-street pay car parking fees	(3,130)
(272)	Off-Street car parking fees	(808)
(366)	Residents parking permits	(441)
(1,003)	Penalty charge notices	(1,903)
(2,417)	Moving Traffic Offences	(3,046)
(115)	Camera Car	(449)
(22)	Traffic Enforcement Centre	(6)
(23)	Other income	(31)
<b>(5,582)</b>	<b>Total Income</b>	<b>(9,814)</b>
<b>498</b>	<b>Civil Parking Enforcement Net (Surplus)/Deficit</b>	<b>(2,759)</b>
(9,067)	Covid-19 LG Hardship Fund/Job Retention Scheme	(983)
<b>(8,569)</b>	<b>Revised Civil Parking Enforcement Net (Surplus)/Deficit</b>	<b>(3,742)</b>
	Appropriations to Parking Reserve:	
<b>2,115</b>	<b>Balance 1 April</b>	<b>4,536</b>
8,569	Contributions from CPE	3,742
(6,148)	Contributions to revenue*	(6,293)
<b>4,536</b>	<b>Balance 31 March</b>	<b>1,985</b>

\* Although income levels improved significantly in 2021/22 following the lifting of covid restrictions, they remained in place during April and May 2021 resulting in a £0.983 million reimbursement from Welsh Government Hardship Fund. This is included in the trading surplus of £3.742 million. Eligible expenditure totalling £6.293 million was drawn down from the reserve leaving a balance of £1.985 million at 31 March 2022. The drawdown included a budgeted sum of £5.935 million to support a range of Council services, including ongoing support and improvements to transport, parking, highways and environmental services. It also included specific drawdowns to support various improvement schemes and initiatives approved by the Director of Planning, Transport & Environment in consultation with the relevant Cabinet Member.

### 25.3 Usable Capital Receipts Reserve

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

2020/21 £000		2021/22 £000
<b>10,906</b>	<b>Balance as at 1 April</b>	<b>8,673</b>
	Movements during Year:	
15,397	Sale of Land, Buildings and other assets	2,649
25	Recoupments of grant/other	323
<b>15,422</b>		<b>2,972</b>
(6,455)	Finance Capital Expenditure	(3,781)
(11,200)	Provide for Repayment of External Loans	(1,009)
0	Other	(15)
<b>(17,655)</b>		<b>(4,805)</b>
<b>8,673</b>	<b>Balance as at 31 March</b>	<b>6,840</b>

## 25.4 Unapplied Capital Grants

The Usable Capital Receipts Reserve represents grants received without conditions that are to be applied to capital expenditure projects in future years.

2020/21 £000		2021/22 £000
0	<b>Balance as at 1 April</b>	0
0	Transfer of capital grants and contributions to capital grants unapplied	6,972
0	<b>Balance as at 31 March</b>	<b>6,972</b>

## 26. Unusable Reserves

### 26.1 Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its non-current assets. The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost
- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains are realised.

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

2020/21 £000		2021/22 £000
288,041	<b>Balance as at 1 April</b>	<b>310,754</b>
0	Adjusting amounts from Capital Adjustment Account	5,182
25,878	Upward revaluation of assets	29,697
(1,342)	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(10,401)
24,536	<b>Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services</b>	<b>24,478</b>
(1,281)	Difference between fair value depreciation and historical cost depreciation (charged to Capital Adjustment Account)	(2,053)
(542)	Accumulated gains on assets sold or scrapped	(103)
(1,823)	<b>Amount written off to the Capital Adjustment Account</b>	<b>(2,156)</b>
310,754	<b>Balance as at 31 March</b>	<b>333,076</b>

## 26.2 Capital Adjustment Account

The Capital Adjustment Account reflects differences between normal accounting practice and statutory requirements. The Account is credited with the amounts used as finance for capital expenditure. It contains accumulated gains and losses on Investment Properties, amounts set aside to repay external loans and also revaluation gains accumulated on non-current assets before 1 April 2007, the date the Revaluation Reserve was created to hold such gains.

Note 1 provides details of the source of all of the transactions posted to this Account, apart from those involving the Revaluation Reserve.

2020/21		2021/22
£000		£000
939,914	<b>Balance as at 1 April</b>	947,365
	<b>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:</b>	
(62,755)	Charges for depreciation and impairment of non-current assets	(68,098)
597	Reverse previous impairment on revaluation	21,807
(48,700)	Revaluation losses on Property, Plant and Equipment	(33,037)
(884)	Amortisation of intangible assets	(928)
(440)	Movement in Assets Held For Sale	0
(4,398)	Expenditure on REFCUS	(2,692)
(15,218)	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(616)
<b>(131,798)</b>		<b>(83,564)</b>
1,281	Adjusting amounts to the Revaluation Reserve (including historic cost adjustment)	(3,129)
<b>(130,517)</b>	<b>Net written out amount of the cost of non-current assets consumed in the year</b>	<b>(86,693)</b>
	<b>Capital financing applied in the year:</b>	
6,455	Capital Receipts	3,781
3,373	Direct Revenue Financing	3,940
87,562	Grants and contributions	121,354
38,110	Prudent Revenue Provision	44,538
11,202	Capital receipts to provide for repayment of external loans	1,009
(321)	Reduction in loan debtors	(933)
<b>146,381</b>		<b>173,689</b>
(8,413)	Movements in the value of Investment Properties	(26,633)
<b>947,365</b>	<b>Balance as at 31 March</b>	<b>1,007,728</b>

## 26.3 Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. The Council does not treat these gains as usable for financing new capital expenditure until they are realised.

2020/21 £000		2021/22 £000
5,008	<b>Balance as at 1 April</b>	5,003
0	Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0
(5)	Transfers to the Capital Receipts Reserve upon receipt of cash	0
5,003	<b>Balance as at 31 March</b>	5,003

The balance in 2021/22 relates primarily to the deferred payment from disposal of land at Central Square, due in the financial year 2022/23.

## 26.4 Financial Instruments Revaluation Reserve

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

- revalued downwards or impaired and the gains are lost
- disposed of and the gains are realised.

2020/21 £000		2021/22 £000
9,267	<b>Balance as at 1 April</b>	6,984
(2,283)	(Downwards) / Upwards revaluation of investments not charged to the Surplus/Deficit on the Provision of Services	676
6,984	<b>Balance as at 31 March</b>	7,660

The majority of the balance relates to the Council's shareholding in Cardiff Bus which is not listed on any quoted market, and for which a valuation is based on the company's reported net worth as per its Annual Accounts to comply with accounting for Financial Instruments. Any change in value within the Council's accounts does not have an impact on the Council Taxpayer, revenue budget or cash flow in any one year as any movement in value of the asset is offset in this reserve. Any valuation should be treated with care as it is for accounting purposes only.

## 26.5 Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require a benefit earned to be financed as the Council makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2020/21 £000		2021/22 £000
(840,894)	<b>Balance as at 1 April</b>	<b>(1,085,373)</b>
(198,203)	Actuarial gains or losses on pensions assets and liabilities	307,373
(93,109)	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(128,564)
280	Reversal of amounts accrual in respect of pension strain for future years	2,574
46,553	Employer's pensions contributions and direct payments to pensioners payable in the year	48,654
<b>(1,085,373)</b>	<b>Balance as at 31 March</b>	<b>(855,336)</b>

### 26.6 Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the Council Fund Balance from accruing for compensated absences earned but not taken in the year e.g., annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the Council Fund Balance is neutralised by transfers to and from the Account.

2020/21 £000		2021/22 £000
(11,580)	<b>Balance as at 1 April</b>	<b>(17,693)</b>
(6,113)	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with accounting requirements	639
<b>(17,693)</b>	<b>Balance as at 31 March</b>	<b>(17,054)</b>

### 26.7 Donated Inventories Account

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

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

2020/21 £000		2021/22 £000
3,211	<b>Balance as at 1 April</b>	<b>3,211</b>
0	Movement in Donated Inventories Account	6,023
<b>3,211</b>	<b>Balance as at 31 March</b>	<b>9,234</b>

## 27. Contingent Assets and Liabilities

### Assets

The Council holds a proportion of equity in a number of properties arising primarily from the affordable housing contribution that developers provide on new build developments. The equity proportions range from 20% to 40%, with the buyer nominated by the Council providing the balance of the resources to purchase the property. These properties were aimed at first time buyers who could not afford to buy a home on the open market. When the owner of the property wishes to sell their home, the Council has the first opportunity to nominate a purchaser from the assisted home ownership waiting list. If there is no nomination, the owner is free to sell on the open market and the Council is entitled to its relevant proportion of the market value of disposal in accordance with the charge on the property. This is treated as a capital receipt in the year that it is received. The estimated total value of equity at 31 March 2022 is £9.107 million (£6.610 million at 31 March 2021).

In March 2015, the Council approved a request from Glamorgan County Cricket Club to write off 70% of a £6.534 million loan balance due to the Council and restructure remaining sums in line with other major creditors. This was actioned on 21 December 2015 resulting in an outstanding amount of £1.960 million. Repayments commenced in 2019/20, with repayments totalling £294,000 to 31 March 2022. The club are committed to repay the loans in accordance with the contractual terms, however due to the current uncertainties in terms of attendance levels and emergence from Covid impacts, the Council's view is that risks of recovery still remain and the balance due of £1.666 million remains 100% impaired at 31 March 2022. Any balances due are not shown in the financial statements but are identified as a contingent asset to reflect the amounts potentially receivable in accordance with the proposed restructured loan.

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

### Liabilities

As at 31 March 2022 two claims existed in excess of £10,000 against the Council for which there is no insurance cover. The claims include unfair dismissal, disability and race discrimination, and breach of contract. The potential liability in respect of the claims is estimated to be £25,000 (£311,000 at 31 March 2021) and the Council is resisting liability.

The former Authorities of South Glamorgan County Council, Cardiff City Council, Mid Glamorgan County Council and Taff Ely Borough Council are creditors of Municipal Mutual Insurance (MMI) Ltd and are legally bound by the Scheme of Arrangement. MMI ceased taking new business on 30 September 1992. The scheme allows new claims to be made against MMI and outstanding claims with MMI to be settled. The accounts reflect a provision of £99,000 and £935,000 held in an earmarked reserve towards any liability. This is considered prudent based on most recent actuarial advice, however, this is subject to the outcome of settled claims.

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



The Council and HMRC are continuing discussions with a view to resolving a purportedly under-declared landfill tax assessment received by the Council from 1 April 2015, for waste tipped at Lamby Way Landfill site. HMRC assess that some materials disposed of should have had the standard rate of tax applied rather than a lower rate, the difference in tax rates being £80 per tonne. Given this is a specialist and technical area, the Council has engaged PricewaterhouseCoopers environmental tax specialists to support the Council's approach to demonstrating that materials tipped were eligible for lower rate tax. Subject to this, and relevant HMRC rules, there is the risk that the Council may be required to pay tax and interest on under declared tax. In the event of assessments being upheld, the Council would consider the merits of an appeals or mitigation process. Given the technical nature of the assessment, it remains difficult to evidence the probability that this liability will crystallise.

During 2020/21, the Council as the sole shareholder, agreed a range of measures to address the difficulties faced by Cardiff City Transport Services Limited (Cardiff Bus) and the Trustees of its pension scheme to agree, in accordance with Pension Legislation, the Triennial valuation of the pension scheme at 31 March 2018. On 3 March 2021, the Council entered into an agreement with the Trustees of the Cardiff City Transport Services Limited Pension Scheme meaning that all future liabilities in respect to pension obligations of Cardiff Bus will fall to Cardiff Council. This means that the Council became statutory employer of the Cardiff Bus pension funds and is responsible for paying contributions into the scheme towards addressing any identified deficit when assets and liabilities are projected as part of three yearly actuarial reviews. The schedule of contributions is currently £250,000 per annum, to be reviewed as part of the next triennial valuation as at 31 March 2024. The Council is also responsible for scheme operating expenses, Pension Protection Fund levy and any other costs and expenses in respect to its obligations as Statutory and Principal employer. These costs are to be recovered from Cardiff Bus; however, the Council is ultimately responsible for such costs in the event the company is unable to meet them. Details of the fund assets and liabilities as at 31 March 2022 are shown in note 13.

The Council has committed to acquire Ice Arena Wales from Greenbank by 31/12/2022. For the January to December 2022 trading period for the Arena, the Council has agreed to indemnify Greenbank against any operational losses for Ice Arena, capped at £50,000 for ordinary course of business, or £100,000 in event of another government mandated lockdown linked to Covid-19.

## 28. Notes to Cash Flow Statement

2020/21		2021/22
£000	Adjust net surplus or deficit on the provision of services for non - cash movements	£000
(112,504)	Depreciation, impairment & amortisation	(81,164)
(46,276)	Charges made for retirement benefits (IAS19) less employers contributions	(77,335)
(15,661)	Carrying amount of non-current assets sold or derecognised	(616)
3,691	Increase/(decrease) in stock	5,920
876	Increase/(decrease) in debtors	11,489
(1,068)	Increase/(decrease) in creditors	(35,743)
(9,884)	Other non-cash items affecting net surplus or deficit on provision of services	(25,552)
<b>(180,826)</b>		<b>(203,001)</b>

2020/21	Items in net surplus/ deficit on provision of services that are investing and financing activities	2021/22
£000		£000
15,417	Proceeds from sale of non-current assets & investments	2,624
87,562	Capital grants/contributions recognised in CIES	128,649
<b>102,979</b>		<b>131,273</b>

2020/21	Interest and Dividends	2021/22
£000		£000
(773)	Interest Received	(235)
34,032	Interest Paid	33,983
0	Dividends Received	0
<b>33,259</b>		<b>33,748</b>

### **29. Prior Period Adjustment**

There are no prior period adjustments.

### **30. Exceptional Items**

There are no exceptional items to disclose.

### **31. Events after the Reporting Period**

There are no events after the reporting period to report.

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

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

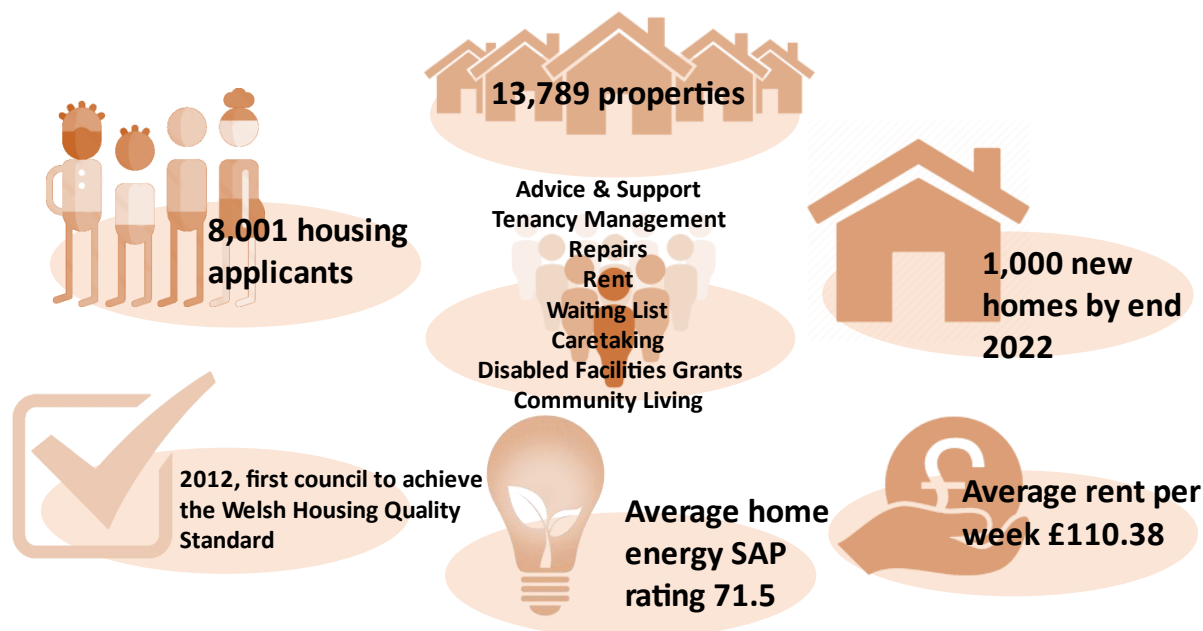


# Housing Revenue Account



## Introduction

The Local Government and Housing Act 1989 places a statutory duty on local authorities to maintain a separate account for the costs associated with the management and maintenance of Council dwellings. This is termed the Housing Revenue Account (HRA).



A 30-year business plan and financial model, completed on an annual basis for submission to Welsh Government, provides financial forecasts, performance and service information for the HRA. The plan aims to demonstrate the long-term sustainability of the HRA and includes the approach to maintaining the Welsh Housing Quality Standard, energy efficiency, remodelling homes, estate regeneration, fire safety works and securing new affordable housing to meet need.

Tenant participation in shaping and delivering services is welcome and encouraged in numerous ways including a dedicated Tenant Participation team, conferences, tenants voice meetings, community action days, information provision at the Citizen Hubs, the Tenants' Times publication and other social media.

The most recent tenant satisfaction survey showed:

- 75% of tenants were satisfied with the way the Council deals with repairs
- 80% of tenants were satisfied with their neighbourhood as a place to live

## Risks and Financial Outlook

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

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

In the very short term, the Welsh Government five year rent policy approved from 2020/21 onwards provides clarity in respect to rent levels. However significant risk and uncertainty remains in terms of future impacts of rising prices for the management of existing housing stock and the development of new stock; increasing demand for housing and potential changes in housing standards to improve energy performance.

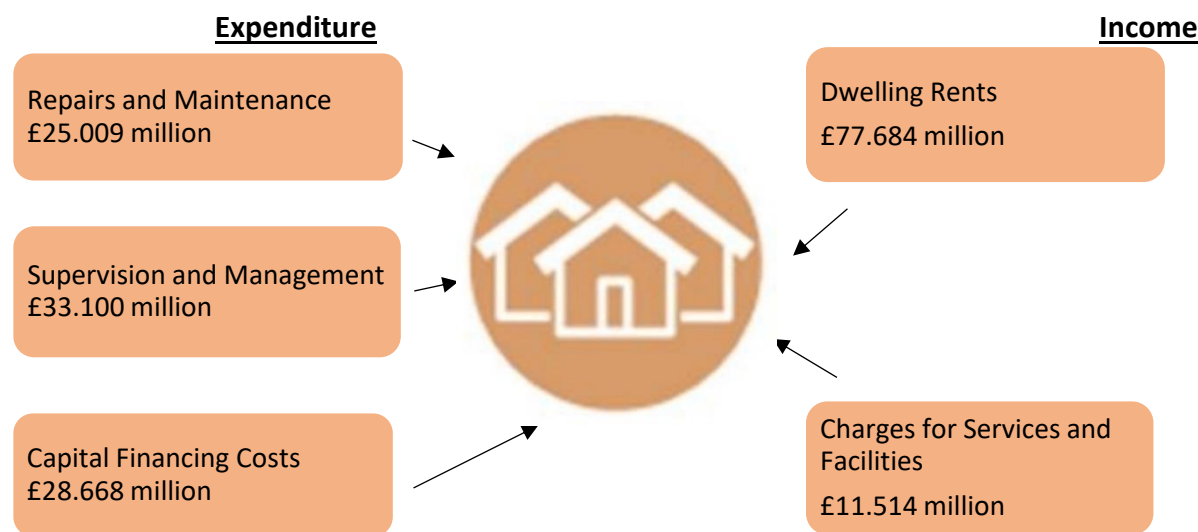
### Financial Performance 2021/22

The Housing Revenue Account reported a balanced position for 2021/22 after a transfer to earmarked reserves of £6.886 million to meet future liabilities and commitments, including contributions to the planned high-rise over-cladding scheme and costs relating to increases in housing stock. The overall position included a reduced spend on repairs and maintenance reflecting the continuing impact of the pandemic with access issues and consequent delays to works. There were also some delays to the capital programme resulting in lower capital financing costs with increased capital grant income for safety measures.

A reduction in rent and service charge income was offset by lower than budgeted provision for bad debts partly as a result of the various rent rescue and support schemes which were made available to tenants to assist with arrears. In addition, there were significant employee vacancy savings and other efficiencies across the functions. Void property levels were 1.49% as a percentage of overall stock (1.29% in 2020/21).

Earmarked reserves and the Housing Revenue Account General Balance are £10.586 million and £15.502 million respectively as at 31 March 2022.

### Revenue Expenditure and Funding

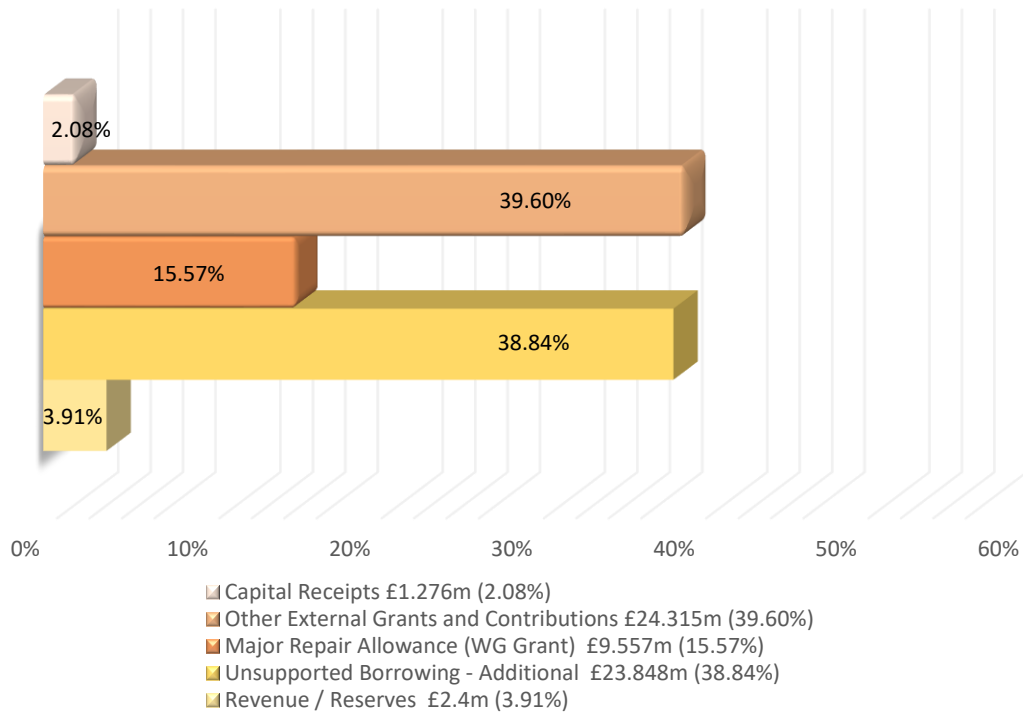


Our housing stock is valued in the accounts at £651.480 million. Dwellings were revalued in 2020/21 with the vacant possession value deemed to be £1.598 billion. In accordance with the valuation requirements, this was adjusted downwards, in our case by an adjustment factor of 38% in order to show the economic cost of providing social housing at less than market rent. The next valuation will take place in 2022/23.

### Capital Expenditure and Funding

Capital expenditure represents money spent on improving, acquiring and enhancing assets. During the year we spent £61.396 million on estate regeneration, housing stock remodeling, and the fabric of dwellings, disabled adaptations and in the development of new Council Housing.

## Funding of Capital Expenditure



The Capital Financing Requirement is a measure of debt in relation to the HRA. At 31 March 2022, this stands at £324.739 million; an increase of £23.369 million compared to the previous year. This is forecast to increase significantly over the next few years as set out in the 2022/23 HRA Revenue budget and MTFP approved by Council March 2022. All borrowing must be affordable both now and, in the future, as it will be required to be repaid with interest

## Income and Expenditure Account

The HRA Income and Expenditure Account shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices rather than the amount to be funded from rents and government grants. Councils charge rents to cover expenditure in accordance with regulations; this may be different from the accounting cost.

2020/21		Note	2021/22
£000			£000
	Management and maintenance comprising :		
20,798	Repairs and maintenance		25,010
29,165	Supervision and management		33,100
245	Rents, rates, taxes and other charges		291
(60)	Provision for bad and doubtful debts		372
60,293	Depreciation, impairment and revaluation losses of non-current assets	8	14,390
457	Movement in Held for Sale Assets		0
1,006	Sums directed by the Welsh Government that are expenditure in accordance with the Code	9	3,341
36	Debt management costs		42
<b>111,940</b>	<b>Total Expenditure</b>		<b>76,546</b>
(74,653)	Dwelling rents		(77,684)
(19)	Non-dwelling rents		(63)
(10,309)	Charges for services and facilities		(11,514)
(902)	Sums directed by the Welsh Government that are income in accordance with the Code		(3,310)
<b>(85,883)</b>	<b>Total Income</b>		<b>(92,571)</b>
<b>26,057</b>	<b>Net Cost of HRA Services as included in the Income and Expenditure Statement</b>		<b>(16,025)</b>
	<b>HRA share of the operating income and expenditure included in the Comprehensive Income &amp; Expenditure Statement:</b>		
(1,521)	(Gain)/loss on sale of HRA non-current assets		(754)
12,658	Interest payable and similar charges		13,211
7	Changes in fair value of investment properties		(62)
0	Interest and Investment income		0
(23,438)	Capital grants and contributions applied		(30,552)
<b>13,763</b>	<b>(Surplus)/Deficit for year on HRA Services</b>		<b>(34,182)</b>

**Movement on HRA Balance**

2020/21		Note	2021/22
£000			£000
<b>(8,983)</b>	<b>Balance on the HRA at the end of the previous year</b>		<b>(15,502)</b>
13,763	(Surplus) or deficit for the year on the HRA Income and Expenditure Statement		(34,182)
(23,104)	Adjustments between accounting basis and funding basis under regulations	1	27,296
<b>(9,341)</b>	<b>Net (increase)/decrease before transfers to or from reserves</b>		<b>(6,886)</b>
2,822	Transfers to/(from) earmarked reserves		6,886
<b>(6,519)</b>	<b>Increase or decrease in the year on the HRA</b>		<b>0</b>
<b>(15,502)</b>	<b>Balance on the HRA at the end of the current year</b>		<b>(15,502)</b>



## Notes to the Financial Statements

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

This note details the adjustments that are made to the total comprehensive income and expenditure, recognised by the Council in the year, in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure.

2020/21		Note	2021/22
£000			£000
	<b>Adjustments primarily involving the Capital Adjustment Account:</b>		
	<u>Reversal of items debited or credited to the HRA Income and Expenditure Statement:</u>		
11,933	Charges for depreciation and impairment of non-current assets	8	12,609
48,353	Revaluation losses of non-current assets		3,102
(79)	Reverse previous impairment on revaluation		(1,407)
86	Amortisation of intangible assets		86
7	Movement in the market value of investment properties		(62)
457	Movement in Held for Sale Assets		0
(23,438)	Capital grants and contributions applied		(30,552)
104	Sums directed by Welsh Government		31
(2,285)	Non-current assets written off as part of the gain/loss on disposal to the HRA Income and Expenditure Statement		43
(13,396)	Prudent Provision for the financing of capital investment		(13,015)
(2,400)	Capital expenditure charged against the HRA		(2,400)
0	Credit for disposal costs that qualify to be met from the resulting capital receipts		0
	<b>Adjustments involving the Revaluation Reserve:</b>		
766	Non-current assets written off as part of the gain/loss on disposal to the HRA Income & Expenditure Account		(796)
	<b>Adjustments involving the Pensions Reserve:</b>		
6,461	Net Retirement Benefits per IAS19	4	9,510
(4,013)	Employers Contributions to pension schemes		(4,157)
(138)	Pension Strain Accrual – future years		3
	<b>Adjustments involving the Accumulated Absences Account:</b>		
687	Amount by which officer remuneration charged to the HRA Income & Expenditure Account on an accruals basis is different from remuneration chargeable in accordance with statutory requirements		(290)
<b>23,105</b>	<b>Total Adjustments</b>		<b>(27,295)</b>

## 2. Rental Income

This is the total rent income due for the year after allowance is made for voids etc. Void rent losses accounted for 2.51% of the total potential rental income (1.93% in 2020/21). Average rents were £110.38 per week (£106.97 in 2020/21) based on a 52-week year.

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

The following sums were due from tenants:

31 March 2021			31 March 2022	
Arrears £000	Bad debt provision £000		Arrears £000	Bad debt provision £000
		<b>Rent Arrears</b>		
5,137	3,792	Dwellings	4,720	3,486
259	259	Hostels /Other accommodation	426	426
<b>5,396</b>	<b>4,051</b>	<b>Total Rent Arrears</b>	<b>5,146</b>	<b>3,912</b>
		<b>Other</b>		
101	61	Service charges	88	53
255	255	Tenants recoverables	269	269
<b>356</b>	<b>316</b>	<b>Total Other Arrears</b>	<b>357</b>	<b>322</b>
<b>5,752</b>	<b>4,367</b>	<b>Total</b>	<b>5,503</b>	<b>4,234</b>

During 2021/22 debts totaling £498,000 were written off as irrecoverable (£584,000 in 2020/21).

## 4. Pension Costs

In accordance with International Accounting Standards 19 – Employee Benefits (IAS 19) the amount included within Supervision and Management in respect of employee costs includes the current service cost for pensions. In order that the pension cost borne by the HRA equals the total employer's contributions paid to the Pension Fund in the year plus any discretionary benefits payable to ex-housing staff, a transfer has been made to the Pensions Reserve as follows:

2020/21 £000		2021/22 £000
6,461	Current service cost	9,510
(4,013)	Cost of employer's contributions plus discretionary benefits	(4,157)
(138)	Pension Strain Accrual - Future Years	3
<b>2,310</b>	<b>Net transfer to Pensions Reserve</b>	<b>5,356</b>

No attempt has been made to apportion a share of the pensions interest cost and expected return on pensions assets to the HRA as there is no valid basis of apportionment.

## 5. Housing Stock

The Council's housing stock is shown below:

31 March 2021		31 March 2022
7,341	Houses	7,382
633	Bungalows	634
5,240	Flats/Bedsits	5,253
171	Maisonettes	171
352	Retirement complexes	349
<b>13,737</b>	<b>Total</b>	<b>13,789</b>

The Council also has hostels and non-standard/temporary accommodation providing the following:

31 March 2021		31 March 2022
23	Bed spaces in hostels	112
69	Flats in hostels	127
<b>92</b>	<b>Total</b>	<b>239</b>

## 6. Capital Expenditure and Capital Financing

2020/21		2021/22
£000		£000
<b>290,232</b>	Opening Capital Financing Requirement	<b>301,370</b>
	<b>Capital Expenditure:</b>	
52,625	Property, Plant and Equipment	57,965
0	Intangible assets including intangible AUC	89
0	Investment Properties	0
1,006	Expenditure on REFCUS	3,342
0	Appropriation of land	12,536
	<b>Sources of Finance:</b>	
(2,357)	Capital Receipts	(1,276)
(24,340)	Government grants and other contributions *	(33,872)
(2,400)	Direct revenue contributions and reserves	(2,400)
(13,396)	Prudent revenue and capital provision for loan repayment	(13,015)
<b>301,370</b>	<b>Closing Capital Financing Requirement</b>	<b>324,739</b>
	<b>Explanation of movements in year:</b>	
11,138	Increase / (Decrease) in underlying need to borrow (unsupported by government financial assistance)	23,369
<b>11,138</b>	<b>Increase in Capital Financing Requirement</b>	<b>23,369</b>

\* £9.557 million (£9.511 million in 2020/21) of Major Repairs Allowance grant was received from Welsh Government and applied in the year.

## 7. Capital Receipts

Proceeds from the disposal of HRA Assets during 2021/22 were as follows:

- Council Dwellings and Home Purchase Contributions £256,509 (£236,000 in 2020/21)
- Land £0.541 million (£2.142 million in 2020/21)

## 8. Depreciation, Impairment and Revaluation Charged

Depreciation and impairment were charged on HRA assets as shown in the table below. Such charges to the HRA and changes in valuation do not have any impact on the amount required to be collected from rents as all such adjustments to non-current assets are required to be neutralised from capital reserves.

2020/21		2021/22
£000		£000
9,490	Council dwellings	10,198
1,789	Land and buildings	2,117
740	Vehicles, plant & equipment, intangibles, Surplus and AUC	380
<b>12,019</b>	<b>Total Depreciation, Amortisation and Impairment</b>	<b>12,695</b>
47,684	Council dwellings	0
590	Land and buildings	1,643
0	Vehicles, plant & equipment, intangibles, Surplus and AUC	52
<b>48,274</b>	<b>Total Revaluation</b>	<b>1,695</b>
<b>60,293</b>	<b>Total</b>	<b>14,391</b>

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

2020/21		2021/22
£000		£000
	<b>Expenditure:</b>	
1,006	Buildings not owned by Cardiff Council	3,222
0	Grants awarded not housing grants	120
<b>1,006</b>	<b>Charged to Income and Expenditure Account</b>	<b>3,342</b>
	<b>Funded by:</b>	
902	Grants and Contributions	3,311
104	Borrowing, Receipts and other Capital Resources	31
<b>1,006</b>		<b>3,342</b>



# Group Accounts



## ***Introduction***

The group accounts that follow comply with the requirement of the 2021/22 Code, which states that a local authority with material interests in subsidiaries, associates and joint ventures should prepare group accounts in addition to its single entity accounts. These accounts consolidate the operating results and balances of the County Council of the City and County of Cardiff and its subsidiary Cardiff City Transport Services Ltd (Cardiff Bus) which is a wholly owned subsidiary with limited liability. At the point of drafting these accounts, the 2021/22 accounts for Cardiff Bus are in draft status.

The final audited statements for Cardiff Bus for the year ended 2020/21 can be found on the Companies House website and the link [here](#). The accounts for that year included a large technical adjustment in respect of vehicle impairment and also an audit view of material uncertainty related to going concern.

The company, in common with many public transport operators, continues to be significantly impacted by changes in travel patterns since March 2020. In 2021/22, the company repaid £1 million of emergency financial support received from the Council in June 2020 and is in receipt of Welsh Government Bus Emergency support grant along with all other bus operators. The company has continued to prioritise the safety and well-being of staff and our customers and have taken decisive action to protect the long-term sustainability of the business including investing in new fleet.

In March 2021, the Company issued 7 million ordinary shares in return for £7 million in cash from the shareholder, who also took on responsibility as being the statutory and principal employer for the pension fund. The latter followed the entering of a Flexible Apportionment Agreement with company, trustees and Council on 3 March 2021. During 2021/22, the Council injected the final Tranche of £6.6 million of equity into the Company as part of its financial viability and turnaround plan approved by Council in October 2020.

With continued uncertainty in respect of travel patterns, labour shortages, regulatory changes as well as economic and cost factors, it remains difficult to predict the likely return of passenger numbers over the foreseeable future. In response to the challenges faced by the company, it continues to work with partners to review its business planning, cost base and investing in fleet and infrastructure to provide vital services.

The Council also has interests in the following subsidiaries: Cardiff Business Technology Centre (CBTC), Atebion Solutions Ltd and Cardiff Heat Network Ltd. The interests in these organisations are considered immaterial in terms of both the turnover and the net assets of the group. The Council does not depend upon these organisations for statutory service provision, and it is not considered that they expose the Council to a material level of commercial risk. Therefore, they have been excluded from the consolidation in 2021/22. Details of the Council's interests in these organisations are included in note 20 to the Core Financial Statements.

## ***Basis of Consolidation***

The group accounts have been prepared on the basis of a full consolidation of the financial transactions and balances of the Council and Cardiff City Transport Services Ltd Inter-group transactions and balances between the Council and its subsidiary have been eliminated in full.

## ***Accounting policies***

The financial statements in the group accounts are prepared in accordance with the policies set out in the Statement of Accounting Policies with the following additions and exceptions:

### **Retirement Benefits**

Cardiff City Transport Services Ltd. operated two defined benefit funded pension schemes which it accounts for in accordance with FRS102. From March 2021 the liabilities for the pension schemes are included with the Council's Statement of Accounts. The level of contributions made to the schemes and the cost of contributions included in the financial statements are based on the recommendations of independent actuaries. Accounting policies consistent with those of the Council have been adopted although the financial assumptions used may differ. Both these schemes are now closed to new members. The company also has a money purchase pension scheme for new employees. Pension costs charged to the profit and loss account represent the contributions payable by the group to the pension scheme during the year.

### **Value Added Tax**

VAT paid by other group entities is accounted for in the Group Comprehensive Income and Expenditure Statement to the extent that it is irrecoverable from HM Revenue and Customs.

### **Goodwill**

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

### **Charges to Income and Expenditure for Non-Current Assets**

A charge is made from the revaluation reserve of the subsidiary company to the group income and expenditure reserve for the difference between depreciation charged on the current value of non-current assets held by the subsidiary and what would have been the historical cost depreciation for the year.

## Group Comprehensive Income and Expenditure

2020/21				2021/22		
Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
18,836	(14,507)	4,329	Corporate Management	30,048	(26,007)	4,041
95,697	(48,885)	46,812	Economic Development	107,782	(55,527)	52,255
379,551	(92,688)	286,863	Education & Lifelong Learning	427,758	(111,419)	316,339
7,915	(1,244)	6,671	Governance & Legal Services	9,634	(2,015)	7,619
8,882	(5,916)	2,966	Harbour Authority	9,314	(5,959)	3,355
111,940	(85,884)	26,056	Housing Revenue Account	76,546	(92,571)	(16,025)
240,491	(186,579)	53,912	Housing and Communities	253,597	(193,817)	59,780
10,494	(7,281)	3,213	Performance and Partnerships	10,097	(6,793)	3,304
87,898	(52,958)	34,940	Planning , Transport and Environment	99,885	(69,812)	30,073
37,000	(18,415)	18,585	Resources	45,573	(25,730)	19,843
244,435	(59,883)	184,552	Social Services	261,031	(66,997)	194,034
4,967	(9,239)	(4,272)	Summary Revenue Account	259	(4,484)	(4,225)
0	(22,664)	(22,664)	Other Income	0	0	0
<b>1,248,106</b>	<b>(606,143)</b>	<b>641,963</b>	<b>Net Cost of Services</b>	<b>1,331,524</b>	<b>(661,131)</b>	<b>670,393</b>
40,165	0	40,165	Police and Crime Commissioner for South Wales	42,523	0	42,523
446	0	446	Community Council Precepts	458	0	458
18,244	0	18,244	Levies & Contributions	18,632	0	18,632
15,760	(15,081)	679	(Gain)/loss on sale of non-current assets	1,363	(1,965)	(602)
<b>74,615</b>	<b>(15,081)</b>	<b>59,534</b>	<b>Other Operating Expenditure</b>	<b>62,976</b>	<b>(1,965)</b>	<b>61,011</b>
34,148	0	34,148	Interest Payable on debt	34,164	(28)	34,136
18,913	0	18,913	Interest on net defined liability/(asset)	22,180	0	22,180
0	(394)	(394)	Interest & Investment Income		(388)	(388)
13,490	(3,286)	10,204	Change in fair value of Investment Properties	27,180	(2,340)	24,840
0	(148)	(148)	Movement in Financial Instruments	0	0	0
<b>66,551</b>	<b>(3,828)</b>	<b>62,723</b>	<b>Financing and Investment Income &amp; Expenditure</b>	<b>83,524</b>	<b>(2,756)</b>	<b>80,768</b>
0	(87,562)	(87,562)	Recognised Capital Grants & Contributions	0	(128,326)	(128,326)
0	(344,468)	(344,468)	Revenue Support Grant	0	(373,452)	(373,452)
0	(124,579)	(124,579)	Non-Domestic Rates	0	(121,062)	(121,062)
2,135	(230,151)	(228,016)	Council Tax Income	3,081	(240,341)	(237,260)
0	(3,211)	(3,211)	Donated Inventories	0	(6,022)	(6,022)
342	(218)	124	Tax expenses - Corporation Tax	116	0	116
<b>2,477</b>	<b>(790,189)</b>	<b>(787,712)</b>	<b>Taxation &amp; Non-Specific Grant Income</b>	<b>3,197</b>	<b>(869,203)</b>	<b>(866,006)</b>
<b>1,391,749</b>	<b>(1,415,241)</b>	<b>(23,492)</b>	<b>(Surplus)/Deficit on Provision of Services</b>	<b>1,481,221</b>	<b>(1,535,055)</b>	<b>(53,834)</b>



2020/21				2021/22		
Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
		(25,878)	Revaluation Gains			(29,697)
		1,109	Revaluation Losses			9,819
		233	Impairment losses on non-current assets charged to the Revaluation Reserve			581
		14	(Surplus)/Deficit on Financial Instrument Revaluation Reserve			(90)
		198,203	Actuarial gains/losses on pension assets/liabilities			(307,373)
		3,439	Other gains/losses to be included in the Comprehensive Income and Expenditure			0
		11,159	Group entity adjustment			0
		188,279	<b>Other Comprehensive Income &amp; Expenditure</b>			<b>(326,760)</b>
		164,787	<b>Total Comprehensive Income &amp; Expenditure</b>			<b>(380,594)</b>

The 2020/21 breakdown of the Net Cost of Services has been amended to take account of the changes in structure in 2021/22.

## Group Movement in Reserves

	Council Fund Balance	Council Fund Earmarked Reserves	HRA Balance	HRA Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves Council	Unusable Reserves - Group Entities	Total Authority Reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Balance at 31 March 2020 carried forward</b>	<b>14,255</b>	<b>54,894</b>	<b>8,983</b>	<b>878</b>	<b>10,906</b>	<b>0</b>	<b>89,916</b>	<b>385,369</b>	<b>4,387</b>	<b>479,672</b>
<b>Movement in Reserves during 2020/21</b>										
Surplus or (deficit) on the provision of Services	24,927	0	(13,764)	0	0	0	11,163	0	12,329	23,492
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	(177,120)	0	(177,120)
Group entity adjustment	0	0	0	0	0	0	0	0	(11,159)	(11,159)
<b>Total Comprehensive Income and Expenditure</b>	<b>24,927</b>	<b>0</b>	<b>(13,764)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>11,163</b>	<b>(177,120)</b>	<b>1,170</b>	<b>(164,787)</b>
Adjustments between accounting basis & funding basis under regulations	22,683	0	23,105	0	(2,233)	0	43,555	(43,555)	0	0
<b>Net Increase / (Decrease) before Transfers to/(from) Earmarked Reserves</b>	<b>47,610</b>	<b>0</b>	<b>9,341</b>	<b>0</b>	<b>(2,233)</b>	<b>0</b>	<b>54,718</b>	<b>(220,675)</b>	<b>1,170</b>	<b>(164,787)</b>
Transfers to/(from) Earmarked Reserves	(47,610)	47,610	(2,822)	2,822	0	0	0	0	0	0
<b>Increase / (Decrease) in 2020/21</b>	<b>0</b>	<b>47,610</b>	<b>6,519</b>	<b>2,822</b>	<b>(2,233)</b>	<b>0</b>	<b>54,718</b>	<b>(220,675)</b>	<b>1,170</b>	<b>(164,787)</b>
<b>Balance at 31 March 2021 carried forward</b>	<b>14,255</b>	<b>102,504</b>	<b>15,502</b>	<b>3,700</b>	<b>8,673</b>	<b>0</b>	<b>144,634</b>	<b>164,694</b>	<b>5,557</b>	<b>314,885</b>
<b>Movement in Reserves during 2021/22</b>										
Surplus or (deficit) on the provision of Services	18,973	0	34,182	0	0	0	53,155	0	679	53,834
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	326,760	0	326,760
<b>Total Comprehensive Income and Expenditure</b>	<b>18,973</b>	<b>0</b>	<b>34,182</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>53,155</b>	<b>326,760</b>	<b>679</b>	<b>380,594</b>
Adjustments between accounting basis & funding basis under regulations	29,535	0	(27,295)	0	(1,833)	6,972	7,379	(7,379)	0	0
<b>Net Increase / (Decrease) before Transfers to/(from) Earmarked Reserves</b>	<b>48,508</b>	<b>0</b>	<b>6,887</b>	<b>0</b>	<b>(1,833)</b>	<b>6,972</b>	<b>60,534</b>	<b>319,381</b>	<b>679</b>	<b>380,594</b>
Transfers to/(from) Earmarked Reserves	(48,508)	48,508	(6,887)	6,887	0	0	0	0	0	0
<b>Increase / (Decrease) in 2021/22</b>	<b>0</b>	<b>48,508</b>	<b>0</b>	<b>6,887</b>	<b>(1,833)</b>	<b>6,972</b>	<b>60,534</b>	<b>319,381</b>	<b>679</b>	<b>380,594</b>
<b>Balance at 31 March 2022 carried forward</b>	<b>14,255</b>	<b>151,012</b>	<b>15,502</b>	<b>10,587</b>	<b>6,840</b>	<b>6,972</b>	<b>205,168</b>	<b>484,075</b>	<b>6,236</b>	<b>695,479</b>

## Group Balance Sheet

31 March 2021		31 March 2022
£000		£000
1,907,928	Property, Plant & Equipment:	2,030,032
58,682	Heritage Assets	58,849
156,238	Investment Properties	150,718
1,711	Intangible Non-Current Assets including AUC	1,135
733	Long-term Investments	705
5,951	Long-term Debtors	10,906
0	Deferred tax asset	3,047
<b>2,131,243</b>	<b>Total Long-Term Assets</b>	<b>2,255,392</b>
98,882	Short-term Investments	212,195
918	Assets held for Sale	0
6,240	Inventories	12,169
172,790	Short-term Debtors	176,503
47,040	Cash and Cash Equivalents	34,515
<b>325,870</b>	<b>Total Current Assets</b>	<b>435,382</b>
(35,393)	Short-term Borrowing	(31,311)
(132,579)	Short-term Creditors	(173,830)
(1,471)	Pension Strain	(1,035)
(4,999)	Provisions	(4,781)
(3,453)	Deferred Liabilities	(3,640)
<b>(177,895)</b>	<b>Total Current Liabilities</b>	<b>(214,597)</b>
(783,666)	Long Term Borrowing	(832,819)
(25,997)	Provisions	(24,748)
(11,111)	Deferred Liabilities	(11,388)
(22,155)	Capital Contributions Receipts in Advance	(22,388)
(18,008)	Revenue Grants Receipts in Advance	(16,521)
(19,494)	Capital Grants Receipts in Advance	(17,033)
(3,434)	Pension Strain	(1,296)
(1,080,468)	Net Pensions Liability	(854,505)
<b>(1,964,333)</b>	<b>Total Long-Term Liabilities</b>	<b>(1,780,698)</b>
<b>314,885</b>	<b>NET ASSETS</b>	<b>695,479</b>
	<b>Financed by:</b>	
14,255	Council Fund Balance	14,255
102,504	Council Fund Earmarked Reserves	151,012
15,502	Housing Revenue Account Balance	15,502
3,700	Housing Revenue Account Earmarked Reserves	10,587
8,673	Capital Receipts Reserve	6,840
0	Capital Grants Unapplied	6,972
<b>144,634</b>	<b>Usable Reserves</b>	<b>205,168</b>
314,647	Revaluation Reserve	336,969
947,365	Capital Adjustment Account	1,007,728
5,003	Deferred Capital Receipts	5,003
4,543	Financial Instruments Revaluation Reserve	4,539
(1,085,373)	Pensions Reserve	(867,670)
(17,693)	Accumulated Absences Adjustment Account	(17,054)
3,211	Donated Inventories	9,234

<b>31 March 2021</b>		<b>31 March 2022</b>
<b>£000</b>		<b>£000</b>
(1,452)	Reserves (Group Entities)	11,562
<b>170,251</b>	<b>Unusable Reserves</b>	<b>490,311</b>
<b>314,885</b>	<b>TOTAL RESERVES</b>	<b>695,479</b>

**Group Cash Flow**

2020/21		2021/22
£000		£000
(23,492)	Net (Surplus) /Deficit on the provision of services	(53,834)
(169,498)	Adjustments to net surplus or deficit on the provision of services for non-cash movements	(208,168)
102,979	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	131,273
<b>(90,011)</b>	<b>Net cash flows from operating activities</b>	<b>(130,729)</b>
146,391	Purchase of property, plant and equipment, investment property and intangible assets	191,372
23,337	Purchase of short-term and long-term Investments	111,150
(17,098)	Other payments for investing activities	15,141
(15,436)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(2,649)
(98,976)	Capital Grants and Contributions	(126,516)
<b>38,218</b>	<b>Net cash flows from investing activities</b>	<b>188,498</b>
(3,111)	Cash receipts from short-term and long-term borrowing	(72,479)
20,618	Other receipts from financing activities	(1,494)
3,253	Cash payments for the reduction of outstanding liabilities relating to finance leases	1,196
22,287	Repayments of short-term and long-term borrowing	27,533
<b>43,047</b>	<b>Net cash flows from financing activities</b>	<b>(45,244)</b>
<b>(8,746)</b>	<b>Net (increase)/ decrease in cash and cash equivalents</b>	<b>12,525</b>
38,294	Cash and cash equivalents at the beginning of the reporting period	47,040
<b>47,040</b>	<b>Cash and cash equivalents at the end of the reporting period</b>	<b>34,515</b>

## Notes to Group Accounts

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

### 1. Remuneration

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

Number of Employees	Remuneration band £	Number of Employees
2020/21		2021/22
0	60,000-69,999	1
1	70,000-74,999	0
1	75,000-79,999	1
0	80,000-84,999	3
0	85,000-139,999	0
1	140,000-144,999	1
0	145,000-149,999	0
<b>3</b>	<b>Total</b>	<b>6</b>

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

### 2. Related Parties Disclosures

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

### 3. Exceptional Items

There are no exceptional items included in the Group Accounts.

### 4. Financial Instruments

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

### 5. Prior Period Adjustment

There are no prior period adjustments.



# Trust Funds



## Trust Funds

During 2021/22, the Corporate Director Resources had financial responsibility for a number of charities. Although their financial administration is integrated with that of the Council, the charities are legally separate from it. Separate financial statements are produced for each, which are in accordance with applicable accounting standards and the Statement of Recommended Practice on Accounting by Charities, published by the Charity Commissioners.

The charities are managed, and expenditure is approved in accordance with criteria set out in the governing document of each one.

The Council is the sole trustee of the following charities, the purposes of which are outlined below. Numbers in brackets are the charity registration numbers.

**Llandaff War Memorial Fund** (219060) – Upkeep of the war memorial at Llandaff.

**Maindy Park Foundation** (524137) – Recreation or other leisure-time occupation for the benefit of the inhabitants of the City of Cardiff with the object of improving the conditions of life for those inhabitants.

**Norwegian Church Preservation Trust** (519831) – The Norwegian Church Preservation Trust was transferred by the Council on the 22nd March 2022 to the Norwegian Church Cardiff Bay Charitable Incorporated Organisation. This new Charitable body enhances the cultural, arts programmes and the links between Wales and Norway of this important visitor attraction on the Cardiff Bay Waterfront.

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

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

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

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

The accounts for the Cardiff Further Education Trust and the Norwegian Church Preservation Trust are required by the Charity Commission to be independently examined. The accounts for the year ended 31 March 2022 have yet to be examined. This is to be undertaken during 2022 within the statutory deadlines.

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

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

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



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

Christopher Lee  
Corporate Director Resources  
County Hall  
Cardiff  
CF10 4UW

	Balance as at 31 March 2021 £	Income £	Expenditure £	Asset Revaluation £	Balance as at 31 March 2022 £
<b>Funds for which the Council is Sole Trustee</b>					
Llandaff War Memorial Fund	1,418	0	(10)	0	1,408
Maindy Park Foundation	79,394	0	(10)	0	79,384
Norwegian Church Preservation Trust	(122,809)	253,325	(130,516)	0	0
Cardiff Further Education Trust/Craddock Wells	24,604,513	113,585	(32,015)	163,166	24,849,249
<b>Total funds for which the Council is Sole Trustee</b>	<b>24,562,516</b>	<b>366,910</b>	<b>(162,551)</b>	<b>163,166</b>	<b>24,930,041</b>
<b>Funds administered by the Council</b>					
R Fice Memorial Trust	62,683	1,860	(2,173)	1,568	63,938
The Howardian Trust	38,414	808	0	367	39,589
<b>Total funds which are administered by the Council</b>	<b>101,097</b>	<b>2,668</b>	<b>(2,173)</b>	<b>1,935</b>	<b>103,527</b>
<b>Total</b>	<b>24,663,613</b>	<b>369,578</b>	<b>(164,724)</b>	<b>165,101</b>	<b>25,033,568</b>

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



# Cardiff Harbour Authority



## ***Narrative Report***

### **Introduction**

This document presents the Statement of Accounts for Cardiff Harbour Authority. Section 42(1) of the Harbours Act 1964 sets out that statutory undertakings, such as local authorities that have functions of maintaining, improving or managing a harbour are required to prepare an annual statement of accounts relating to the harbour activities. The financial statements that follow are an extract from the accounts of the County Council of the City and County of Cardiff and have been prepared in line with International Financial Reporting Standards (IFRS) as well as the requirements of the Companies Act 2006.

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

### **Annual Governance Statement**

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

### **Agreement**

By an Agreement dated 27 March 2000 made pursuant to and for the purposes of section 165 of the Local Government Planning and Land Act 1980 (as amended) the Council agreed to take responsibility for and to discharge the Harbour Authority undertaking and obligations in regard to the bay and the outer harbour under the terms of the Cardiff Bay Barrage Act 1993.

The Agreement has since been varied by the Deeds of Variation between the Welsh Ministers and the Council, with the latest dated 28 January 2022.

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

For the financial year 2021/22, the Council worked with Welsh Government to identify achievable efficiencies, service reductions and savings against the approved Fixed Costs budget to the same level as 2020/21 of £4.961 million. The Asset Renewal funding requirement for non-critical assets was £460,000 with no requirement identified within the ten-year asset management programme to replace any critical assets. Subsequent to this, in October 2021, an additional allocation of £100,000 was awarded to cover increased scheme costs. In addition, in January 2022, a further grant award of £249,000 was approved for the delivery of brought forward asset renewal works originally planned for 2022/23. This resulted in a total approved 2021/22 budget for the Cardiff Harbour Authority (CHA) of £5.770 million.

Income above target for harbour dues, site fees and special events was offset by a shortfall on car parking. The position included overspends on litter collection and waste management as a result of increases in volume and subsequent additional costs. Other spend above budget included groundwater control and barrage maintenance which reflected materials and contractor price increases. These variances were largely mitigated by underspends on overheads across the general budget headings

The financial deficit after accounting adjustments for the year ended 31 March 2022 was £2.649 million (£2.734 million in 2020/21).

Total capital expenditure incurred during the year was £704,000 funded by grant and included the purchase of a new patrol and materials handling equipment to undertake statutory duties relating to the management of the Harbour, installation of boardwalk decking and upgrading barrage control equipment.

## Key Achievements

Despite another challenging year in 2021-22, as a result of further Covid-19 restrictions, staff achieved a great deal operationally through adaptability, commitment and ingenuity in responding to the situations presented to ensure services could still be delivered where possible. Achievements against the Harbour Authority action plan and performance indicators which form part of the Business Plan reported quarterly to the Welsh Government are:

- Delivered an online water safety project to school with Theatre Na Nog and Arts and Business Culture Step grant to warn of the dangers of swimming and tombstoning in the Bay. An online film was sent to 182 Cardiff and Vale of Glamorgan schools with 4,710 pupils known to have watched the film and made available publicly online with more than 33,000 reach
- Retained Green Flag Status following judging for the Barrage, Cardiff Bay Wetlands and FlatHolm Island
- ISO14001 audit resulted in retention of the award for Cardiff Harbour Authority ensuring excellent environmental management
- 199 tonnes of waste were removed from the rivers and bay
- 75,410 Cardiff Bay Wetlands users throughout the year
- 1,025,131 Barrage users throughout the year
- 20,670 Social Media followers
- Successful high profile four day Titan music event on Alexandra Head in September 2021 with 34,000 attendees generating income and interest in future events
- 99% compliance on Dissolved Oxygen performance indicator for the bay
- Completion of asset Management Plan in conjunction with Welsh Government
- Completion of parts one and two of the Aspiring Managers Correspondence Course for 6 attendees
- Supported delivery of the Cardiff 10k run and Cardiff Half Marathons
- Cardiff Bay Water Activity Centre hosted two Paralympic rowing training camps for the next group of paralympic athletes on their pathway to Paris 2024.

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

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

### **Comprehensive Income and Expenditure Statement**

Provides information on how the Harbour Authority has performed throughout the year and as a result, whether or not their operations have resulted in a surplus or a deficit. The Harbour Authority has operated within budget but statutory adjustments including capital charges are the reason the Comprehensive Income and Expenditure Statement is showing a deficit.

### **Balance Sheet**

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

## ***Statement of Responsibilities for the Financial Statements and Corporate Director Resources Certificate***

### ***The Corporate Director Resources Responsibilities***

The Corporate Director Resources is responsible for the preparation of the Statement of Accounts in accordance with the requirements of the Harbours Act 1964.

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

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

The Corporate Director Resources has also:

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

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

The financial statements for the Cardiff Harbour Authority give a true and fair view of its income and expenditure for the financial year 2021/22 and financial position of the Harbour Authority at 31 March 2022.



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

**Date:** 22/06/2022

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

This page is left intentionally blank

## *Accounting policies used when formulating the accounts*

In accordance with the Accounts and Audit (Wales) Regulations 2014, this Statement of Accounts summarises the Harbour Authority's transactions for the 2021/22 financial year and its financial position at 31 March 2022. The accounts are prepared in accordance with International Financial Reporting Standards (IFRS). A number of the accounting policies used in preparing these accounts, along with any critical assumptions and sources of estimation used are the same as those for the accounts of the Council. Whilst these are not replicated in full, the key policies applied are below:

### *1. Accruals of Income and Expenditure*

Activity is accounted for in the year that it takes place, not when the cash payments are made or received. Where income and expenditure have been recognised, but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. There is a de minimis threshold of £500 under which income and expenditure may not be accrued.

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

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

### *3. Grants and Contributions*

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

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

### **Revenue**

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

### **Capital**

Grants and contributions that are applied in the year to fund capital schemes are treated as revenue income and credited to the Comprehensive Income and Expenditure Statement. Where a specific Capital grant or contribution has been received but remains unapplied, this is deemed to represent a condition and is shown as a Creditor.

### *4. Inventories*

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

## 5 Overheads and Support Services Costs

Cardiff Council makes recharges in respect of the cost of support services to the Harbour Authority. The total absorption costing principle is used so that the full cost of overheads and support services are shared between users in proportion to the benefits received.

## 6 Non-Current Assets

### 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.

### Investment Properties

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.

### Intangible Non-Current Assets

Intangible assets are those that do not have physical substance but are identifiable and controlled by the Harbour authority. In the case of Computer software and licences, these will be capitalised where they relate 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.

### Recognition:

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

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

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

### Measurement:

Assets are initially measured at cost, comprising all expenditure that is directly attributable to bringing the specific asset into working condition for its intended use, excluding borrowing costs which are not capitalised. These assets are then carried in the Balance Sheet using the following measurement bases:

Asset Type	Measurement	Range of Remaining Useful Lives
Assets under Construction	Depreciated Historical Cost	n/a
Buildings	Existing Use or Depreciated Replacement Cost	11-54
Community Assets	Depreciated Historical Cost	n/a
Heritage Assets	Historic Cost and only measured at fair value where the benefits of doing so outweigh the costs	n/a
Infrastructure **	Depreciated Historical Cost	2-118



Intangible Assets	Amortised Historical Cost	4-7
Investment Properties	Fair Value	n/a
Surplus Assets	Fair Value	n/a
Vehicles, Plant, Furniture & Equipment	Depreciated Historical Cost	1-15

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

### Revaluations:

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

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

Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to expenditure.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only; the date of its formal implementation.

### Charges to Revenue for Non-Current Assets:

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

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

The Harbour Authority does not receive grants for depreciation or any other accounting adjustments for non-current assets.

### Impairment and Downward Revaluation:

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

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

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

### Depreciation:

Depreciation is provided for on all Property, Plant and Equipment assets by an allocation of their depreciable amounts over their estimated useful lives. An exception is made for assets without a determinable finite useful life (i.e., freehold land, heritage and community assets) as well as assets that are not yet available for use (i.e., assets under construction).

## 7. *Reserves*

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

## 8. *Value Added Tax*

The Harbour Authority does not have a separate VAT registration to the Council and apart from certain cases where the Harbour Authority funds supplies of goods or services to other persons or organisations, the Harbour Authority is reimbursed for VAT. These accounts have been prepared exclusive of VAT, except where deemed irrecoverable.

## Comprehensive Income and Expenditure Statement

2020/21		2021/22
£000		£000
	<b>Expenditure</b>	
2,927	Employees	2,975
1,223	Premises	1,354
40	Transport	120
1,461	Supplies and Services	1,601
436	Support Services	434
2	Third Party Payments	3
2,793	Capital Charges	2,826
<b>8,882</b>	<b>Total Expenditure</b>	<b>9,313</b>
	<b>Income</b>	
(5,533)	Government Grants	(4,979)
(232)	Capital Grants Applied	(704)
(383)	Fees and Charges	(981)
<b>(6,148)</b>	<b>Total Income</b>	<b>(6,664)</b>
<b>2,734</b>	<b>Net Expenditure for the Year</b>	<b>2,649</b>

## Balance Sheet

31 March 2021		Note	31 March 2022
£000			£000
157,789	Property, Plant and Equipment	2	162,304
56	Heritage Assets	2	56
63	Intangible Assets	2	123
333	Investment Properties	2	483
<b>158,241</b>	<b>Total Long Term Assets</b>		<b>162,966</b>
434	Inventory	3	437
69	Debtors	4	2,719
209	Cash		(3,301)
<b>712</b>	<b>Total Current Assets</b>		<b>(145)</b>
(926)	Creditors	5	(900)
<b>(926)</b>	<b>Total Current Liabilities</b>		<b>(900)</b>
<b>158,027</b>	<b>Net Assets</b>		<b>161,921</b>
	<b>Funded by:</b>		
153,538	General Reserve	1	150,889
4,489	Revaluation Reserve	1	11,032
<b>158,027</b>	<b>Total Reserves</b>		<b>161,921</b>

## Notes to the Financial Statements

### 1. Reserves

Held within the General Reserve is an earmarked amount reserved for project activities and contingencies. This amount is £104,000 as at 31 March 2022 (£126,000 as at 31 March 2021).

2020/21			2021/22	
General Reserve £000	Revaluation Reserve £000		General Reserve £000	Revaluation Reserve £000
156,272	4,489	Balance as at 1 April	153,538	4,489
(2,734)	0	Movements in Reserves	(2,649)	6,543
153,538	4,489	Balance as at 31 March	150,889	11,032

### 2. Movements in Property, Plant, Equipment & Other Long-Term Assets

Long term assets are primarily Property, Plant and Equipment, with movements analysed in the table that follows.

Property, Plant and Equipment	Other Land & Buildings	Vehicles, Plant & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets under construction	Total Property, Plant & Equipment	Investment Properties	Heritage Assets	Intangible Assets
Movements in Cost or Value	£000	£000	£000	£000	£000		£000	£000	£000	£000
<b>1 April 2020</b>	6,577	1,359	219,887	1,103	43	0	229,302	333	56	0
Additions	0	237	35	0	0	0	272	0	0	79
Revaluations Increases/(Decreases) recognised in the RR	0	0	0	0	0	0	0	0	0	0
Revaluations Increases/(Decreases) recognised in the SDPS	0	0	0	0	0	0	0	0	0	0
Derecognition - Disposals	0	(193)	(24,137)	0	0	0	(24,330)	0	0	0
Other Reclassifications - Transfers	0	0	0	0	0	0	0	0	0	0
<b>At 31 March 2021</b>	6,577	1,403	195,785	1,103	43	0	204,911	333	56	79
Additions	0	471	39	0	0	105	615	0	0	89
Revaluations Increases/(Decreases) recognised in the RR	6,696	0	0	0	0	0	6,696	0	0	0
Revaluations Increases/(Decreases) recognised in the SDPS	(14)	0	0	0	0	0	(14)	0	0	0
Derecognition - Disposals	0	(155)	0	0	0	0	(155)	0	0	0
Other Reclassifications - Transfers	(150)	0	0	0	0	0	(150)	150	0	0
<b>At 31 March 2022</b>	13,109	1,719	195,824	1,103	43	105	211,903	483	56	168

Property, Plant and Equipment	Other Land & Buildings	Vehicles, Plant & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets under construction	Total Property, Plant & Equipment	Investment Properties	Heritage Assets	Intangible Assets
Movements in Cost or Value	£000	£000	£000	£000	£000		£000	£000	£000	£000
<b>Movements in Depreciation/Impairment</b>										
<b>1 April 2020</b>	<b>145</b>	<b>817</b>	<b>67,714</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>68,676</b>	<b>0</b>	<b>0</b>	<b>0</b>
Depreciation Charge	71	188	2,517	0	0	0	2,776	0	0	16
Depreciation written out to the RR	0	0	0	0	0	0	0	0	0	0
Depreciation written out to the SDPS	0	0	0	0	0	0	0	0	0	0
Derecognition - Disposals	0	(193)	(24,137)	0	0	0	(24,330)	0	0	0
<b>At 31 March 2021</b>	<b>216</b>	<b>812</b>	<b>46,094</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>47,122</b>	<b>0</b>	<b>0</b>	<b>16</b>
Depreciation Charge	224	206	2,417	0	0	0	2,847	0	0	29
Depreciation written out to the RR	(153)	0	0	0	0	0	(153)	0	0	0
Depreciation written out to the SDPS	(62)	0	0	0	0	0	(62)	0	0	0
Derecognition - Disposals	0	(155)	0	0	0	0	(155)	0	0	0
<b>At 31 March 2022</b>	<b>225</b>	<b>863</b>	<b>48,511</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>49,599</b>	<b>0</b>	<b>0</b>	<b>45</b>
<b>Net Book Value:</b>										
<b>At 31 March 2021</b>	<b>6,361</b>	<b>591</b>	<b>149,691</b>	<b>1,103</b>	<b>43</b>	<b>0</b>	<b>157,789</b>	<b>333</b>	<b>56</b>	<b>63</b>
<b>At 31 March 2022</b>	<b>12,884</b>	<b>856</b>	<b>147,313</b>	<b>1,103</b>	<b>43</b>	<b>105</b>	<b>162,304</b>	<b>483</b>	<b>56</b>	<b>123</b>

### 3. Inventory

31 March 2021		31 March 2022
£000		£000
352	Balance as at 1 April	434
82	Stock adjustment	3
434	Balance as at 31 March	437

### 4. Debtors

31 March 2021		31 March 2022
£000		£000
0	Central Government Bodies	2,649
69	Trade Receivables	70
69	<b>Total Debtors</b>	<b>2,719</b>

## 5. Creditors

31 March 2021		31 March 2022
£000		£000
(29)	Central Government Bodies	(133)
(897)	Trade Payables	(767)
<b>(926)</b>	<b>Total Creditors</b>	<b>(900)</b>



# Glossary of Accounting Terms



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

**Accruals Basis**

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

**Actuarial Gains and Losses**

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

**Agency Services**

The provision of services or functions, which are the responsibility of one Authority or public body, by another. The policy and financial resources are set by the principal Authority and implemented by the agent Authority.

**Assets Held for Sale**

Assets meeting all the criteria of: - immediately available for sale, where the sale is highly probable, actively marketed and expected to be sold within 12 months.

**Asset under Construction**

An asset that is not yet complete.

**Borrowing**

Loans taken out taken out by the Council to pay for capital expenditure or for the prudent management of the Council's financial affairs.

**Capital Adjustment Account**

The Account accumulates (on the debit side) the write-down of the historical cost of non-current assets as they are consumed by depreciation and impairments or written off on disposal. It accumulates (on the credit side) the resources that have been set aside to finance capital expenditure. The same process applies to capital expenditure that is only capital by statutory definition (revenue expenditure funded by capital under statute). The balance on the account thus represents timing differences between the amount of the historical cost of non-current assets that has been consumed and the amount that has been financed in accordance with statutory requirements.

**Capital Expenditure**

Capital expenditure pays for improvements to existing and new assets used in the delivery of Council services as well as other items determined by Regulation. Capital resources are scarce, costly and also have long term revenue implications over many years and even generations where capital expenditure is funded by borrowing. Hence the requirement of the Prudential Code to ensure what is charged as Capital Expenditure is Prudent, Sustainable and Affordable.



The statutory definition of capital expenditure is given in the Local Government Act 2003, the Local Authorities (Capital Finance) Regulations 2003 and 2004 amended. Statute relies on the accounting measurement of cost in IAS 16 to determine whether expenditure is eligible to be capitalised or whether it should be treated as revenue expenditure. Key to what is eligible as capital spend are the following words in IAS 16 - 'Costs directly attributable to bringing the specific asset into working condition for its intended use'.

### **Capital Financing Requirement**

A Council's underlying need to borrow for a capital purpose. It measures capital expenditure incurred but not yet financed by the receipt of grants, contributions and charges to the revenue account via a prudent minimum revenue provision.

### **Capital Receipts**

Income from the sale of capital assets that can be used to fund new capital expenditure schemes or reduce the underlying need to borrow. Capital receipts cannot be used to fund revenue expenditure, unless they relate to the costs of securing disposal or where a ministerial permission allows.

### **Carrying Amount**

The Balance Sheet value recorded of either an asset or a liability.

### **Cash and Cash Equivalents**

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

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

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

### **Community Assets**

These are non-current assets that the Council intends to hold in perpetuity which have no determinable finite useful life and, in addition, may have restrictions on their disposal. Examples include parks and historical buildings not used for operational purposes.

### **Contingent Liabilities or Assets**

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

### **Council Dwellings**

Flats and Houses owned by the Council as part of its Housing Revenue Account and provided at an affordable level of rent which is lower than market rent.

### **Council Fund Balance**

The Council Fund Balance represents the cumulative retained surpluses on the Council's revenue budget. It provides a working balance which can be used to cushion the Council against unexpected events or emergencies. It is reviewed annually to ensure it remains at an appropriate level.

**Credit Criteria**

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

**Credit Rating**

A credit rating assesses the credit worthiness of an individual, corporation or country. Credit ratings are calculated from financial history and current assets and liabilities. Typically, a credit rating tells a lender or investor the probability of the subject being able to pay back a loan.

**Creditors**

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

**Current Service Cost (Pensions)**

Current Service Cost is the increase in the present value of a defined benefit pension scheme's liabilities expected to arise from employee service in the current period, i.e., the ultimate pension benefits "earned" by employees in the current year's employment.

**Current Value**

The current value of an asset reflects the economic environment prevailing for the service or function the asset is supporting at the reporting date.

**Curtailement (Pensions)**

For a defined benefit pension scheme an event that reduces the expected years of future service of present employees or reduces for a number of employees the accrual of defined benefits for some or all of their future service.

**Debtors**

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

**Deferred Capital Receipts**

These represent capital income still to be received after disposals have taken place.

**Defined Benefit Scheme (Pensions)**

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

**Defined Contribution Scheme (Pensions)**

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

**Depreciation/Impairment/Amortisation**

A charge made to the Comprehensive Income and Expenditure Statement to reflect an estimate of the use or consumption of non-current assets in the year in the provision of Council services.

**De-recognition**

Financial assets and liabilities will need to be removed from the Balance Sheet once performance under the contract is complete or the contract is terminated.

**Direct Revenue Financing**

The amount of revenue funding in the year used to pay for capital expenditure incurred.

**Earmarked Reserves**

Amounts set aside to be used to meet specific, known or predicted future expenditure.

**External Audit**

The independent examination of the activities and accounts of Local Authorities to ensure the accounts have been prepared in accordance with legislative requirements and proper practices and to ensure the Council has made proper arrangements to secure value for money in its use of resources.

**Fair Value**

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

**Finance Lease**

A finance lease is a lease that transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee.

**Financial Instruments**

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

**Heritage Asset**

A tangible asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture.

**Housing Revenue Account (HRA)**

Local Authorities are required to maintain a separate account - the Housing Revenue Account - which sets out the expenditure and income arising from the provision of Council housing. Other services are charged to the Council Fund.

**Impairment**

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

**Infrastructure Assets**

Fixed Assets which generally cannot be sold and from which benefit can be obtained only by continued use of the asset created. Examples of such assets are highways, footpaths, bridges and water and drainage facilities.

**Intangible Assets**

These are assets that do not have physical substance but are identifiable and controlled by the Council. Examples include software, licenses and patents.

**Interest Cost (Pensions)**

For a defined benefit scheme, the expected increase during the period in the present value of the scheme liabilities because the benefits are one period closer to settlement.

**Investment Properties**

Property, which can be land or a building or part of a building or both, that is held solely to earn rentals or for capital appreciation or both, rather than for operational purposes.

**Investments**

The purchase of financial assets in order to hold temporary cash balances, receive income and/or make capital gain at a future time.

**Joint Venture**

A joint venture is a joint arrangement whereby the parties who have joint control of the arrangement have rights to the net assets of the arrangement.

**Lender Option Borrower Option Loans (LOBOs)**

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

**Levy**

An amount of money which a Local Authority is required to collect on behalf of another organisation.

**Liabilities**

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

**Materiality**

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

**Market Loans**

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

**Net Book Value (NBV)**

The amount at which non-current assets are included in the balance sheet, i.e., their historical cost or current value less the cumulative amounts provided for depreciation.

**Non-domestic rates (NDR)**

A levy on businesses collected by billing Authorities, on behalf of the Welsh Government, and paid into an All Wales Pool. The Pool is then redistributed amongst all Welsh Authorities on the basis of population.

**Operating Lease**

This is a type of lease, usually of computer equipment, office equipment, furniture, etc. where the balance of risks and rewards of holding the asset remains with the lessor. The asset remains the property of the lessor and the lease costs are revenue expenditure to the Authority.

**Pension Fund**

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

**Precept**

A demand levied by one public Authority, which is collected on its behalf by another Authority.

**Prior Period Adjustments**

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

**Projected Unit Method (Pensions)**

An actuarial method of calculating the liabilities of a pension scheme which allows for projected future increases in pensionable pay up to retirement or date of leaving service

**Property, Plant and Equipment (PPE)**

Tangible assets (i.e., assets that have physical substance) that are held for use in the production or supply of goods and services, for rental to others, or for administrative purposes, and are expected to be used during more than one year.

**Provisions**

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

**Prudential Code for Capital Finance**

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

**Prudent Revenue Provision (PRP)**

An amount set aside as a provision each year to repay loans taken out to pay for capital expenditure. This has the effect of reducing the Capital Financing Requirement (CFR).

**Public Works Loan Board (PWLB)**

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

**Recharge**

An internal charge for services rendered by one Council directorate or section to another.

**Related Parties**

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

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

**Reserves**

Reserves are amounts set aside for future use (usable) or required for accounting purposes only (unusable). Reserves may be for a specific purpose in which case they are referred to as 'earmarked reserves' or they may be general reserves (or balances) maintained as a matter of prudence.

**Revaluation Reserve**

The Reserve records the accumulated gains on the non-current assets held by the Council arising from increases in value as a result of inflation or other factors (to the extent that these gains have not been consumed by subsequent downward movements in value).

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

Represents expenditure that may properly be capitalised under statutory provisions, but which creates no tangible asset for the Council e.g., house renovation grants to private individuals or revenue expenditure which would normally be charged to the revenue account, but which can be charged to capital following approval by the Welsh Government.

**Revenue Support Grant**

General government grant in support of local Authority services. It seeks to even out the effects on the council taxpayer of differences in needs between Authorities.

**Settlement (Pensions)**

An irrevocable action that relieves the employer of the primary responsibility for a pension obligation and eliminates significant risks relating to the obligation and the assets used to effect the settlement.

**Surplus Assets**

Assets that are not being used to deliver services, but which do not meet the criteria to be classified as either Investment Properties or Assets Held for Sale.

### **Term Deposits**

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

### **Treasury Management**

The process by which the Council controls its cash flow and its borrowing and lending activities.

### **Trust Funds**

Funds held in trust which are administered by the Council.

This page is intentionally left blank





Cardiff & Vale of Glamorgan  
**Pension Fund**

# **Draft Statement of Accounts 2021/22**

## ***Contents***

<b>Narrative Report</b>	<b>2</b>
<b>Actuarial Statement</b>	<b>4</b>
<b>Statement of Responsibilities</b>	<b>8</b>
<b>Audit Report</b>	<b>9</b>
<b>Fund Account</b>	<b>10</b>
<b>Net Assets Statement</b>	<b>11</b>
<b>Notes to the Accounts</b>	<b>12</b>
<b>Glossary</b>	<b>31</b>

## ***Narrative Report***

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

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

Membership was largely static during the year with just under 16,900 contributing employees and a small increase in Pensioners to just over 12,500 receiving benefits from the Fund.

The Pension Fund's net assets rose by 7.2% during 2021/22, from £2.518 billion to £2.699 billion. Investment markets globally continued the post-Covid recovery growth experienced during 2020/21 into the first half of 2021/22. During the second half of 2021/22 however, a much slower period of growth was experienced with increased market volatility as a result of concerns around new Covid variants, the increases in inflation and the Russian invasion of Ukraine in February 2022. With regard to this last event the Wales Pension Partnership (WPP), on behalf of the 8 LGPS funds in Wales, was quick to announce its intention to divest its holdings in Russian stocks as soon as practically possible.

The transfer of the Fund's legacy Regional Equity holdings into the two WPP Global Equity Funds which commenced in 2020/21 was completed in July 2021, at the same time as the additional investment into the BlackRock Low Carbon Tracker Fund. The total value of these transfers were over £1 billion. October 2021 saw the Fund move its Emerging Markets (EM) Equity investments into the new WPP EM fund.

At 31 March 2022 the value of the Fund's assets held in WPP sub-funds was 63% of the Fund's total value which increases to 86% of Fund value if the jointly procured BlackRock fund is included. This Fund's holding in Russian investments across 4 WPP sub-funds were just under £2.5 million which represented less than 1% of the total fund value. There were no material holdings in Russian investments in the rest of the Fund's portfolio.

The eight LGPS fund authorities in Wales continued to make progress during the year with the development of the Wales Pension Partnership (WPP). In addition to the new EM Fund referred to in the above paragraph the establishment of WPP Private Market sub-funds is progressing well. Sub-funds for Private Credit and Infrastructure, Phase 1 of Private Markets, are expected to be launched in 2022/23 with WPP Private Equity sub-fund following later in the year.

2021/22 saw the WPP complete the process to welcome a non-voting Scheme Member Representative onto its Joint Governance Committee. During March 2022 the WPP was informed that its application to become a signatory to the UK 2020 Stewardship Code had been approved by the Financial Reporting Council (FRC). This demonstrates the commitment of the Welsh LGPS Funds, including this Fund, to Responsible Investment (RI), which will build on the good work undertaken in 2021/22 as investment products develop in future years.

On the eve of the next tri-annual valuation, the Fund's key objective continues to be to deliver an effective and efficient service to its contributing employees, pensioners and deferred members, and to minimise the financial burden on contributing employers over the long term.

**Christopher Lee Corporate  
Director Resources**

## Actuarial Statement

### Introduction

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

### Actuarial Position

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

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

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

**Plus**

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

**Plus**

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

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

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

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

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

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

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

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

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

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

The assets were valued at market value.

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

6. The key demographic assumption was the allowance made for longevity. The post retirement mortality assumption adopted for the actuarial valuation was in line with standard self-administered pension scheme (SAPS) S2 mortality tables with appropriate scaling factors applied based on an analysis of the Fund's pensioner mortality experience and a Fund membership postcode analysis using Aon's Demographic Horizons™ longevity model, and included an allowance for improvements based on the 2018 Continuous Mortality Investigation (CMI) Projections Model (CMI2018) with  $s_k$  of 7.5 and parameter A of 0.0 assuming a long term annual rate of improvement in mortality rates of 1.5% p.a. The resulting average future life expectancies at age 65 (for normal health retirements) were:

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

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

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

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

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

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

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

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

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

On 13 May 2021 Government confirmed the key elements of the expected changes to the LGPS to implement the McCloud judgement in a Written Ministerial Statement, although final Regulations are not expected to be come into force until 2023. After incorporating the potential costs of the McCloud remedy, the 2016 SAB cost management process has concluded, with no benefit improvements or member contribution changes being recommended under that process. However some uncertainty remains as the inclusion of McCloud costs in the cost management process is the subject of a Judicial Review.

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

● **Goodwin:**

An Employment Tribunal ruling relating to the Teachers' Pension Scheme concluded that provisions for survivor's benefits of a female member in an opposite sex marriage are less favourable than for a female in a same sex marriage or civil partnership, and that treatment

amounts to direct discrimination on grounds of sexual orientation. The chief secretary to the Treasury announced in a written ministerial statement on 20 July 2020 that he believed that changes would be required to other public service pension schemes with similar arrangements, although these changes are yet to be reflected in LGPS regulations. We expect the average additional liability to be less than 0.1%, however the impact will vary by employer depending on their membership profile.

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

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

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

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

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

**Aon Solutions UK Limited**

**May 2022**



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

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

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

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In 2021/22 that officer was Christopher Lee, Corporate Director Resources;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- approve the statement of accounts.

**Councillor Graham Hinchey**  
**Lord Mayor**

**Date:**

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

The Corporate Director Resources (who holds the statutory post of Section 151 Officer) is responsible for the preparation of the Council's financial statements in accordance with proper practices as set out in the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (the Code).

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

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

The Corporate Director Resources has also:

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

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

The financial statements for the Cardiff and Vale of Glamorgan Pension Fund give a true and fair view of its income and expenditure for the financial year 2021/22 and financial position at 31 March 2022.



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

**Date:** 22/06/2022

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

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

## Fund Account

2020/21		Note	2021/22
£000			£000
	<b>Dealings with members, employers and others directly involved in the fund</b>		
	<b>Contributions</b>		
(69,615)	From employers	8	(75,155)
(21,174)	From employees	8	(22,307)
0	Group transfers from other schemes or funds		0
(3,510)	Individual transfers from other schemes or funds		(4,577)
(269)	Other income (capitalised payments and interest on deficit funding)		(2,603)
<b>(94,568)</b>			<b>(104,642)</b>
	<b>Benefits Payable</b>		
71,463	Pensions	9	72,694
12,941	Lump sums, grants and other payments	9	14,745
	<b>Payments to and on account of leavers</b>		
86	Refunds of contributions		135
0	Group transfers to other schemes or funds		0
3,817	Individual transfers to other schemes or funds		5,030
<b>88,307</b>			<b>92,604</b>
<b>(6,261)</b>	<b>Net (additions)/withdrawals from dealings with members of the Fund</b>		<b>(12,038)</b>
8,189	Management expenses	10	8,295
<b>1,928</b>	<b>Net (additions)/withdrawals including fund management expenses</b>		<b>(3,743)</b>
	<b>Returns on Investment</b>		
(9,810)	Investment income	11	(26,156)
(482,650)	Change in market value of investments	12a	(150,846)
<b>(492,460)</b>	<b>Net returns on investments</b>		<b>(177,002)</b>
<b>(490,532)</b>	<b>Net (increase)/decrease in the Fund during year</b>		<b>(180,745)</b>
(2,027,605)	Opening net assets of the scheme		(2,518,137)
<b>(2,518,137)</b>	<b>Closing net assets of the scheme</b>		<b>(2,698,882)</b>

## Net Assets Statement

2020/21		Note	2021/22
£000			£000
2,464,573	Investments at market value	12	2,620,864
45,502	Cash (including derivatives) and investment proceeds due	12	72,253
<b>2,510,075</b>	<b>Total investments</b>		<b>2,693,117</b>
78	UK & overseas tax		74
4,499	Contributions due from employers and deficit funding		5,509
633	Sundry debtors		327
1,380	Pension strain costs due within one year		1,153
<b>6,590</b>	<b>Total current assets</b>		<b>7,063</b>
2,359	Deficit funding (former employers)		68
2,327	Pension strain costs due after one year		1,296
<b>4,686</b>	<b>Total non-current assets</b>		<b>1,364</b>
(267)	Unpaid benefits		(69)
(1,893)	Sundry creditors		(1,478)
(320)	Provision - death grants	20	(217)
<b>(2,480)</b>	<b>Total current liabilities</b>		<b>(1,764)</b>
(734)	Provision - death grants	20	(898)
<b>(734)</b>	<b>Total non-current liabilities</b>		<b>(898)</b>
<b>2,518,137</b>	<b>Net assets of the scheme</b>		<b>2,698,882</b>

## **Notes to the Accounts**

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

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

#### **General**

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

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

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

#### **Membership**

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

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

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

#### **Funding**

Benefits are funded by contributions and investment earnings. Contributions are made by active members of the fund in accordance with the Local Government Pension Scheme Regulations 2013 and ranged from 5.5% to 12.5% of pensionable pay for the financial year ending 31 March 2022. Employers' contributions are set based on triennial actuarial funding valuations. The last such valuation was at 31 March 2019. Currently, employer contribution rates range from 17.6% to 37.7% of pensionable pay with effect from 1<sup>st</sup> April 2020.

#### **Benefits**

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

## 2. Basis of Preparation

The Statement of Accounts summarises the funds transactions for the 2021/22 financial year and its financial position at 31 March 2022. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22, which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector.

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

The accounts have been prepared on a going concern basis.

## 3. Significant Accounting Policies

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

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

### **Income and Expenditure**

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

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

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

### **Acquisition costs of Investments**

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

### **Valuation of Investments**

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

### **Cash and Cash Equivalents**

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

### **Foreign Currency Transactions**

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

## Taxation

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

## 4. Critical judgements in applying accounting policies

### **Unquoted private equity investments**

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

### **Pension fund liability**

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

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

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

Item	Uncertainties	Effect if actual results differ from assumptions
<b>Actual present value of promised retirement benefits</b>	Estimations of the liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries increase, changes in mortality rates and expected returns on pension fund assets. The actuary provides the fund with advice regarding the assumptions to be used.	The effects on the net pension liability of changes in individual assumptions can be measured. For instance, an increase in the discount rate assumption would result in a decrease in the pension liability. An increase in assumed earnings inflation or assumed life expectancy would increase the value of the liabilities.
<b>Private Equity Valuations</b>	Private equity investments are valued at fair value in accordance with international accounting standards. These investments are not publicly listed and as such there is a degree of estimation involved in the valuation.	The total private equity investments in the financial statements are £103 million. There is a risk that this investment may be under, or overstated in the accounts. Further information is provided on the sensitivity of these assets within the accounts.
<b>Pooled Property Funds</b>	Valuation techniques are used to determine the carrying amount of pooled property funds.	The total pooled property fund investments in the financial statements are £202 million. Changes in the valuation assumptions used, together with significant changes in rental

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

## 6. Titles of Ownership

Evidences of ownership for the property unit trusts and private equity holdings are held by Cardiff Council. All other evidences of ownership were held at 31 March 2022 by The Northern Trust Company for the benefit of the Council. Statements of holdings have been provided by Northern Trust.

## 7. Membership

Fund membership at 31 March 2022 is as follows:

2020/21		2021/22
43	Contributing employers	44
<b>43</b>	<b>Total contributing employers</b>	<b>44</b>
16,936	Contributors	16,876
12,190	Pensioners	12,515
13,755	Deferred pensioners	17,430
<b>42,881</b>	<b>Total membership</b>	<b>46,821</b>

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



## 8. Employing Bodies – Contributions

2021/22	No. of contributors at 31/03/2022	Employers	Deficit	Total Employers	Employees	Total
		£000	£000	£000	£000	£000
<b>Administering Body:</b>						
Cardiff Council	10,472	(45,067)	0	(45,067)	(13,617)	(58,684)
<b>Scheduled Bodies:</b>						
Vale of Glamorgan Council	4,052	(15,421)	0	(15,421)	(4,570)	(19,991)
Town and Community Councils	58	(247)	0	(247)	(76)	(323)
Education Bodies	1,476	(7,459)	0	(7,459)	(2,809)	(10,268)
Other Scheduled Bodies	6	(41)	0	(41)	(14)	(55)
<b>Admitted Bodies:</b>						
Admitted Bodies	812	(4,966)	(1,954)	(6,920)	(1,221)	(8,141)
<b>Total</b>	<b>16,876</b>	<b>(73,201)</b>	<b>(1,954)</b>	<b>(75,155)</b>	<b>(22,307)</b>	<b>(97,462)</b>

2020/21	No. of contributors at 31/03/2021	Employers	Deficit	Total Employers	Employees	Total
		£000	£000	£000	£000	£000
<b>Administering Body:</b>						
Cardiff Council	10,334	(42,186)	0	(42,186)	(12,702)	(54,888)
<b>Scheduled Bodies:</b>						
Vale of Glamorgan Council	4,116	(14,631)	0	(14,631)	(4,644)	(19,275)
Town and Community Councils	56	(239)	0	(239)	(70)	(309)
Education Bodies	1,654	(6,831)	0	(6,831)	(2,537)	(9,368)
Other Scheduled Bodies	6	922	0	922	(17)	905
<b>Admitted Bodies:</b>						
Admitted Bodies *	770	(4,789)	(1,861)	(6,650)	(1,204)	(7,854)
<b>Total</b>	<b>16,936</b>	<b>(67,754)</b>	<b>(1,861)</b>	<b>(69,615)</b>	<b>(21,174)</b>	<b>(90,789)</b>

\*2020/21 Figures have been restated in line with 2021/22 presentation. Deficit previously included in Additional lump sum.

### **Additional deficit funding**

There was no additional deficit funding in 2021/22 (no additional deficit funding in 2020/21).

## 9. Employing Bodies - Benefits Payable

2021/22	Retirement Pensions	Lump Sums, Grants and Other Payments		
		Lump Sums on Retirement	Death Grants	Commutation Payments
	£000	£000	£000	£000
<b>Administering Body:</b>				
Cardiff Council	46,093	7,156	1,882	414
<b>Scheduled Bodies:</b>				
Vale of Glamorgan Council	14,149	2,326	348	119
Town and Community Councils	240	0	0	0
Education Bodies	3,522	613	308	23
Other Scheduled Bodies	2,633	128	47	0
<b>Admitted Bodies:</b>				
Admitted Bodies	6,057	1,175	154	52
<b>Total</b>	<b>72,694</b>	<b>11,398</b>	<b>2,739</b>	<b>608</b>

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

## 10. Management Expenses

2020/21		2021/22
£000		£000
1,485	Administration costs	1,730
29	Audit fees	73
<b>1,514</b>	<b>Total administration costs</b>	<b>1,803</b>
243	Fixed Interest Securities	0
1,062	Equities	298
797	WPP UK equity fund *	155
393	WPP government bond fund *	241
318	WPP credit fund *	199
410	WPP multi asset credit fund *	124
0	WPP global growth fund	661
0	WPP global opportunities fund	529
0	WPP emerging markets fund	271
1,929	Equity pooled fund	944
113	Pooled property investments	179
1,123	Private equity **	2,354
<b>6,388</b>	<b>Total management fees</b>	<b>5,955</b>
182	Custody fees	272
<b>6,570</b>	<b>Total investment management expenses</b>	<b>6,227</b>
105	Oversight and governance costs	265
<b>8,189</b>	<b>Total</b>	<b>8,295</b>

\*2020/21 WPP includes underlying fund managers fees

\*\*2020/21 Private equity excludes performance fees

2020/21	WPP Management Expenses	2021/22
£000		£000
1,246	Fund manager fees *	163
672	Transaction costs	1,550
0	Transition costs	467
64	Custody fees	231
<b>1,982</b>	<b>Total WPP investment management expenses</b>	<b>2,411</b>
88	Host authority costs	135
<b>88</b>	<b>Total WPP oversight and governance costs</b>	<b>135</b>
<b>2,070</b>	<b>Total</b>	<b>2,546</b>

\*2020/21 WPP includes underlying fund managers fees

Included in Management Expenses in the first table of this note is the cost of the Fund's involvement in the Wales Pension Partnership (WPP) collective investment pooling arrangement. These are further analysed in the table above. The Oversight and Governance costs are the annual running costs of the pool which includes the host authority costs and other external advisor costs. These costs are funded equally by all eight of the local authority pension funds in Wales. Fund Management Fees are payable to Link Fund Solutions (the WPP operator) and include the operator fee and other associated costs. These costs are based on each Fund's percentage share of WPP pooled assets and are deducted from the Net Asset Value (NAV). Underlying manager fees are not include in this table.

## 11. Investment Income

2020/21		2021/22
£000		£000
(1,901)	UK fixed interest securities	0
(3,845)	Overseas equities	(2,428)
(1,192)	Overseas fixed interest securities	0
(910)	UK equities and private equity funds	0
(1,202)	Pooled investments	(22,148)
(482)	Pooled Property Unit Trust Income	(1,177)
(230)	Interest on UK cash	(200)
(48)	Securities lending	(203)
<b>(9,810)</b>	<b>Total</b>	<b>(26,156)</b>

During 2021/22 Link Asset Services paid distributions in respect of the income earned since inception on all Wales Pension partnership sub-funds in which the Fund invests. This was automatically reinvested into the pooled funds to increase the market value of our holding. Income is only distributed when there is a sufficient amount to do so but will always be automatically reinvested after the deduction of any costs. The increase in investment income in 2021/22 is due to the realignment of the apportionment of change in market value of investments and investment income.

## 12. Investments at Market Value

2020/21		2021/22
£000		£000
<b>238,549</b>	<b>Total equities</b>	<b>0</b>
230,285	WPP UK equity fund	232,958
252,534	WPP government bond fund	216,400
226,063	WPP credit fund	243,194
154,266	WPP multi asset credit fund	150,309
0	WPP global growth	211,609
0	WPP global opportunities	530,428
0	WPP emerging markets	115,003
<b>863,148</b>	<b>Total WPP pooled funds</b>	<b>1,699,901</b>
1,105,648	Equity pooled	616,030
<b>1,968,796</b>	<b>Total pooled funds (incl WPP)</b>	<b>2,315,931</b>
166,559	Pooled property investments	201,606
90,669	Private equity	103,327
<b>2,464,573</b>	<b>Subtotal</b>	<b>2,620,864</b>
5,372	Fund manager's cash	2,194
39,563	Internal/custodian cash	70,059
567	Net investment proceeds due	0
<b>45,502</b>	<b>Total cash</b>	<b>72,253</b>
<b>2,510,075</b>	<b>Total investment assets</b>	<b>2,693,117</b>

In 2020/21 the investments in fixed interest securities were transferred to the WPP government bond fund, WPP credit fund and WPP multi asset credit fund. During 2021/22 further transfers were made to WPP global opportunities, WPP global growth, WPP emerging markets from equities and equity pooled.

## 12a. Reconciliation in movement in investments

2021/22	Value at 31/03/21	Purchase at cost	Sale proceeds	Change in market value	Value at 31/03/22
	£000	£000	£000	£000	£000
Equities	238,549	2,242	(249,929)	9,138	0
Pooled funds	1,968,796	1,159,234	(806,242)	(5,857)	2,315,931
Pooled property unit trusts	166,559	904	0	34,143	201,606
Private equity	90,669	8,971	(24,436)	28,122	103,327
<b>Sub-total</b>	<b>2,464,573</b>	<b>1,171,351</b>	<b>(1,080,607)</b>	<b>65,546</b>	<b>2,620,864</b>
Managers' cash	5,372				2,194
Internal/custodian cash	39,563				70,059
Net investment proceeds due	567				0
<b>Total cash</b>	<b>45,502</b>				<b>72,253</b>
<b>Sub-total</b>	<b>2,510,075</b>			<b>65,546</b>	<b>2,693,117</b>
Net realised movement in cash				85,300	
<b>Total</b>	<b>2,510,075</b>			<b>150,846</b>	<b>2,693,117</b>

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

### Analysis of derivatives

#### Objectives and policies for holding derivatives

The holding in derivatives is to hedge liabilities or hedge exposures to reduce risk in the fund. The use of derivatives is managed in line with the investment management agreement between the fund and the various investment managers. Derivatives listed at 31/03/2020 formed part of the Aberdeen investment that transferred to WPP, bringing the value to nil in the 2020/2021 accounts. No derivatives were held in 2021/22.

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

2020/21		Fund Manager	2021/22	
£000	% of Fund		£000	% of Fund
126,759	5.0	Aberdeen Emerging Markets	0	0.0
675,933	26.9	Blackrock Investment Management	616,030	22.9
81,320	3.2	Invesco Perpetual	0	0.0
119,533	4.8	Nikko	0	0.0
124,955	5.0	Schroder Investment Managers	0	0.0
221,637	8.8	State Street Global Advisers (SSGA)	0	0.0
863,148	34.4	Wales Pension Partnership	1,699,901	63.1
56,154	2.2	CBRE - Global Property	65,292	2.4
25,282	1.0	Blackrock - BPF - UK Property	30,711	1.1
29,357	1.2	Schroder UK Real Estate	34,922	1.3
30,784	1.2	Standard Life Property	39,249	1.5
24,982	1.0	UBS Triton Property Fund	31,433	1.2
21,737	0.9	Capital Dynamics	21,908	0.8
32,022	1.3	Harbourvest	34,499	1.3
36,910	1.5	Pantheon	46,920	1.7
2,678	0.1	Cash with custodian	5,088	0.2
36,884	1.5	Internally managed (Cash)	67,164	2.5
<b>2,510,075</b>	<b>100.0</b>	<b>Total</b>	<b>2,693,117</b>	<b>100.00</b>

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

The following investments represent more than 5% of the net assets available to pay benefits (in either 2020/21, 2021/22 or both years).

2020/21		Fund Manager	2021/22	
£000	% of net assets		£000	% of net assets
126,759	5.0	Aberdeen Emerging Markets Equity Fund	0	0.0
265,805	10.6	BlackRock Aquila Life UK Equities Indexed Fund	0	0.0
141,454	5.6	BlackRock Aquila Life US Equities Indexed Fund	0	0.0
268,675	10.7	BlackRock Low Carbon Tracker Fund	616,030	22.8
221,637	8.8	SSGA MPF Europe ex UK Equities Active Fund	0	0.0
226,063	9.0	Wales Pension Partnership - Credit Fund	216,400	8.0
0	0.0	Wales Pension Partnership - Global Growth	211,609	7.8
0	0.0	Wales Pension Partnership - Global Opportunities	530,428	19.7
252,534	10.0	Wales Pension Partnership - Government Bond Fund	243,194	9.0
154,266	6.1	Wales Pension Partnership - Multi Asset Credit Fund	150,309	5.6
230,285	9.1	Wales Pension Partnership - UK Opportunities	232,958	8.6

## 14. Financial Instruments

### 14a. Classification of financial instruments

Value at 31/03/21				Value at 31/03/22		
Fair value through profit and loss	Amortised Cost	Financial liabilities at amortised costs		Fair value through profit and loss	Amortised Cost	Financial liabilities at amortised costs
£000	£000	£000		£000	£000	£000
238,549	0	0	Equities	0	0	0
1,968,796	0	0	Pooled funds	2,315,931	0	0
166,559	0	0	Pooled property trusts	201,606	0	0
90,669	0	0	Private equity	103,327	0	0
0	0	0	Derivatives	0	0	0
0	45,502	0	Cash	0	72,253	0
0	11,276	0	Debtors	0	8,427	0
<b>2,464,573</b>	<b>56,778</b>	<b>0</b>	<b>Total financial assets</b>	<b>2,620,864</b>	<b>80,680</b>	<b>0</b>
0	0	0	Derivatives	0	0	0
0	0	(2,160)	Creditors	0	0	(1,547)
<b>0</b>	<b>0</b>	<b>(2,160)</b>	<b>Total financial liabilities</b>	<b>0</b>	<b>0</b>	<b>(1,547)</b>
<b>2,464,573</b>	<b>56,778</b>	<b>(2,160)</b>	<b>Net financial assets</b>	<b>2,620,864</b>	<b>80,680</b>	<b>(1,547)</b>

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

31/03/21		31/03/22
£000		£000
355,652	Fair value through profit and loss	150,233
<b>355,652</b>	<b>Total financial assets</b>	<b>150,233</b>
127,781	Fair value through profit and loss	0
(783)	Amortised cost	613
<b>126,998</b>	<b>Total financial liabilities</b>	<b>613</b>
<b>482,650</b>	<b>Net financial assets</b>	<b>150,846</b>

## 14c. Fair Value – Basis of Valuation

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



## 14d. Fair Value Hierarchy

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

Value at 31/03/22	Quoted market price	Using observable inputs	With significant unobservable inputs	Total
	Level 1	Level 2	Level 3	
	£000	£000	£000	£000
Financial assets at fair value	0	2,315,931	304,933	2,620,864
Amortised Cost	80,680	0	0	80,680
<b>Total financial assets</b>	<b>80,680</b>	<b>2,315,931</b>	<b>304,933</b>	<b>2,701,544</b>
Financial liabilities at fair value	0	0	0	0
Financial liabilities at amortised cost	(1,547)	0	0	(1,547)
<b>Total financial liabilities</b>	<b>(1,547)</b>	<b>0</b>	<b>0</b>	<b>(1,547)</b>
<b>Net financial assets</b>	<b>79,133</b>	<b>2,315,931</b>	<b>304,933</b>	<b>2,699,997</b>

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

### Reconciliation of fair value measurements within Level 3

2021/22	Market Value at 31/03/21	Transfers into level 3	Transfers out of level 3	Purchases	Sales	Unrealised gains/(losses)	Realised gains/(losses)	Market Value at 31/03/22
	£000	£000	£000	£000	£000	£000	£000	£000
Private equity	90,669	0	0	8,971	(24,436)	28,123	0	103,327
Pooled property unit trusts	166,559	0	0	904	0	34,143	0	201,606
<b>Total</b>	<b>257,228</b>	<b>0</b>	<b>0</b>	<b>9,875</b>	<b>(24,436)</b>	<b>62,266</b>	<b>0</b>	<b>304,933</b>

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

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

	Assessed valuation range	Value at 31/03/22	Value on increase	Value on decrease
	(%)	£000	£000	£000
Private Equity	10.8	103,327	114,486	92,168
Pooled Property Trusts	4.9	201,606	211,485	191,727
<b>Total</b>		<b>304,933</b>	<b>325,971</b>	<b>283,895</b>

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

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

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

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

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

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

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

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

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

Asset Type	Carrying Amount as at 31/03/22	Change to the net assets available to pay benefits	
		+ 100bps	- 100bps
	£000	£000	£000
Cash and cash equivalents	72,253	723	(723)
<b>Total</b>	<b>72,253</b>	<b>723</b>	<b>(723)</b>

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

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

Following analysis of historical data and consulted with independent investment advisors Pensions and Investments Research Consultants Ltd (PIRC), the fund's aggregate currency change has been calculated as 7.30%. An 7.30% strengthening/weakening of the pound against the various currencies in which the fund holds investments would increase/decrease the net assets available to pay benefits as follows:

Currency exposure – asset type	Asset Value as at 31/03/22	Change to net assets available to pay benefits	
		+ 7.30%	- 7.30%
	£000	£000	£000
Overseas pooled funds	1,473,070	107,534	(107,534)
Overseas pooled property	65,292	4,766	(4,766)
<b>Total change in assets available</b>	<b>1,538,362</b>	<b>112,300</b>	<b>(112,300)</b>

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

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

Potential price changes are determined based on the observed historical volatility of asset class returns. The potential volatilities are consistent with movement in the change in value of assets over the last three years,

applied to the period end asset mix. The total volatility shown below for total assets incorporates the impact of correlation across currencies, which dampens volatility, therefore the value on increase and value on decrease figures for the currencies will not sum to the total figure.

Asset type	Value at 31/03/22	Percentage change	Value on increase	Value on Decrease
	£000	%	£000	£000
UK Equities	232,958	18.30	275,589	190,327
Overseas Equities	2,082,973	14.90	2,393,336	1,772,610
Fixed Interest (Bonds)	0	4.90	0	0
Cash and Cash Equivalents	72,253	1.30	73,192	71,314
Private Equity	103,327	10.80	114,486	92,168
Property	201,606	4.90	211,485	191,727
<b>Total Assets</b>	<b>2,693,117</b>		<b>3,068,088</b>	<b>2,318,146</b>

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

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

The Pension Fund's bank account is held with NatWest. Surplus cash is not invested with NatWest but is placed with a selection of AAA Money Market institutions. The Fund's internally managed cash holding under its treasury management arrangements is held with the following institutions:

	Fitch Rating	31/03/21	31/03/22
		£000	£000
<b>Money market funds</b>			
Aberdeen Standard Liquidity - Sterling Fund	AAA	18,800	20,350
Blackrock ICS Sterling Liquidity Fund	AAA	18,120	22,830
Deutsche Global Liquidity - Sterling Fund	AAA	0	21,840
<b>Bank current account</b>			
NatWest	A	(40)	2,144
<b>Total</b>		<b>36,880</b>	<b>67,164</b>

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

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

## 16. Actuarial Present Value of Promised Retirement Benefits

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

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

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

31/03/2016		31/03/2019
£000		£000
2,274	Actuarial Present Value of Promised Retirement Benefits	3,168

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

## 17. Additional Voluntary Contributions (AVC)

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

2020/21		2021/22
£000		£000
303	AVC paid during the year	TBC
4,670	Market Value of separately invested AVC's	TBC

\*Information has not been received from all the Fund's AVC providers, but the Fund is expecting that this will be provided prior to completion of the audited accounts.

## *18. Contractual Commitments*

As of 31 March 2022 the Fund had outstanding private equity commitments of a maximum of £76.272 million (£38.683 million at 31 March 2021). The increase in 2021/22 is due to investment in three new funds with outstanding commitments at 31<sup>st</sup> March 2022 of £36.588 million.

## *19. Securities Lending*

At the year end the value of quoted equities on loan was £94.992 million (£37.355 million at March 2021). The increase is due to transfers within 2021/22 to WPP. For the year ending 31 March 2022, the Fund received income of £203,000 from the lending of stock (£65,000 in 2020/21).

## *20. Provisions and Contingent Liabilities*

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

Due to the uncertainty surrounding the timing of these payments and final amounts payable, a provision for £1.115 million has been included in the accounts (£1.054 million in 2020/21), which consists of £217,000 short term (£320,000 in 2020/21), £742,000 long term and £156,000 of estimated interest (£591,000 long term and £143,000 of estimated interest in 2020/21).

The Fund has no material contingent liabilities.

## *21. Related Party Transactions*

Cardiff Council is the administering authority for Cardiff & Vale of Glamorgan Pension Fund. The Pensions Committee includes members of the Council. At 31 March 2022 there were two members of the Pension Fund Committee that were active members of the Pension Fund.

Examples of related party transactions with the Council are:

- Cash invested internally by the Council (for working capital purposes) – see Note 13 Summary of manager's portfolio values
- Administration expenses charged to the Fund by the Council are shown in Note 10 Management Expenses
- Paragraph 3.9.4.2 of the Code of Practice exempts Local Authorities from the key management personnel disclosure requirements of IAS24 on the basis that requirements for officer remuneration and members' allowances is detailed in section 3.4 of the Code and can be found in the Cardiff Council Statement of Accounts.

In addition to the related parties, the Investment Panel and the Pensions Board provide advisory support to the Pensions Committee. The Pensions Board includes representatives from participating employers and employees including two officers from Cardiff Council. Four members of the Pension Fund Board are active members of the Pension Fund. One of the active members on the Pension Fund Board was also in receipt of pension fund benefits from the Cardiff and Vale of Glamorgan Pension Fund.

## 22. Contributing Employers

The active contributing employers as at 31 March 2022 are detailed below:

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

\* Employers contributing to the Fund in 2020/21 that were not contributing to the Fund in 2021/21.

\*\* Employers contributing to the Fund in 2021/22 that were not contributing to the Fund in 2020/21

## 23. Events after the Reporting Period

There are no events after the reporting period to report.

## 24. Date of Authorisation of the Accounts for Issue

This Statement of Accounts was authorised for issue on XXXX 2022 by the Corporate Director Resources. Post balance sheet events have been considered up to this date.

## ***Glossary***

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

### ***Accruals Basis***

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

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

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

### ***Actuary***

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

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

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

### ***Active Member***

Current employee who is contributing to a pension scheme.

### ***Admitted Body***

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

### ***Asset Allocation***

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

### ***Benchmark***

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

### ***Bonds***

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

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

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



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

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

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

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

### ***Creditors***

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

### ***Custodian***

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

### ***Debtors***

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

### ***Deferred Pensioner***

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

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

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

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

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

### ***Derivative***

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

### ***Emerging Markets***

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

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

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

**Equities**

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

**Fair Value**

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

**Financial Assets**

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

**Financial Instruments**

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

**Financial Liabilities**

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

**Fixed Interest Securities/Bonds**

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

**Fund Manager**

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

**Fund of Funds**

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

**Impairment**

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

**Index**

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

**ISS**

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

**Liabilities**

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

**LGPS**

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

**Materiality**

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

**Pension Fund**

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

**Pensioner**

A scheme member who received a pension from the Fund.

**Pooled Funds**

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

**Portfolio**

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

**Prior Period Adjustments**

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

**Private Equity**

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

**Provisions**

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

**Related Parties**

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

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

**Return**

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

**Scheme Employers**

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

**Scheduled Body**

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

**Unit Trust**

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

**Unrealised Gains / Losses**

The increase or decrease in the market value of investments held by the fund since the date of their purchase. Note: values throughout these accounts are presented rounded to whole numbers.

# 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
<b>Net Cost of Services</b>	72,702	15,563	88,265
Other Income and Expenditure	(72,658)	(1,019)	(73,677)
<b>Surplus or Deficit</b>	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		
<b>Closing General Fund and HRA Balance at 31 March 20x1*</b>	<b>(25,203)</b>		

\*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
<b>Cost of Services</b>	<b>168,167</b>	<b>(79,902)</b>	<b>88,265</b>
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)
<b>(Surplus) or Deficit on Provision of Services</b>			<b>14,588</b>
(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)
<b>Other Comprehensive Income and Expenditure</b>			<b>(45,142)</b>
<b>Total Comprehensive Income and Expenditure</b>			<b>(30,554)</b>

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
<b>Balance at 31 March 20X0</b>	22,118	3,129	10,065	1,600	450	37,362	1,350,567	1,387,929
<b>Movement in reserves during 20X0/X1</b>								
<b>Total Comprehensive Income and Expenditure</b>	(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)	–
<b>Increase or (decrease) in 20X0/X1</b>	<b>(148)</b>	<b>104</b>	<b>(750)</b>	<b>–</b>	<b>–</b>	<b>(794)</b>	<b>31,348</b>	<b>30,554</b>
<b>Balance at 31 March 20X1 carried forward</b>	<b>21,970</b>	<b>3,233</b>	<b>9,315</b>	<b>1,600</b>	<b>450</b>	<b>36,568</b>	<b>1,381,915</b>	<b>1,418,483</b>

\* 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'.

<b>Balance Sheet</b>	<b>Notes</b>	<b>31 March 20X1 £000</b>	
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	
<b>Long-term assets</b>		<b>1,670,478</b>	
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	
<b>Current assets</b>		<b>42,589</b>	Reconciles to the cash and cash equivalents balance in the cash flow statement
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)	
<b>Current liabilities</b>		<b>(45,227)</b>	
Provisions	24	(4,297)	Long-term liabilities ie those liabilities that are anticipated to be settled beyond 12 months
Long-term borrowing	17	(89,733)	
Other long-term liabilities	17	(155,327)	
<b>Long-term liabilities</b>		<b>(249,357)</b>	
<b>Net assets</b>		<b>1,418,483</b>	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.<sup>1</sup> 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"> <li>■ Operating</li> <li>■ Investing</li> <li>■ Financing</li> </ul>
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)	
<b>Cash and cash equivalents at the end of the reporting period (Note 19)</b>	<b>(13,767)</b>	Cash and cash equivalents figure in the balance sheet

<sup>1</sup> 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.

<b>Checklist</b>	
<b>Expenditure and Funding Analysis</b>	
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?
<b>Comprehensive Income and Expenditure Statement</b>	
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?
<b>Movement in Reserves Statement</b>	
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)



Registered office:

77 Mansell Street, London E1 8AN

T: 020 7543 5600 F: 020 7543 5700

[www.cipfa.org](http://www.cipfa.org)

The Chartered Institute of Public Finance and Accountancy.  
Registered with the Charity Commissioners of England and Wales No 231060



# Governance & Audit Committee

## Financial Update

19<sup>th</sup> July 2022



# Contents

- Backward Look – 2021/22 Outturn
- Forward Look – the updated MTFP
  - Budget Gap Update
  - Budget Strategy Considerations
  - Key Risks / Emerging Issues
- Development of our Capital Programme
- Future Work





# 2021/22 Outturn

Directorate	Directorate Position (£000)
Corporate Management	0
Economic Development:	
Economic Development	(54)
Recycling & Neighbourhood	0
Education & Lifelong Learning	476
People & Communities:	
Housing, & Communities	(762)
Performance & Partnerships	(128)
Adult Services	(121)
Children's Services	0
Planning, Transport & Environment	0
Resources:	
Governance & Legal Services	430
Resources	(95)
<b>Total Directorate Position</b>	<b>(254)</b>
Capital Financing	123
General Contingency	(3,000)
Summary Revenue Account	3,131
<b>Total Council Position</b>	<b>0</b>

→ Bottom line Directorate position



# Updated Budget Gap

Elements of 2023/24 Budget Gap	Mar 2022 £000	Updates £000	Revised £000
Employee Costs	21,375	(7,825)	13,550
Price Inflation	7,175	10,221	17,396
Capital Financing	4,803	(675)	4,128
Commitments	1,120	100	1,220
Demographic Pressures	5,523	3,328	8,851
Emerging Financial Pressures	3,500	0	3,500
REF – Indicative All Wales +3.5%	(19,065)	0	(19,065)
Earmarked Reserves	(500)	0	(500)
<b>TOTAL</b>	<b>23,931</b>	<b>5,149</b>	<b>29,080</b>

## Employee Costs

- TPS actuarial review now likely to impact in 2024/25 per LGA
- Pay assumptions updated for 9% RLW increase

## Price Inflation Updates

- Energy - CCS indicative prices increased significantly since March. Figures assume £0.75m contribution from reserve (as some fall back in prices expected 24/25). Reserve will need top-up to allow this.
- Updated RLW assumptions – now 9%
- Full year effect of price increases on large SS contracts effective in the latter part of 2022/23 (when inflation now predicted to be very high)
- School Transport – fuel, drivers etc.
- Fuel - updated assumptions based on latest info

## Capital Financing

- Earmarked Reserve created at Outturn 2022/23 - covers a £675k two year limited pressure on schools asset renewal (GF contribution)
- This position does not include any update to the Capital Programme

## Demographics

- Pupil numbers - net increase overall (primary down, sec up)
- Children's Services – increased to reflect emerging in-year pressure - total of £2.5m now included. Indications may be as much as £5.5m in year – inclusion of £2.5m assumes savings are delayed not permanently unachieved.
- School Transport



# Medium Term

Budget Gap	Medium Term Budget Gap				
	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	TOTAL £000
Employee Costs	13,550	20,615	12,595	12,630	<b>59,390</b>
Price Inflation	17,396	6,477	5,976	4,896	<b>34,745</b>
Capital Financing	4,128	2,168	2,036	3,259	<b>11,591</b>
Commitments	1,220	504	1,202	546	<b>3,472</b>
Demographic Pressures	8,851	4,711	7,968	8,197	<b>29,727</b>
Emerging Financial Pressures	3,500	3,500	3,500	3,500	<b>14,000</b>
Funding	(19,565)	(13,531)	(14,433)	(14,794)	<b>(62,323)</b>
<b>Total Budget Gap</b>	<b>29,080</b>	<b>24,444</b>	<b>18,844</b>	<b>18,234</b>	<b>90,602</b>

Outline Strategy	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	Total £000
Council Tax modelled at 3%	(4,931)	(5,079)	(5,232)	(5,388)	(20,630)
Savings	(24,149)	(19,365)	(13,612)	(12,846)	(69,972)
<b>Total</b>	<b>(29,080)</b>	<b>(24,444)</b>	<b>(18,844)</b>	<b>(18,234)</b>	<b>(90,602)</b>



# Areas for Ongoing Review: Crucial given current context

- Pay Awards - current year award not yet agreed, plus any indications for 2023/24
- RLW - Sept announcement will be critical
- Inflation - energy, food, fuel - need continuous monitoring as things can change quickly
- Capital financing - cost of borrowing and roll forward of capital programme
- In year issues - including performance of income funded areas and extent of reliance on £10m COVID budget
- NDR Revaluation - figures are purely a guesstimate until Valuation Office conclude their valuations by Dec/Jan
- Universal Free School Meals when further clarity on roll out arrangements / take-up and adequacy of funding
- School Transport issues
- Demand - especially in Children's Services given early indications of the in year position
- Funding - position includes +£19m AEF - need to be alert to any early indications this may be at risk
- Arrangements for Post-16 ALN – funding responsibility for which is due to transfer to LG next year – still a lack of clarity
- Adult Services - refresh of cost of care exercise for OP due this year for 23/24 implementation



# Risk

- Current climate is highly uncertain - further risks around energy, pay awards, and prices - particularly care costs with their link to the Real Living Wage.
- We will have certainty around one of these key variables (RLW) in Sept. They could move against us, or (at least some), may move in our favour.
- We cannot control these large scale inflationary issues (although it will be important to take proactive mitigating actions wherever possible.)
- We are likely to need the £3.5 million allowed for emerging pressures to cope with these unprecedented inflationary issues - This means there will be no flex in the gap to address further issues arising during the year
- It will therefore be crucial to avoid adding to the gap with things that are more influenceable than inflation. This will require:
  - Highly effective budgetary management in the current year
  - Achievement of in-year savings - and where they are not on track, robust, immediate plans to bring them back on course
  - Careful management of income-funded areas, early escalation of issues, and development of clear policies for 2023/24 that fully consider post-pandemic recovery as well as inflationary cost-base issues.
  - Minimising reliance on the COVID-19 budget in 2022/23 – i.e. in order that this could potentially be reduced/repurposed towards new issues
  - Development of a robust set of savings proposals for 2023/24 over the summer so that we are as prepared as possible by September.
  - A thorough handle on known issues ASAP, with consideration of remedial actions rather than a reliance on corporate funding



# Development of our Capital Programme

- Targeted risk based review of specific schemes in programme rather than full review.
- Service demand re existing schemes and inflation pressures – Manage within existing budgets for asset renewal schemes
- No schemes where deemed to be ‘Primarily for Yield’. Risk to PWLB borrowing access.
- Spend existing budgets allocated first approach, particularly for first year 2023/24, Supports slippage reduction and delivery capacity
- Grant First approach in any other new requests for funding – Social Prosperity Fund / Levelling Up / WG / Other.....
- Early Cabinet consideration of business cases likely to result in inclusion of capital schemes in programme and approve business case – per capital strategy
- Options to review and reduce existing commitments if interest rates / costs increase significantly
- Consider options to push delivery of schemes to future years, if significant impact on scheme costs, delivery capacity
- Identification of Revenue budget and MTFP implications



# Future Work

- Budget Monitoring Requirements 2022/23 – Month 4 reported in September
- Budget Strategy Work 23/24:
  - Services to immediately commence work on savings approach to enable work to take place during the summer for September review By Cabinet of options
  - Ongoing review of sensitivity to income funded areas
    - In year performance associated with Covid recovery
    - Full review of cost base in the context of inflationary pressure & development (by relevant directorates) of outline strategy to address this
  - Early consideration of consultation to allow time to adjust approach and improve engagement, particularly with younger citizens
- Early consideration and development of Capital Programme requirements



This page is intentionally left blank



**GOVERNANCE & AUDIT COMMITTEE: 19 JULY 2022**

---

**INTERNAL AUDIT ANNUAL REPORT 2021/22****REPORT OF THE AUDIT MANAGER****AGENDA ITEM: 9.1**

---

**Reason for this Report**

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

**Background**

2. The Audit Plan 2021/22 was approved by the Governance and Audit Committee on 23 March 2021, after consideration and agreement with the Council's Senior Management Team. The Plan provided the framework for audit work 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. Each year the Plan is mapped to business objectives, and key systems, whilst being informed by risk, governance, and assurance assessments.
3. During the year, the Committee has received detailed progress reports outlining the work and progress against the Audit Plan, as well as the key findings, trends and risk-based changes to planned work. The Committee has also received assurance from the Audit Manager throughout 2021/22 on ongoing organisational independence, and continued conformance with the Public Sector Internal Audit Standards (PSIAS).
4. In line with the provisions of the PSIAS (1100), organisational independence has been achieved throughout 2021/22. The Audit Manager reports administratively to the Head of Finance (Deputy Section 151 Officer) and has direct reporting access to the Chief Executive, Section 151 Officer, the Chair of the Governance and Audit Committee and all elected Members where required.
5. The Annual Report (attached at Appendix A) provides a review of the internal control environment of the Council and the Audit Manager opinion. The report details the audit work completed to support the opinion, and assurance of ongoing conformance with the

PSIAS, as reaffirmed through annual review against the CIPFA Local Government Application Note (LGAN) and the results of the Quality Assurance and Improvement Programme (QAIP).

## Issues

6. The Council has a duty to maintain an adequate and effective system of internal audit. In addition, the Council has a duty to prepare an Annual Governance Statement (AGS). Contained within the draft AGS is the annual Audit Manager opinion, as included within the Annual Report.
7. Section 2 of the Annual Report outlines in the context of the ongoing pandemic, 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 Audit Plan:
  - Contained assurance audit engagements, designed to support a full annual audit opinion on the Council's control environment. The Plan was of sufficient size to enable decisions on the timing and prioritisation of audit engagements to be made as each year progressed
  - Included audit consultancy and support in respect of the administration of Welsh Government COVID-19 funds for a range of grant and relief payment schemes. The focus has been to provide guidance on the design and implementation of effective controls in the administration these schemes to achieve compliance and control, and arrangements for the effective prevention and detection of fraud
8. The report outlines how each year, a proportion of the Audit Plan is targeted for delivery, and the target for 2021/22 was 70%. During the financial year, the Audit Plan and approach to delivery have been designed in order to target assurance on key risks and controls, and to provide an adequate body of assurance work to support a full annual opinion on the Council's control environment. This has included adding a substantial provision in the Plan for COVID-19 related audit consultancy work, setting a prioritised approach to auditing fundamental systems and corporate governance, and progressing a targeted spread of wider assurance work. All decisions in respect of the Plan have been made with appropriate attention to risk, professional standards and advisories from the Chartered Institute of Public Finance and Accountancy (CIPFA), the Chartered Institute of Internal Auditors (CIIA), the Internal Audit Standards Advisory Board and the advice of professional and peer officers.
9. Section 3 of the report contains the opinion and sets out the rationale of how the control environment has been reviewed. Throughout the year, a targeted approach was taken in the delivery of the Audit Plan to achieve, within a particularly challenging environment, an adequate breadth of assurance upon which a full audit opinion is provided within the Annual Report. The Annual Report sets out that, based on the programme of audit work undertaken to assess the framework and application of governance, risk management and control, the annual opinion for 2021/22 is 'effective with opportunity for improvement'.
10. Sections 4 and 5 summarise the work performed, provide details of audit reports issued, and the progress made against recommendations raised. During the year Internal Audit completed 71 new audit engagements to at least draft output stage, and finalised a further 23 draft outputs from the prior year. The percentage of the Audit Plan Completed (at 61%), and the number of finalised audits per FTE (at 7.4), were lower than planned. During the

year, the Team has faced reduced capacity which has affected delivery of the Audit Plan, most notably from a small number of long-term sickness cases. In the context of reduced staff resource, it is considered that an effective outcome was achieved in terms of audit delivery, coverage and focus, whereby a full annual audit opinion has been provided.

11. Through the reports issued, 429 recommendations were agreed of which 200 were implemented before the year-end. The level of recommendations implemented on time was 68%, which is below the target set. Ongoing attention is given to progress through Senior Management Team attendance and reports, regular following up progress with audit clients, and the practice of reporting all recommendations and management progress updates to the Governance and Audit Committee.
12. The QAIP is, according to the PSIAS '*designed to enable an evaluation of the internal audit activity's conformance with the Standards and an evaluation of whether internal auditors apply the Code of Ethics. The programme also assesses the efficiency and effectiveness of the internal audit activity and identifies opportunities for improvement.*' The QAIP developed for Cardiff Council's Internal Audit Team is included in a compilation of good practice CIPFA case studies '*Leading internal audit in the public sector – principles into practice, 2019*'.
13. The Annual Report outlines how, through application of the QAIP, assurance is provided of ongoing conformance with the PSIAS and application of the Code of Ethics. An element of the review was an Audit Manager assessment against the LGAN, which breaks down the requirements of the PSIAS into a detailed self-assessment of conformance. Through this review, the Audit Manager can report conformance with the PSIAS, supported by the LGAN through the operation of the Internal Audit Team and its work, upon which the annual opinion is provided.
14. The Internal Audit function remains committed to delivering the highest professional standards and the Annual Report details the methods and key performance measures. The report highlights that 92% of audit reports were delivered within four weeks. Audit client feedback continues to be positive overall with 100% satisfaction, and 90% of responses identifying that audit offered added value to managers. Sustained focus is given to maintaining and improving the diverse skills and professional qualifications of the Internal Audit Team. Auditor staff hold various qualifications appropriate to their work, including qualifications in accountancy (CIPFA/AAT) and Internal Audit (CIA/CMIIA). One member of staff has received funding to study for an Information systems audit qualification (CISA).
15. The Annual Report includes a number of appendices. These include a full account of the audit reports issued, cancelled and deferred through the year and the QAIP process applied.

### **Legal Implications**

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

### **Financial Implications**

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

## **RECOMMENDATIONS**

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

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

The following report is attached:

Appendix A - Internal Audit Annual Report 2021/22



# Internal Audit Annual Report 2021/22

---

Cardiff Council

## Mission Statement

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

FOR FURTHER INFORMATION, PLEASE CONTACT:

Chris Pyke

Audit Manager

County Hall, Atlantic Wharf

Cardiff, CF10 4UW

[CPyke@cardiff.gov.uk](mailto:CPyke@cardiff.gov.uk) Tel: 029 2087 3455

# Contents Page

<b>1</b>	<b>Introduction</b>	<b>2</b>
	Background	2
	The Annual Reporting Process	3
	Requirement for Internal Audit	3
	Independence and Objectivity	3
<b>2.</b>	<b>Context and Approach</b>	<b>4</b>
	Audit Plan 2021/22	4
	Audit Consultancy	4
	Assurance Audit Plan	5
	Developing the Audit Opinion	5
<b>3.</b>	<b>Opinion &amp; Control Environment Review</b>	<b>6</b>
	Opinion 2021/22	6
	How the control environment is reviewed	9
<b>4.</b>	<b>Summary of Work Performed</b>	<b>11</b>
	Reports to Governance and Audit Committee	14
<b>5.</b>	<b>Quality Assurance and Improvement Programme</b>	<b>15</b>
	Requirements and Assurance	15
	Performance	17
	Benchmarking	19
	Quality Assurance Review	20
	Post Audit Assessment & Customer Feedback	21
	Audit Recommendations	22
	Internal Audit Team Resources	23
	Continuing Professional Development	24
	Experience and Qualifications	25
<b>6.</b>	<b>Conclusions</b>	<b>25</b>
	Appendices	
	Appendix A - Audit Outputs Issued	27
	Appendix B - Work Areas where an Audit Output is not prepared	34
	Appendix C - Quality Assurance and improvement Programme	35

# 1. Introduction

## Background

- 1.1 The Internal Audit Team has an important role, as set out in the Public Sector Internal Audit Standards (PSIAS), and contained within its mission, to [‘To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.’](#)
- 1.2 Management are responsible for the system of internal control and for setting policies and procedures to ensure that internal controls are robust and functioning correctly, to effectively address and mitigate risks to the delivery of objectives across the organisation. Internal Audit is an assurance and consultancy function. It completes a range of work to provide an independent and objective opinion on the Council’s control environment (governance, risk management and control), and offers critical advice, guidance and insight to management.
- 1.3 The Internal Audit Team operates in accordance with the Public Sector Internal Audit Standards (PSIAS). In order to demonstrate conformance with the PSIAS, the Audit Manager maintains a Quality Assurance and Improvement Programme (QAIP). This is summarised within Section 5 of this report, through which there is a process of ongoing monitoring, periodic review, and 5-yearly external review to accord to PSIAS Standard 1300. The QAIP is designed to provide confidence to those relying on the Internal Audit Team’s work on the professional standards applied and the quality of services.
- 1.4 During the year, the Governance and Audit Committee’s terms of reference required it to oversee internal audit arrangements and delivery. Quarterly performance reports have been provided to the Committee throughout the year, and this annual report is presented to the Committee for consideration and comment.
- 1.5 Throughout the year, audit staff and clients have been operating in the context of an ongoing pandemic. This has presented challenges to staff availability; it has changed the operating environment and has introduced new risks. Section 2 of this report provides details of this operating context, and the approach to delivering a comprehensive internal audit service at a time when a need for robust assurance has remained vital.

## The Annual Reporting Process

- 1.6 This annual report gives an overview of audit performance during 2021/22, provides an opinion on the adequacy of the control environment in Cardiff Council, and reports the incidence of any significant control weaknesses.
- 1.7 The annual report includes:
- (a) The Audit Manager's opinion on the Council's control environment;
  - (b) A summary of the work that supports the opinion; and
  - (c) A statement on conformance with the PSIAS and the results of the Quality Assurance and Improvement Programme.

## Requirement for Internal Audit

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

## Independence and Objectivity (PSIAS standard 1100)

- 1.10 The Audit Manager does not manage any functions other than the Internal Audit and Investigation Teams. Organisational independence has been achieved throughout 2021/22. The Corporate Director of Resources & Section 151 Officer is the Senior Manager overseeing the Internal Audit Function. The Audit Manager reports administratively to the Head of Finance (Deputy Section 151 Officer) and has direct reporting access to the Chief Executive, the Chair of Governance and Audit Committee and all elected Members where required.
- 1.11 Internal Auditors are required to undertake audits in line with the provision of the PSIAS and in accordance with the Codes of Ethics of any professional bodies of which they are members.



The importance of independence is communicated to auditors and care is taken to ensure that all audit work is undertaken in an independent and objective manner.

1.12 The PSIAS requires any conflicts of interest or impairment to independence or objectivity to be disclosed. Each year, all members of the Internal Audit section are required to complete a Staff Declaration Statement (and update it if circumstances change during the year). This identifies any potential conflict of interest that any member of the team may have, which is considered when assigning and undertaking audits. All declarations were appropriately taken into account in allocating and conducting work. There were no impairments to independence or objectivity in 2021/22.

## 2. Context and Approach

### Audit Plan 2021/22

2.1 The Audit Plan 2021/22 was approved by the Governance and Audit Committee on 23 March 2021, after consideration and agreement with the Council's Senior Management Team. The Plan provided the framework for audit work 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. Each year the Plan is mapped to business objectives, and key systems, whilst being informed by risk, governance and assurance assessments.

2.2 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.

### Audit Consultancy

2.3 The majority of audit consultancy and support has been provided in respect of the administration of Welsh Government COVID-19 funds for a range of grant and relief payment schemes. The focus has been to provide guidance on the design and implementation of effective controls in the administration these schemes to achieve compliance and control, and arrangements for the effective prevention and detection of fraud.

2.4 As administration responsibilities are allocated to the Council for further schemes, audit will continue to be available for advice and guidance on the design and application of robust controls.

## Assurance Audit Plan

- 2.5 The Audit Plan is substantially comprised of assurance audit engagements, designed to support a full annual audit opinion on the Council's control environment. The Plan is 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 was 70%.
- 2.6 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 engagements from the Audit Plan 2021/22 and the addition of a corporate performance management audit. This action did not impact the performance target, but 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.
- 2.7 During the year, auditors completed the majority of their work while working remotely from home and only a small number of site visits were undertaken (supported by authorised risk assessments and control processes), in consideration of business requirements.

## Developing the Audit Opinion

- 2.8 During the financial year, the Audit Plan and approach to delivery has been designed in order to target assurance on key risks and controls, and to provide an adequate body of assurance work to support a full annual opinion on the Council's control environment. This has included adding a substantial provision in the Plan for COVID-19 related audit consultancy work, setting a prioritised approach to auditing fundamental systems and corporate governance, and progressing a targeted spread of wider assurance work.
- 2.9 All decisions in respect of the Plan have been made with appropriate attention to risk, professional standards and advisories from CIPFA, the CIIA, the Internal Audit Standards Advisory Board and the advice of professional and peer officers. Links to relevant documents considered during the year are contained within the table below.

Source	Guidance Links
Internal Audit Standards Advisory Board	<a href="#">IASAB Guidance - conforming with the PSIAS and developing overall opinions during the pandemic</a>
Chartered Institute of Public Finance & Accountancy	<a href="#">Head of Internal Audit Annual Opinions: Addressing the Risk of a Limitation of Scope</a>

2.10 In considering professional guidance, audit coverage and risk:

- Priority was given to substantially delivering the ‘fundamental’ and ‘corporate governance’ categories of audits. Only one fundamental system audit was not completed by the year-end (Income and Debtors); and the majority of Corporate Governance audits were delivered.
- At a directorate level, a number of service specific and a thematic audit were deferred, with the agreement of Audit Committee on 23 November 2021. The deferred audits were carefully selected in consultation with Directors, considering current assurance and the importance of each audit engagement to achieving a full annual opinion on the Council’s control environment.

2.11 Prior to the start of the financial year a new comprehensive school CRSA was developed, responded to by schools, and subject to desktop audit review. The outcomes and areas for control improvements were communicated to schools during 2021/22.

### 3. Opinion & Control Environment Review

#### Opinion 2021/22 (PSIAS standard 2450)

3.1 The Public Sector Internal Audit Standards (PSIAS) state that the ‘Chief Audit Executive must deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement.’ This must be based upon an objective assessment of the framework of governance, risk management and control. It must also include an evaluation of the adequacy and effectiveness of controls in responding to risks within the governance, operations and information systems.

3.2 This opinion has been prepared by the Audit Manager (Chief Audit Executive for the purpose of the PSIAS), based on the provisions of the PSIAS. In preparing and forming this opinion,

a number of sources of information, assurance and insight have been taken into account, including:

- Assurance Audit Engagements – The risk-based annual audit plan has been delivered through an approach to maximise assurance and added value. The audit plan is responsive to risk and informed by audit information and existing assurances, information from Senior Management, monitoring of Council activity, strategy, risks, and wider assurance sources. Following the completion of assurance audits last year of new systems established as a result of the pandemic, during 2021/22, the full senior management team was engaged in a corporate audit of directorate recovery planning, which concluded that the Council has positioned itself in a way that it can strategically respond to the challenges that it has and will face regarding recovery. In the midst of the pandemic, audits of performance management and business continuity and incident management have provided corporate assurance on governance and control arrangements. For all audits, current risks, pressures and priorities continue to inform the audit scope and testing.
- Consultancy Audit Engagements - In the context of the ongoing pandemic, the majority of audit consultancy related to the design and application of sound controls in administration of Welsh Government grant and relief payments. The team has provided insight and guidance on areas of control during process development / change, such as in policy development in respect of the Payment Card Industry Data Security Standard.
- Discussion with Senior Managers – There has been quarterly relationship manager meetings with Directors or their representatives, Audit Manager attendance at Senior Management Team meetings where assurance items has been considered, and regular meetings with the Chief Executive and Corporate Director Resources (Section 151 Officer).
- Risk & Governance Reviews – Risk Registers and Senior Management Assurance Statements which underpin the Council’s Annual Governance Statement are subject to regular audit review, and assurance audit engagements.

3.3 Based on the programme of audit work undertaken to assess the framework and application of governance, risk management and control, the annual opinion for 2021/22 is **effective with opportunity for improvement**. This opinion is based on the delivery of a sufficient Audit Plan, and with an acknowledgment of the significant pressure on resources in the context of an ongoing pandemic in both demand and budgets, which has been managed through a resilient performance culture.

- 3.4 The audit opinion comprises assessments of governance, risk management and control, and includes an evaluation of the adequacy and effectiveness of controls in responding to risks within the governance, operations and information systems.
- All planned fundamental system reviews have been completed, of which the audit of income and debtors concluded shortly after the financial year-end.
  - In accordance with an approach communicated to the Governance and Audit Committee, the majority of corporate governance audit engagements were completed during the year, supported by a spread of directorate-level assurance audit engagements.
  - The standard systems for corporate and directorate risk management have been maintained during the year, and COVID-19 specific risks have continued to be recorded, monitored and reported.
  - The Council was required to administer emergency relief and grant payments on behalf of the Welsh Government at pace. Over the year, the Council distributed a significant amount of grant and relief funding, and the Internal Audit and Investigation Teams advised management on the design of systems and counter-fraud checks in accordance with scheme requirements as part of a multidisciplinary team and participated in data matching checks through the National Fraud Initiative. Post assurance manual and data matching checks and analysis have not identified material cases of fraud or error to date in the context of the value of payments, although a number of case reviews are ongoing.
- 3.5 The control environment for core financial systems was sufficient, and the majority of audits overall (73%) were allocated an opinion of 'effective' or 'effective with opportunity for improvement'. Nineteen audits have been given an audit opinion of 'insufficient with major improvement needed' recognising the need for attention to achieve sound controls, and one audit (in respect of Cardiff West Community High School) was given an 'unsatisfactory' opinion, and has an agreed set of management actions.
- 3.6 Waste Management has been an area where a greater proportion of adverse audit opinions have been allocated in recent years. Through the audit work in this area, and engagement with management, the position is recognised to be continuing to improve. Audit assurance and support continues to target and follow up on high risk areas.

## How the control environment is reviewed

3.7 Internal Audit uses a risk-based approach to audit planning, in accordance with Section 2010 of the PSIAS. The Council's Corporate Risk Register was used to inform the annual audit plan for 2021/22, together with sources of assurance from both within and outside the Council to ensure that audit time and resources targeted the more significant areas. This risk-based approach to audit planning captures emerging risks and issues, and results in a comprehensive range of audits that are undertaken to support the overall opinion on the control environment.

3.8 For 2021/22, the audit assurance opinion definitions were used as outlined in the table when allocating an audit opinion. These assurance levels and definitions were based on those developed by the Chartered Institute of Internal Auditors (CIIA).

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

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

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

- 3.10 Audits continue to highlight system weaknesses in some areas and / or compliance issues which identify further opportunities to enhance control. The Council has over a number of years lost a considerable number of officers with experience and knowledge, resulting in process and role changes in order to absorb the impact. The pressure to change services due to constrained financial resources being available is bringing with it new challenges and risks that need to be managed.
- 3.11 The Internal Audit approach is informed by this risk, and an inherent prioritisation is given to providing assurance on core financial systems and areas of governance ahead of more localised service specific audits. The actual audits allocated are based on the application of a risk-based planning process, informed by wider sources of intelligence and assurance.
- 3.12 The audit plan in 2021/22 continued an approach to allocating resources to audit assurance themes across the Council and reviews of pre-contract assurance were completed in each directorate during the year. Some pre-contract assurance audits provided insufficient assurance, as whilst there was general evidence of good working arrangements with Commissioning and Procurement and other professional disciplines, there were gaps in the completeness of processes followed to achieve effective assurance prior to entering contracts. Common areas for attention included the need for documented and complete procurement plans, risk assessments, supplier suitability and vetting assessments, and to ensure all corporate processes were complete, such as health and safety, Welsh language and socially responsible procurement requirements. Recommendations have been raised accordingly for enhanced directorate oversight and review.

## 4. Summary of Work Performed

- 4.1 The work of Internal Audit, as defined in the PSIAS, encompasses the whole internal control system and is not limited to financial controls. It is defined as helping ‘... *an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.*’ The nature of audit services is outlined in the Audit Strategy and the Audit Charter. The Audit Plan documents the listing of planned audit engagements each year.
- The Audit Charter and the Audit Plan 2021/22 were approved by the Governance and Audit Committee on 23 March 2021, and at this time the Committee also considered the Audit Strategy.



- To further clarify the priority areas of audit focus this year, against a performance target to deliver 70% of the original Audit Plan, the Governance and Audit Committee approved the deferral of 29 Audit engagements on 23 November 2021.

4.2 A listing of the audit engagements delivered in 2021/22 is attached in **Appendix A**, whereby 71 new audit engagements were completed to at least draft output stage against a plan of 116 audits (61%), and a further 23 draft outputs from the prior year were finalised. The Audit Plan is responsive to risk and, accordingly, some audits were added, deferred and cancelled during the financial year, with the engagement of, and approval where required from, the Governance and Audit Committee. Information on audits cancelled and deferred, and those ongoing at the financial year-end are also disclosed within Appendix A.

4.3 The audits completed in 2021/22 and the assurance levels given are shown in the table below:

Status	Number of audit outputs	Opinion				
		Effective	Effective with opportunity for improvement	Insufficient (major improvement needed)	Unsatisfactory	No opinion given
Draft	31	4	21	5	0	1
Final	63	4	29	15	1	14
<b>TOTAL</b>	<b>94</b>	<b>8</b>	<b>50</b>	<b>20</b>	<b>1</b>	<b>15</b>
	71	New Audit Engagements Completed				
	23	Finalised Audit Engagements from 2020/21				

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

4.5 It should be noted that in respect of CRSA style audits, an audit opinion is not provided at the point of completion by the directorate advice. The audit opinion is provided upon once sufficient in-year testing has been completed which follows the original CRSA receipt, advice and guidance to management.

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

4.7 The table below shows the audits completed in 2021/22 analysed over the different audit areas.

Audit Area	Effective	Effective with opportunity for improvement	Insufficient (major improvement needed)	Unsatisfactory	No opinion given	TOTAL
Fundamental	4	8	1		2	15
Corporate Governance	1	15	5		3	24
Adults Services, Housing and Communities	1	3	1			5
Childrens Services		1	2			3
Economic Development		1	5			6
Education and Lifelong Learning	1	14	4	1		20
Governance and Legal		2				2
People and Communities		1			1	2
Planning, Transport and Environment		2	2			4
Resources	1	2				3
Grants / Accounts / External Bodies		1			9	10
<b>TOTALS</b>	<b>8</b>	<b>50</b>	<b>20</b>	<b>1</b>	<b>15</b>	<b>94</b>

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

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

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

### Reports to the Governance and Audit Committee

4.11 An important role of the Governance and Audit Committee in 2021/22 has been to oversee the role and performance of the Council’s Internal Audit team. In addition, Internal Audit has been required to inform the Governance and Audit Committee about the adequacy of the Council’s governance and internal control systems. The table below summarises the information the Committee has received from Internal Audit during 2021/22.

Report	Purpose
Internal Audit update reports	Regular summaries of the performance of Internal Audit, the audit work scheduled and completed, and the critical findings and trends.  This has supported the Governance and Audit Committee to discharge its role in 2021/22 in overseeing the work and performance of audit, and the adequacy of council governance, risk management and internal control
Annual Audit Plan, Charter and Strategy 2021/22 & 2022/23	Considered alongside the Audit Strategy, the Audit Plan 2021/22 and Charter were approved in the March 2021 Governance and Audit Committee meeting. Any changes or updates to the Plan were provided for comment, observation and approval where required by the Committee. The Committee considered the Strategy and approved the Annual Audit Plan 2022/23 and Charter in March 2022.

Report	Purpose
Annual Reports 2020/21	Last year's Internal Audit Annual Report was provided to Governance and Audit Committee in July 2021, providing an overview of the work undertaken by Internal Audit and the Audit Manager's opinion on the Council's control environment for 2020/21. The Counter-Fraud Annual Report 2020/21 was provided to the Governance and Audit Committee for awareness and consideration in September 2021.

## 5. Quality Assurance and Improvement Programme

### Requirements and Assurance (PSIAS Standard 1300)

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

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

Requirements		Process of Review and Conformance
EXTERNAL ASSESSMENTS	External Assessments conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organisation.	<p>The current external peer assessment was completed by the Head of Audit from Rhondda Cynon Taf and reported to Governance and Audit Committee in March 2018.</p> <p>Through the Local Authority Welsh Chief Internal Auditor Group, an arrangement has been made for the Chief Internal Auditor in Monmouthshire to undertake the next peer assessment, and the review will commence during quarter 3 2022/23. The external assessment has been arranged for independent assurance on ongoing conformance with the PSIAS.</p>

5.5 Through application of the QAIP, assurance can be provided of ongoing conformance with the PSIAS and application of the Code of Ethics. This position is supported by an annual internal review against the CIPFA Local Government Application Note in April 2022.

## Performance

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

5.7 The performance for the year is reported to the Finance Management Team by the Audit Manager and discussed with the audit team. The quarterly results for 2021/22 are in the table below:

Performance Indicator	2020/21 Outcome	Target	2021/22 Results			
			Q1	Q2	Q3	Q4
The percentage of the audit plan completed	55%	70%	13%	24%	36%	61%
The average number of audit productive days per FTE	145	150	33	64	104	147
The average number of finalised audits per FTE	8.51	9	1.6	3.4	5.7	7.4

Performance Indicator	2020/21 Outcome	Target	2021/22 Results			
			Q1	Q2	Q3	Q4
The percentage of draft audit outputs delivered within four weeks <small>*2020/21 outcome was based on delivery within six weeks</small>	97%*	90%	100%	100%	90%	92%
The percentage of audit recommendations implemented within the agreed timescale	69%	80%	69%	64%	69%	68%

- 5.8 Whilst measures of productive audit days and the timeframe for producing draft outputs were broadly in line with targets, the percentage of the Audit Plan Completed (at 61%) and the number of finalised audits per FTE (at 7.4) were lower than planned. During the year, the Team has faced reduced capacity which has affected delivery of the Audit Plan, most notably from a small number of long-term sickness cases. In the context of reduced staff resource, it is considered that an effective outcome was achieved in terms of audit delivery, coverage and focus. Information on the coverage and focus is contained on section 2 of this report 'context and approach'.
- 5.9 In respect of the percentage of audit recommendations implemented within the agreed timescale, directorate performance remains materially below the target set, and improvements are also being targeted in finalising audits on a timely basis. During the year the Audit Manager attended Senior Management Team meetings to provide relevant analysis, to discuss performance, and to emphasise the importance of continued management attention in these areas.
- 5.10 One of the strengths of the recommendation tracker process is that higher risk ('red' and 'red/amber') recommendations are not closed down without evidence of satisfactory completion and, accordingly, a proportion of recommendations are not recognised as completed until this information has been received.
- 5.11 The full recommendation tracker has been provided to the Governance and Audit Committee quarterly during 2021/22, and directors have been required to provide an account of their progress in addressing audit recommendations in their reports to Governance and Audit Committee on their respective control environments. The response to audits and recommendations will continue to be a prominent focus going forward.

## Benchmarking

5.12 The Internal Audit team is a member of the Welsh Chief Auditors and Core Cities benchmarking groups through which all exercises are participated in. The 2020/21 Welsh Local Authority benchmarking exercise was completed in time for reporting in the Internal Audit Annual Report 2020/21. The Core UK Cities exercise has subsequently been completed and the position against both benchmarking groups is presented in the table below.

5.13 Out of the twenty-two local authorities in Wales, benchmarking data was received from sixteen in 2020/21, and out of the 10 Core UK Cities benchmarking data was received from six local authorities. Benchmarking submissions did not include data against all performance indicators.

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

- Cardiff completed a substantially higher number of audit engagements than the Welsh Group average, but fewer than the Core UK Cities on average.
- The 'percentage of the Audit Plan completed' dropped in Cardiff compared to both benchmarking groups during 2020/21. The reason for this is because in Cardiff, the Plan was developed based on available resources in normal operating circumstances, and the performance target was lowered. This approach was taken as an alternative to directly reducing the number of audits in the Plan relative to the anticipated impact of the pandemic.
- The percentage of audit productive time (to available time) in Cardiff was consistent with the Core UK Cities, but remained higher than the Welsh Group average.
- Client satisfaction remains high across Welsh local authorities, and greater than the and Cardiff performance is greater than the average for Core UK Cities.
- Cardiff had a consistent staff cost per productive audit day with the Welsh Group Average, but a lower cost than the benchmarked average of Core UK Cities. The number of chargeable days were impacted by the pandemic in 2020/21.



Measures	2020/21		
	Cardiff	Welsh Chief Auditors Group Average	Core Uk Cities Average
<b>AUDIT PLAN</b>			
Number of Audits Planned	137	48	126
The percentage of the Audit Plan Completed	55%	67%	77%
<b>PRODUCTIVITY</b>			
The percentage of Audit Productive time (to available time)	75%	66%	76%
<b>CUSTOMERS</b>			
The percentage of Client Surveys Returned	62%	57%	32%
The percentage of returned Client Surveys rated "Satisfied" or better	100%	100%	91%
<b>COSTS</b>			
Staff Costs Per Productive Audit Day	£319	£317	£364

5.15 Benchmarking exercises for 2021/22 are being undertaken at the time of reporting, and once received, results will be shared with the Governance and Audit Committee for information and review.

### Quality Assurance Review

5.16 Each audit is subject to a quality assurance review by a senior member of the team to ensure the focus on key risks was retained throughout the audit engagement, that the objectives of the audit engagement have been met in full, and that the audit has been delivered in accordance with the PSIAS and the Code of Ethics. Any report with a draft assurance rating of "unsatisfactory" or "insufficient with major improvement needed", or any with a significant finding is referred to the Audit Manager. The Audit Manager will review all reports with the above draft assurance ratings, and will consult the Audit Management Team as appropriate on the audit opinion and priority recommendations for improvement.

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

## Post Audit Assessment & Customer Feedback

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

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

5.20 During the year, 33 responses were received from the questionnaires issued. The results from the questionnaires are summarised in the table below:

	Excellent	Good	Satisfactory	Poor	TOTAL
Communication	21	7	4	0	32
Auditor Advice	13	15	5	0	33
Report	9	17	6	0	32
Performance	17	11	3	0	31
TOTALS	60	50	18	0	128

5.21 It can be seen that the feedback from the audit questionnaires is positive with 100% satisfaction, which is encouraging as the nature and complexity of the assignments continues to change. The perception of the professionalism and objectivity of the Internal Audit team by audit clients continues to be high.

5.22 The questionnaires also ask Managers to indicate whether they consider that the audit process added value and 90% of respondents thought that it did. "Added value" is defined for managers as whether the audit offered ways to enhance governance, risk management and control processes, and provided relevant assurance. It can be seen that the majority of the audit clients felt that the audits undertaken were constructive and added value.

## Audit Recommendations

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

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

Risk Rating	2021/22 Recommendations			Recommendations	
	Made	Agreed	Being considered	Agreed & implemented in 2021/22	Implemented overall in 2021/22
Red	17	12	5	5	34
Red / amber	244	164	80	76	242
Amber / green	290	230	60	107	305
Green	26	23	3	12	34
TOTAL	577	429	148	200	615

5.25 Important as it is that audit recommendations are agreed by managers, change will only happen if the recommendations are implemented and so audit reports are monitored until all actions are closed. Of the 577 recommendations raised during the year, 200 had been implemented by the year-end.

5.26 The level of recommendations implemented on time (68%) requires improvement. As audit recommendations are consistently agreed, it is considered that managers welcome insight on how governance or controls can be enhanced, for which there is commonly agreement with a proposed course of action.

5.27 The recommendations database on SharePoint is regularly analysed and details of all recommendations raised (and their status) are presented to each meeting of the Governance and Audit Committee. As at the end of March 2022, a summary of the recommendations agreed and actioned is shown below:

Area	Recommendations Completed	Implemented in agreed timeframe	Percentage Implemented in agreed time
Schools	193	128	66%
Non-schools	261	179	69%
TOTAL	454	307	68%

### Internal Audit Team Resources

5.28 The Internal Audit team had 11 members of staff (9.3 FTE) during 2021/22 overseen by the Audit Manager, as shown in the table below:

Post	Number	FTE
Audit Manager	1.0	0.70 <i>(0.3 Investigations)</i>
Group Auditor	1.0	1.0
Principal Auditor	1.0	1.0
Senior Auditor	2.0	1.9
Auditor	6.0	4.4
Audit Assistant	1.0	1.0
TOTAL	12.0	9.3

5.29 Following the financial year-end, there was a small restructure within the team. A vacant auditor post at 0.6 FTE was deleted, and a senior auditor post 1 FTE was created. The additional base budget allocation was agreed by the Corporate Director Resources, in recognition of the need for a greater level of senior auditor resource to support the consultation and assurance requirements of the team.

Post	Number	FTE
Senior Auditor	3.0	2.9
Auditor	5.0	3.8
Total	8*	6.7

\* The number of post holders will be greater if vacant posts are recruited to via job share.

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

5.31 The controllable expenditure budget for the section for 2021/22 is set out in the table below:

		Budget £(000)	Actual £(000)
Employees	Employees (overall cost)	574	556
	Audit Component Inc. 0.7 FTE Audit Manager cost	439	425
	Investigations Team Component Inc. 0.3 FTE Audit Manager cost	135	131
Other	Transport	3	0
	Supplies and services	15	25
	Support Services / other contributions (Controllable)	64	67
	<b>GROSS CONTROLLABLE EXPENDITURE</b>	<b>656</b>	<b>648</b>

### Continuing Professional Development (PSIAS standard 1230)

5.32 Internal Audit staff have a personal responsibility to maintain and develop their competencies, so that they have the necessary skills and knowledge to undertake audits to a high standard. The audit plan for 2021/22 included a budget of 35 days for training, outside of the 15 days of study support provided to the CIPFA Trainee for their placement in the team during quarter one. Staff are encouraged to update their skills, such as by attendance at relevant courses provided by the South Wales Chief Internal Auditor group (albeit these were not held during the year due to the pandemic), and suitable CIPFA or CIIA courses when budget restrictions allow. Arrangements are also made for internal training, to update and refresh knowledge on various aspects of audit methodologies and Council procedures.

5.33 There is a strong collective range of skills, experience and knowledge across the team. There are two qualified Accountants, one Chartered Internal Auditor, two Certified Internal Auditors, and most other auditors are qualified Accounting Technicians. One member of the team is being funded to study for ISACA's Certified Information Systems Auditor (CISA) qualification. The development of a lead specialist in this area will benefit the team, and complement its existing skills base.

5.34 A skills exercise is undertaken annually by each auditor as a self-assessment against the CIIA Internal Audit Competency Framework, which aligns to the mandatory elements of the PSIAS, and includes a detailed assessment of a range of technical and behavioural qualities. The results informed the Personal Review process, and the year-end Audit Manager review

against the Quality Assurance and Improvement Programme (Standard 1300), from which a generally strong baseline of knowledge and skills were recognised across the audit team.

5.35 Areas of the CIIA Professional Competencies Framework where auditors score themselves comparatively lower are used to deliver targeted training. Over the year, in-house training was provided to the team on 'improvement and innovation' which followed training in the previous year on 'fraud awareness', the 'International Professional Practice Framework' and 'business acumen'.

5.36 The provisions of the Council's Personal Review process are fully supported in the section, and are an integral component of the performance management process, as outlined in the section on the QAIP and information included in Appendix C.

### Experience and qualifications

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

## 6. Conclusion

6.1 The operating environment and availability of staff and client resources has been challenging this year. However, the position has been carefully managed throughout the year, whereby the Audit Plan and approach to delivery have been designed in order to target assurance on key risks and controls, and to provide an adequate body of assurance work to support a full annual opinion on the Council's control environment. A substantial provision was included in the Plan for COVID-19 related audit consultancy work, and a prioritised approach was followed for substantial coverage audit coverage of fundamental systems and corporate governance, and a targeted spread of wider assurance work across directorates.

6.2 All decisions in respect of the Audit Plan have been made this year with appropriate attention to risk, professional standards and advisories from CIPFA, the CIIA, the Internal Audit Standards Advisory Board and the advice of professional and peer officers.

6.3 There is a need for continued attention to the response to audit reports and recommendations and performance has been reported to Senior Management Teams at regular intervals. There is continued evidence that clients value the audit service through the feedback received.

Adverse audit findings and opinions are still limited to a small number of areas, but the team will remain vigilant moving into next year in testing the design and application of the governance and controls necessary to deliver a sound control environment.

- 6.4 The outcome of the QAIP annual self-review by the Audit Manager is that the audit service is operating in conformance with the PSIAS and all associated requirements.

## 2021/22 Audit Delivery

## Audit Outputs Issued

## I. Effective / Effective with opportunity for improvement

Opinion	Audit Area	Status of output (if not final)
	Fundamental / High	
Effective	Risk Based Verification	
	NNDR in-year testing	
	Housing Rents	
	Fraud, Bribery and Corruption	
	Creditor payments in year testing	Drafts Issued
	Main Accounting	
	Income and Debtors cf	
	School Asset Management – St Illtyd's	
Effective With Opportunity For Improvement	Wellbeing of Future Generations	
	Creditor Payments - In year testing 2020-21	
	Council Tax	
	Housing Benefit / Local Housing Allowances / Council Tax Reduction Scheme	
	IT business continuity	
	Taxation	
	Directorate Risk Management	
	Programme and projects risk management	
	Special Leave	
	Treasury Management	
	Disciplinary Policy	
	Pre-Contract Assurance - Governance & Legal Services	
	Income and Debtors - PTE cf	
	City Deal 2020/21	
	Schools Organisation Programme (SOP)	
	School Asset Management – The Hollies	
	School Asset Management – Herbert Thompson	
	Purchasing Cards	
Payroll in-year testing		
Asset Management		



Opinion	Audit Area	Status of output (if not final)
	Whistleblowing Processes	Drafts Issued
	Information governance	
	Cradle to grave audit	
	Directorate Recovery Planning	
	Pre-Contract Assurance - Resources	
	Pre-Contract Assurance - Adults, Housing & Communities	
	School Health and Safety – Allensbank Primary School	
	School Health and Safety – St Mellons C/W Primary	
	School Health and Safety – Severn Primary School	
	School Health and Safety – Greenhill Primary School	
	School Health and Safety – Llanishen High School	
	Corporate Performance Management	
Medium		
Effective Opportunity For Improvement	Audit of scrutiny functions	
	Follow-up audit - contracts in Waste Management	
	Follow-up audit - St. Peter's	
	Members' allowances	
	Glamorgan Archives	
	Bilingual Cardiff	
	Libraries	
	Homelessness - Temporary Accommodation	
	Social Services - CHAD	
	Llanedeyrn Primary	
	Marlborough Primary	
	Mary Immaculate	
	British Council Grants - Follow up	
	Concessionary Travel	
	Value for money in Digital Initiatives	
	Business Continuity and Incident Management	
	Telecare	
Ysgol Bro Edern		

II. Insufficient with major improvement needed / Unsatisfactory

	Audit Area	Status of report (if not final)
Fundamental / High		
Insufficient Major Improvement Needed	Payment Card Industry	
	Cardiff Bus - governance relationship with Cardiff Council	
	Contract Monitoring and Management	
	Education - Asset Management	
	Temporary stores - Dominions Way	
	Establishment Reviews	
	Pre-Contract Assurance – Economic Development (inc Waste Management)	
	Pre-Contract Assurance - Education & Lifelong Learning	
	Cloud Computing	Drafts Issued
	Pre-Contract Assurance - Children's Services	
	Pre-Contract Assurance - Planning, Transport and Environment	
	School Asset Management – St Patricks	
Medium		
Insufficient Major Improvement Needed	Gatehouse	
	Follow-up audit - flytipping	
	Recycling in HWRCs	
	St. Cuthbert's RC Primary School	
	Joint Equipment Service	
	Payments to Care Leavers	
	Waste Collections	
	S106 Agreements	Draft Issued
Unsatisfactory	Cardiff West Community High School	

### III. COVID-19 Audit Consultancy Work

Scope	Area	Scope
<p>New system checks compliance, internal controls and counter-fraud</p>	Financial Recognition for Social Workers Scheme	<p>Supporting a multidisciplinary team with advice and guidance on design of the system through which grants were administered and paid.</p>
	Economic Resilience Fund	
	Wales culture recovery fund round 2 – freelancer support	
	<p>Cardiff Growth Fund <small>scheme dropped before launch by WG in December 2021</small></p>	
	Winter Fuel Support Scheme	
	Emergency Business Fund	
	Council Tax Payment Grant	
	Unpaid Carers Fund	
	Additional social care payment aligned to the Real Living Wage	

#### IV. Other Audits and Audits with no opinion provided

Audit Area		Nature
Grants / Accounts / External Bodies		
Joint Committees	Glamorgan Archives	Statement of Accounts Reviews / Support No opinion
	Prosiect Gwyrdd	
	Port Health	
Education Improvement Grant 2020/21		Compliance Certification No opinion
Education Improvement Grant 2019/20*		
Norwegian Church Preservation Trust 2020/21		
Norwegian Church Preservation Trust 2019/20*		
Rumourless Cities Grant		
Cardiff Further Education Trust Fund 2020/21		
No Opinion – Audit Engagements		
National Fraud Initiative		Data Matching
Service / Process Consultancy		Consultancy
PCI - Process Consultancy		
Pre-Contract Assurance - People and Communities		No recent contact awards to examine, so assurance achieved through a sample of contacts relating to Adults, Housing and Communities and Children's Services (under portfolio of Corporate Director)
Creditor payments CRSA 2021/22		CRSA
Payroll CRSA 2021/22		

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

## Status of Other Audit Reports

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

Audits ongoing at the year-end 2021/22
Safeguarding
Waste Management Enforcement
Health and Safety
Leisure Contract Governance
Shared Regulatory Services in Cardiff
Income and Debtors
School Asset Management – Albany Primary School
Cantonian
Welsh Government Covid Grants - Assurance

### VI. Audits Planned for 2021/22 which were deferred until 2022/23, or cancelled

Audit	
Directorate Risk Management	Deferred on 23 November 2021, with the agreement of the Governance and Audit Committee
Delegation and Decision Making	
Contract Variations	
Procurement	
Mileage & Subsistence	
VFM in use of Council Vehicles	
Performance Management – Thematic Audit (x8)	
Central Transport Service	
Electoral Services	
Mental Health Day Services	
Independent Living	
Residential Care	
Emergency Duty Team	
Harbour Authority	
Commercial Waste	
Cardiff Organic Waste Treatment Contract	
Health and Safety – Education & LL	
Primary School Audits (x 2)	
Catering in Opted out Schools	

Audit	
School Admissions	Not started prior to year end, and carried forward into 2022/23.
Cashless Catering in Secondary Schools	
ICF schemes (incl. Families First)	
Disposal of Land and Buildings	
International White Water	
Get me home service	
Schools VAT Assurance	
Youth Offending Service	Taxation and schools VAT assurance audits are planned in 2022/23, so audit is not considered necessary and is cancelled.
Adhoc VAT reviews	

## Work Areas where a Standard Audit Output is not prepared

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

Work Area	Brief Details of Audit Involvement
Efficiency / Change and other project or process consultancy	Work providing advice and guidance to a number of programmes, projects or initiatives. Senior Members of the Audit Team attend meetings and working groups to input to risk assessments and system developments, especially where financial processes are involved. This year significant work has been completed, providing advice and guidance on the design of processes to administer a range of Welsh Government COVID grant and relief payments, and in undertaking post-award counter-fraud assurance checks.
Procurement and Spend	Auditors are engaged on procurement matters, attending working groups and providing input on risk management and controls. Also, data gathering and challenging spend.
Grants / Account Certification	Independent certification of grant claims and accounts.
Ad hoc Requests	Enquiries and assignments.
Schools - General	There is ongoing and regular engagement, and support for schools. Prior to the start of the financial year a new comprehensive school CRSA was developed, responded to by schools, and subject to desktop audit review. The outcomes and areas for control improvements were communicated to schools during 2021/22. A senior member of the audit team attends and contributes to 'schools causing concern' meetings.
Directorates - general	Advice, guidance and training is provided to directorates on topics such as procurement systems and rules, DigiGOV and imprest accounts. Officers can also be active members of service review groups, implementation boards, etc.
Rules and Regulations	Advice and guidance and sharing of best practice in many areas. General work around governance.
External Clients	Audit of clients' risks, systems and procedures (as per Terms of Reference). Audit of Accounts. Provision of advice due to knowledge on risk management and controls.
Imprest (Petty Cash) Accounts	Advice, guidance, training and assisting in the reconciliation process.
Governance and Audit Committee	Advice, reporting and support – including induction training, work planning.

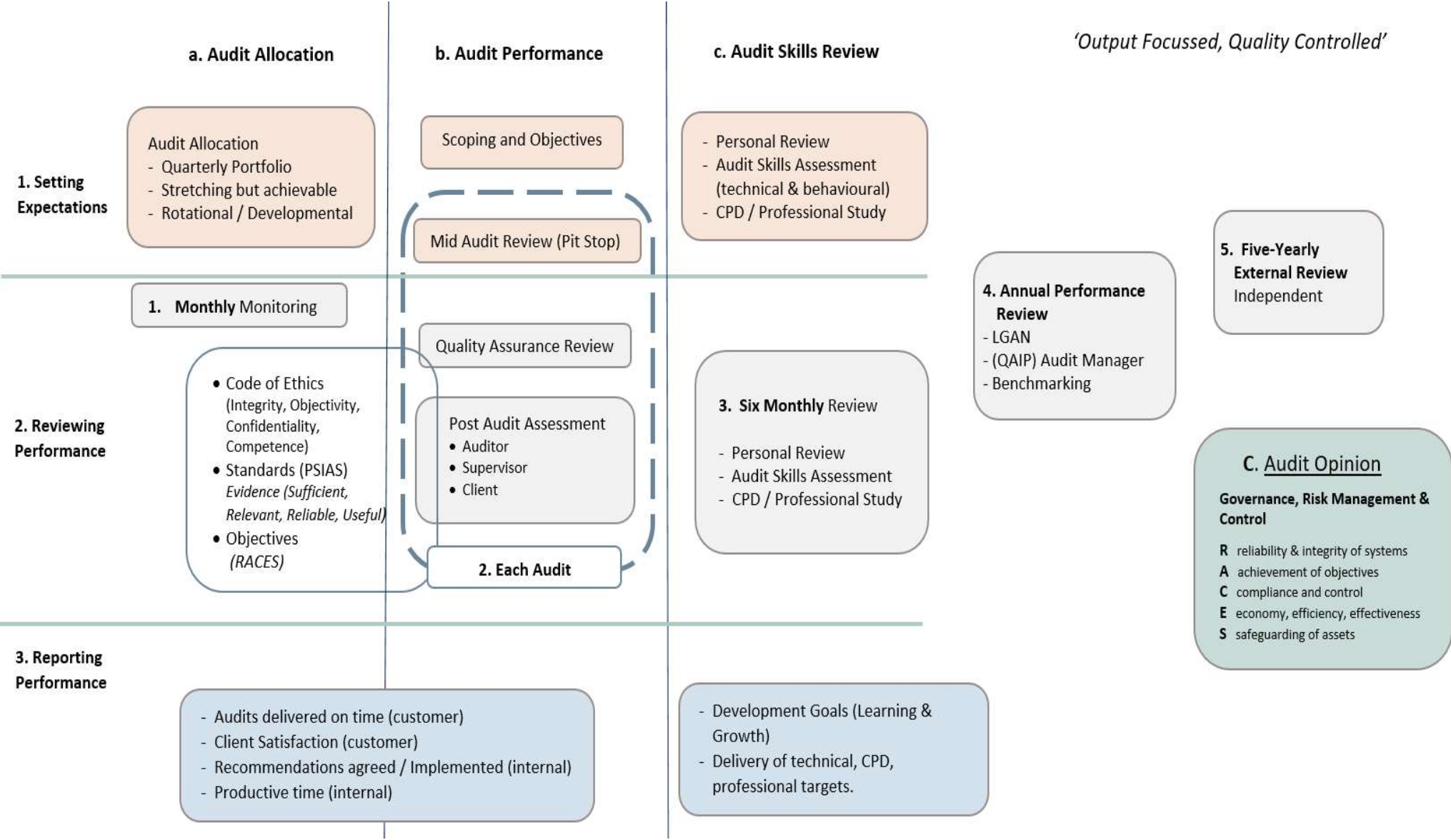
## Quality Assurance and Improvement Programme – Operational Approach

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

<p>1. Setting Expectations - With clear expectations in place, auditors can focus on delivery.</p> <ul style="list-style-type: none"> <li>✓ 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.</li> <li>✓ Scoping and Objectives – Each auditor has clear and documented objectives for each audit engagement, that they are responsible for delivering.</li> <li>✓ 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.</li> <li>✓ 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.</li> </ul>
<p>2. Reviewing Performance - Expectations are revisited in quality assurance and control reviews.</p> <ul style="list-style-type: none"> <li>✓ Monitoring - Each auditor attends a monthly monitoring meeting, through which the delivery of their 'Audit Allocation' is reviewed, issues are identified and addressed.</li> <li>✓ 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'.</li> <li>✓ 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.</li> <li>✓ 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.</li> </ul>
<p>3. Reporting Performance - A range of performance measures are used for reporting and review.</p> <ul style="list-style-type: none"> <li>○ Core performance measures relate to the audits delivered on time, client satisfaction, recommendations agreed / implemented, productivity and the delivery of personal objectives.</li> <li>○ 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.</li> <li>○ 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.</li> </ul>



# Quality Assurance and Improvement Programme – Operational Approach (Diagram)



This page is intentionally left blank

**GOVERNANCE & AUDIT COMMITTEE: 19 July 2022**

---

**INTERNAL AUDIT & INVESTIGATION TEAM - PROGRESS REPORT****REPORT OF THE AUDIT MANAGER****AGENDA ITEM: 9.2**

---

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

**Reason for this Report**

1. The Terms of Reference of the Governance and Audit Committee requires that Members:
  - Consider reports from the Audit Manager on Internal Audit's performance during the year.
  - Review the assessment of fraud risks and potential harm to the council from fraud and corruption.
  - Monitor the Counter-fraud strategy, actions and resources.
2. A progress report has been prepared to provide the Governance and Audit Committee with an update on the work and performance of the Internal Audit and Investigation Teams. This progress report covers the period from 1 March - 30 June 2022, and follows the updates provided in the last Committee meeting held on 15 March 2022.

**Background**

3. The Governance and Audit Committee approved the Audit Charter and the risk-based Audit Plan 2022/23 on 15 March 2022 at which time the planned activity of the Investigation Team was also provided for consideration.
4. The Internal Audit Progress Report (**Annex 1**) sets out performance in relation to the Internal Audit Plan. It summarises the work performed, the priority recommendations raised, the critical findings, emerging trends, and relevant value for money findings across the Council for the assurance of the Governance and Audit Committee. It is positive to report that no 'unsatisfactory' audit opinions have been provided over the reporting period.
5. The Investigation Team Progress Reports (**Annex 2**) focuses on proactive and reactive fraud awareness, detection and investigation activities, including participation in initiatives, such as National Fraud Initiative (NFI) data matching exercises.
6. As part of progress updates, there is an opportunity to consider emerging risks, issues and sources of assurance, and to potentially refocus priorities. Prior to presenting to Committee, progress reports are discussed with the Corporate Director Resources.

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

## Issues

### **Conclusion of 2021/22**

8. The appended progress reports contain sections in respect of the financial year 2021/22, which set out the work undertaken, the findings and outcomes of the Audit and Investigation Teams as at the financial year-end. A full account of the activities of the Internal Audit Team for the year is provided separately within the draft Internal Audit Annual Report 2021/22, for consideration by the Committee in agenda item 9.1. The draft Counter-Fraud Annual Report 2021/22 is scheduled for reporting to the Governance and Audit Committee in the September 2021 meeting, and will provide a full account of the activity of the Investigation Team during the year.
9. The pertinent year-end information in Annex 1 relating to Internal Audit activity, comprises the final position against the Audit Plan 2021/22 and the critical findings and emerging trends in March 2022. For the year overall there were 71 new audit engagements completed to at least draft output stage against an original plan of 116 audits (61%), and a further 23 draft outputs from the prior year were finalised.
10. In March 2022, four audit outputs were issued with draft audit opinions of 'insufficient with major improvement needed'. The details of these audit and the pertinent findings are outlined in detail within Annex 1, section 2.2 'Critical Findings or Emerging Trends (March 2022)'.
11. The Investigation Team Progress Report in Annex 2 contains the year-end position for 2021/22 in respect of the counter-fraud activity and impact. During 2021/22, in addition to COVID-19 related grants work, Four hundred and sixty-nine business as usual cases were identified for investigation, and four hundred and eighty-nine cases were concluded. With regards to the impact:
  - Seventy-three Blue Badge investigations concluded and forty-four offenders received a criminal sanction.
  - One hundred and fifty-three Council Tax Liability investigations concluded and identified £72,498 of under charged liability, to be recovered.
  - Eighty-six Council Tax Reduction investigations concluded resulting in overpayments of £9,726 being identified for recovery.
  - Sixty employee investigations concluded, resulting in 8 cases of management action, 2 written warnings, 2 resignations and 4 dismissals.
  - Thirty-five Insurance claims were amended or withdrawn, saving £750,332.
  - Thirteen tenancy investigations were completed, through which nothing untoward was found.
  - Sixty-nine 'other' cases concluded, of which sixty-four were in respect of Creditor / VAT data matching. The other five cases related to allegations of false invoices, breach of planning, grant and contract fraud. In total £24,880 was identified for recovery, which related to one grant and one instance of overpaid VAT.

## **Delivery 2022/23 (to date)**

### **a) Audit**

12. Annex 1 provides details of an external peer assessment, which is scheduled to commence during quarter three 2022/23, for external assurance of ongoing internal audit conformance with the PSIAS. This information is contained within section 1.4 'External Peer Assessment' together with details of the current assurance arrangements in place.
13. The report outlines how during quarter one the priorities and approach of the audit team were to deliver a combination of management support through consultation and engagement in high-risk areas, and to commence the delivery of assurance engagements from the Audit Plan.
14. At a time when the majority of audit work against the Audit Plan for 2021/22 has been concluded, a number of assurance audit engagements have commenced from the Audit Plan 2022/23. This work continues to be undertaken predominantly on a desktop basis, although site visits are taking place for establishment audits, and where there is a need to observe the operation of physical controls or operating practices. The Internal Audit Team has also continued to be available and to provide advice and guidance on the design and implementation of effective controls in the administration of Welsh Government grant schemes, to achieve compliance and control, and arrangements for the effective prevention and detection of fraud. Further details are provided within section 2.4. 'Current Activities'.
15. Section 2.5 'Resources', outlines the small restructure within the team during quarter one, whereby a vacant auditor post at 0.6 FTE was deleted, and a senior auditor post 1 FTE was created. The additional base budget allocation was agreed by the Corporate Director Resources, in recognition of the need for a greater level of senior auditor resource to support the consultation and assurance requirements of the team. A recruitment exercise is underway for the two available posts at the time of reporting with an advert closing date of 15 July 2022. The above vacant posts have had an impact on the available staff resource during quarter one, which has impacted on the progression of the audit plan. In the event that the recruitment exercise is unsuccessful, temporary staffing arrangements will be explored until the posts can be filled on a permanent basis. It is also not uncommon for performance to be lower in quarter one, as a new portfolio of audit engagements are worked on, some of which are well progressed but have not been concluded at the quarter end.
16. Section 2.6 'Annual Plan' provides details of the position against the audits targeted for delivery at the end of 2021/22 which were carried forward to the current Audit Plan, and information is provided on the arrangement for the independent oversight of the audit of Welsh Government Covid Grants – Assurance. It is reported that arrangements will be made for the audit to be overseen by an Operational Manager within Accountancy, with no involvement in the audit review from the Audit Manager, who has advised on the design and operation of controls in the administration of these grants.
17. In quarter one 2022/23, it is positive to report that all audit opinions provided were either 'effective' or 'effective with opportunity for improvement'. Within Annex 1, section 2.7 'Critical Findings or Emerging Trends (Q1 2022/23)', details are given on the findings of three audit engagements, one of which is the conclusion of the final fundamental system audit from the prior year, and the other two audit areas have been considered in some detail in recent Committee discussions and enquiries.

18. Proposed performance indicators are set to be realistic and stretching for the financial year within the ongoing environment, as detailed within section 3.2 'Performance'. Audits will be allocated on a basis that provides the greatest assurance and value, and mitigates any impairment to the annual opinion of the Audit Manager on the Council's control environment for 2022/23.
19. **Appendix A** shows a list of audits and their reporting status in the current year, as at 30 June 2022, in which fourteen new audit engagements have been completed to at least draft output stage. Outputs have been issued with an opinion of effective or effective with opportunity for improvement in all the audit opinions provided in 2022/23, as at 30 June 2022. The current position for the full Audit Plan is shown in **Appendix B**.

#### a) Investigations

20. Annex 2 outlines the activities of the Investigation Team in quarter one. For the year as a whole there are four hundred and forty-three chargeable days available based on current resources, indicatively split between strategic (80 days) and operational activities (363 days).
21. Excluding the one-off business grants work, and Insurance data, which is not currently available, in respect of all other quarter one casework:
- Fifty-six cases were identified for investigation so far this year, compared to one hundred and eight for the same period last year.
  - One hundred and seven investigations are ongoing, compared to one hundred and nineteen for the same period last year.
  - Thirty-seven investigations have concluded, compared to fifty-six over the same period last year.
  - £24,511 has been attributed concluded investigations, compared to £38,701 for the same period last year.
22. In addition to identifying and progressing investigation cases, the team has continued to provide counter-fraud advice, guidance, training and support across the Council.
23. The summary report in Annex 2 provides further details in respect of the above.

#### **Audit Recommendations**

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

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

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

- Internal Audit and Investigation Team Progress Reports.

## **CHRIS PYKE AUDIT MANAGER**

The following are attached:

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

- Appendix A** Report Status as at 30 June 2022
- Appendix B** Audit Plan
- Appendix C** Recommendations Summary
- Appendix D** Red & red / amber open recommendations
- Appendix E** Red & red / amber recommendations completed since last Committee

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

This page is intentionally left blank





# Resources Directorate Internal Audit Section



## Internal Audit Progress Report (as at 19 July 2022)

<b>INTRODUCTION</b>	<b>2</b>
Background	2
Independence and Objectivity	2
Continuing Professional Development	2
External Peer Assessment	3
<b>SUMMARY OF WORK PERFORMED</b>	<b>3</b>
Conclusion of 2021/22	
Audit Plan	4
Critical Findings or Emerging Trends ( <i>March 2022</i> )	5
Value for Money Findings ( <i>March 2022</i> )	7
Work Programme 2022/23	
Current Activities	8
Resources	11
Annual Plan	11
Critical Findings or Emerging Trends ( <i>Q1 2022/23</i> )	13
Value for Money Findings ( <i>Q1 2022/23</i> )	15
<b>AUDIT PERFORMANCE AND ADDED VALUE</b>	<b>15</b>
Added Value	15
Performance	16
Audit Plan Delivery	17
Recommendations	18
<b>CONCLUSION</b>	<b>19</b>
<b>Appendix A</b>	Report Status as at 30 June 2022
<b>Appendix B</b>	Audit Plan
<b>Appendix C</b>	Recommendations Summary
<b>Appendix D</b>	Red & red / amber open recommendations
<b>Appendix E</b>	Red & red / amber recommendations completed since last Committee

Prepared by: Chris Pyke, Audit Manager

# INTERNAL AUDIT PROGRESS REPORT

## 1. INTRODUCTION

### 1.1 Background

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

This progress report covers the period from 1 March – 30 June 2022, and follows the updates provided in the last Committee meeting held on 15 March 2022. This report is structured to provide a summary account of audit activities and outcomes in March 2022 to conclude reporting on 2021/22, followed by an outline of the audit activities and progress made against the Audit Plan 2022/23.

The Audit Plan 2021/22 was approved by the Governance and Audit Committee on 23 March 2021, and the Audit Plan for 2022/23 was approved by Committee on 15 March 2022. The Internal Audit Plan provides the framework for audit work each year and is aligned to the Council's corporate governance arrangements, whilst also being responsive to any changes to the risks faced by the Council during the year.

### 1.2 Independence and objectivity

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

### 1.3 Continuing Professional Development

Auditors have completed their year-end personal reviews and formalised their objectives for 2022/23. Prior to discussing performance, auditors updated their skills assessment in application of the IIA Professional Competencies Framework.

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

#### 1.4 External Peer Assessment

On an annual basis the Audit Manager completes an internal review against the CIPFA Local Government Application Note, which breaks down the conformance requirements of the Public Sector Internal Audit Standards (PSIAS). Through this review, and the quality assurance and improvement programme that is in place, ongoing conformance with the PSIAS is reported to the Governance and Audit Committee as part of the Internal Audit Annual Report. This is in addition to the ongoing assurance arrangements in place to achieve and report ongoing assurance in progress report to the Committee.

In addition to internal reviews, the PSIAS requires that external assessments are conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organisation. The latest external peer assessment was completed by the Head of Audit from Rhondda Cynon Taf and reported to the Governance and Audit Committee in March 2018.

Through the Local Authority Welsh Chief Internal Auditor Group, an arrangement has been made for the Chief Internal Auditor in Monmouthshire to undertake the next peer assessment, and the review will commence during quarter 3 2022/23. This approach has been discussed with the Chair of the Governance and Audit Committee. Following the external assessment, a report will be prepared and presented to the Committee for independent assurance for ongoing external assurance on conformance with the PSIAS.

## 2. SUMMARY OF WORK PERFORMED

The following audit summary is separated into two sections. The first section covers the conclusion of the Audit Plan 2021/22, followed by a second section which covers the work programme for 2022/23, and the associated activities, resources, findings, and measures of performance in quarter one 2022/23. It is positive to report that no 'unsatisfactory' audit opinions have been provided over the reporting period.

## Conclusion of 2021/22

### 2.1 Audit Plan 2021/22

In March 2021/22, twenty-four audit engagements were completed to at least draft report stage and a further audit relating to the prior year was finalised. Details are provided below.

**Figure 1.** March 2022 audit outputs and opinions

No.	Assurance Audit Engagement	Audit Opinion
1.	St Illtyd's – School Asset Management	Effective
2.	Purchasing and Payments - in year testing	
3.	NNDR in-year testing	
4.	The Hollies – School Asset Management	Effective with opportunity for improvement
5.	Herbert Thompson – School Asset Management	
6.	Asset Management	
7.	Information governance	
8.	Directorate Recovery Plans	
9.	Pre-Contract Assurance	
10.	Value for money in Digital Initiatives	
11.	Business Continuity and Incident Management	
12.	Telecare	
13.	Ysgol Bro Edern	
14.	Allensbank - School Health and Safety	
15.	St Mellons - School Health and Safety	
16.	Severn - School Health and Safety	
17.	Greenhill - School Health and Safety	
18.	Llanishen - School Health and Safety	
19.	Llanedeyrn Primary	Insufficient with major improvement needed
20.	St Patricks – School Asset Management	
21.	Cloud Computing	
22.	Pre-Contract Assurance - Children's Services	
23.	S106 Agreements	
Audit Work with 'No Opinion'		
24.	PCI - Process Consultancy	Guidance
<i>Concluded Reports from the prior year</i>		
25.	Temporary stores - Dominions Way	Insufficient with major improvement needed

The final position in respect of the Audit Plan 2021/22 and wider information and measures of the performance of the audit team are included in detail within the Internal Audit Annual Report 2021/22.

The summarised position is shown in the table below, whereby 71 new audit engagements were completed to at least draft output stage against a plan of 116 audits (61%), and a further 23 draft outputs from the prior year were finalised. The Audit Plan is responsive to risk and, accordingly, some audits were added, deferred, and cancelled during the financial year, with the engagement of, and approval where required from, the Governance and Audit Committee. The audits completed in 2021/22 and the assurance levels given are shown in the table below:

**Figure 2.** Audit outputs and opinions (2021/22)

Status	Number of audit outputs	Opinion				
		Effective	Effective with opportunity for improvement	Insufficient with major improvement needed	Unsatisfactory	No opinion given
Draft	31	4	21	5	0	1
Final	63	4	29	15	1	14
<b>TOTAL</b>	<b>94</b>	<b>8</b>	<b>50</b>	<b>20</b>	<b>1</b>	<b>15</b>
	71	New Audit Engagements Completed				
	23	Finalised Audit Engagements from 2020/21				

Within the Internal Audit Annual Report 2021/22, an Audit Manager opinion of ‘Effective with opportunity for improvement’ has been provided on the Council’s control environment. Recognising that the Internal Audit Annual Report 2021/22 provides the substantive and detailed position in respect of the activities, performance, and opinions of Internal Audit for the last financial year, this section of the Progress Report is limited to providing details of the critical findings or emerging trends, and value for money findings for March 2022. It follows the last progress report update to Committee on 15 March 2022.

## 2.2 Critical Findings or Emerging Trends (March 2022)

In March 2022, four audit outputs were issued with draft audit opinions of ‘insufficient with major improvement’ audit assurance. One of these audits has subsequently been finalised with the course of action agreed with management. The remaining three audit are at a draft status,

for which the findings will be discussed with management, and once the audits are finalised, the final opinions and recommendations will be reported to Governance and Audit Committee. Details in respect of all four audits are provided below.

An audit of the processes and procedures in place relating to the 'Section 106 (S106) Agreements' (planning obligations), representing private agreements with developers attached to planning permissions, provided an audit opinion of insufficient with major improvement needed. The Planning department were responsible for S106 administration, supported by Accountancy, who tracked developer contributions received from the financial ledger. The audit found that both teams held separate databases for their respective roles, and some inconsistencies were noted. It was also noted that whilst triggers were in place to remind officers of developer obligations to be received at scheduled trigger points, these were not routinely monitored and proactively followed up to alleviate the risk of payment delays. As a result of the audit, management have committed to developing a work instruction for monitoring and recovery, to ensuring databases are regularly reconciled, and to holding a central control record with access to all relevant officers. Steps have also been agreed to align the S106 database with development activity monitoring in Planning, to be more alert to the current status of developments against the information/notifications, particularly with regard to progress on larger developments that contain multiple S106 trigger points.

As part of a thematic study, an audit of asset management processes and procedures in 'St. Patrick's RC Primary School' provided an audit opinion of insufficient with major improvement needed. The school had certain arrangements and controls in place, such as suitable insurance, use of a loan agreement for IT equipment issued to pupils during lockdown, and use of the Council's IT section for IT equipment disposals. However, a number of records were not available during the audit, and asset registers were not held for IT and non-IT assets. Accordingly, it has been recommended that asset registers are developed, regularly updated, and subject to verification / checks to assets held at least annually, with any discrepancies investigated.

An audit of the processes and procedures in place relating to 'Cloud Computing' provided an audit opinion of insufficient with major improvement needed. The audit recognised the robust approach for assessing the impacts of cloud deployments via the Cloud Impact Assessment (CIA) which is closely aligned with the National Cyber Security Centre (NCSC) Cloud Security

Principles. However, gaps were identified in how services manage risks associated with cloud-based services. The sample tested during this audit contained instances where it was unclear whether all actions arising from the CIA had been implemented or risks accepted, for which processes and oversight should be enhanced. Actions have been proposed relating to conducting discovery activity, to identify cloud services that may not have been subject to sufficient security assessment, and for the CIA assessment to be repeated over the duration of the contract in view of potential changes to cloud service providers operations and the evolving cyber threat landscape.

An audit of 'Pre-Contract Assurance in Children's Services' provided an audit opinion of insufficient with major improvement needed as, whilst it is acknowledged that Children's Services has faced unprecedented pressure for service provision during the pandemic, there has been widespread off contract expenditure. Arrangements are being made to review the sample of cases and reasons for the off contract expenditure with management, and for assurance on the robustness of planning and control arrangements.

### 2.3 Value for Money findings (March 2022)

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

One targeted value for money themed audit was undertaken within the reporting period and a draft report has been issued and is being considered by management. This audit of 'value for money in digital initiatives', reviewed two projects in detail, namely Cardiff APP and SharePoint, and considered the governance and control systems in place to support the achievement of value for money. An assurance rating of 'effective with opportunity for improvement' was assigned and the pertinent draft findings are detailed below.

The value of each corporate project sampled was recognised in terms of the scope to progress the digital strategy and agenda, to deliver efficiencies, and to modernise and improve service

delivery/ways of working. The SharePoint project also targeted the delivery of data protection responsibilities, and mitigation of risks associated with data and records management.

With largescale IT projects and initiatives, it is inherently difficult to project full implementation costs and cashable benefits. Robust due diligence and prudence in financial projections within business cases is essential, and these principles were demonstrated less effectively in the SharePoint project, which was initiated in 2014, and faced particular governance and performance issues. It is proposed that the Digital Board receive a review of the SharePoint project to ensure all relevant lessons are learned.

It is proposed that a suite of defined documents systematically accompany Business Cases, as equality impact assessments were not present for the projects sampled. The Digital Board receives information to monitor projects against relevant measures (performance measures, milestones, cashable benefits, costs etc.), and it should reflect upon the level of assurance it requires, and the means through which it is achieved. It may for instance wish to make greater use of subgroups, and to assign targeted work and reviews to professional disciplines at key stages, such as during business case development, delivery, and post implementation.

## **Work Programme – 2022/23**

### **2.4 Current Activities**

During quarter one 2022/23, the priorities and approach of the audit team were to deliver a combination of management support through consultation and engagement in high-risk areas, and to commence the delivery of assurance engagements from the Audit Plan.

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

At a time when the majority of audit work against the Audit Plan for 2021/22 has been concluded, a number of assurance audit engagements have commenced from the Audit Plan 2022/23. This work continues to be undertaken predominantly on a desktop basis, although



site visits are taking place for establishment audits, and where there is a need to observe the operation of physical controls or operating practices.

The table below shows a list of audits and their reporting status in the current year until 30 June 2022, whereby 14 new audit engagements were completed to at least draft output stage and 7 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 3.** Audit outputs and opinions (at 30 June 2022)

Status	Number of completed audits	Opinion				
		Effective	Effective with opportunity for improvement	Insufficient with major improvement needed	Unsatisfactory	No opinion given
Draft	10	4	6	0	0	0
Final	11	1	6	0	0	4
TOTAL	21	5	12	0	0	4
	14	New Audit Engagements completed				
	7	Finalised Audit Engagements from 2021/22				

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

**Figure 4.** 2022/23 Audit outputs and opinions (at 30 June 2022)

No.	Assurance Audit Engagement	Audit Opinion
1.	Welsh Government Covid Grants - Assurance (2021/22)*	Effective
2.	Get me home service	
3.	ICF schemes (incl. Families First)	
4.	School Asset Management - Thematic (Albany)	
5.	Income and Debtors	Effective with opportunity for improvement
6.	Health and safety	
7.	Leisure Contract Governance	
8.	Shared Regulatory Services in Cardiff	
9.	Cantonian	
10.	Schools with Surplus Balances - Thematic	

No.	Assurance Audit Engagement	Audit Opinion
Audit Work with 'No Opinion'		
11.	Joint Committees - Prosiect Gwyrdd	Consultancy, certification, advice and guidance
12.	Joint Committees - Port Health Authority	
13.	Joint Committees - Glamorgan Archives	
14.	Service / Process Consultancy	
Concluded Audits from the Prior Year		
15.	Purchasing and Payments - in year testing	Effective
16.	Cradle to grave audit	Effective with opportunity for improvement
17.	Telecare	
18.	Information Governance	
19.	Business Continuity and Incident Management	
20.	Performance management	
21.	Purchasing cards	

\*Arrangements were made for the audit of 'Welsh Government Covid Grants – Assurance' to be overseen by another Operational Manager within Accountancy, and to remove any involvement in the audit review from the Audit Manager, who has advised on the design and operation of controls in the administration of these grants.

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

**Figure 5.** Completed audits without an assurance opinion (at 30 June 2022)

Audit	Comments
Joint Committees - Prosiect Gwyrdd	Work to support completion of Statement of Accounts, 2021/22
Joint Committees - Port Health Authority	
Joint Committees - Glamorgan Archives	
Service and Process Consultancy – Welsh Government COVID-19 Grants	Compliance, control, and counter-fraud guidance

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

## 2.5 Resources

There has been a small restructure within the team during quarter one, whereby a vacant auditor post at 0.6 FTE was deleted, and a senior auditor post 1 FTE was created. The additional base budget allocation was agreed by the Corporate Director Resources, in recognition of the need for a greater level of senior auditor resource to support the consultation and assurance requirements of the team.

An internal candidate (senior auditor) was recruited to a vacant principal auditor post at the beginning of quarter one, and we wish them well in their new role. This has left one vacant senior auditor, and one newly created senior auditor post to recruit to. A recruitment exercise is underway for the two available posts at the time of reporting with an advert closing date of 15 July 2022. These important posts have been widely advertised, in order to attract suitable candidates. In the event that the recruitment exercise is unsuccessful, temporary staffing arrangements will be explored until the posts can be filled on a permanent basis. The vacant posts have had an impact on the available staff resource during quarter one, which has impacted on the progression of the audit plan. There have been some instances of short-term sickness, although the impact of this on staff resources has been relatively minor.

As all operational auditors and the audit assistant record all actual time worked, there is useful management information available for planning, monitoring, and reporting purposes. For performance monitoring purposes, the deleted auditor post has been removed as a resource, and it is assumed that both vacant senior auditor posts will be filled for half of the year. Timesheet data contained 323 chargeable days in quarter one, against a pro-rata plan of 359 days (the pro rata days are calculated as an even quarterly average of available days for the year as a whole). The team has been operating at a chargeable capacity of circa 90% of planned, primarily attributed to the vacant senior auditor posts.

Time is available for audit development purposes, and one Auditor has funding in place to study the Certified Information Systems Auditor (CISA) Qualification with ISACA.

## 2.6 Annual plan

The Committee approved the Audit Plan 2022/23 in its meeting in March 2022. At this time, it was advised of the position against the Audit Plan 2021/22 including the audit targets for the

remainder of the quarter. Details were also provided on how assurance would be achieved for planned audit engagements that would not be completed from the Audit Plan 2021/22.

In March 2022, it was reported to the Governance and Audit Committee that twenty-eight audits (two of a thematic nature) were underway, at various stages of progression. It was reported that any of these audits which were not delivered by the end of March 2022 would be completed in the financial year 2022/23. Twelve audits were still being worked on at the financial year end, of which ten draft reports have now been issued. Fieldwork is concluding on the remaining two audits. The position against these audits, is as follows:

**Figure 6.** Position against ongoing audits not concluded at 2021/22 year-end (at 30 June 2022)

Audit	Status (30.06.22)
Leisure Contract Governance	Audit Fieldwork completed and draft audit output issued during quarter one 2022/23.
Shared Regulatory Services in Cardiff	
Income and Debtors	
Schools with Surplus Balances - Thematic	
Health and Safety	
ICF schemes (incl. Families First)	
Get Me Home Service	
Welsh Government Grants - Assurance	
School Asset Management - Thematic (Albany)	
Cantonian	
Safeguarding	Fieldwork concluding as at the end of quarter one 2022/23.
Waste Management Enforcement	

The Audit Plan 2022/23 is contained within Appendix B. Whilst set on an annual basis, the Audit Plan is adaptable and responsive and will be subject to ongoing risk assessment, prioritisation, and review throughout the year to maximise assurance and management support. In-year changes may be introduced where appropriate, to respond to emerging risks and issues as the year progresses. For the information of the Committee:

- All audits that were at draft status at the end of 2022/23 are highlighted in 'grey' in order to enable the finalisation of these audits to be tracked, whilst providing a visible separation from the audit engagements contained within the Audit Plan 2022/23.

- The Audit Plan 2021/22 contains a further audit of ‘Welsh Government Covid Grants – Assurance’. Arrangements will be made for the audit to be overseen by an Operational Manager within Accountancy, with no involvement in the audit review from the Audit Manager, who has advised on the design and operation of controls in the administration of these grants.

Delivery of the Audit Plan 2022/23 is proportionately lower than targeted in quarter one, for which the reasons primarily relate to resources as outlined in section 2.5. ‘Resources’ for which the position is shown is section 3.2 ‘performance’. It is also not uncommon for performance to be lower in quarter one, as a new portfolio of audit engagements are worked on, some of which are well progressed but have not been concluded at the quarter end.

Audits will be allocated on a basis that provides the greatest assurance and value, and mitigates any impairment to the annual opinion of the Audit Manager on the Council’s control environment for 2022/23.

## 2.7 Critical findings or emerging trends (Q1 2022/23)

During quarter one, it is positive to report that all audit opinions provided were either ‘effective’ or ‘effective with opportunity for improvement’. In the following paragraphs, details are provided on three audit engagements, one of which is the conclusion of the final fundamental system audit from the prior year, and the other two audit areas have been considered in some detail in recent Committee discussions and enquiries. The audits are at a draft status, for which the findings will be discussed with management and, once the audits are finalised, the final opinions and recommendations will be reported to Governance and Audit Committee.

The final fundamental system audit of ‘Income and Debtors’ from the Audit Plan 2021/22 was concluded during quarter one and allocated an opinion of ‘effective with opportunity for improvement’. The audit considered that systems were appropriately designed with sufficient controls in place to address relevant risks, and the report proposed some areas for operational improvement. These areas comprised giving further attention to the monitoring and management of outstanding invoices, the progression of legal debt recovery following the resolution of a technical system issue which had caused some delays in the usual process, and the tightening of controls relating to insurance, cash handling, division of duties and monitoring at certain sites sampled during the audit.

The Audit of 'Leisure Contract Governance' has been allocated an opinion of 'effective with opportunity for improvement'. Prior to the audit commencing, the Governance and Audit Committee was provided with a briefing note on the background, planning and the approach to the audit during quarter four 2021/22, which included a review of the governance in place for a range of contracts, leases, and concessions. The audit has reported that, reflecting on the nature of each arrangement, complexity, and risk, it was considered that contract governance arrangements were broadly proportionate across the contracts sampled.

Of the areas sampled, governance arrangements were the most mature for the Greenwich Leisure Limited (GLL) contract for the provision of leisure services within Leisure Centres in Cardiff. Platforms and mechanisms were in place to support an effective working relationship between the Council and GLL. Structured arrangements have been established for regular meetings to take place, covering finance, performance, and operational matters with GLL and lead Council Officers. The audit has proposed actions to enhance existing arrangements, including greater integration in risk assessments, ensuring access to, and assurance on, all relevant performance data, and, whilst recognising the positive work undertaken to support the success of the contract, to reviewing the viability of options that could feasibly be taken if the contract were to fail, and how this could be mobilised. In the context of the leisure strategy and further strategic intentions / priorities, more could be done to engage more meaningfully with the leisure operators for contracts which have less direct Council oversight to (such as Cardiff International Pool), and to receiving ongoing assurance that operators of Council buildings are meeting their statutory health and safety responsibilities. A wider recommendation has also been raised regarding the need to formalise arrangements between Cardiff Metropolitan University and schools to which sports services are being provided through use of facilities.

The audit of 'Schools with Surplus Balances' has been allocated an opinion of 'effective with opportunity for improvement'. It is considered that there are effective arrangements in place for the management of surplus balances in schools, albeit that these arrangements have not been invoked. It is recognised that school balances have increased materially during the pandemic, at a time when there were increased funds from Welsh Government and reduced costs due to the pandemic. A briefing has been prepared and communicated to key stakeholders in this regard. At this time, there are cogent reasons for a temporary relaxation of new directions to spend or the clawback of funds at Local Authority and Welsh Government levels during 2021/22. This was

on the assumption and understanding that the majority of school balances would be utilised during 2021/22. It is proposed that the position and relevant actions would need to be revisited in the event of different outcomes, informed by in-year monitoring of the position. The audit has considered that, alongside making the necessary interventions as and when required to manage surplus budgets, renewed attention should be given to how school budgets are set, to ensure that this is being done on a consistent basis, with the level of detail necessary against each budget line, and to show how surplus/unallocated budget lines are determined.

## 2.8 Value for Money findings (Q1 2022/23)

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

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

## **3. AUDIT PERFORMANCE AND ADDED VALUE**

### 3.1 Added value

Relationship Manager meetings were held with Directors and their representatives during the development of the audit plan in quarter four 2021/22. Further meetings were then held in quarter one 2022/23, with particular focus given to understanding the priorities and risks within each management team, and the changes to systems or processes planned or underway, in order to direct audit advice and inform the planning of audit engagements.

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

In the audit outputs issued to date (as at 30 June 2022), there have been 68 recommendations made, all of which are presently being considered by audit clients through draft audit outputs.

These are summarised below:

**Figure 7.** Recommendations raised and agreed

Rating	Recommendations made	Recommendations agreed	Recommendations being considered
Red	0	0	0
Red / amber	29	0	29
Amber / green	38	0	38
Green	1	0	1
TOTAL	68	0	68

### 3.2 Performance

As outlined in section 2.4 ('Current Activities'), the priorities and approach of the audit team during quarter one were to deliver a combination of management support through consultation and engagement in high-risk areas, and to commence the delivery of assurance engagements from the Audit Plan 2022/23.

It is considered that the audit performance indicators utilised in 2021/22 continue to provide an effective measure of the core components of delivering an effective audit service. Figure 8 contains the proposed performance indicators and targets for 2022/23, together with the outcomes for 2021/22 for consideration and comment by the Governance and Audit Committee.

The primary reasons why the audit service is operating at a lower capacity during the quarter are outlined in 2.5 ('Resources'). At the outset of the year, a proposed target for delivery of the Audit Plan was set at 70% and integrated into audit planning and performance management processes. The target was considered to be stretching and achievable, for which the primary reasons for slippage against this measure during quarter one were the two vacant senior auditor posts.

A number of audits has been finalised from last financial year, as is shown in figure 4, but the majority of the audits completed during quarter one are at draft stage. Once reports have been considered and responded to by management the number of finalised audits will increase, as will the measure of finalised audits per full time equivalent. Attention will be given to engaging managers with a view to concluding draft audits during quarter two.

The percentage of draft reports completed in four weeks was 75%. The quarter one dip in performance will be a focus for recovery this year, after strong performance results in the last two years against this measure, and given the importance of prompt audit reporting.



Governance and Audit Committee Members have taken particular interest in performance against the percentage of audit recommendations implemented within the agreed timescale, which has been below target for a number of years. A target is proposed of 80% for 2022/23, which represents an ongoing expectation of the high delivery of agreed management actions, and an expected improvement of directorate performance from 2021/22. Quarter one performance, which allows for slippage of two working weeks from the target set for actions to be evidenced as complete, showed performance had dipped, for which there will be renewed attention with senior management.

**Figure 8.** Performance against targets for 2022/23 (to date)

Performance Indicator	2021/22 Outcome	2022/23 Target	Q1 Outcome
The percentage of the Audit Plan completed	61%	70%	13%
The average number of audit productive days per FTE	147	150	37.18
The average number of finalised audits per FTE	7.4	9	1.43
The percentage of draft audit outputs delivered within four weeks	92%	90%	80%
The percentage of audit recommendations implemented within the agreed timescale	68%	80%	56%

### 3.3 Audit Plan Delivery

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

As outlined in section 2.4 – Current Activities, there were fourteen audit engagements completed in quarter one 2022/23. The current position for the full Audit Plan 2022/23 is shown in **Appendix B – Audit Plan**.

### 3.4 Recommendations

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

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

The table below shows the instances where implementation dates have been revised typically by audit clients, for audits which are not recognised as fully addressed by management (as at 30.06.22). The position against recommendations is reported, to monitor progress and target discussions on the effective management of risk, in relationship management meetings each quarter.

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

Directorate / Audit Category	Number of recommendations with revised dates	Actions now implemented	Actions still open
Fundamental	19	14	5
Corporate	23	18	5
External and grants	13	8	5
Adults, Housing and Communities	34	17	17
Children' Services	15	11	4
Economic Development	32	32	0
Education and Lifelong Learning	86	58	28
Planning Transport and Environment	37	26	11
People and Communities	17	14	3
Resources	40	32	8
Governance and Legal Services	9	8	1
Waste Management	79	76	3
	404	314	90
Schools	164	122	42
<b>TOTAL</b>	<b>568</b>	<b>436</b>	<b>132</b>

**NB** - It should be noted that the table above represents the position as at 30 June 2022, whereas the recommendation tracker appendices show the detailed position against each recommendation at the closest possible date to each Committee meeting.

## 4. CONCLUSION

### 4.1 Summary

During quarter one 2022/23, the priorities and approach of the audit team were to deliver a combination of management support through consultation and engagement in high-risk areas, and to commence the delivery of assurance engagements from the Audit Plan.

It is positive to report that during quarter one, all audit opinions provided were either 'effective' or 'effective with opportunity for improvement'. Alongside the assurance work, the Internal Audit Team has continued to be available and to provide advice and guidance on the design and implementation of effective controls in the administration of Welsh Government COVID-19 grants schemes as well as for the Homes for Ukraine Scheme, to achieve compliance and control, and arrangements for the effective prevention and detection of fraud.

There has been a small restructure within the team during quarter one, whereby a vacant auditor post at 0.6 FTE was deleted, and a senior auditor post 1 FTE was created. The additional base budget allocation was agreed by the Corporate Director Resources, in recognition of the need for a greater level of senior auditor resource to support the consultation and assurance requirements of the team. A recruitment exercise is underway for the two available posts at the time of reporting with an advert closing date of 15 July 2022. In the event that the recruitment exercise is unsuccessful, temporary staffing arrangements will be explored until the posts can be filled on a permanent basis.

The above vacant posts have had an impact on the available staff resource during quarter one, which has impacted on the progression of the audit plan. It is also not uncommon for performance to be lower in quarter one, as a new portfolio of audit engagements are worked on, some of which are well progressed but have not been concluded at the quarter end.

There will be a focus on increasing the coverage of the Audit Plan in quarter two. Audits will be allocated on a basis that provides the greatest assurance and value and mitigates any impairment to the annual opinion of the Audit Manager on the Council's control environment for 2022/23.

This page is intentionally left blank

## Report Status (as at 30 June 2022)

Audit Opinion	Audit Area	High Risk Recommendations		Status (If not Final)
		Proposed	Agreed	
Fundamental / High				
Effective	People and Communities – Commissioning & Procurement (cf. 2021/22)			Drafts
	Resources – Income and Debtors (cf. 2021/22)			Issued
	Welsh Government Covid Grants - Assurance (2021/22)			
	School Asset Management - Thematic (Albany)			
	Main Accounting (cf. 2021/22)			
	Purchasing and Payments - in year testing (cf. 2021/22)			
	St Illtyd's – School Asset Management (cf. 2021/22)			
Effective with opportunity for improvement	Resources - Health and Safety (cf. 2021/22)			Drafts
	Social Services – Income and Debtors (cf. 2021/22)			Issued
	Adults, Housing and Communities - Pre-Contract Assurance (cf. 2021/22)			
	Whistleblowing Processes (cf. 2021/22)			
	Payroll & HR – In Year-Testing (cf. 2021/22)			
	Asset Management (cf. 2021/22)			
	Directorate Recovery Plans (cf. 2021/22)			
	Resources - Pre-Contract Assurance (cf. 2021/22)			
	Value for money in Digital Initiatives (cf. 2021/22)			
	St Mellons - School Health and Safety (cf. 2021/22)			
	Severn - School Health and Safety (cf. 2021/22)			
	Greenhill - School Health and Safety (cf. 2021/22)			
	Llanishen - School Health and Safety (cf. 2021/22)			
	Income and Debtors			
	Health and safety			
	Leisure Contract Governance			
	Cradle to grave audit (cf. 2021/22)			
	Purchasing Cards (cf. 2021/22)			
	Corporate Performance Management (cf. 2021/22)			
	The Hollies – School Asset Management (cf. 2021/22)			

Audit Opinion	Audit Area	High Risk Recommendations		Status (If not Final)
		Proposed	Agreed	
	Herbert Thompson – School Asset Management (cf. 2021/22)			
	Allensbank - School Health and Safety (cf. 2021/22)			
	Information governance (cf. 2021/22)			
Insufficient with major improvement needed	Mileage and Subsistence (cf. 2021/22)	1		Drafts
	PTE – Pre-Contract Assurance (cf. 2021/22)	1		Issued
	St Patricks – School Asset Management (cf. 2021/22)	1		
	Cloud Computing (cf. 2021/22)	1		
	Children's Services - Pre-Contract Assurance(cf. 2021/22)	1		
Medium				
Effective	Get me home service			Drafts
	ICF schemes (incl. Families First)			Issued
	Ysgol Bro Edern (cf. 2021/22)			
Effective with opportunity for improvement	Shared Regulatory Services in Cardiff			Drafts
	Cantonian			Issued
	Schools with Surplus Balances – Thematic			
	Business Continuity and Incident Management (cf. 2021/22)			
	Telecare (cf. 2021/22)			
Insufficient with Major improvement needed	Children's Placements (cf. 2021/22)	1		Drafts
	S106 Agreements (cf. 2021/22)	1		Issued
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			
	Service / Process Consultancy			
Other assignments				
No assurance opinion given	People and Communities - Pre-Contract Assurance (cf. 2021/22)	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		

Audit Category	Risk	Engagement Type	CIPFA Classification	Audit Plan, 2021/22	Original Audit Plan 2022/23	Assignment	Days	Audit Scope	National Issue	Audit Output Status 30.06.22	Audit Opinion
<b>Fundamental Audits - S151 Assurance</b>											
Purchasing Payments and Processing	High	Assurance	Chargeable	50	50	CRSA In-year testing 2021/22 (cf. 2021/22) Purchasing Cards (cf. 2021/22) In-year testing 2022/23 Purchasing Cards	5 0 0 25 20	Purchases and Payments are compliant, authorised, accurate and timely		Final Issued Final Issued	Effective Effective with Opportunity for Improvement
Payroll & HR				50	50	CRSA In-year testing 2021/22 (cf. 2021/22) In-year testing 2022/23 Agency Staff Payments Time Recording	5 0 15 15 15	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		Draft Issued	Effective with Opportunity for Improvement
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			
Income and Debtors				20	0	Income and Debtors	3	Operation of appropriate arrangements to record, monitor and recover sundry debts.		Draft Issued	Effective with Opportunity for Improvement
Main Accounting				20	0	Main Accounting (cf. 2021/22)	0	The main accounting system and processes are well controlled and operating effectively		Final Issued	Effective
Asset Management				20	0	Asset Management (cf. 2021/22)	0	Effective recording, monitoring, management and control of physical assets		Draft Issued	Effective with Opportunity for Improvement
NDR				20	0						
Treasury Management				20	0						
Housing Rents				10	0						
<b>Total</b>				<b>210</b>	<b>140</b>		<b>143</b>				
<b>Corporate Audit</b>											
Risk Management	High	Assurance	Chargeable	15	15	Risk Management Arrangements	15	Risk management arrangements are effective and operated consistently			
Ethics and values				15	20	Whistleblowing Processes (cf. 2021/22) Ethics and Values	0 20	Whistleblowing processes are compliant and effective Policy and process alignment to principles of best practice ethics and values		Draft Issued	Effective with Opportunity for Improvement
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 (cf. 2021/22) Cradle to Grave Audit Contract Variations	0 20 20	Effective contract compliance, control and delivery of objectives Effective contract compliance, control and delivery of objectives		Final Issued	Effective with Opportunity for Improvement
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				0	0	Mileage & Subsistence (cf. 2021/22)	0	Accurate claiming and authorisation for reasonable expenditure.		Draft Issued	Insufficient with Major Improvement Needed
				15	15	Mileage & Subsistence	15	Accurate claiming and authorisation for reasonable expenditure.			
Welsh Government Covid Grants				0	0	Welsh Government Covid Grants - Assurance (2021/22)	0	Sample check of effective compliance and control in administering WG Grants	y	Draft Issued	Effective
				20	20	Welsh Government Covid Grants - Assurance	20	Sample check of effective compliance and control in administering WG Grants	y		
ICT Audit				30	30	Cloud Computing (cf. 2021/22) ICT Audit - Cyber Security Governance Directorate PCI - DSS Compliance	0 15 15	Effective co-ordination, risk management and control Effective co-ordination, risk management and control Effective co-ordination, risk management and control		Draft Issued	Insufficient with Major Improvement Needed
Complaints and Compliments				0	20	Complaints and Compliments	20	Effective arrangements and systems in place for handling complaints & compliments			
National Fraud Initiative		Participation		10	10	National Fraud Initiative	10	Data matching counter-fraud exercise			
Value for Money studies		Assurance		30	30	Value for money in Digital Initiatives (cf. 2021/22) Value for money in use of Council Vehicles Value for money in use of Overtime	0 15 15	Assurance on value for money in digital initiatives Assurance on value for money in use of Council vehicles Value for money in use of overtime		Draft Issued	Effective with Opportunity for Improvement
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		Assurance		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.			
Health and safety		Assurance		20	0	Health and safety	5	Effective and compliant application of the Council's health and safety framework		Draft Issued	Effective with Opportunity for Improvement
Safeguarding				20	0	Safeguarding	4	Effective safeguarding governance and control processes			
Performance Management				0	0	Performance Management (cf. 2021/22)	0	Performance management arrangements are effective, and operated consistently.		Final Issued	Effective with opportunity for improvement
Information governance				20	0	Information governance	0	Effective mechanisms and systems operated in accordance with the data protection act 2018		Final Issued	Effective with opportunity for improvement
Directorate Recovery Plans				30	0	Directorate Recovery Planning	0	Effective directorate recovery plans from the COVID-19 pandemic		Draft Issued	Effective with Opportunity for Improvement
Business Continuity	Medium			20	0	Business Continuity and Incident Management (cf. 2021/22)	0	Effective business recovery and incident management systems.	y	Final Issued	Effective with opportunity for improvement
Investigation Processes				30	0						
Members' allowances				15	0						
<b>Total</b>				<b>400</b>	<b>400</b>		<b>409</b>				
<b>Service Specific Audit</b>											
Service / Process Consultancy	High	Consultancy	Chargeable	40	40	Provision for Service / Process Consultancy	40	Consultancy support across the Council, as appropriate		Work Completed (and ongoing)	No Opinion Given
Resources	High	Assurance		65	60	Resources - Income and Debtors (cf. 2021/22) Resources - Health and Safety (cf. 2021/22) Resources - Pre-Contract Assurance (cf. 2021/22) Performance Management	0 0 0 15	Operation of appropriate arrangements to record, monitor and recover sundry debts. Directorate health and safety compliance and risk management. Relevant compliance and due diligence checks are undertaken Performance management arrangements are effective, and operated consistently.		Draft Issued Draft Issued Draft Issued	Effective Effective with Opportunity for Improvement Effective with Opportunity for Improvement
	Medium					Telecare (cf. 2021/22) Insurance Alarm Receiving Centre Central Transport Service	0 15 15 15	Delivery of service objectives with effective compliance and control. Delivery of service objectives with effective compliance and control		Final Issued	Effective with opportunity for improvement
Governance and Legal Services	High Medium	Assurance		50	45	Performance Management Electoral Services Land Charges	10 20 15	Performance management arrangements are effective, and operated consistently. Delivery of service objectives with effective compliance and control			
People and Communities	High	Assurance		45	40	People and Communities - Commissioning & Procurement (cf. 2021/22) Social Services - Income and Debtors (cf. 2021/22) Performance Management Community Safety Hubs	0 0 15 15 10	Commissioning and Procurement compliance and control Operation of appropriate arrangements to record, monitor and recover sundry debts. Performance management arrangements are effective, and operated consistently. Assurance on compliance with statutory requirements Assurance on payroll, asset management, information governance, payment and income systems		Draft Issued Draft Issued	Effective Effective with Opportunity for Improvement
Adults, Housing & Communities	High Medium	Assurance		145	150	Adults, Housing and Communities - Pre-Contract Assurance (cf. 2021/22) Performance Management Mental Health Day Services Independent Living Residential Care Emergency Duty Team Adult Services Income Processes Allocations, lettings and voids Home Care Direct Payments - Children's and Adults Get me home service ICF schemes (incl. Families First)	0 15 15 15 15 20 20 15 20 2 2	Delivery of service objectives with effective compliance and control. Performance management arrangements are effective, and operated consistently. Delivery of service objectives with effective compliance and control		Draft Issued	Effective with Opportunity for Improvement
Children's Services	High Medium	Assurance		70	40	Pre-Contract Assurance (cf. 2021/22) Performance Management Children's Placements (cf. 2021/22) Youth Offending Service Crosslands Children's Home	0 15 0 15 10	Relevant compliance and due diligence checks are undertaken Performance management arrangements are effective, and operated consistently. Delivery of service objectives with effective compliance and control Delivery of service objectives with effective compliance and control		Draft Issued Draft Issued Draft Issued	Effective Effective Insufficient with major improvement needed
Economic Development	High Medium	Medium		100	95	Performance Management (inc Waste Management) Harbour Authority International White Water St David's Hall Cardiff Caravan Park	15 15 15 15 10	Performance management arrangements are effective, and operated consistently. Delivery of service objectives with effective compliance and control			

						Cardiff Riding School	10		
						Disposal of Land and Buildings	15		
						Leisure Contract Governance	5		
Economic Development (Waste Management)	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		
						Waste Management Enforcement	5		
						Shared Regulatory Services in Cardiff	2		
Education and Lifelong Learning	High	Assurance		190	180	School Health and Safety - Thematic (cf. 2021/22)	0	Schools health and safety compliance and risk management.	yes
						School Asset Management - Thematic (cf. 2021/22)	0	Schools asset management compliance and control.	
						School Asset Management - Albany Primary School		Schools asset management compliance and control.	
						Performance Management	15	Performance management arrangements are effective, and operated consistently.	
						Health and Safety	15	Directorate health and safety compliance and risk management.	
	Medium					Ysgol Bro Edern (cf. 2021/22)	0	Audit of systems of governance and internal control within individual school	
						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		
						Cantonian	2		
						Schools VAT Assurance	15	Effective compliance and control	
						Cashless catering in secondary schools	10		
						Catering in Opted out schools	15		
						Schools Information Management	20		
						Schools with Surplus Balances - Thematic	0		
Planning, Transportation and Environment	High	Assurance		55	55	Pre-Contract Assurance (cf. 2021/22)	0	Relevant compliance and due diligence checks are undertaken	
	Medium					Performance Management	15	Performance management arrangements are effective, and operated consistently.	
						S106 Agreements	0	Effective systems, compliance and control	
						Cardiff Dogs Home	10	Delivery of service objectives with effective compliance and control	
						Highways Maintenance	15		
						Planning	15		
<b>Total</b>				<b>820</b>	<b>765</b>		<b>783</b>		
<b>External</b>				<i>Original audit plan, 2021/22</i>	<i>Original audit plan 2022/23</i>	<b>Assignment</b>	<b>Days</b>		
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		
<b>Total</b>				<b>35</b>	<b>25</b>		<b>25</b>		
<b>Contingencies</b>				<i>Original audit plan, 2021/22</i>	<i>Original audit plan 2022/23</i>	<b>Assignment</b>	<b>Days</b>		
General Audit	TBC	TBC	Chargeable	10	25	General Audit (provision for carried forward audits / other work)	10	TBC	
<b>Total</b>				<b>10</b>	<b>25</b>		<b>10</b>		
<b>Management</b>				<i>Original audit plan, 2021/22</i>	<i>Original audit plan 2022/23</i>	<b>Assignment</b>	<b>Days</b>		
Corporate work – Audit Committee, Audit Wales etc.	Medium	Management	Chargeable	50	50	Corporate work – Audit Committee, Audit Wales etc.	50	Internal Audit management, planning, guidance and support activities.	
Assurance mapping		Management	Chargeable	10	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	15		
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		
<b>Total</b>				<b>160</b>	<b>200</b>		<b>185</b>		

Draft Issued	Effective with Opportunity for Improvement
Draft Issued	Effective with Opportunity for Improvement
1 Final & 4 Drafts Issued	Effective with Opportunity for Improvement
3 Final & 1 Draft Issued	2 x Effective, 1 x Effective with Opportunity for Improvement, 1 x Insufficient
Draft Issued	Effective
Draft Issued	Effective
Draft Issued	Effective with Opportunity for Improvement
Draft Issued	Effective with Opportunity for Improvement
Draft Issued	Insufficient with major improvement needed
Draft Issued	Insufficient with major improvement needed
Draft Issued	Insufficient with major improvement needed
Final Issued	No Opinion Given

Page 52

Total chargeable days

1,635 1,555

1,555



Directorate / Area	No. of Audits	No. of Red Recs	No. of Red/ Amber Recs	'open recommendations' - by audit assurance rating					'open recommendation' by status			
				No. of Recs Effective	No. of Recs Effective with Opportunity for Improvement	No. of Recs Insufficient with major improvement needed	No. of Recs Unsatisfactory	No. of Recs N/A	No. of Recs with Amended Action Date	No. of Recs where action date has passed	Current target date not yet due	
Adult Services, Housing and Communities	5	1	8		2	7			8	2	7	1 - overdue action for which an update has been requested. 1 - overdue action where Audit is liaising with service area.
Children's Services	3	1	7		1	4		3	5	4	4	2 - overdue actions reported as complete, for which evidence has been requested to verify completion prior to closure. 2 - overdue actions for which an update has been requested. 3 - N/A actions related to instance where Directorate was sampled as part of a wider corporate report, and an opinion was not provided at a directorate level.
Economic Development	2	2	1			3			3	0	3	
Education & Lifelong Learning	8	4	13		4	9		4	17	1	16	1 - overdue action - liaising with service area 4 - N/A actions related to instance where Directorate was sampled as part of a wider corporate report, and an opinion was not provided at a directorate level.
Education & Lifelong Learning - Schools	18	5	41		38	3	5		17	28	18	1 - overdue action due to COVID-related issues, Audit agreed extension of time to provide update. 9 - overdue actions for which an update has been requested. 1 - overdue action relates to an area currently being audited. The action will be updated/closed when the final report is issued. 9 - overdue actions - update and/or evidence received and under review by Audit. 4 - overdue actions where Audit is liaising with service area. 4 - overdue actions reported as complete, for which evidence has been requested to verify completion prior to closure.
Governance & Legal Services	2		2		2				1	0	2	
People and Communities	1		1		1				0	0	1	
Planning, Transport & Environment	7	1	10		4	5		2	5	4	7	4 - overdue actions for which an update has been requested. 2 - N/A actions related to instance where Directorate was sampled as part of a wider corporate report, and an opinion was not provided at a directorate level.
Resources	2		5		3	2			5	2	3	2 - overdue actions reported as complete, for which evidence has been requested to verify completion prior to closure.
Social Services - General	1	1	1			2			2	0	2	
Corporate Governance	2	1	3		1	3			2	1	3	1 - overdue action reported as complete, for which evidence has been requested to verify completion prior to closure.
External and Grants	2		4		4				2	1	3	1 - overdue action reported as complete, for which evidence has been requested to verify completion prior to closure.
Fundamental	2		3		2	1			2	0	3	
<b>TOTALS</b>	<b>55</b>	<b>16</b>	<b>99</b>	<b>0</b>	<b>62</b>	<b>39</b>	<b>5</b>	<b>9</b>	<b>69</b>	<b>43</b>	<b>72</b>	

This page is intentionally left blank

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

This page is intentionally left blank

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

This page is intentionally left blank



# Resources Directorate Internal Audit Section

## Investigation Team Progress Report

(as at 30 June 2022)

### 2022/23

#### Planning & Resources

Further to the high level allocation of days reported to Committee on 25 January 2022, four hundred and forty three chargeable days are available based on current resources, indicatively split between strategic (80 days) and operational activities (363 days), as summarised below, for awareness and comment:

<b>Strategic</b>	Fraud awareness / reporting	25	<b>Days</b>
	Policy and procedure review / planning	25	
	Intelligence sharing / working groups / police liaison	10	
	National Fraud Initiative	10	
	Training development / delivery	10	
<b>Operational</b>	Council Tax Liability (CTL)	180	<b>Days</b>
	Council Tax Reduction (CTR)	50	
	Employee misconduct (disciplinary investigations)	40	
	Other fraud (Ad hoc and contingency)	38	
	Tenancy fraud	30	
	Grants	20	
	Advice and guidance	5	

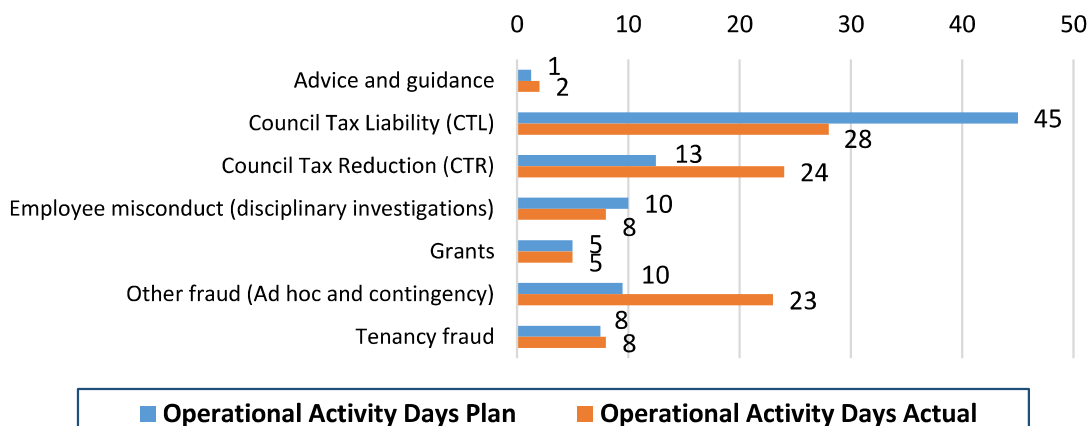
*NB – Audit Manager time is not included within the above apportionment.*

#### Activities

In the financial year to 30 June 2022, the team have applied 118 days as follows:



## Operational Activity Days



## Training and Awareness

**Mandatory Fraud Awareness training** continues to be delivered. More than six thousand staff and school governors have 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 applies 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 has been published, and eight awareness sessions have been delivered via Teams, with more than 270 participants, including separate sessions for School Headteachers.

## 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, £875k has been identified as paid in error of which £509k has been recovered. and work continues to recover the remainder.

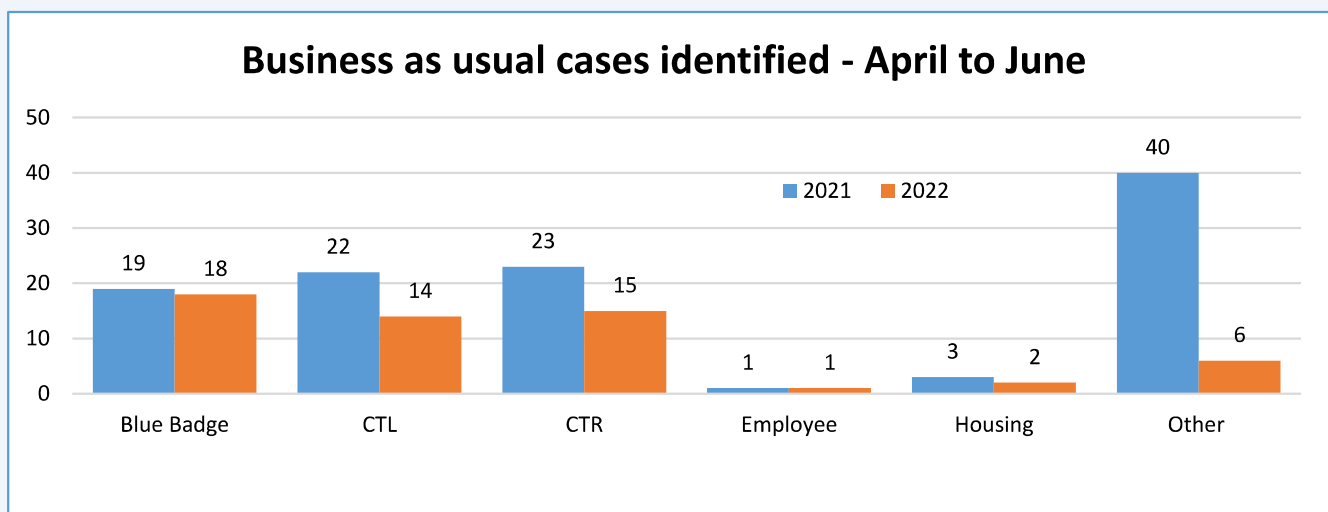
**Note**

Insurance data is not available at the time of reporting, so this data has been excluded from the following investigation case data and information.

The position for insurance cases will next be reported as part of the quarter two Committee update.

**'General' Cases Identified for Investigation**

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

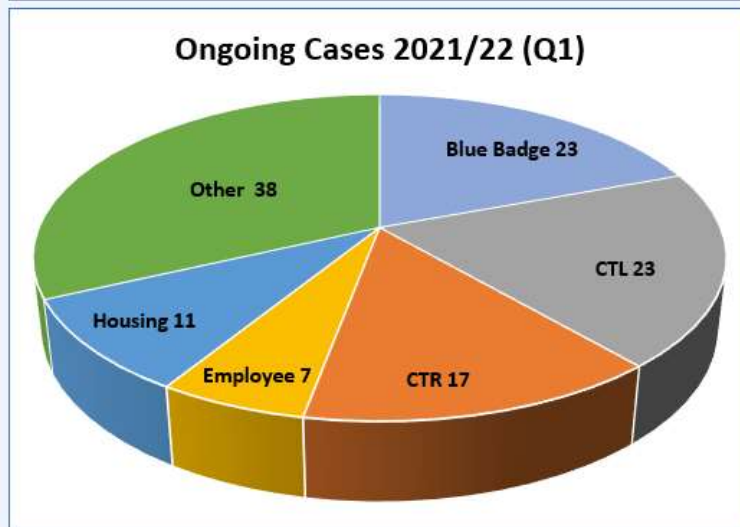
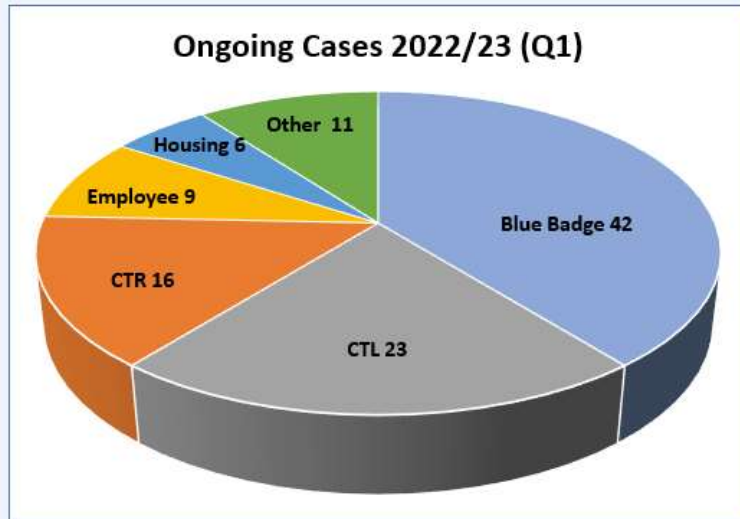


The cases designated as 'other' this year related to four grants, one intercepted cheque and a care provider investigation.

Thirty-eight of the forty cases designated as 'other' last year were in respect of National Fraud Initiative data matching output – specifically Payroll to Creditors. The remaining two related to grant claims.

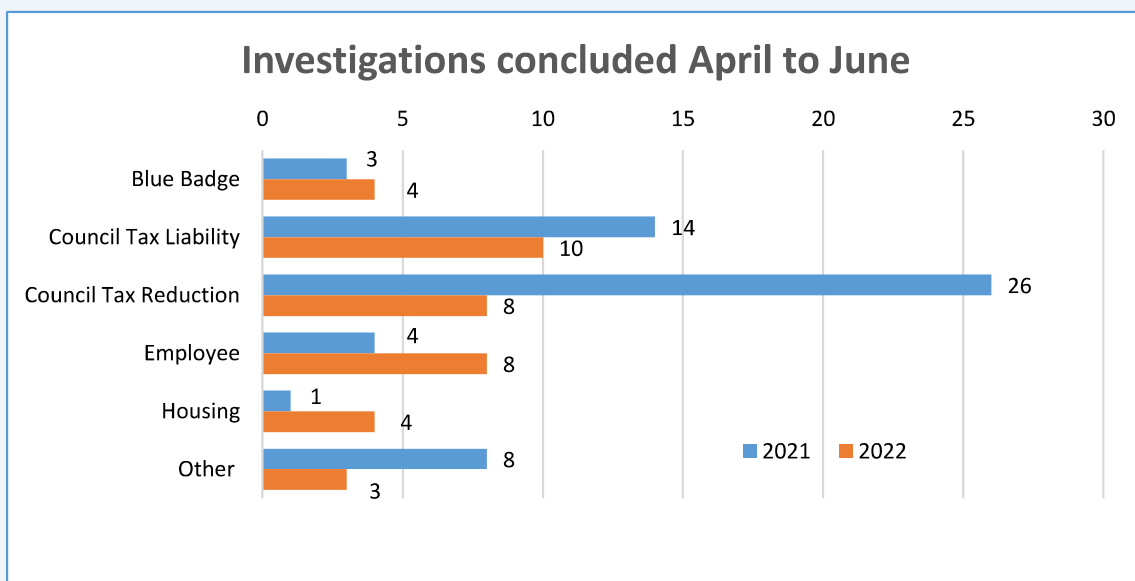
**'General' Ongoing Cases**

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



#### 'General' Concluded Cases

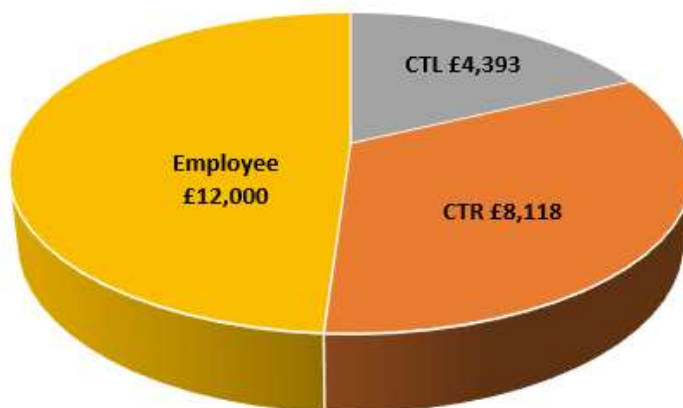
Excluding the stand-alone Business Grants work, as detailed separately, thirty-seven investigations have concluded so far this year, compared to fifty-six over the same period last year:



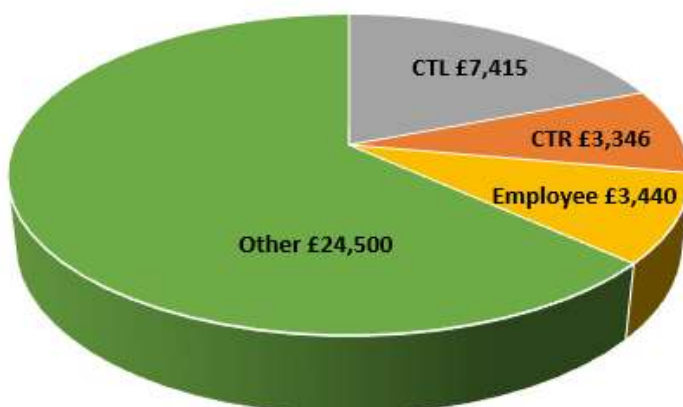
## Financial Value

Excluding the stand-alone Business Grants work, £24,511 has been attributed to concluded cases in the 2022/23 year to date, compared to £38,701 for the same period last year:

### Value of closed cases 2022/23 (Q1)



### Value of closed cases 2021/22 (Q1)



- 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 eighteen badges were seized, and there are forty-two cases ongoing which are at various stages of investigation, including being prepared for / due to go to Court.

## 2021/22 – Year-end position

In advance of the Counter-Fraud Annual Report 2021/22, to be provided to the Governance and Audit Committee in September 2022, the activity and outcomes for 2021/22 are shown below.

### Activities

#### 2021/22 – Activity

##### Business as usual cases

Excluding the stand-alone Business Grants work, the substantive position of investigation cases identified and concluded in 2021/22 and compared to the prior year, are shown below:

Cases	2020/21		2021/22	
	Identified	Concluded	Identified	Concluded
Blue Badge	27	37	76	73
Council Tax Liability	67	146	157	153
Council Tax Reduction	54	44	74	86
Employee Misconduct	14	22	67	60
Insurance	12	27	12	35
Tenancy	9	6	12	13
Other Cases	9	62	71	69
<b>Number of Cases</b>	<b>192</b>	<b>344</b>	<b>469</b>	<b>489</b>

Four hundred and sixty-nine business as usual (BAU) cases were identified in 2021/22, compared to one hundred and ninety-two the previous year. Four hundred and eighty-nine BAU investigations were concluded during the year, compared to three hundred and forty-four last year.

- The activity in 2020/21 was different than last year, as the Investigation Team and managers adapted to the emerging risks associated with the pandemic, with a flexible approach to resource planning, tasking and case progression. At that time, a risk-based approach was adopted, and priority was given to providing post Covid grants and awards payment verification.
- In 2021/22 there has been a recovery in business-as-usual case work levels. It should be noted that NFI work generated sixty-four of the cases categorised as “other” which related to Creditor and VAT matches.

### COVID Grants and Schemes

#### COVID-19 Activities

The Business Grants scheme was administered by the Council on behalf of Welsh Government at the onset of the pandemic. Regular updates were provided to Committee, which set out the guidance received from Welsh Government to local authorities, the terms of the scheme and the post payment verification approach adopted by Internal Audit and the Investigation Team.

As at 31 March 2022:

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

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

Post payment verification and assurance has included:

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

*As at 30 June 2022, twelve cases are subject to ongoing review, which includes the priority matches and some further cases, which the Investigation Team considered merited review.*

## Impact

### 2021/22 – Impact

#### Business as usual cases

#### Blue Badges

Forty-four offenders received a criminal sanction during the year.

Blue Badge Sanctions	2020/21	2021/22
Caution	3	2
Prosecution	26	42

#### Council Tax Liability

Council Tax Liability investigations concluded during the year identified £72,498 of under charged liability, to be recovered.

Council Tax Liability	2020/21	2021/22
Investigations concluded	146	153
Overpayment Identified	£74,264	£72,498

#### Council Tax Reduction

Council Tax Reduction investigations resulted in overpayments of £9,726 to be recovered

Council Tax Reduction	2020/21	2021/22
Investigations concluded	44	86
Overpayment Identified	£9,455	£9,726

### Employee Investigations

Sixty employee investigations were concluded; this resulted in the following outcomes: 8 management action, 2 written warnings, 2 resignations and 4 dismissals. Additional corrective actions, and management recommendations were made, in order to improve systems and controls.

### Insurance

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

<b>Insurance</b>	<b>2020/21</b>	<b>2021/22</b>
Investigations concluded	27	35
Prevented payments	£396,505	<b>£750,332</b>

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

### Tenancy

Thirteen tenancy investigations were completed, compared to six during the same period 2020/21.

### Other

Of the sixty-nine cases concluded, sixty-four were in respect of Creditor/ VAT data matching. The five other cases included contract awards, conflict of interest, invoice discrepancies, lock down grant, and planning. In total £24,880 was identified for recovery, which related to one grant and one instance of overpaid VAT.

## **Business Grants**

### COVID-19 Related Cases

As a result of Audit, Investigation and Business Rate colleagues interrogating systems, records, and data matching output, overpayments attributable to applicant error have been identified, with a total value of £875,000. Of this, £509,000 has been recovered and work continues to recover the remainder.

Post assurance manual and data matching checks and analysis have not identified material cases of fraud or error to date in the context of the value of payments, at a time when only a small number of case reviews remain.

**GOVERNANCE & AUDIT COMMITTEE: 19<sup>TH</sup> JULY 2022**

---

**ARRANGEMENTS FOR HANDLING COMPLAINTS AND COMPLIMENTS  
(INCLUDING THE DRAFT COMPLAINTS AND COMPLIMENTS ANNUAL REPORT 2021/22)****AGENDA ITEM: 10.1****REPORT OF THE CHIEF DIGITAL OFFICER**

---

**Reason for this Report**

1. This report has been produced to enable the Governance and Audit Committee to review and assess the authority's ability to handle complaints effectively, and make any associated reports and recommendations.
2. The Governance and Audit Committee has incorporated the above responsibility into its terms of reference, as required in accordance with the provisions of the Local Government and Elections (Wales) Act 2021.

**Background**

3. The Authority's Corporate Comments, Complaints & Compliments Policy reflects guidance given in the Welsh Government Model Policy and Guidance Paper for Handling Complaints. In April 2021, the Authority adopted a revised policy, based on a model complaints handling for public service providers in Wales issued by the Public Services Ombudsman for Wales (The Ombudsman).
4. The revised policy did not represent a significant departure from our previous policy. There is no change to the Authority's one-stage approach with the aim of every complaints investigation being to "investigate once, investigate well". After receiving a complaint response, the complainant has the right to escalate a complaint to the Ombudsman should they be dissatisfied with the Authority's response.
5. A copy of the Authority's revised policy was shared with the Ombudsman who confirmed the policy was deemed compliant with the Ombudsman's principles and model complaints handling policy.
6. Under the Council's Corporate Comments, Complaints and Compliments Policy (link in appendices) complaints, comments and compliments can be made face-to-face or by telephone, email, letter or by using the online form found on the Council's website.
7. **Complaint received.** Every Council service area has a lead officer for complaints. The Service Area Complaints Manager will ensure complaints are acknowledged and recorded

and facilitate the investigation of the complaint in accordance with the corporate complaints procedure.

8. **Acknowledgment.** The Complaints Manager will aim to acknowledge complaints within 5 working days. At this stage, we can let the customer know who is dealing with their complaint and our understanding of what the customer's complaint entails. We can also let the customer know that a full response will follow within 20 working days of our receipt of the complaint.
9. **Full response.** At the end of an investigation, a response should be produced depending on how a customer has indicated they prefer to be contacted. The response should include the outcome of the investigation as well as any necessary action taken for service improvement. Advice will also be included in the full response on what the complainant should do if they remain dissatisfied with the outcome – to contact the Ombudsman.
10. **Public Services Ombudsman for Wales.** Complaints that progress to the Ombudsman will have been thoroughly investigated by the service area. If a complainant remains dissatisfied, it is for the Ombudsman to assess whether there is any evidence of service failure or maladministration not identified by the Council.
11. **Compliments** are also recorded and as an organisation, we receive many positive comments about our staff and the services we provide. Knowing where things are working well and are appreciated is as important to capture as knowing where things are perhaps not working. Good practice and learning can then be circulated across the Council.
12. Complaints and compliments provide valuable information about how we are performing and what our customers think about our services. Most people who complain tell us what we have done wrong and how we can do better. We use this feedback to improve our services.
13. An annual report is published which demonstrates the council's commitment to transparency and a positive approach to acknowledging, investigating, responding to and learning from complaints. The latest annual report for the financial year 2021/22 can be found at Appendix A though Members are asked to note that it is currently a draft version of the report, with further changes being anticipated before it is presented to Cabinet in September.
14. Members are asked to note that there are separate processes for dealing with complaints about Social Services, Elected Members and schools.
15. The Social Services Complaints Procedure (Wales) Regulations 2014 outlines the procedure for handling complaints from persons receiving a service from social services. Social Services complaints follow their own statutory complaints procedure with two stages – Stage 1 being an informal (internal) resolution stage and Stage 2 involving the appointment of an Independent Investigator not employed by the Authority.
16. The Social Services complaints team have been involved in the discussions surrounding the new council-wide complaints system and, despite being a separate team with their own procedure, we have arranged for information to be captured in the new system when it is introduced. However, it will be a completely different workflow for Social Services complaints to reflect that they have a different policy.
17. Members will recall that the Monitoring Officer provided an outline of the arrangements in place for handling Elected Member breach of code of conduct complaints in the Governance and Audit Committee meeting on 20<sup>th</sup> July 2021. Specifically, that complaints relating to Councillors (that a Councillor may have breached the Code of Conduct) should be addressed to the Public Services Ombudsman for Wales. The Ombudsman's web site contains



explanations on the standards of behaviour expected by the Code and the basis on which the Ombudsman decides whether or not to investigate a complaint.

18. The Council has also adopted a Local Resolution Protocol, in line with the recommendations of the Ombudsman, to deal with relatively 'low level' complaints made by another Member or Officer of Cardiff Council. Low level complaints made by members of the public about an alleged breach of the Code of Conduct by a councillor may also be dealt with under the Local Resolution Protocol, if the Monitoring Officer agrees this is appropriate.
19. The Education Act 2002 requires that the governing bodies of all maintained schools in Wales, should establish procedures for dealing with complaints from parents, pupils, staff, governors and members of the local community. Accordingly, each individual school has their own complaints procedure.
20. The Committee have previously considered a copy of the Complaints and Compliments Annual Report 2020/21 in July 2021 and a 'Half-yearly' report in November 2021. The Committee subsequently received a confidential briefing and appendices relating to the action for Committee to receive an overview of the preferred option for the proposed new complaints handling system, including details of the specification used to inform the procurement process.
21. The Committee's terms of reference include the responsibility to "review and assess the authority's ability to handle complaints effectively", for which further details are provided in the following paragraphs.
22. In terms of current assurances, the Authority can take assurance from the consideration of the Ombudsman that the Council's complaints handling policy is deemed to be compliant with the Ombudsman principles and model complaints handling policy
23. The Corporate Complaints Team provide advice and support to complaints contacts across the council on a weekly basis. The team also facilitates a quarterly meeting of the complaints contacts to discuss any key issues, share good practice and to capture any lessons that can be learned to inform service improvement.
24. Data is published annually in the Council's Annual Complaints Report and we also provide data quarterly to the Ombudsman, who publishes it on her website. A half-yearly report is also presented to Informal Cabinet and which gives the Authority the chance to "take stock" at the six-month period.
25. The Authority can take comfort from the comments of the Ombudsman in terms of the completeness and accuracy of the figures contained within the Annual Report. The Ombudsman's Head of Complaints Standards has stated that they "are appropriate for a council our size and that they reflected a solid foundation of accepting, recording and responding to complaints".
26. Since the last meeting with Committee on this topic (November 2021), the Authority has created three specialist teams – to deal with our Adult Services, Children's Services and Corporate Complaints respectively. This has enabled the Authority to have dedicated expertise and skills harboured in specialist teams, demonstrating the absolute importance we as an organisation place on complaints.
27. Also since the previous meeting, Complaints Officers in each Directorate have received training from the Public Services Ombudsman for Wales. This training raised staff awareness in recognising a complaint and the process of recording the contact and dealing with it within

the policy guidelines. The Authority has since developed a bespoke training package in conjunction with the Ombudsman to roll out internally for council officers. As of July 2022, we are the only Local Authority to have developed such a package. This complaints-specific training will be mandatory for all officers who handle complaints.

28. During 2021/22, a library of supporting documents (Statement of Principles) have been introduced to assist complaints officers in terms of how to handle complaints. These documents have been developed to ensure an increased consistency of approach across the Authority and should result in greater efficiency.
29. Members will be aware that the Authority has committed to the introduction of a single, corporately owned system for Complaints, Correspondence and Members Enquiries. The aim of the council-wide system is to improve the handling process, increase efficiency and provide corporate oversight of the complaints, compliments and member/cabinet enquiries across the organisation.
30. Preparing for the council-wide system has given the Authority the opportunity to review the way in which we are reacting to citizen complaints and drive efficiencies and improvements via a standardisation of approach and greater monitoring capabilities. Engagement with our stakeholders at all levels has identified current gaps in our processes and challenges including:
  - Lack of corporate oversight - while the central corporate complaints team is in regular contact with each directorate, there is no corporate oversight of complaints.
  - No single system to handle complaints – with each directorate responsible for their own complaints, there are multiple systems being used to handle complaints.
  - Inconsistent recording of information and no ability to report centrally - complaints handling across the Council can vary. Having a central database will mean a move towards improved consistency of data entry across the organisation in terms of what data we want to capture as a council as a whole and also what the Ombudsman requires. This is data that is not routinely captured with the various current systems used.
  - No real-time data – with multiple systems being used to handle complaints, collecting complaints data from the various contacts can be time-consuming.
  - Inefficient processes with multiple handovers, double keying of information and duplication of work – engagement with stakeholders has involved all directorate contacts and an analysis on the systems and processes we use has shown that there are some inefficiencies.
31. The Authority has explored current mechanics and needs and also engaged upon a robust process in terms of assessing prospective systems against those needs. Members have previously received this analysis as well as contract information and specification of the project.
32. The investment in the new system demonstrates a corporate commitment from the Authority. There has been excellent engagement at all levels and we have engaged with key stakeholders –at officer level and those who will be dealing with complaints, but also at Senior Management level. The Chief Executive has had oversight of the project and provided strong leadership.

33. Using fictional scenarios, stakeholders have been taken through the process of managing complaints, compliments, and enquiries in the new system. They were shown how the system would work in terms of viewing and searching for tickets, logging, assignment, creating a response, approval, communicating the response, closing the record, and reporting. All the stakeholders were happy with the system and expressed this via positive feedback. Some of the comments are captured below.

- “100 times better than XXXX much easier to use, straight forward, like the flexibility and freedom to configure”
- “Thumbs up from Parks on this system”
- “It's very detailed. It looks like it does everything we need. I think it contains everything we need.
- Looks good, easy to use. Interested in the reporting side of things, better than the previous POC demo XXXX
- “I like it, it's a lot better than XXXX leaps and bounds”
- “Should make life easier for staff and capture and report on our performance. I think it's brilliant”
- “Will speed up reporting no end”
- “You've wowed us with the reporting functionality, I'd be embarrassed to show you the XXXX reporting functionality”
- “I am very impressed; it looks what we're after. It's great”

34. Several benefits can be achieved through the implementation of the new corporate system. Automated workflows and routing all complaints, compliments, and member enquiries via a new proposed ‘Corporate Centralised Team’ can achieve the following Customer and Organisational related benefits:

- Improved performance against corporate KPIs and statutory regulations
- Improved compliance with statutory regulations, GDPR and Ombudsman reporting
- Improved compliance with information security and governance policy and procedures
- Increased productivity
- Improved customer satisfaction
- Improved audit performance

35. The Authority takes complaints and concerns seriously and will display our commitment to continuous improvement by learning from any mistakes made. The Corporate Complaints Team will be developing a process to monitor both the effectiveness of the complaints process and how complaints data is being used to improve services. The information identified will then be used to contribute to service development which could include additional training, changes to internal procedures or increased monitoring.

36. Due to the number of complaints received by the Authority, it would be impractical for the Corporate Complaints Team to check that every complaint case has been managed appropriately. However, the new system will enable the Corporate Complaints Team to monitor the effectiveness of complaint responses by 'dip sampling' closed complaint files and checking if complaints were handled appropriately. It is envisaged that future reporting will place more importance on what we as an Authority are learning from complaints, to support improvement in complaint handling and in service delivery. This information will be regularly collated and analysed so that decision makers can regularly review the information gathered from complaints when planning service delivery. Information will also feature in future Annual Complaints Reports and Half-Yearly Complaints Reports and prior to both reports being published, there will be an opportunity for the reports to be considered at Director's SMT.
37. The new system will be introduced on a phased incremental basis. It has been piloted with the Cabinet Support team (as it will be used for Cabinet Member Enquiries as well as complaints, Member Enquiries and compliments) before moving on to three distinct services within the Authority before a soft launch in Summer 2022.

### **Legal Implications**

38. Under Part 6 of the Local Government and Elections (Wales) Act 2021, section 115, Governance and Audit Committees are given new statutory functions, with effect from 1st April 2021, to 'review and assess the authority's ability to handle complaints effectively', and 'make reports and recommendations in relation to the authority's ability to handle complaints effectively'. The information set out in the report and appendices is provided for the Committee to review, assess and consider whether to make any reports and recommendations to the authority in this regard. In discharging its functions, the Committee must have regard to any relevant guidance issued by the Welsh Government.

### **Financial Implications**

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

### **RECOMMENDATIONS**

40. That the Governance and Audit Committee considers and notes the content of the report, in respect of its role to review and assess the authority's ability to handle complaints effectively, and to make any associated reports and recommendations.

**Isabelle Bignall**  
**Chief Digital Officer**

The following is attached:

**Appendix A:** Draft Complaints and Compliments Annual Report 2021/22

**Appendix B:** Local Resolution Protocol

**Appendix C:** Presentation Slides

#### Background papers

- Corporate Comments, Complaints & Compliments Policy [Link](#)
- Previous report to Committee (November 2021). [Link](#)
- Welsh Government and Public Services Ombudsman for Wales guidance [Link](#)

# Cardiff Council

## Draft Annual Complaints & Compliments Report 2021/22

DRAFT



## 1. Reason for this report

To report to the Cabinet on the operation of the corporate complaints procedure between 1st April 2021 and 31st March 2022. The statistics for corporate complaints are set out by service area.

A complaint is defined within the Council as:

*“An expression of dissatisfaction, however made, about the standard of service, action or lack of action by the Council, or its staff, affecting an individual customer or group of customers.”*

Complaints recorded under the corporate complaints procedure do not include ‘first time’ representations which are effectively requests for a service and dealt with as such. A new report of a pothole or a missed bin for example, would not be registered as a complaint, but as a request for service. Of course, in the event that we failed to respond to the ‘request’ appropriately, then that may generate a complaint.

The number of compliments received and recorded during 2021/22 is also set out in this report. Many people get in touch with a compliment when the information or support they have received has exceeded their expectations. We like to recognise compliments alongside any complaints. It is good for us to say ‘thank you’ to our teams and staff too.



## 2. Our complaints procedure

The Council's complaints procedure reflects guidance given in the Welsh Government Model Policy and Guidance Paper for Handling Complaints. This was further supported by the Public Services Ombudsman for Wales.

Complaints, comments and compliments can be made face-to-face or by telephone, email, letter or by using the online form found on the Council's website.



**Complaint received.** A complaint can be registered via any Council venue and once received, should be forwarded to the Service Area Complaints Manager. Every Council service area has a lead officer for complaints. The Complaints Manager will ensure complaints are acknowledged and recorded and facilitate the investigation of the complaint in accordance with the corporate complaints procedure.

**Acknowledgment.** The Complaints Managers will aim to acknowledge complaints within 5 working days. At this stage, we can let the customer know who is dealing with their complaint and our understanding of what the customer's complaint entails. We can also let the customer know that a full response will follow within 20 working days of our receipt of the complaint.

**Full response.** At the end of an investigation, a response should be produced depending on how a customer has indicated they prefer to be contacted. The response should include the outcome of the investigation as well as any necessary action taken for service improvement. The Public Services Ombudsman for Wales states that the aim of every formal investigation should be to "investigate once, investigate well". Advice will also be included on the full response on what the complainant should do if they remain dissatisfied with the outcome – to contact the Ombudsman.

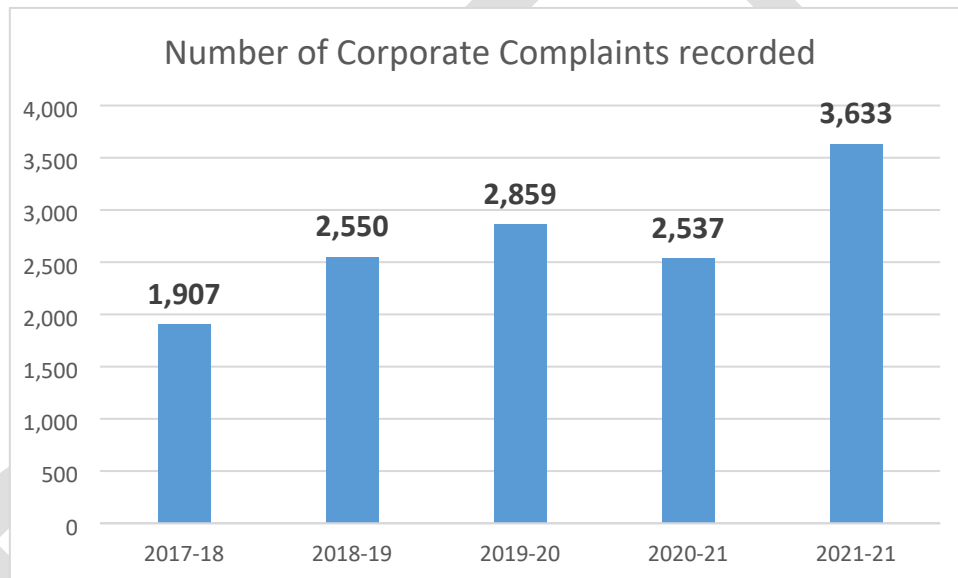
**Public Services Ombudsman for Wales.** Complaints that progress to the Ombudsman will have been thoroughly investigated by the service area. If a complainant remains dissatisfied, it is for the Ombudsman to assess whether there is any evidence of service failure or maladministration not identified by the Council.



### 3. Complaints for Cardiff Council in 2021-22

A total of **3,633** complaints were recorded during 2021/22. This is an 43.2% increase from the previous year, when 2,537 complaints were recorded.

Year	Number of complaints
<b>2021-21</b>	<b>3,633</b>
2020-21	2,537
2019-20	2,859
2018-19	2,550
2017-18	1,907





## 4. Complaints breakdown for Cardiff Council

A total of 3,633 complaints were recorded during 2021/22. This is an 43.2% increase from the previous year, when 2,537 complaints were recorded.

A breakdown of the number of complaints received by service area can be found below.

Service Area	Number of complaints 2020/21	Number of complaints 2021/22
Waste Collections	1,479	2,089
Housing & Communities	433	655
Customer & Digital Services	66	179
Traffic & Transportation	105	184
Finance	103	152
Parks & Harbour Authority	129	85
Environmental Enforcement	60	57
Highways Maintenance	42	56
Economic Development	25	48
Planning (including Building Control)	23	48
Education	39	37
Bereavement & Registration (including Cardiff Dogs Home)	25	27
Governance & Legal Services	2	12
HR	6	4
<b>Total</b>	<b>2,537</b>	<b>3,633</b>



## 5. Compliments breakdown for Cardiff Council

As an organisation, we receive many positive comments about our staff and the services we provide. Knowing where things are working well and are appreciated is as important to capture as knowing where things are perhaps not working. We therefore keep a record of the compliments we receive as well as the complaints. Good practice and learning can then be circulated across the Council.

A breakdown of the number of compliments received by service area can be found below. We have also provided examples of the types of compliments received throughout the report.

Service Area	Number of compliments 2020/21	Number of compliments 2021/22
Housing	703	tbc
Waste Collections	394	tbc
Customer & Digital Services	274	tbc
Economic Development, Parks & Harbour Authority	213	tbc
Environmental Enforcement	138	tbc
Planning, Transport & Environment	117	tbc
Bereavement & Registration Services	72	tbc
PPE	49	tbc
Track, Trace & Protect	3	tbc
Finance	1	tbc
Education & Lifelong Learning	0	tbc
Governance & Legal Services	0	tbc
<b>Total</b>	<b>1,964</b>	<b>tbc</b>



## 6. Complaints to the Public Services Ombudsman for Wales 2021/22

A key indicator of how satisfied complainants are with the standard of investigation and the fairness of outcomes is the number of complainants that escalate their complaint to the Public Services Ombudsman for Wales.

The Ombudsman closed **159** cases involving Cardiff Council compared to 100 cases in 2020-21. The Ombudsman received 40 premature complaints (defined as when the Council has not had a reasonable opportunity to deal with the complaint itself).

A further 50 cases were declined because the Ombudsman was satisfied with action proposed or taken by the Council. 39 cases were closed by voluntary settlements during 2021/22. These are redress proposals (an apology / change of process / time and trouble payment) which enable cases to be closed without the need for full investigation. Of the 159 cases, just 6 proceeded to investigation during 2021-22.

The Ombudsman closed the cases for the following reasons:

	2020-21	2021-22
Complainants had not exhausted the Council's complaints process - they were referred back to the Council	25	<b>40</b>
Cases closed by the Ombudsman after initial consideration <ul style="list-style-type: none"> <li>e.g. no evidence of maladministration or service failure</li> <li>no evidence of hardship or injustice suffered by the complainant</li> <li>little further would be achieved by the Ombudsman pursuing the matter</li> </ul>	33	<b>50</b>
Cases declined because Ombudsman was satisfied with action proposed or taken by Council (Quick-Fix / Voluntary Settlement)	23	<b>39</b>
Cases out of Ombudsman's jurisdiction	16	<b>24</b>
Cases withdrawn by complainant	0	<b>0</b>
Complaint led to an Ombudsman's report	3	<b>6</b>
<b>Total</b>	<b>100</b>	<b>159</b>



## Ombudsman Complaints - a yearly comparison

The table below shows the total number of complaints made to the Ombudsman regarding Cardiff Council over the last five years.

Year	
<b>2021-22</b>	<b>159</b>
2020-21	100
2019-20	120
2018-19	110
2017-18	123

## Investigations leading to reports

The Ombudsman issues a report if he finds that a complainant has suffered hardship or injustice through the Council's maladministration or service failure.

Under the Public Services Ombudsman (Wales) Act 2005, the Ombudsman can issue one of two types of report following an investigation into a complaint by a member of the public: Section 16 and Section 21.

### Section 16 Report

The first type of report is known as a Section 16 report. This is issued when the Ombudsman believes that the investigation report contains matters of public interest. The Council is then obliged to publicise the report at its own expense. The Ombudsman issued 5 Public Interest Reports against Cardiff Council during 2021-22.

### Section 21 Report

The Ombudsman can issue a Section 21 report if the Council agrees to implement any recommendations he has made and if he is satisfied that the case does not raise matters of public interest. The Ombudsman issued 1 Section 21 reports during 2021-22.



## 7. Learning from complaints

Complaints provide valuable feedback and are viewed by our staff as a positive opportunity to learn from experiences in order to drive continual organisational improvement and prevent similar things happening again.

Our complaints handling procedure helps us to address a customer's dissatisfaction and may also prevent the same problems that led to the complaint from arising again. For our staff, complaints provide a first-hand account of the customer's views and experience, and resolving complaints early saves resources and creates better customer relations.

Every Council Service Area has a lead officer for complaints and Corporate Complaints Workshops have been set up to look at common issues relating to complaints handling, including standardising responses to customers, collecting customer views and developing templates.

Some of the actions we take in response to complaints might appear to be small but they can make a big difference. Examples - big and small - of what we have done as a result of learning from complaints can be found throughout the report.

DRAFT



## 8. Complaints by area

### Waste Collections

Service Area	2020/21	2021/22
Waste Collections	1,479	2,089
Number / Percentage of complaints responded to on time	921 (62.27%)	1,469 (70.3%)

Total complaints closed within timescales					Complaint outcome	
Service Area	20 working days	After 20 working days but within 3 months	After 3 months but within 6 months	After 6 months	Upheld	Not upheld
Waste Collections	1469	566	41	13	2052	37

### Environmental Enforcement

Service Area	2020/21	2021/22
Environmental Enforcement	60	57
Number / Percentage of complaints responded to on time	44 (73.33%)	33 (57.9%)

Total complaints closed within timescales					Complaint outcome	
Service Area	20 working days	After 20 working days but within 3 months	After 3 months but within 6 months	After 6 months	Upheld	Not upheld
Environmental Enforcement	33	22	2	0	57	0

2021/22 has been another challenging year when considered within the context of the COVID-19 pandemic, the shortage of HGV drivers intensified by Brexit and city-wide operational changes to the shift patterns of all waste collection staff. These 3 main factors have all had a significant impact on the running of the waste collection service.



During the week commencing 22nd February 2021, a new way of working was introduced with collections now taking place across 4 days on a single shift between 6am and 3:45pm. The service had anticipated an increase in complaints during this period as this change 'bedded in' and crews became familiar with their new rounds. When considering the monthly data, missed collection complaints peaked in May and June of 2021 but had settled back down by August. These months are largely responsible for the increase in complaints recorded during 2021/22.

In the first two quarters of 2021/22, due to HGV driver shortages, garden waste collections were regularly disbanded or delayed and recollected on weekends, prompting complaints.

Following an increase in missed assisted lift complaints, a service review was undertaken in March 2022, which included survey results from service users. Based on this feedback an action plan was devised and as part of the review, several actions have been implemented:

- Customer service improvements with a designated Correspondence Officer to try and resolve repeat complaints.
- Digital changes to in-cab devices so drivers have sight of easily accessible information and able to confirm collections made at each assisted lift property.
- Increased workforce training.
- Supervisor monitoring.
- Regular reviews.

Going forward, it is anticipated that the following actions will assist in reducing missed collections, and therefore the number of complaints received:

- To continue the rolling replacement of our vehicle fleet with access to newer and more reliable vehicles.
- To maintain the distribution of clear and concise information to residents in relation to any disruption or change to service.
- To utilise our back office waste management technology 'Collective' to effectively manage collection schedules. This, in turn, will provide up to date real-time information to residents via the App and Web on the status of their waste collections.
- In-house training for drivers to build resilience.

When considered relative to the number of waste collections that are carried out across the city every year, maintaining services during a global pandemic, and introducing a new way of working, the number of complaints received is considered to be extremely low. At present, the Council provides waste collection services for over 175,000 properties. In 2021/22, 25,307,248 collections took place and 16,895 were reported as missed. Therefore, the amount of non-collections relates to less than 0.07% of the collections made during this period.



## Planning, Transport & Environment

Service Area	2020/21	2021/22
Highway Maintenance	42	56
Planning (including Building Control)	23	48
Traffic & Transportation	105	184
Total	170	288
Number / Percentage of complaint responded to on time	134 (78.82%)	229 (79.5%)

Service Area	Total complaints closed within timescales				Complaint outcome	
	20 working days	After 20 working days but within 3 months	After 3 months but within 6 months	After 6 months	Upheld	Not upheld
Highway Maintenance	40	12	3	1	16	40
Planning (including Building Control)	43	5	0	0	tbc	tbc
Traffic & Transportation	146	28	7	3	43	141

The number of complaints received during 2021/22 (288) has seen an increase of 118 compared to 2020/21 (170). This is an increase of 69.4% and was anticipated due to the relaxing of COVID-19 restrictions, and also that certain enforcement functions have transferred to the Planning, Transport & Environment directorate (such as abandoned vehicles and illegal advertising).

**Highway Maintenance** received 56 complaints for 2021/22 which is an increase of 12 on the previous year. The majority of complaints were received as follows:-

The highest number of complaints related to Asset Management where 25 complaints were received for 2021/22. The largest area of complaints were concerning carriageway/footway defects where 12 complaints were received for the delay in the repair of carriageway/footway defects, and also 13 for the quality of the repair itself.

It should be noted that although interim repairs may not look aesthetically pleasing, they are effective in making the area safe until permanent repairs can be undertaken.

Resurfacing works received 8 complaints. The majority of complaints were regarding vehicles being removed so that works could be undertaken (advance warning is given when works are





being undertaken in an area), or the cancellation/delay in works being carried out, which is usually due to adverse weather conditions.

Maintenance Operations received 14 complaints. It should be noted that once a blocked drained has been reported, a drainage crew will attend the location and cleanse/flush the drain accordingly. Also, when there are torrential downpours, the cause of flooding can sometimes be attributed to the drain reaching its capacity and not any actual blockages to the drain.

**Traffic & Transportation** received 184 complaints for 2021/22 which is an increase of 79 on the previous year. As mentioned previously, a major factor in this increase has related to Highway Licensing and Streetworks Enforcement complaints (67 complaints). These complaints cover a range of functions from table & chair licences, vehicle crossovers, abandoned vehicles, to skip licences, and can be quite emotive.

Officers endeavour to be as accommodating as possible, but have to work with a legal framework when considering the issues. However, it should be noted that this area also received the highest number of compliments (22).

Road Safety / Transport Schemes received 40 complaints, and this can be attributed to the huge implementation of schemes which are currently being undertaken. Although these comments are logged as complaints, essentially the information is classed as feedback to the scheme and included as part of the post-scheme monitoring process. These comments are a valuable aid when assessing if any adjustments are required to a scheme.

The Civil Enforcement Team received 38 complaints for 2021/22. The majority of these complaints were regarding parking enforcement which can be expected due to the relaxing / removal of restrictions and the increase in commuter travel.

### Compliment

- ✓ "That's great thank you so much XXXX! All your hard work it very much appreciated. I am sorry for the constant e-mails, but as you can imagine we are keen to get the outside area up and running again."

### Learning from complaints

- ✓ A review of complaints received established that the Directorate has received complaints concerning the criteria for highway licensing. People reported that it was confusing trying to find the relevant information in regards to areas such as skip licences and table and chair licenses. This problem has been alleviated to a certain extent with the introduction of a dedicated web page/portal where all the relevant information can be found in one place and the appropriate application can be made.



## Bereavement & Registration

Service Area	2020/21	2021/22
Bereavement & Registration	25	<b>24</b>
Cardiff Dogs Home	0	<b>3</b>
Number / Percentage of complaints responded to on time	25 (100%)	<b>27 (100%)</b>

Service Area	Total complaints closed within timescales				Complaint outcome	
	20 working days	After 20 working days but within 3 months	After 3 months but within 6 months	After 6 months	Upheld	Not upheld
Bereavement & Registration	24	0	0	0	13	11
Cardiff Dogs Home	3	0	0	0	1	2

**Bereavement and Registration Services** recorded 24 complaints during 2021/22, a small decrease from 2020/21 (25 complaints). Bereavement and Registration Services actively encourages the bereaved and all Registration Service users to contact them should they experience any issues with any burial, cremation, marriage, or registration service as these are such significant events where there can be no errors.

Complaints are received by email, via C2C, in writing and via Bereavement Services' reception area where service monitor forms are completed. All complaints are recorded on a database and dealt with as soon as possible and always within the timescale. Service Provision Questionnaires are sent to all those who use Bereavement and Registration Services which provides an additional avenue for people to advise us of any issues with the services they have received.

It is important to note that due to the high number of visitors to the service – with over 4,000 funeral services per annum, approximately 500,000 visitors to our sites, 9,000 registrations for births and deaths, and 1,500 marriages – the complaints are very minimal. Furthermore Citizenship Ceremonies are also organised by the Register Office.

Bereavement and Registration Services is a 'right first time' service in which our customers, the bereaved, or those carrying out life changing events are our ultimate priority. Customer requests and comments via service monitor forms and questionnaires are scrutinised and service standards have been developed to inform the public. From these standards, monthly



performance data is monitored to ensure that we are meeting our commitments to Cardiff's citizens. Annually our level of customer satisfaction averages 99%.

Bereavement Services' complaints reported would equate to under 0.01% of all visitors and service users to our offices and sites. Visitors often come to us in quite a vulnerable state which can mean that small issues may become of increased importance to them. Service Monitor Forms are then monitored via our monthly statistics and at operational meetings. Trends in service requirements are then considered at this point as well. Where an error has occurred, we will also proactively apologise in writing to the family concerned to try and stop an issue escalating or a complaint being received.

Registration Services is also an area in which our citizens are undertaking life changing events and as such we must respond to their needs with sensitivity and understanding. We also register deaths at University Hospital of Wales and work with the team there to ensure that any issues are dealt with in a timely manner. Again, questionnaires are sent out to all service users to proactively seek their comments. All life events can prove challenging for those undertaking the registration of a death or birth or arranging a marriage.

Nearly all the positive comments and feedback concerning the services received at the Register Office are based around ceremonies. These can be ceremonies at Approved Venues, Register Office ceremonies and Citizenship ceremonies. Here the comments are all praising the staff; their knowledge and experience and the way that those interacting with the service are put at ease especially at such life changing moments. The work of the staff and their understanding make these days truly special and memorable. Similarly positive feedback concerning public interactions with staff is also apparent in Bereavement Services where staff often go the extra mile to ensure that a funeral or service that is delivered is done so in a sympathetic and understanding way.

### **Compliment(s)**

- ✓ Can I say that all your team have been outstanding during the pandemic – patients (in very difficult circumstances) have been very complimentary about the service and have said that everything has gone very smoothly. We've been very grateful for your support. From the team here, thank you very much!
- ✓ In fact the empathy and support of everyone we dealt with (the cremation service), without exception, reminded us that there are many good people out there, helping to raise our spirits during what could have been a very trying time.

### **Learning from complaints**

- ✓ In October 2021, a major investment in the audio-visual technology was undertaken at both crematorium chapels and the Register Office. Within Bereavement Services, this new offering has included the re-positioning and increased size of the monitors which show the visual tributes. A new contract for the provision of audio-visual services at both venues has improved what is available to the public and as such these measures have seen a marked decrease in the complaints received concerning audio-visual aspects of a cremation service.



## Education & Lifelong Learning

Service Area	2020/21	2021/22
Education	39	37
Number / Percentage of complaints responded to on time	35 (89.7%)	27 (72.9%)

Service Area	Total complaints closed within timescales				Complaint outcome	
	20 working days	After 20 working days but within 3 months	After 3 months but within 6 months	After 6 months	Upheld	Not upheld
Education	27	10	0	0	11	26

The **Education and Lifelong Learning** Directorate received 37 formal complaints via the Council’s Corporate Complaints procedure in 2021/2022. This is a small decrease from the 39 recorded during 2020/21.

The Directorate responded in full to 73% of the complaints received within 20 working days of receipt. The remaining 10 cases were responded to within 3 months. Within this, a number of 2021/2022 complaint cases are returning cases, wherein the complainant was not satisfied with the LA’s response or added additional complaints to their existing case. This can explain, in part, the reason for the number of cases that exceeded the 20 working day response period. These cases have now been satisfied and further procedures have now been implemented to prevent extension and reopening of cases, for example, liaising with Corporate Complaints for their guidance where a case is considered closed.

The most common category that complaints fell into was Schools Catering, which made up 27% of all complaints received. Most of these complaints occurred as a consequence of lessening of COVID restrictions and the want to return to pre-COVID meals within schools, including where there have been periods where hot meals have not been provided, greater variety and more nutritious.

The category and nature of Admissions complaints - as the category with the most complaints the previous year and the second highest for this year – can mostly be attributed to school placement, either a lack of or non-preferred placement, rather than of the Admissions process and functionality itself.

We will continue to improve the management of complaints over the next year to support good customer service in the Directorate. This includes systematic review at Education Management Team meetings to ensure that timescales are met. We will consider complaints alongside correspondence and freedom of information requests to identify areas of



improvement for Education. There is also a need to review capacity to support school complaints and investigations, as well as ensuring we have a child friendly complaints procedure in line with ambitions to embed children's rights.

It is important to note that under Section 29(1) of the Education Act 2002, governing bodies of all maintained schools are required to establish procedures for dealing with complaints relating to the school or to the provision of facilities or services. The Local Authority does not have a role in investigating or resolving complaints about schools. The Welsh Government has issued guidance to support schools in dealing with complaints entitled Complaints Procedures for School Governing Bodies in Wales (Welsh Government circular no 011/2012). Within the guidance, it is the responsibility of the Local Authority to satisfy itself that all schools it maintains have adequate complaints procedures in place and that these are published. A governing body complaints procedure may, with the agreement of the local authority, include a stage for the local authority to consider the complaint. However, the statutory responsibility for dealing with a complaint remains with the governing body.

### Compliments

The Directorate received a number of compliments from a range of service users via email, telephone and social media channels but unfortunately these were not formally tracked and monitored during 2021-22. However, the team has put processes in place so that the good service provided by Education staff can be represented in future reports.

- ✓ I think you and your team are doing an amazing job at a time when more and more pressure is put upon systems, and the teams responsible for the systems and demand for complex reports has increased exponentially. I feel that the response time to my queries is quick and always friendly and explanatory. Even if something isn't easily solved i feel I'm kept updated ... I feel your team doesn't always get the acknowledgement deserved for the essential work you do. Thank you"
- ✓ The Cardiff Commitment team is an exemplar of good practice in relation to the links developed between Schools and Settings and Industry. There is a clear ambition to ensure that careers education is embedded across all areas of the curriculum through the provision of a wide range of relevant work-related learning experiences and environments. This will help prepare Learners for the challenges and opportunities of further learning and the ever-evolving world of work.

It can also be noted that in 2021-22, the Local Authority's Education Service was inspected by Estyn. The report identifies three areas of excellent practice in supporting children and young people – Cardiff Commitment, support for asylum seekers and transforming youth work.



## Economic Development

Service Area	2020/21	2021/22
Economic Development	25	<b>48</b>
Number / Percentage of complaints responded to on time	21 (84%)	<b>42 (87.5%)</b>
Parks & Harbour Authority	129	<b>85</b>
Number / Percentage of complaints responded to on time	94 (72.86%)	<b>65 (76.5%)</b>

Service Area	Total complaints closed within timescales				Complaint outcome	
	20 working days	After 20 working days but within 3 months	After 3 months but within 6 months	After 6 months	Upheld	Not upheld
Economic Development	42	6	0	0	23	25
Parks & Harbour Authority	65	16	3	1	33	52

During 2021/22 **Economic Development** received 133 complaints which comprise of 7 for City Centre Management, 4 for Strategic Estates, 8 for Venues and Tourism (this includes Cardiff Castle, the Events team, Cardiff Caravan Park and the Norwegian Church), 9 for Economic Development, 7 for Major Events, 13 for Property Services (previously Facilities Management) and 85 for **Parks**.

There has been a slight decrease in complaints for Economic Development, however we have had a big decrease in complaints for Parks during the year - it was realised that many of the complaints for Parks were actually requests for services (such as grass cutting) and therefore are now being treated as such in the first instance.

A review of complaints received by Parks and applying the Council's Corporate Complaints Policy more stringently has resulted in a large decrease in complaints received. It was established that many of the complaints for Parks were actually "requests for service" (such as grass cutting) and therefore are now being treated as such in the first instance. If a complainant is dissatisfied with the response from Parks to their grass cutting request, they are then able to make a formal complaint.

### Compliments

- ✓ Economic Development - "I attended the event at Cardiff Castle on Sunday evening and wanted to compliment the Council, Fuel and all others involved for a very well organised event. The venue and facilities were perfect along with three of my



favourite bands performing it made for a fantastic evening. After the event I walked back through the city centre to my hotel alone yet felt very safe particularly due to the visible police presence and the number of venues with door staff. It was my first visit to Cardiff and it definitely won't be my last, the city is very visitor friendly, has a vibrant night life and I would consider attending similar events in future. Thank you”.

- ✓ Parks – “Thank you for your email and to everyone else in this email trail, I am truly blown away by the kindness and work everyone has put into returning this precious bear to my grandson and very excited to see the reunion take place tomorrow! My father is going to be delighted to hear this news as it was him who originally gave the bear to XXXX after he was born, his first great grandchild, hence the additional poignancy and sentimentality of this story! You have all gone above and beyond!!”

### Learning from complaints

- ✓ Economic Development received a complaint regarding road closures due to filming around Cardiff Bay and the lack of warning about disruptions at the bus stops prior to the filming. We apologised to the complainant and explained that discussions would be taking place with Cardiff Bus to ensure that in future the bus stops would contain clear accurate information regarding any road closures/disruptions to service.

DRAFT



## Revenues

Service Area	2020/21	2021/22
Revenues	103	152
Number / Percentage of responses sent within 20 working days	80 (78%)	145 (95.4%)

Service Area	Total complaints closed within timescales				Complaint outcome	
	20 working days	After 20 working days but within 3 months	After 3 months but within 6 months	After 6 months	Upheld	Not upheld
Revenues	145	7	0	0	43	109

The number of complaints recorded by **Revenues** during the financial year increased from 103 in 2020/21 to 152 in 2021/22 (around a 48% increase). Though this represents an increase, the volume of complaints is considered similar to the volume received pre-pandemic and can mostly be attributed to the reintroduction of recovery action, which was paused during the pandemic.

The percentage of complaint responses being issued within corporate timescales has increased significantly to 95%, whereas this has previously been 80% (in 2019/20) and 78% (2020/21). This increase can be attributed to the filling of a long term vacant post (where the previous incumbent was also on long term sick leave), along with improved working practices and complaint management.

### Compliment

- ✓ “Hi all, I made an online payment for my council tax and then filled out the form to have my remaining instalments. I completed the form at about 8 am Monday morning. Within a few hours I had someone call me to explain what my new payments would be and generate a new bill. I don’t remember his name unfortunately but he was friendly, helpful and I was just so surprised to get a call so quickly. I’m really grateful for how the council have handled this, especially at a time where I am sure your staff are very stretched and working in some difficult circumstances. Thank you :)”





## Customer & Digital Services

Service Area	2020/21	2021/22
Customer & Digital Services	66	179
Number / Percentage of responses sent within 20 working days	66 (100%)	124 (69.3%)

Service Area	Total complaints closed within timescales				Complaint outcome	
	20 working days	After 20 working days but within 3 months	After 3 months but within 6 months	After 6 months	Upheld	Not upheld
Connect to Cardiff (C2C)	42	0	0	0	25	17
Rent Smart Wales	77	52	0	0	31	98
24/7 Services	5	2	1	0	0	8

**Connect To Cardiff (C2C)** received 42 complaints during 2021/22 which represents an increase of 75% compared to the 24 received during 2020/21. In respect of that total, 17 complaints were not upheld. Of the 26 remaining complaints, the main contributor to the increase when compared to the previous year is down to an increased time taken by officers to answer calls.

Over the course of the year, C2C has experienced challenges:

- Staff numbers – C2C has experienced challenges with resource, often resulting in several posts being vacant due to the volatile employment market facing many organisations throughout the UK but also an increase in sickness, COVID and non-COVID related.
- Wait Times – impact of the staffing numbers/recruitment challenges and driven by activities in Service Areas which has meant realigning resources in C2C to meet areas of greatest pressure which has led to higher wait times for some services.
- Staff challenges – a dispersed workforce has created its own issues and impacted on the performance of the contact centre – this is being resolved by returning officers to the office so we can provide greater support.

Many established members of staff have rightfully remained working to support public health efforts in Cardiff Council hosted services such as Track and Protect and the replacement of their expertise is a gradual process, at times creating vacancies further down the chain which has impacted on frontline resource.



With C2C being the first point of contact for the council, performance is directly affected by other services demands, projects and communications to the public and where other services are experiencing challenges, this has also impacted C2C.

Following investigation of each upheld complaint that was not related to the wait time, full feedback and (where necessary) refresher training was carried out to enhance the services we provide. C2C are constantly striving to provide a fully rounded customer journey for every customer whether it be via the telephone or our multiple digital channels. It should be noted that no C2C complaints were escalated to the Public Services Ombudsman for Wales and were completed entirely within Cardiff councils internal process which is indicative that responses were thorough and meaningful.

Customer & Digital Services continues to promote Customer Service throughout the council and the impacts it can have on the customer journey when interacting with the council and how it can aid complaint handling. C2C's in-house coaches deliver Customer Service Training, which is offered to all council staff, providing attendees with the skills they need to effectively deliver services with the customer at the forefront of service delivery. Our in-house coaches have also worked with the Public Services Ombudsman for Wales to create a bespoke Complaints Training program for all staff with the aim of further enhancing complaint handling when things do go wrong.

### Compliment

- ✓ Had the need and the luck to contact @cardiffcouncil C2C service this evening. Got supported by one of the nicest and most helpful contact centre people I have ever spoken to. Anywhere. Well done Cardiff Council. Do look my details up and (thank) him if you can.

In June 2021, **Rent Smart Wales** entered its five-year renewal period, which resulted in a 138% increase in customer contact across the 2021-2022 period. This increase generated a backlog of emails and Contact Us forms leading to customer replies being delayed. Some customers also experienced difficulties with the Rent Smart Wales website, with some being logged out and slow loading of webpages. These factors have contributed to an increase in complaints during 2021/22, with 129 complaints being recorded.

Customer complaints received were generally about service provision during the peak renewal period, the tone of renewal correspondence, and the fees charged by Rent Smart Wales for renewal.

Since March 2022, service standards/targets for dealing with correspondence have been met and the backlog has been cleared. As a result, the number of complaints has correspondingly declined.



Rent Smart Wales is in the process of reviewing the renewal processes, related automated communications and the complaint management procedure with a view to securing future improvements and specifically more efficient complaint handling.

**24/7 Services** received 8 complaints during 2021/22 which is a 50% reduction compared to 2020/21 when 16 complaints were received. The number of complaints concerning the Meals on Wheels service has decreased and this can be attributed to improved communication and working practices. This can also be evidence by our increase retention of customers for the service.

With regards to our Telecare service, just 2 complaints were received. A dedicated Customer Care Team Leader is now in place. This has now enabled a review and update of a number of processes providing consistent support to the team to enhance performance.

## Governance & Legal

Service Area	2020/21	2021/22
Governance & Legal	2	12
Number / Percentage of responses sent within 20 working days	2 (100%)	12 (100%)

Service Area	Total complaints closed within timescales				Complaint outcome	
	20 working days	After 20 working days but within 3 months	After 3 months but within 6 months	After 6 months	Upheld	Not upheld
Governance & Legal	12	0	0	0	3	9

Of the 12 complaints recorded for **Governance & Legal Services** during 2021/22, 8 were for Electoral Services with one upheld, two partially upheld and the remaining five not upheld. Six complaints were received in relation to the combined poll in May 2021 for the Senedd Cymru and Police and Crime Commission Elections, these elections were delivered facing several challenges including the franchise change for votes at 16 and qualifying foreign nationals, a combination poll with different franchises, a cross boundary poll and the requirement to deliver the poll under Covid-19 restrictions. That said most complaints received were not upheld as the processes undertaken were correct and in line with legislation.

The remaining two complaints related to electoral registration and access to the electoral register, although the elector raised concerns the processes followed were legislatively correct



## Housing & Communities

Service Area	2020/21	2021/22
Housing & Communities	433	655
Number / Percentage of complaints responded to on time	392 (90.5%)	127 (19.4%)

Service Area	Total complaints closed within timescales				Complaint outcome	
	20 working days	After 20 working days but within 3 months	After 3 months but within 6 months	After 6 months	Upheld	Not upheld
Housing	127	502	26	0	271	384

**Housing & Communities** experienced an increase in complaints during 2021/22 as 655 complaints were recorded, compared to 433 in 2020/21

The knock-on effects of the pandemic and its related restrictions contributed to an overall increase in complaints related to Cardiff Council's Repair Service. As routine and non-emergency jobs/inspections were delayed during periods of restrictions, there has been a long-lasting backlog of repair jobs which has continued to add to the delay of pre-existing jobs and the responses to newly raised jobs. A noticeable surge in complaints related to these delays has been evident.

The impact on housing and the temporary ban on evictions initially contributed to a decrease in housing/homelessness complaints during 2020/2021. However, the uncertainty of the newly ratified legislation, the Renting Homes Act, and the lifting of the temporary ban seems to have contributed to an increase of complaints regarding private landlords, eviction notices and the reactions of homelessness/housing services in Cardiff Council.

2021/2022 has been a challenging year for many complainants. During the tail-end of the year, with uncertainty and concern regarding the continued widespread cost of living crisis, we have started to see many complainants refer to these challenges as they look to Cardiff Council for support. The Housing & Communities directorate has a dedicated team dealing with complaints and remains committed to learning from complaints and improving the service for all its customers.



## **CARDIFF COUNCIL**

### **Local Resolution Protocol**

#### **1. Introduction**

- 1.1. This Protocol has been adopted in response to the Ombudsman's view that "low-level, Member-on-Member" complaints relating to breaches of the Code should be dealt with at a local level. The aim of this Protocol is to seek the resolution of matters at an early stage so as to avoid unnecessary escalation of the situation which may damage personal relationships within the Council and the Council's reputation.
- 1.2. This Protocol seeks to define the types of "low-level" complaints which are suitable for local resolution and sets out the procedure to be adopted in response to them.
- 1.3. It is important to note that this protocol does not preclude anyone from referring any complaint to the Ombudsman if they so wish. However Members should note that the Ombudsman has made clear that, in normal circumstances, it is expected that in the first instance Members should exhaust the procedures set out in this Local Protocol before referring low-level complaints to the Ombudsman.

#### **2. What type of complaints fall within the remit of the Protocol?**

The Monitoring Officer will use the following criteria to decide whether a complaint falls within the remit of this Protocol:

Within the remit of this Protocol:

- a. The complaint is made by a Member (or Co-Opted Member) of the Council and relates to a breach of the Code by a fellow Member OR
- b. The complaint is made by an Officer of the Council and relates to a breach of the Code by a Member or Co-Opted Member of Cardiff Council

AND

- c. The complaint is "low-level" in nature. Whether or not a complaint is "low-level" in nature will be dependant on the individual circumstances of a complaint.

The Ombudsman has indicated that "*typically these complaints will be about alleged failures to show respect and consideration for others as required by*

*paragraph 4(b) of the Code or the duty to not make vexatious, malicious or frivolous complaints against other members under paragraph 6(1)(d) of the Code”.*

AND

- d. The complaint does not relate to repeated occurrences of similar conduct that has already been dealt with under this Protocol or by the Ombudsman. In the event that the complaint relates to such a “repeated offence” it is likely that it will be appropriate to refer the matter to the Ombudsman directly.

Outside the remit of this Protocol:

- Complaints made by members of the public, although if the Monitoring Officer considers it to be appropriate, s/he may with the agreement of the member of the public, deal informally with the complaint, while informing them of their right to complain to the Ombudsman.

If you are unsure whether a matter you wish to complain about is “low-level” or within the remit of this Protocol, then you may wish to discuss this with the Monitoring Officer (who may consult with the Ombudsman’s office) to obtain guidance.

### **3. Procedure**

- 3.1. In the event of a Member or Officer seeking to make a complaint that may fall within the definition of a “low-level” complaint, they should first raise the matter with the Monitoring Officer (or their deputy or other appointed officer who may assume the role of the Monitoring officer under this Protocol). The purpose of doing so is to determine whether the matter should be dealt with under this Protocol or whether the matter should be referred directly to the Ombudsman.
- 3.2. If it is decided that the matter should be dealt with under this Protocol, the following procedure shall be followed.
- 3.3. Firstly, the Monitoring Officer will consider whether the matter may be able to be resolved by mutual resolution. If so, then the Monitoring Officer will make any appropriate arrangements with the aim of seeking an informal resolution of the matter. In doing so the Monitoring Officer may:
  - i Arrange to meet with the individuals concerned, either together or separately;

- ii require the attendance of any Group Leader, Member or Officer as they determine may be beneficial to resolving the complaint; and
  - iii adopt such arrangements (such as “breaking out” of any joint meeting to meet with the individuals concerned privately or adjourning the meeting to ask individuals to reflect on their position) as they deem beneficial in an attempt to resolve the complaint.
- 3.4. If the matter cannot be resolved by mutual resolution, the person bringing the complaint may ask the Monitoring Officer to refer the matter to the Standards & Ethics Member Hearing Sub-Committee (**Hearing Panel**).

#### **4. Standards & Ethics Hearing Panel Proceedings**

- 4.1. The Hearing Panel shall adopt and make available upon request a procedure under which it shall carry out hearings. If a matter is brought before the Hearing Panel then the Hearing Panel shall hold a hearing to determine the matter in accordance with its hearing procedure.
- 4.2. The sanctions available to the Hearing Panel should it find that there has been a breach of the Code shall be:
- a. A statement that the complaint has substance, but no further action is required.
  - b. Referral of the member for training on a particular topic.
  - c. A private or public written warning. If public, that warning shall be announced and circulated at the next meeting of Council.
  - d. Censure of the Member at the next meeting of Council.
  - e. Referral to the Ombudsman for investigation if the complaint is considered to be deserving of more serious sanctions than the Hearing Panel has the power to impose.
- 4.3. In making a decision on the sanctions to be imposed, the Hearing Panel may take into account (but is not limited to considering):
- a. The severity of the offence.
  - b. Impact on others and any reputational impact on the Council
  - c. The level of remorse the Member in question has shown and any apologies they have made.
  - d. Any other action taken by the Member to redress the complaint.
  - e. Whether there is an indication of the behaviour being repetitious or whether the Member has previously been found to have committed similar offences.

This page is intentionally left blank





# Governance & Audit Committee – Corporate Complaints – 19<sup>th</sup> July 2022

Page 439



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

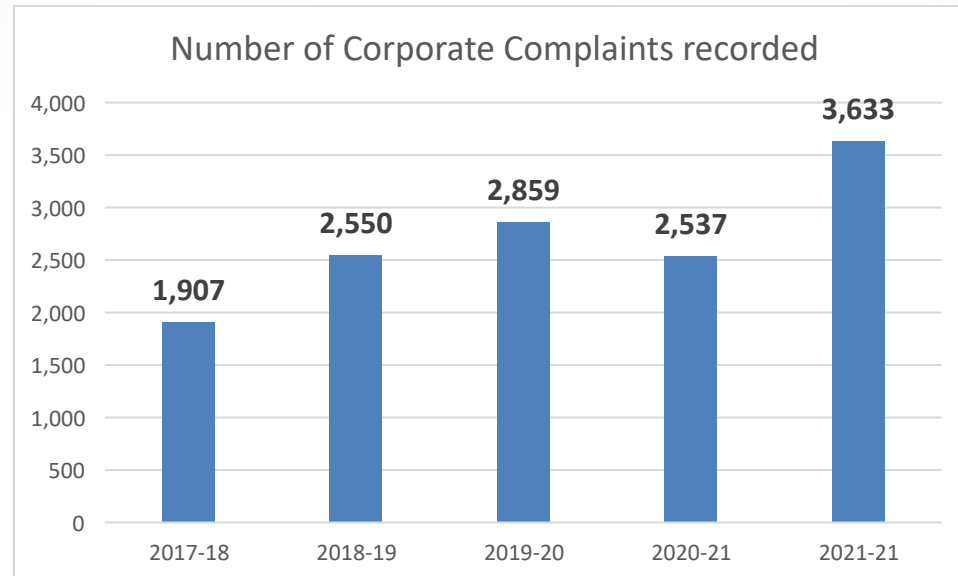


# Background

- Terms of reference of the Committee is to “review and assess the authority’s ability to handle complaints effectively”.
- Annual report details the Council’s performance when handling complaints and is data-driven (though contains some analysis on what we do to learn from complaints).
- **Please note this is a draft report** and has not been shared with appropriate cabinet member.

Page 440

The number of complaints received by Cardiff Council during 2021/22 is 3,633.



# Response times

- Cardiff Council's Corporate Complaints Policy states that we will aim to respond to complaints within 20 working days.
- If we are not able to respond to complaints within this time, we need to let complainants know about this and when they can expect to receive a response.
- During 2021/22, of the 3,633 complaints recorded by Cardiff Council, 2,304 (63.4%) received a response within 20 working days.
- A further 1,233 (33.8%) received a complaint after 20 working days but within 3 months.

	Total complaints closed within timescales				Complaint outcome	
	20 working days	After 20 working days but within 3 months	After 3 months but within 6 months	After 6 months	Upheld	Not upheld
Cardiff Council	2304	1228	83	18	2622*	963*

\*Complaints outcomes total 3,585. Figures for some areas are tbc.

# Background

- If a complainant remains dissatisfied, they are able to approach the Ombudsman to assess whether there is any evidence of service failure or maladministration not identified by the Council.
- The number of complaint outcomes recorded by the Ombudsman (about Cardiff Council) during 2021/22 is 159. Of the 159, 114 (71%) were not considered further by the Ombudsman
- Reasons given for this are that it would be:
  - ✓ premature for the Ombudsman to consider – complainants had not yet exhausted the Council's complaints process
  - ✓ out of the Ombudsman's jurisdiction
  - ✓ No evidence of service failure or maladministration by the Council / the Ombudsman was satisfied with Cardiff Council's complaint handling for the complaint.

# Background

- This leaves 45 complaints that were considered further by the Ombudsman.
- We can extrapolate that of the 3,633 complaints originally made to Cardiff Council during 2020/21, just 45 (1.2%) of these ended up being considered by the Ombudsman.
- This small number reflects well on how Cardiff Council handles complaints.
- Of the 45 complaints remaining, the Council was able to reach an 'early resolution settlement' with 39 of these – this involves either an apology and/or time and trouble payment, commitment to improving a process
- Terms of reference of the Committee is to “review and assess the authority’s ability to handle complaints effectively” – the following presentation will detail how we currently handle complaints.

“A good complaints process  
doesn’t produce *fewer*  
complaints, it produces better  
public services”

***The Public Service Ombudsman for Wales***

# Current Assurances – what do we do well?

**Effective Complaints Handling Procedure-** our policy has been approved by the Public Services Ombudsman for Wales and is based on the Ombudsman’s model policy (Public Services Ombudsman (Wales) Act 2019)

**Regular Engagement**–the Corporate Complaints Team are in weekly contact with Council complaints contacts to provide advice and support and also facilitate a quarterly meeting to discuss any key issues, share good practice and to capture any lessons that can be learned to inform service improvement.

**Transparent Reporting-** we publish data annually in the Council’s Annual Complaints Report and provide data quarterly to the Ombudsman, who publishes it on her website.

**Confidence in current figures** – Corporate Complaints met with the Ombudsman’s Head of Complaints Standards who expressed no concerns at Cardiff’s figures, stating that they “reflected a solid foundation of accepting, recording and responding to complaints. “

**New teams** – During 2021/22, we have created three specialist complaints teams - Adults, Childrens, and Corporate team. Key responsibilities include supporting with the day to day management of complaint handling and resolving complaints. Assisting with monthly reporting and quality assurance.

**Training** – all complaints officers have attended training directly from the Ombudsman. We have since developed a bespoke training package in conjunction with the Ombudsman specifically for Council officers (more to follow).



**Supporting documentation-** a library of supporting documents have been introduced to assist complaints officers in terms of how to handle complaints. These documents have resulted in an increased consistency of approach and greater efficiency.

# Challenges

Though we recognise the excellent work done across the Council when dealing with complaints, there remain challenges:

## **Lack of corporate oversight**

- No corporate oversight of the current complaint stages
- No single system to handle complaints
- Inconsistent recording of information
- Time-consuming to collect council-wide data
- Inefficient processes with multiple handovers, double keying of information and duplication of work
- Negatively impacts the timeliness, ability to meet SLA's, consistency, and quality of responses
- An inability to effectively monitor performance and conduct any trend/root cause analysis
- Difficult to monitor repeat / vexatious complainants
- Inconsistent recording of compliments



### Complaints, Compliments & Member/Cabinet Enquiries

*The project aim is to **create and embed a centralised, streamlined approach** to the management of complaints and cabinet correspondences. This will **improve the handling process, increase efficiency** and **provide corporate oversight** of the complaints, compliments and member/cabinet enquiries across the organisation.*

# Project – what is the added value?

## Exploring a possible new system

We explored current mechanics and needs and then went through a robust process in terms of assessing prospective systems against those needs. Committee has had that analysis and we draw your attention to the contract information and specification previously provided.



Page 448

## Corporate commitment and engagement

There has been excellent engagement at all levels and we have engaged with key stakeholders –at officer level and those who will be dealing with complaints, also at Senior Management level. The Chief Executive has had good oversight of the project and provided strong leadership.

## Corporate oversight

There is room for a corporate oversight team who will be able to have full visibility, “shine a light” and see what is operating effectively

- Improved performance against corporate KPIs and statutory regulations
- Improved compliance with statutory regulations, GDPR and Ombudsman reporting
- Improved compliance with information security and governance policy and procedures
- Increased productivity
- Improved customer satisfaction
- Improved audit performance

# What things look like moving forward – real-time data

Page 449

Home https://metestservicedesk.cardiff.gov.uk/home Search Tuesday, March 1st 2022 10:15

Good morning [Redacted]

**LW** Finance Team Available

### Total Open Tickets

35

### Tickets Outside SLA

43

### Tickets by Service & SLA

Section	Open Enquiries	Over SLA
Adult Services	1	1
Bereavement & Registration	1	1
Caretaking Services	3	3
Commercial & Collaboration	8	8
Community Maintenance Services	2	2
Corporate Oversight 1 (MEs)	18	17
Corporate Oversight 2 (Compliments and Complaints)	27	27
Corporate Oversight 3 (CEs)	10	10
Corporate Resources	2	2
DFG	3	3
Economic Development	5	5

### Member Enquiries

Member	Enquiries
Ahmed, Ali (Cllr)	
Ali, Asghar (Cllr)	
Ali, Dilwar (Cllr)	
Bale, Phil (Cllr)	
Berman, Rodney (Cllr)	
Bowden, Fenella (Cllr)	
Bowen-Thomson, Bernie (Cllr)	
Boyle, Joe (Cllr)	
Bradbury, Peter (Cllr)	
Bridgeman, Lee (Cllr)	
Burke-Davies, Jennifer (Cllr)	
Carter, Joseph (Cllr)	

### Tickets by Service Area

### Recent Activity

All Activity

**LW** #7803 - New Ticket Logged  
Members Enquiry - Litter 20 hours ago

# What things look like moving forward – customisable worklist

The screenshot displays a web-based ticketing system interface. On the left is a dark sidebar with navigation options: 'Search Tickets', 'All Tickets', 'My Lists', 'Tickets by Agent', 'Tickets by Team', 'Tickets by Type', 'Tickets by Status', and 'All Tickets' (highlighted). The main area shows a list of tickets under the heading 'Tickets' and 'All Tickets'. The table includes columns for ID, Welsh?, Client/Site/User, Type, Status, Summary, Date Reported, Agent, and SLA Time Left. The SLA time left is visualized with colored progress bars. The browser address bar shows the URL: https://metestsvicedesk.cardiff.gov.uk/tickets?area=6&mainview=all&viewid=0&sellevel=1&selid=-1&selparentid=...

ID	Welsh?	Client/Site/User	Type	Status	Summary	Date Reported	Agent	SLA Time Left
0007803	Yes	Service Desk/Main/	Members Enquiry	NEW	Members Enquiry - Litter	Yesterday at 13:14	Unassigned	74:59
0007800	No	Service Desk/Main/	Complaint	NEW	Complaint - Bowling Greens	17/02/2022	Unassigned	98:19
0007799	No	Service Desk/Main/	Complaint	NEW	Complaint - Bowling Greens	17/02/2022	Unassigned	95:21
0007798	Yes	Service Desk/Main/	Members Enquiry	RESPONSE APPROVAL	Members Enquiry - Council tax	15/02/2022	Unassigned	-00:07
0007797	No	Service Desk/Main/	Complaint	NEW	Complaint - Footpaths	15/02/2022	Unassigned	79:46
0007795	No	Cardiff Council/*Cardiff Domain/General User	Complaint	RESPONSE APPROVAL	Complaint - Conservation	19/01/2022	CH	-68:40
0007784-C	No	Service Desk/Main/	Members Enquiry	NEW	Members Enquiry - Corporate revenues	19/11/2021	Unassigned	-491:40
0007783	No	Cardiff Council/*Cardiff Domain/	Cabinet Enquiry	CLOSED	Cabinet Enquiry - Council tax	01/12/2021	JB	
0007780	No	Service Desk/Main/	Complaint	CLOSED	Complaint - Council tax	30/11/2021	AB	
0007775	No	Cardiff Council/*Cardiff Domain/	Complaint	CLOSED	Complaint - Council tax	24/11/2021	KP	
0007772	No	Service Desk/Main/	Cabinet Enquiry	RESPONSE APPROVAL	Cabinet Enquiry - Council tax	23/11/2021	IA	-476:07
0007766-P	No	Service Desk/Main/	Members Enquiry	IN PROGRESS	Members Enquiry - Corporate revenues	19/11/2021	JB	-491:40
0007765	No	Service Desk/Main/	Cabinet Enquiry	NEW	Cabinet Enquiry - Grounds mainten...	19/11/2021		-495:31
0007759	No	Cardiff Council/*Cardiff Domain/	Members Enquiry	IN PROGRESS	Members Enquiry - Animals	16/11/2021	AB	-514:46
0007753	No	Service Desk/Main/	Cabinet Enquiry	RESP. APPROVAL	Cabinet Enquiry - Council tax	16/11/2021	AB	-518:30

# What things look like moving forward – search function

The screenshot shows a web browser window with the URL `https://metestservicedesk.cardiff.gov.uk/search?entity=tickets&text=cf5%205an`. The search bar contains the text "cf5 5an". Below the search bar are filter buttons for "All", "Tickets", "Articles", "Clients", "Sites", "Users", "Agents", "Quotes", "Orders", "POs", and "Services". The "Tickets" button is selected. The results show "1-5 of 5 results for 'cf5 5an'" and are sorted by "Date Reported - Newest first".

**Filters (2)**

**Ticket Type**

- Members Enquiry
- Cabinet Enquiry
- Compliment
- Complaint
- ME Enquiry Services

**Details**

fly tipping

Add a Filter Add

**7780** **Complaint - Council tax**  
30/11/2021  
Service Desk  
**CLOSED**  
Details:ID0007780Ticket TypeComplaintUsername...Date Occurred30/11/2021 9:49Date Complaint Received 30/11/2021MethodPhoneCustomer Postcodecf5 5anCustomer Address: CAERAU, CARDIFF, CF5 5ANCustomer WardCaerauTitleMissName of Person raising the ComplaintJonesSubjectCouncil taxDetailstest

**7775** **Complaint - Council tax**  
24/11/2021  
Cardiff Council  
**CLOSED**  
Details:ID0007775Ticket TypeComplaintUsername...Date Occurred24/11/2021 13:57Date Complaint Received 24/11/2021MethodEmailCustomer Postcodecf5 5anCustomer Address: RLES ROAD, CAERAU, CARDIFF, CF5 5ANCustomer WardCaerauTitleMissName of Person raising the ComplaintTaylor BaileyCustomer Email Address...SubjectCouncil taxDetailsCouncil tax

**7745** **Complaint - Grounds maintenance**  
15/11/2021  
Cardiff Council  
**RESPONSE SUBJECT**  
Details:ID0007745Ticket TypeComplaintUsername...Date Occurred15/11/2021 14:57Date Complaint Received 15/11/2021MethodPhoneCustomer Postcodecf5 5anCustomer Address: RLES ROAD, CAERAU, CARDIFF, CF5 5ANCustomer WardCaerauTitleMrsName of Person raising the ComplaintJonesCustomer Email Address...SubjectOver grown PlaygroundDetails playground problem. All overgrown

**7744** **Complaint - Pensions**  
15/11/2021  
Service Desk  
**RESPONSE SUBJECT**  
Details:ID0007744Ticket TypeComplaintUsername...Date Occurred15/11/2021 11:57Date Complaint Received 12/11/2021MethodFace to FaceCustomer Postcodecf5 5anCustomer Address: RLES ROAD, CAERAU, CARDIFF, CF5 5ANCustomer WardCaerauTitleMrName of Person raising the ComplaintParrySubjectPension detailsDetailsPension complaints

# What things look like moving forward – logging a ticket

The screenshot shows a web browser window displaying a ticket logging interface. The URL is <https://metestservicedesk.cardiff.gov.uk/tickets?area=6&mainview=all&viewid=0&sellevel=1&selid=-1&selparentid=1>. The page title is "Tickets > New".

**Left Sidebar:**

- Search Tickets
- All Tickets
- Select a View
  - My Lists
  - Tickets by Agent
  - Tickets by Team
  - Tickets by Type
  - Tickets by Status
  - All Tickets (selected)

**Main Content Area:**

**Ticket details**

**End-User details**

Client: LW Service Desk/Main

Site: Main

User: [Empty]

Email Address: Not set

Phone Number: 02920873333

Contact Address: Not set

**Complaint Details**

Ticket Type: Complaint

Date Complaint Received: 01/03/2022

Method: Email

Customer Postcode: [Empty]

Customer Address: BUTETOWN, CARDIFF, CF10

Customer Ward: Butetown

Title: Mrs

Name of Person raising the Complaint: Jackson

Customer Reference Number: E.g. CM Reference, etc.

Subject: Allotment waiting list

Customer Email Address: [Empty]

Customer Phone Number: [Empty]

**Details**

Mrs Jackson emailed to complain about the waiting list for [Pengham](#) Allotments and the lack of communication from the Council. See email attached.

# What things look like moving forward – comprehensive reporting

The screenshot displays the Halo Service Desk reporting interface. The browser address bar shows the URL: <https://metestserviceesk.cardiff.gov.uk/reports?mainview=reportgroup&selid=12&sellevel=1&selparentid=All%20Groups>. The page title is "Reporting > \*Core Help Desk Metrics". A search bar is located in the top right corner. The main content area displays a list of reports, with "New Tickets (Week by Week)" highlighted. The list includes:

- Backlog
- Fixed Remotely
- Individual Performance
- New Tickets (Week by Week)**
- New Tickets by Channel (Month by Month)
- Predicted Backlog
- Satisfaction Ratings
- SLA Stats (Month by Month)
- Solved Tickets (Month by Month)
- Tickets By Category

The left sidebar contains a navigation menu with the following items:

- Search Reports
- Reports
  - \*Core Help Desk Metrics
  - Accounts Reports
  - Category
  - Core Help Desk Metrics
  - Customer Details Reports
  - Customer Requested Repo...
  - End User Computing
  - Inventory Reports
  - Management Reports
  - Members Reports
  - Misc
  - Miscellaneous Reports
  - Request Reports
  - Sales Reports
  - Service Desk
  - Service Reports
  - SLA Reports
  - Ticket Reports
  - All Reports
- Data Sources
- Composite Reports

Page 453

# What things look like moving forward – future assurance

Get the culture right

Provide appropriate training

Monitor complaints

Report on performance





# Next steps

## August



Soft launch of Council-wide Complaints, Compliments & Member/Cabinet Enquiries system

## September



Annual Complaints Report 2021/22

- ✓ Present to SMT
- ✓ SMT Agenda Conference
- ✓ Cabinet

Page 4 of 5

## October



Corporate Complaints Co-ordinators Meeting

Quarterly Report & Submission of Complaints Data (for Quarter 2) to Public Services Ombudsman for Wales

## November



All-Wales Corporate Complaints Workshop

# Next steps

## December



Half-Yearly Complaints Report  
✓ Informal Cabinet

## January



Corporate Complaints Co-ordinators Meeting

Page 456

## February



All-Wales Corporate Complaints Workshop

Quarterly Report & Submission of Complaints Data (Quarter 3) to Public Services Ombudsman for Wales

## March



Public Services Ombudsman for Wales Sounding Board



# Governance and Audit Committee Annual Report 2021/22

Cardiff Council



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

# Contents

	Page
1. Foreword by David Hugh Thomas, Chairperson of the Committee	1
2. The Role of the Governance and Audit Committee	3
3. Our Work in 2021/22	3
• Standard Items	4
• One-off Items	9
4. Governance and Audit Committee Self-Assessment	15
5. Key Observations 2021/22	17
6. Opinion of the Committee for 2021/22	17
7. Looking Ahead to 2022/23	20
8. Committee Membership 2021/22	20
9. Attendance in 2021/22	21
10. Contacts	22
 Annex Information	
Annex 1 - Governance and Audit Committee Terms of Reference 2021/22	23
Annex 2 - Self-Assessment Action Plan	27
Annex 3 - Committee Attendee Feedback	28
Annex 4 - Member Profiles	29

## 1. Foreword by David Hugh Thomas (Chairperson of the Governance and Audit Committee)

I must open with the same sentiments as our Committee's last annual report, by recognising that there can be no doubt that this has been a very challenging year for Cardiff Council, for Elected Members and Officers, not forgetting the people of the communities whom they seek to serve. In delivering our Work Programme during the municipal year, the Governance and Audit Committee has continued to be mindful of the wide range of financial, economic, and social risks associated with the pandemic, and the importance of seeking assurance on all items that come before us.

Over the course of the year, Senior Officers have reported to us on the co-ordinated approach employed by them in tackling the important challenges associated with the pandemic. Notably, the Corporate Director Resources (Section 151 Officer) has kept us fully informed on financial resilience and management challenges, and the Audit Manager has briefed the Committee on the risk-based work and focus of internal audit, and the design of effective systems and counter-fraud checks in the Council's administration of Welsh Government relief funding. Internal Audit Reports have provided assurance that overall adequate arrangements were in place to deliver good governance, risk management and control.

It would be remiss of me if I did not record at this point my thanks to all Elected Members of the Committee, and the Independent Lay Members (whose detailed profiles are set out in Annex 4 of this Report) for serving on this Committee. I believe that a strong sense of teamwork has been engendered, and the meetings have generally been well attended, having regard to the demands on Elected Members' time fulfilling their other roles and responsibilities.

The local government elections in May 2022, have brought changes to the Elected Member composition of our Committee for the municipal year ahead, for which I wish to record the following.

- Firstly, I give particular recognition to Councillor Howells, who did not stand for re-election, and has stood down as a Member of our Committee after many years of valued service. On behalf of the Governance and Audit Committee, I send our very best wishes for the future.
- I record thanks on behalf of our Committee for the valued services of Councillor Cowan, Councillor Cunnah, Councillor Jones, Councillor Simmons, and Councillor Singh, who remain as Elected Members but have stood down from serving on our Committee. We look forward to working with you in your capacity as Elected Members.
- I welcome Councillor Ahmed, Councillor Carr, Councillor Lewis, Councillor Moultrie, Councillor Palmer and Councillor Waldron who are joining our Committee for the municipal year ahead, and to whom we look forward to working with. Induction training is provided to support new Members before they attend their first meeting.

As we seek assurances on good governance, risk management and internal control across the Council, I must recognise the value of the effective professional working relationships we have benefitted from.

- The Committee received reports from members of the Senior Management Team (SMT) on their Directorate Control Environments throughout the year. This has given our Committee a good opportunity to engage with members of SMT individually, and to seek relevant assurance in their respective areas of responsibility.

- Throughout the year, our Committee has benefited from the highly professional support of senior officers in Accountancy, External Audit (Audit Wales), Treasury Management, Risk and Performance Management. Both myself and my Vice Chairperson (Gavin McArthur) have regular and ongoing engagement with the Audit Manager and the Corporate Director Resources (Section 151 Officer). With their respective responsibilities for independent assurance and the prudent management of the Council's financial affairs, this engagement is of particular importance and value.
- We have taken steps to establishing a meaningful partnership between our Committee and the Scrutiny Committees of the Council in light of our new statutory duties arising from the Local Government and Elections (Wales) Act 2021. In December 2021, I attended a Scrutiny Chairs' Liaison Forum and we agreed principles of sharing and informing the respective Committees of Committee work programmes, enquiries and outcomes. The awareness and insight we receive is valuable as we consider our own work programme and enquiries.
- We engage with the Chairpersons and Chief Auditors across Welsh Local Authorities through an All-Wales Governance and Audit Committee Chairs' Network, with formal meetings held at least annually. Meetings have been attended by representatives from Audit Wales, the Chartered Institute of Finance and Accountancy, and the Welsh Local Government Association and we continue to benefit from this important forum of peers and expert advisors.

The Governance and Audit Committee Work Programme is received at each Committee meeting. Changing risks and priorities are given due consideration, whether they are put forward by Elected Members, Officers, External Stakeholders, or other Committees of the Council. The importance of our role to a range of stakeholders is recognised. We have reflected on the effectiveness of governance, risk management and control in providing overall assurance opinion and informing the Council's Annual Governance Statement 2021/22.

We continue to promote awareness of our work through the publication of a Committee Newsletter, twice a year, and have done so since October 2018, supporting the Council's culture of accountability and assurance.

We have also taken the time to review our performance, so as to give confidence to those relying on our work. In January 2022, we held a self-assessment workshop against the best practice CIPFA Framework. This involved reflection on the feedback we receive from those attending Committee meetings.

Looking forward to 2022/23, in my opinion, the financial, economic and social challenges facing the Council, public services, and the community will still be significant. In the context of an ongoing COVID-19 pandemic, rising energy costs, an increasing demand for public services and ever improving performance, a challenging financial environment is inevitable.

In our role as Governance and Audit Committee in the year ahead, the importance of assurance and oversight will remain critical as we discharge our responsibilities with close attention and care.

D. H. Thomas. Chairperson

## 2. The Role of the Governance and Audit Committee

The Governance and Audit Committee has delivered an important role to increase public confidence in the objectivity and fairness of financial and other reporting and provide independent assurance over governance, risk management and control processes.

The Local Government (Wales) Measure 2011 has required the Council to have a Committee to:

- review and scrutinise the authority's financial affairs
- make reports and recommendations in relation to the authority's financial affairs
- review and assess the risk management, internal control and corporate governance arrangements of the authority
- make reports and recommendations to the authority on the adequacy and effectiveness of those arrangements
- oversee the authority's internal and external audit arrangements, and
- review the financial statements prepared by the authority.

The Council determined that the membership of its Governance and Audit Committee would be twelve Members (eight Elected Members and four Independent Lay Members), which meets the requirement of the Measure and the Local Government and Elections (Wales) Act 2021.

The Terms of Reference of the Governance and Audit Committee for 2021/22 is included within Annex 1 from which an overview of its role is summarised in the following statement of purpose:

### 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, then internal control environment, and the performance assessment of the Council. It provides an independent review of the 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.

## 3. Our Work in 2021/22

The Governance and Audit Committee received regular reports in relation to standard agenda themes and received reports of interest based on risk, governance and internal control matters during 2021/22. Details are provided below.

## Standard Items

### 3.1 Finance

Chris Lee (Corporate Director Resources (Section 151 Officer)) has provided financial updates at every meeting to provide Committee Members with an overview of the financial standing of the Council during a period of ongoing unprecedented financial pressure.

The Committee has noted the challenges facing the Council in respect to its budget strategy for both the year hence and the medium term.

The Committee has received, reviewed and had the opportunity to comment on key finance reports in 2021/22, including:

- Draft Statement of Accounts 2020/21 and ISA 260 Audit Report
- Draft Annual Governance Statement 2020/21
- Cardiff & Vale of Glamorgan Pension Fund Statement of Accounts 2020/21 and ISA 260 Audit Report
- Treasury Management reports, independent review, and updates
- Financial Resilience updates

The Governance and Audit Committee considered the unaudited draft Statement of Accounts 2020/21 of Cardiff Council including Cardiff Harbour Authority, and the Cardiff and the Vale of Glamorgan Pension Fund in July 2021. Our committee has commended the work of those officers involved in preparing a comprehensive set of accounts during challenging times.

A special subsequent Committee meeting was arranged to consider and discuss the corresponding International Standard on Auditing (ISA) 260 Reports for the annual accounts of Cardiff Council and the Harbour Authority in October 2021 with external audit (Audit Wales). Committee received the audit report and the accounts of the Cardiff and Value of Glamorgan Pension Fund in November 2021. Unqualified audit opinions were provided on the accounts, and Committee was advised that the main amendments resulting from the audits were presentational and technical

The pandemic has provided substantial financial challenges, and the Committee has taken particular interest in the information and updates provided by the (Corporate Director Resources (Section 151 Officer)) in each Committee meeting. Through these updates, we have been kept informed about matters of budget strategy and performance, Welsh Government relief claims, and funding received and overall financial resilience. We will continue to closely monitor arrangements in place during the period of recovery from the pandemic.

### 3.2 Governance and Risk Management

The Committee has formed a view on the Council's governance, risk management and internal control arrangements taking into account the information presented by the Corporate Director Resources (Section 151 Officer), Audit Wales, the Audit Manager, Risk Management Team and other officers of the Council.



The Committee plays a key role in contributing to and challenging the contents to be included in the Annual Governance Statement (AGS). The AGS is an important governance disclosure document and accompanies the Statement of Accounts, and measures and reports assurance of the Council’s governance arrangements. Core components of the AGS are:

1. A Senior Management Assurance Statement (SMAS) and assessment of good governance.
2. The Audit Managers opinion on the Council’s control environment based on the programme of Internal Audit work.
3. The Governance and Audit Committee’s opinion of good governance, risk management and internal control.

The Governance and Audit Committee reviewed the AGS 2020/21 in July 2021. The Committee will review the AGS 2021/22 following the financial year-end, in which the ‘Opinion of the Committee for 2021/22’ (section 8) will be disclosed.

The Committee has received and had the opportunity to comment on the following governance and risk management disclosures:

Committee Meeting Date	Item Reviewed
July 2021	<ul style="list-style-type: none"> <li>▪ Draft Annual Governance Statement 2020/21</li> <li>▪ Corporate Risk Management (Q4 Update) 2020/21</li> </ul>
November 2021	<ul style="list-style-type: none"> <li>▪ Corporate Risk Management (Q2 Update) 2021/22</li> </ul>
January 2022	<ul style="list-style-type: none"> <li>▪ Senior Management Assurance Statement Mid-Year 2021/22</li> </ul>
March 2022	<ul style="list-style-type: none"> <li>▪ Corporate Risk Management (Q3 Update) 2021/22</li> </ul>

Within the Council’s Code of Corporate Governance, the Senior Management Assurance Statement (SMAS) process is a core mechanism for senior management self-review and provides an open disclosure of the application of good governance. We have continued to receive an overview of the Council’s Senior Management Assurance Statements twice a year, and we have also probed members of SMT and sought further assurance through the reports we have received from them individually on their directorate control environments throughout the year.

We have received regular risk management updates from lead officers throughout the year, and have discussed risk management at corporate and directorate levels with the senior officers who have attended Committee meetings during the year. Further information is provided in sections ‘3.7 - Control environment Reviews’, and ‘3.8 - Areas of Particular Focus’ of this report.

### 3.3 Performance

Our Committee has new responsibilities from the Local Government and Elections (Wales) Act 2021:

- To review the Council’s draft annual Self-Assessment Report for the financial year 2021/22, and each financial year thereafter, and make any appropriate recommendations for changes.

- When prepared at least once each electoral cycle, to consider the Council’s Panel Performance Assessment Report, review the draft Council response, and make recommendations for changes.

As we have worked towards delivering these new roles, Gareth Newell, Head of Performance and Partnerships, presented an item on Planning and Performance Management to our Committee in September 2021, where we discussed the framework and approach in detail.

Our Committee has a responsibility to review overall performance systems and arrangements in place, whereas scrutiny Committees are responsible for scrutinising specific performance issues relative to their terms of reference and executive decision making.

- The work of Scrutiny Committees as they relate to performance issues will feed into the Annual Wellbeing Report of the Council which will be shared with the Governance & Audit Committee in September 2022.
- Our Committee will then review and make recommendations, in relation to the high-level issues around securing the performance requirements using the governance infrastructure of the Council rather than recommendations of the specific performance issues which are to continue to be dealt with by Scrutiny Committees themselves.

Our Committee considered the mid-year self-assessment report 2021/22 in January 2022, at which point we were advised of the approach taken and the resulting outcomes. We will formally review the self-assessment report for 2021/22, which is due to be presented to us by the Chief Executive.

Our Committee has a further performance responsibility arising from the Act, to review and assess the authority’s ability to handle complaints effectively, and to make any associated reports and recommendations. Details of this work are included in section ‘3.8 – Particular Areas of Focus’ of this report.

### 3.4 Treasury Management

The Governance and Audit Committee seeks assurance that the Council has complied with the Treasury Management Strategy and Practices, and has demonstrated effective risk and performance management.

Over the past twelve months, the Committee has received reports on the Treasury Management Annual Report 2020/21, Mid-Year Report 2021/22 and the Treasury Management Strategy 2022/23.

Through the treasury management reports and updates in Committee meetings, Members have taken the opportunity to scrutinise and challenge the approach adopted and decisions taken. This is a complex area, through which the Committee has delivered its role through probing and scrutinising strategies, reports and data provided.

Members have continued to focus attention on the use of reserves, the levels of borrowing and investment, and the management of risk. To support the Governance and Audit Committee in its role, Members of the Committee were provided with treasury management training in January 2020 from the Council’s external treasury advisors. Arrangements are being made for further Committee training following the financial year-end 2021/22.

Treasury Management is subject to regular Internal Audit, and during 2019, it was subject to a review commissioned with the Council's treasury management advisors. This review considered the corporate team's skills, compliance with best practice, required regulations and professional guidance. The report was complimentary, and we received a management response with target dates for the small number of actions raised.

### 3.5 External Audit (Audit Wales)

The Committee places reliance on the work of Audit Wales as the Council's external auditors. The Committee has received key documents throughout the year:

- Audit Activity / Progress Updates
- External Review Bodies Recommendation Tracker
- National and Council Reports
- Annual Audit Summary 2021
- Audit of Accounts Reports 2020/21

The Committee has received regular updates from Audit Wales, led by Derwyn Owen (Engagement / Financial Audit Director), Phil Pugh (Financial Audit Manager) and Sara-Jane Byrne (Performance Audit Manager). In addition to Cardiff specific studies, Committee Members received national and local financial sustainability reports from Audit Wales, with the key findings and messages discussed.

#### Reports

The Committee reviewed National and Local Sustainability Reports in our Committee meeting in November 2021. In their National report Audit Wales reported that "funding from Welsh Government to help with the pandemic has meant that councils are financially stable for now but face some challenges in the future." In the local report, Audit Wales reported that "the Council faces a number of key financial risks and has a significant medium-term budget gap but has arrangements in place to manage its financial sustainability."

The Committee has received a management response to the three 'proposals for improvement' arising from the local report and will monitor progress through a tracker of recommendations from external review bodies, for which further details are provided below.

#### Recommendations

The Committee considered a recommendation tracker of external review body reports on a biannual basis during the year. The tracker has developed since it was originally introduced in January 2021, at which time it covered the recommendations of Audit Wales only, and it has since expanded to cover wider review bodies such as HM Inspectorate of Prisons (HMIP), Care Inspectorate Wales (CIW) and Estyn.

There is a commitment to using the tracker to reinforce accountability for addressing recommendations. The tracker will continue to be considered by the Committee twice a year, and supplemented with details of the Committees of the Council or Boards that the various reports and recommendations have been reported to, for our information and assurance.

## Wider Reports

We received the Annual Audit Summary 2021 from Audit Wales in January 2022, which reported an outline of the work undertaken in 2020/21, the findings, an overview of reports published by other regulatory bodies, and an overview of planned work.

The Committee's review of the Audit of Accounts Reports and Audit Certificates 2020/21 is outlined in 'Section 3.1 – Finance'.

## 3.6 Internal Audit & Investigation Teams

The Committee continues to place reliance on the work of the Council's in-house Internal Audit Team. It receives a progress report from the Audit Manager on a quarterly basis, which includes audit opinions, critical findings and progress against the audit plan, together with wider performance measures and audit recommendation tracking information.

The Audit Manager has had a functional reporting role to the Governance and Audit Committee and reports managerially to the Head of Finance (Deputy Section 151 Officer). The Committee has been assured that throughout the year that there have been no impairments to Internal Audit independence or objectivity in accordance with the Public Sector Internal Audit Standards (PSIAS).

The Internal Audit Charter and the Internal Audit Plan 2021/22 were accepted by the Governance and Audit Committee in March 2021. At this time, the Committee also considered the Audit Strategy. 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 achieved 61% of Audit Plan this year against a target of 70%. During the year, the Team has faced reduced capacity which has affected delivery of the Audit Plan, most notably from a small number of long-term sickness cases. The Audit Manager has advised the Committee that in the context of reduced staff resource, it is considered that an effective outcome was achieved in terms of audit delivery, coverage, and focus.

The majority of audit consultancy and support has been provided in respect of the administration of Welsh Government COVID-19 funds for a range of grant and relief payment schemes. The focus has been to provide guidance on the design and implementation of effective controls in the administration these schemes to achieve compliance and control, and arrangements for the effective prevention and detection of fraud.

The Committee received the following key documents during the year:

- Internal Audit Strategy, Charter, and Plan
- Internal Audit and Investigation Team Progress Reports
- Internal Audit Recommendation Tracker
- Internal Audit and Counter-Fraud Annual Reports
- Changes to key documents and Internal Audit and Investigation Team action plan updates.

The Audit Plan 2021/22 included audits of a thematic nature to gain assurance in each directorate across the Council. The thematic work this year related to pre-contract assurance. In respect of schools, thematic audits of health and safety and asset management were completed.

An overview of all issued audit reports has been provided to the Governance and Audit Committee, with emphasis given to recommendations allocated a priority rating of Red or Red / Amber. The

Committee has received and had an opportunity to review all audit recommendations and the associated management responses and updates until the point of implementation.

The number of audit recommendations implemented within agreed timescales is improving, but requires further management attention, with performance at 69% against a target of 80%. It is essential that audit clients prioritise delivering audit recommendations within the timescales they agree to, and to support this sentiment, we have written to a small number of directors who have had particularly overdue recommendations in their portfolio.

Internal Audit is subject to an external review every five years in order to report conformance with the Public Sector Internal Audit Standards (PSIAS). The Audit Manager of Rhondda Cynon Taf Council carried out this review during 2017/18, and provided assurance that the Internal Audit function conformed to the standards. Arrangements are being made through for the next external peer assessment to be undertaken by Monmouthshire Council during 2022/23. The Governance and Audit Committee has received ongoing internal assurance through performance reports in each Committee meeting this year from the Audit Manager that the Internal Audit Service is operating in conformance with the PSIAS.

The Committee will receive a full year overview of audit work completed, and key messages, when the Internal Audit Annual Report 2021/22 is presented in our first Committee Meeting of 2021/22. This report will provide the Audit Manager's opinion on the Council's overall position in relation to risk, governance and control and an annual review and assurance statement on conformance with the PSIAS.

On a quarterly basis, the Governance and Audit Committee received an overview of the activities and outcomes of the work of the corporate Investigation Team. Committee also received details of wider counter-fraud work, initiatives, and counter-fraud training developed and attended across the Council. The Committee has received information this year on the Council's participation in International Fraud Awareness week in November 2021, data matching and manual checks both in respect of business-as-usual case work and cases associated with the administration of Welsh Government grant funding associated with the pandemic to individuals and businesses.

## One-off Items

The Governance and Audit Committee has engaged with senior officers through its programme of work this year for assurance on the control environment for their respective areas of oversight. We have also considered our new performance responsibilities areas, and areas of good governance, risk management and control this year with particular focus and details are provided below.

### 3.7 Control Environment Reviews

#### a. Council Control Environment

The Committee receives an annual overview of the Council's control environment from Paul Orders, Chief Executive. The Council's control environment update comprises an outline of, and assurance on, the Council's overall arrangements for governance, risk management and internal control. Our Committee recognises the challenging financial environment facing the authority, and the Chief Executive continues to emphasise the important role of the Section 151 Officer, and SMT in making the interventions necessary to effectively to manage Council finances.

The timing of the control environment update from the Chief Executive has been aligned with the timing of reporting on the annual performance self-assessment, and we have invited the Chief Executive to attend our Committee meeting in September 2022 to discuss the year-end position in respect of 2021/22. The Chief Executive attended our Committee in March 2021 to present a report on the Council's control environment in respect of the prior financial year (2020/21), and relevant details are contained within our previous annual report.

#### b. Directorate Control Environment Reviews

One Corporate Director and three further Directors attended Governance and Audit Committee meetings in 2021/22 to provide an overview of their directorate control environments. We were provided with details of directorate governance, risk management and internal control, and the prominent matters discussed and actions agreed were as follows:

#### Governance and Legal Services

Davina Fiore, Monitoring Officer and Director of Governance and Legal Services attended a Committee meeting in September 2021 to provide a directorate control environment update.

We received background information on the structure and management of services, relevant performance details and operational context, and an overview and details of directorate risks and the arrangements for their identification and management. Committee was also provided with information on the internal audit reports received, and the progress in delivering related actions. Details of the wider control environment were also provided to us, comprising performance management, senior management assurance, external assurance, and value for money.

We asked for details of how directorate risks are identified and managed. We were advised that a Directorate Risk Register is in place and that significant risks, such as Safeguarding Children, are escalated to the Corporate Risk Register. A Risk Champion supports the coordination of risk management by attending Management Teams meetings through which the mitigations for each risk are monitored. We were also advised that some major directorate risks are managed by project teams, such as the Election Project Team, which has an elections risk register that identifies potential risks in finer detail.

#### Planning Transport and Environment

Andrew Gregory, Director of Planning Transport and Environment provided our Committee with a Directorate Control Environment Overview in November 2021.

We received an account and examples of how the directorate management team oversee governance, risk management and internal control across the directorate. We were also provided with details of the management of priority risks overseen by the directorate, the working relationship with internal audit for independent assurance, directorate performance arrangements and examples of value for money and partnership assurances. We discussed a range of matters referred to within the report we received.

In respect of the Senior Management Assurance Statement, we asked whether the 'mixed application' of good governance results were averages and whether there were any outliers that the Committee should be concerned about. The Director stated that a number of the areas have been

flagged for development including how service areas are delivering their Future Generations Act responsibilities and the governance in regional transport projects relationships. An action plan is in place to address the 'mixed application' results.

When discussing programme and project management, we were advised that programme and project management principles were being followed, but that the approach has not been standardised. We considered that there is scope to use a standardised approach, for assurance on the management of risk in a structured way.

As part of discussions on value for money arrangements, we were advised that each capital project has a business plan and against that there is clear quantified monitoring of income and other revenue and capital implications. We considered that it would be useful to have sight of what is being achieved in this regard in future Committee reports.

## Resources

Chris Lee, Corporate Directorate Resources and Section 151 Officer provided our Committee with a Directorate Control Environment Overview in January 2022.

The report we received outlined how since the onset of the pandemic the directorate has played a key enabling role, whereby digital services supported staff to work from home, finance and procurement staff supported financial resilience and the commissioning of essential supplies, and HR staff supported solutions to business need (such as the temporary switch of staff from existing roles to priority front line posts).

We were also provided an overview of arrangements to oversee and maintain good governance, risk and performance management, and internal control. areas of good practice drawn upon included internal and external assurance arrangements, balanced scorecard approaches for managing performance, and examples of partnership and collaborative governance and value for money.

Our Committee discussed the report's contents, and we supported a management action arising from a senior management assurance exercise for central services to revisit benchmarking which was had not been undertaken in recent years.

We sought assurance on arrangements to learn from national and international security incidents and to test the council's incident management arrangements. We were advised that appropriate arrangements and corporate exercises are in place. We also discussed a risk relating to the analogue to digital shift for telecare customers by 2025. We were advised that this transition is being carefully managed to ensure there is no loss of service during any move to new technology.

## Education and Lifelong Learning

Melanie Godfrey, Director of Education and Lifelong Learning provided our Committee with a Directorate Control Environment Overview in March 2022.

Over a number of years, we have sought regular reports from senior management in the Education and Lifelong Learning directorate, following concerns raised through Internal Audit reports on good financial management in school-traded services and on school governance. We have also sought ongoing assurance on the arrangements to manage school balances, and to address audit recommendations.

Following appointment as Director, Melanie attended our Committee in March 2021. At this time, we were advised of the actions being taken to enhance existing arrangements, including assigning new staff resources and responsibilities to support coordination and oversight of improvements.

The report and presentation we received in March 2022 provided details of the management structure, achievements and priorities, governance, directorate risk management and internal audit assurance. We were also provided with some value for money examples.

- The Director advised our Committee that work is required in some key areas of governance, which has been captured through a mid-year senior management assurance statement assessment, for which targeted actions are being taken forward.
- We discussed a range of matters with the director arising from the report and presentation we received, ranging from the importance of the timely delivery of internal audit recommendations, the governance of school delegated budget balances, certain legal responsibilities, and opportunities to further develop value for money reporting. We received an account of the governance arrangement in place to manage various aspects of the directorate control environment, together with an acknowledgement that further improvements are being sought.
- Our Committee has noted the positive improvements made, as recognised in a recent Estyn report, and we will continue to keep a keen interest in the governance arrangements and assurance we receive in respect of schools and the wider education portfolio.

### 3.8 Areas of Particular Focus

In addition to our standard areas of work, the Governance and Audit Committee considered our new performance responsibilities areas, and areas of good governance, risk management and control this year with particular focus. A brief account of our reviews of these areas is included below.

#### Performance Self-Assessment

As outlined within section 3.3 – performance of this report, the Governance and Audit Committee has a responsibility arising from the Local Government and Elections (Wales) Act, to review the Council’s draft annual Self-Assessment Report for the financial year each year, and to make any appropriate recommendations for changes. We are also required to consider the Council’s Panel Performance Assessment Report, review the draft Council response, and make recommendations for changes. This latter report will be prepared at least once each electoral cycle.

This year we have considered that, in light of our new statutory duties in respect of performance, establishing a meaningful relationship between our Committee and the Scrutiny Committees was in the best interests of the Council. In December 2021, the Governance and Audit Committee Chairperson attended a Scrutiny Chairs Liaison Forum and we agreed principles of sharing and informing the respective Committees of Committee work programmes, enquiries and outcomes.

We also engage with peers through our All-Wales Governance and Audit Committee Chairs’ Network, to discuss new responsibilities, to share experiences, and to gain wider support and direction. Our Chair and Vice Chair attended the All-Wales Governance and Audit Committee Chairs’ Network in September 2021, hosted by Cardiff Council. In this meeting, the Head of Policy (Improvement and



Governance) from the Welsh Local Government Association provided information and discussion on the new responsibilities for Governance and Audit Committees relating to the Local Government and Elections (Wales) Act 2021, and the development of a programme of support. Audit Wales also delivered an interactive session to consolidate some of the learning from the Act.

## Complaints Handling Arrangements

Our Committee has a new responsibility arising from the Local Government and Elections (Wales) Act, to review and assess the authority's ability to handle complaints effectively, and make any associated reports and recommendations. In delivering this role the Committee

- Received the Council 'Complaints and Compliments – Policy and Annual Report 2020/21', together with details of the Council's complaints and compliments systems and processes from Isabelle Bignall (Chief Digital Officer). We also considered a half-yearly report on the operation of corporate complaints procedures. We were advised of the arrangements being made to implement a council-wide system for recording and reporting on complaints. Upon request we received a subsequent overview of the preferred option for the new system, including details of the specification used to inform the procurement process. Going forward, we have set an expectation that future reports provide measures of the effectiveness of complaints handling in addition to raw data for us to meaningfully review the arrangements in place
- Discussed the arrangements in place for dealing with complaints relating to alleged breaches of the Members' Code of Conduct with Davina Fiore (Monitoring Officer and Director of Governance and Legal Services). We welcomed the overview, as we recognise the direct role of Standards and Ethics Committee in relation to any misconduct complaints referred by the Ombudsman and set out in the Local Government Investigations (Functions of Monitoring Officers and Standards Committees) (Wales) Regulations 2001.

We will continue to receive updates on complaints handling twice a year through substantive agenda items as we seek ongoing assurance on the effectiveness of complaints handling arrangements.

In our All-Wales Governance and Audit Committee Chairs' Network in September 2021, the Head of Complaints Standards from the Public Service Ombudsman for Wales provided information on work of the Complaints Standards Authority in Local Authorities, the data collected and a consideration of indicators of good performance.

## Waste Management Control Environment

Our Committee has maintained a close interest in the internal control environment in Waste Management for which lower levels of assurance have typically been received from Internal Audit reports than for other areas of the Council. During recent years, the Service Area has also been subject to investigations into financial / control matters for which our Committee has received confidential briefings.

Neil Hanratty, the responsible Director for Waste Management, provided our Committee with an overview of governance, internal control and risk management within the service in a special Committee meeting that we held in December 2021. We heard from the Director and the Audit

Manager that there has been steady and sustained progress in recent years in the internal control environment, led by the senior management in place. We were advised that there are mechanisms for delivering and acting on improvement actions, and that there is a constructive two-way relationship with internal audit, in the planning of, and response to, assurance work.

In response to questions we raised during our discussion, we were advised that:

- Lower management assurance was reported in respect of compliance as a landfill aftercare issue has been identified, for which the Council is working with specialist waste contractors and consultants to address concerns regarding leachate emanating from a landfill site.
- Historically there have been internal control concerns in the Waste Management service, but controls have been tightened and a significant number of Internal Audit recommendations have been implemented. No recent audits have provided an 'unsatisfactory' audit opinion and focus remains on the journey of improvement. Audit Wales consider the work of Internal Audit, the reported findings and discussions with management when developing their work programme.
- Whilst there are high levels of sickness within the service, management advised that the corporate procedure was adequate, and attention is being given to ensuring it is consistently applied.
- Operational and Business Improvement Meetings are used to monitor customer feedback and complaints and service improvements and controls are being improved through the digitalisation of systems and the greater use of new technologies. The introduction of 'BarTec' (in-cab GPS) technology captures data which can be used to refine how the service is delivered.

Our Committee will maintain a close interest on the internal control environment in Waste Management and in doing so we will continue to seek assurance from management, Internal Audit and Audit Wales.

## Education and Lifelong Learning Assurance

As referred to in section 3.7 – Control Environment Reviews, for a number of years, we have sought regular Education and Lifelong Learning assurance. We have focussed our attention in three key areas:

1. Internal Audit assurance on good financial management in school-traded services and on school governance.
  - School traded services were not directly audited this year, although at a summary level they were considered as part of directorate testing in respect of a directorate recovery planning audit for which the directorate has self-assessed strategic actions relating to business planning and resilience.
  - There were fewer adverse audit opinions assigned to schools over the year than in previous years, but an unsatisfactory assurance opinion was allocated to Cardiff West High School. Our Committee received an executive summary of the pertinent findings and the school has accepted the recommendations of the audit. A follow up audit is being arranged for assurance that the required actions have been implemented

2. The arrangements in place to manage school balances.

Our Committee received a briefing on school balances during January 2022, which provided:

- A breakdown of individual school balances at the 2020/21 financial year end with comparative prior year details, including details of Welsh Government revenue grants received during March 2021 which impacted year-end balances. Two schools had deficit balances, and there was a significant increase in surplus school balances.
- Details of the reasons for the increase in balances, comprising cost savings when schools were closed (premises and sickness / supply costs) and increased funding received for specific costs associated with the pandemic from Welsh Government.
- Information on the relaxation of the 2010 regulations in respect of surplus balances, notified by Welsh Government during the summer term 2021. 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.

We recognise that the pandemic has necessitated some changes to the management of school balances by the local authority on a temporary basis. In this setting we are seeking assurance from an internal audit engagement on school surplus balances, which commenced during March 2022.

### 3. The implementation of audit recommendations.

- The implementation of audit recommendations is important across all areas in order to deliver good governance, risk management and control. Across the Education and Lifelong Learning directorate which includes Cardiff's schools, a high number of audit recommendations are raised each year.
- Through reviewing the internal audit recommendation tracker each quarter, we recognise the need for ongoing attention in order to action recommendations in a timely manner across the Education and Lifelong Learning directorate.

## 4. Governance and Audit Committee Self-Assessment

### Context and approach

In January 2022, the Governance and Audit Committee held a Self-Assessment Workshop, to review its performance against a best practice CIPFA framework. Following the process introduced in previous years' assessments, Governance and Audit Committee Members were asked to undertake an Individual Assessment against the CIPFA core knowledge and skills areas in advance of the collective workshop. This enabled the results to be reflected upon when considering the overall assessment.

To further inform and supplement the self-assessment workshop our Chair and Deputy Chair have considered and reflected on the feedback from those attending Governance and Audit Committee meetings on the performance and the value they gained from their attendance.

### Self-Assessment

Individual Assessments were completed by five of the twelve Governance and Audit Committee Members.

From the Individual Assessments completed, whilst there was strong self-assessed performance in each core area, Counter-Fraud and Treasury Management represented the lowest self-assessed areas overall. The areas involving disciplines of a more technical continue to be scored comparatively lower for the Committee as a whole, although a proportion of individual Committee Members have self-assessed as at least strong for knowledge and application in each of the ten core areas.

In respect of the collective Self-Assessment Workshop held in January 2022, the results were as follows.

Through our review of good practice, Governance and Audit Committee self-assessed:

- Twenty-two areas were assessed as ‘fully in place’
- Two areas were assessed as ‘partly in place’
- One area was assessed as ‘not applicable’
- No areas, were assessed as ‘not in place’

For the areas reported as ‘partly in place’, the Committee considered:

- When reflecting on our assessment against the CIPFA Core Knowledge and Skills Framework - We have reasonable awareness of our training needs, through Individual Assessments against the Framework, but we acknowledge that with a partial completion rate (42%) the action should not be considered complete.
- When reflecting on Committee discussion and engagement, whilst we consider that we are effective in this regard, we acknowledge that discussions are not contributed to by all Members across the Committee. Engagement across the Committee is encouraged, and will continue to be advocated as part of induction processes, informal discussions and during Committee meetings.
- recommendations we raise and the extent to which they are acted on - Whilst actions / recommendations are raised as part of Committee meetings, and subsequently monitored, we considered the Committee could more proactively review their status and consider follow on actions within Committee meetings. A mechanism has been agreed as an action to support this.

For our review of Governance and Audit Committee effectiveness, we used a 5-point rating scale, ranging from ‘no evidence’ (point 1), to ‘clear evidence’ (point 5) of the work and support of the Committee to delivering improvement in a range of areas.

Of the nine areas reviewed:

- One was assessed at point 5, with clear evidence from a number of sources that the Committee is actively supporting improvements.
- Seven areas were assessed at point 4, with clear evidence from some sources of the effective support for improvements.

- One area was assessed at point 3, as having mixed experience and evidence of Committee support.

The area scored as 'mixed' related to 'supporting the development of robust arrangements for ensuring value for money'. The Committee considered that whilst the level of detail provided in the reports from senior officers has been gradually improving in recent years, there is a need for the Committee to maintain the focus being given to value for money assurances when engaging with senior officers.

The Action Plan and feedback information from those attending Governance and Audit Committee are included in Annex 2 and Annex 3 of this report respectively.

## 5. Key Observations 2021/22

The Governance and Audit Committee Work Programme has been developed and discharged with the support of Audit Wales, Internal Audit and other Council Officers, to deliver the Governance and Audit Committee terms of reference with a focus on the significant risks and challenges facing the Council.

The Committee has achieved an overview of the Council's priorities, risks and controls through the many items received through its Work Programme. The Committee has focussed on achieving assurance on the effective arrangement across directorates to respond to the challenges of maintaining controls, displaying good governance and managing risks. Through engagement with senior officers, and receiving a range of management and independent assurances, the Committee has gained a good understanding of the services provided and the challenges faced. We have responded proportionately with assurance and challenge, as appropriate, and documented within section 3 of this report, 'Our Work'.

In addition, the Committee has had the opportunity to challenge and discuss actions taken in response to External and Internal Audit Reports, and we have undertaken reviews of particular matters of good governance, risk management and control, through inviting senior officers to Committee meetings to provide information and assurance. Through this information and engagement, we have identified the assurance and coverage required to deliver our role, from which our Annual Opinion for 2021/22 and areas of particular interest going forward are documented in the following section.

## 6. Opinion of the Committee for 2021/22

Based on the evidence presented to the Governance and Audit Committee during 2021/22, it is the considered view of the Governance and Audit Committee that the Council does have, for the most part, sound internal controls and governance arrangements in place. Strategic risks representing the true challenges facing the Council are captured and reviewed on a regular basis. Examples of where the Committee continues to have concerns, which will be incorporated into the Committee's Work Programme for 2022/23, include:

## 6.1 Budget Management

The Committee recognises the sustained financial pressure that the Council is under and notes that whilst the overall financial position was balanced, some particular directorates had significant overspends for which control improvements are needed, and management attention and actions are required in directorates to achieve budget savings proposals put forward. Budget management is particularly pertinent at this time given the pressures facing local authorities as they respond to the ongoing pandemic and other emerging challenges and issues.

Welsh Government support has been received this year to mitigate the impact of the pandemic on budgets, and there has been considerable officer attention and effort to record, verify and submit claims to recover eligible expenditure that has increased, and eligible income that has been lost during the crisis. The settlement to the Council for the year ahead from Welsh Government represents a significant increase in cash terms compared to previous years. However, there have been additional costs to consider, including the introduction of a Real Living Wage in the Care Sector, and there will be no 2022/23 Hardship Fund from 1 April 2022.

The Committee is keen to observe effective arrangements for budget management and control during 2022/23. The Committee will carefully consider budget management arrangements over the year to come, through observing the use of appropriate management controls and interventions, and continuing to reinforce expectations for delivery.

## 6.2 Internal Control

Assurance on compliance and control is essential. For a number of years there have been continued constraints on resources, together with a growing population and greater demand for public services. As the Council faces significant challenges in how it delivers services, it remains essential that internal controls are not neglected or impaired, and that strong controls operate throughout reformed processes and systems. Additionally, the pandemic has necessitated the adaptation of systems, and in some cases the design of new systems, in order to respond to new priorities. We have been advised of the consultation, advice and guidance provided by the Internal Audit and Investigation Teams to support management to design and uphold robust controls as they have navigated new priorities and responsibilities. The Committee has noted the inherent risks associated with the Council's requirement to administer and distribute a significant amount of Welsh Government emergency funding at pace this year. It has been important for the Committee to receive relevant assurances during the year, and over the last two years we have received briefings on the arrangements for up-front controls, post award assurance checks and the progression and outcomes of cases identified for investigation.

The Committee has invited senior officers to attend its meetings this year, to account for their delivery of good governance, risk management and control. In addition, the Committee has continued to receive the details of all Internal Audits completed, and the respective assurance ratings. This year we have observed isolated internal control gaps through reports of insufficient assurance, and one unsatisfactory audit opinion. Whilst the number of unsatisfactory Internal Audit opinions remain low, management must maintain sound systems of internal control and promptly address identified weaknesses.

We have maintained close interest on the robustness of controls in relation to the Waste Management function. In recent years, alongside a police referral and investigation, a wide-scale internal investigation into allegations of fraud was completed and disciplinary proceedings have concluded. We have received a confidential briefing (as at 31 May 2021) referring to the disciplinary cases and outcomes, which links to the targeted work completed by Internal Audit to verify the operation of key controls, the management of risk and the overall control environment.

The Committee met the Director responsible for Waste Management this year, to discuss governance, internal control and risk management within the service. We heard from the Director and the Audit Manager that there has been steady and sustained progress in recent years in the internal control environment, led by the senior management in place. Our Committee has been advised that there are mechanisms for delivering and acting on improvement actions, and that there is a constructive two-way relationship with Internal Audit, in the planning of, and response to, assurance work. We recognise the progress made for which continued management attention and assurance are required.

The Committee receives a list of all Internal Audit recommendations raised and agreed, and visibility of updated management comments until the point of implementation. Whilst the Committee has an overall assurance of internal control, we continue to require officers to account for services or functions where internal control weaknesses have been identified. We continue to challenge any impairment in stewardship and control of public funds and assets, seeking prompt and proportionate management actions. The Committee has considered and approved the Internal Audit Plan for 2022/23, and will closely monitor its progress and findings over the year ahead.

### 6.3 Financial Resilience (including Treasury Management)

In a position of constrained finances, the Committee will continue its consideration of the framework for financial decisions. The Committee has received regular updates on financial resilience and, in recent years has welcomed the independent assurance of the Council Treasury Management activities, by the Council's Treasury Management advisors, further to the regular assurance provided by Internal Audit.

The Governance and Audit Committee will continue to look to gain assurance of sound treasury management practices and strategy. This is vital work, which will both safeguard and deliver best value from the Council's borrowing and investments. The Committee has and will continue to seek assurance that the levels and profiles of investments and borrowing are appropriate and in line with the Treasury Management Practices, Strategy and Reports presented.

### 6.4 Schools Governance & Compliance

The Committee has sought regular reports from senior management in the Education and Lifelong Learning directorate for a number of years, following concerns raised through Internal Audit reports on good financial management in school-traded services and on school governance. We have also sought ongoing assurance on the arrangements to manage school balances, and to address audit recommendations.

In view of an ongoing need for regular school governance assurance, we arranged early engagement with the new Director of Education and Lifelong Learning after their appointment, and we discussed the arrangements for monitoring controls and progress of governance improvements in schools. We

were advised that actions had been taken with new staff resources and responsibilities assigned to support coordination and improvements. The Director has attended our Committee a further time, and we received an account of the governance arrangement in place to manage various aspects of the directorate control environment, together with an acknowledgement that further improvements are being sought.

Our Committee has noted the positive improvements made, as recognised in a recent Estyn report, and we will continue to keep a keen interest in the governance arrangements and assurance we receive in respect of schools and the wider education portfolio. This is with the understanding that the Governance and Audit Committee can request the attendance of those directly responsible for governance at an individual school level, to a Committee meeting, in the event that assurances are not considered as sufficient.

The Committee acknowledges that the Council is not able to set rules for schools to adhere to regarding contracting matters, albeit advice can be offered on good practice. This area of interest remains a priority of the Committee and we continue to support the production and use of best practice guidance in schools to strengthen financial stewardship and control.

## 7. Looking ahead to 2022/23

During the forthcoming municipal year, we will continue to be guided by the professional advice of our Corporate Director Resources, Audit Manager and the Internal and External Audit teams.

Our work programme will cover all areas of our terms of reference and we will monitor the management of the existing matters highlighted in section 6 of this report (the 'Opinion of the Committee for 2021/22') as well any new issues, which require our attention.

We will continue to deliver our responsibilities with the necessary level of flexibility to discharge our role comprehensively, through relevant engagement and consultation with relevant officers and stakeholders both within and outside of formal Committee meetings.

## 8. Committee Membership 2021/22

The Committee consists of four Independent Lay Members and eight Councillors, elected by Council (detailed in Annex 4). Independent members are appointed for no more than two administrative terms with Council Members reappointed annually.

- On 25 November 2021, Council re-appointed Gavin McArthur and David Price as Independent Members of the Committee, for a second 5-year term.
- Dr Janet Wademan, the new Independent Lay Member of the Committee, was appointed on 30 September 2021, and attended Committee on the 19 October 2021 as an observer. Following induction training, she became a full member of the Committee.
- Hugh Thomas, Chair of the Governance and Audit Committee, is already serving a second term.

There were no changes to Elected Members serving on the Committee during the year, but following the financial year end, one Elected Member stood down as a Councillor. In May 2022, Local Elections were held, and following this, four members stood down from the Committee and five new Members were



appointed. A further change was made before the first Committee meeting of 2022/23, whereby in Council on 30 June 2022 an ongoing Elected Committee Member was replaced by a further new Elected Member. The position in respect of Committee Membership is shown in Annex 4.

The Committee has been serviced by Council Officers, principally the Corporate Director Resources (Section 151 Officer), and the Audit Manager. Representatives from Audit Wales have also attended Committee meetings.

## 9. Attendance in 2021/22

The Governance and Audit Committee met on 7 occasions throughout the municipal period 2021/22 on the following dates: 20<sup>th</sup> July 2021, 28<sup>th</sup> September 2021, 19<sup>th</sup> October 2021 (Special Meeting), 23<sup>rd</sup> November 2021, 7<sup>th</sup> December '2021 (Special Meeting), 25<sup>th</sup> January 2022, and 15<sup>th</sup> March 2022.

### Committee Meeting Attendance

Attendance 2021/22	Possible	Actual
<b>Independent Lay Members</b>		
Hugh Thomas (Chairperson)	7	6
Gavin McArthur (Deputy Chairperson)	7	6
David Price	7	6
Janet Wademan (appointed 30.09.21)	5	4
<b>Elected Members</b>		
Councillor Jayne Cowan	7	7
Councillor Stephen Cunnah	7	5
Councillor Russell Goodway	7	4
Councillor Nigel Howells	7	5
Councillor Keith Jones	7	5
Councillor Elaine Simmons	7	0
Councillor Kanaya Singh	7	0
Councillor Joel Williams	7	7

All Committee Members received induction training prior to attending Governance & Audit Committee meetings.

## 10. Contacts

David Hugh Thomas Chairperson of the Governance and Audit Committee	Please contact via the Audit Manager
Christopher Lee Corporate Director Resources	029 2087 2300 <a href="mailto:Christopher.lee@cardiff.gov.uk">Christopher.lee@cardiff.gov.uk</a>
Chris Pyke Audit Manager	029 2087 3455 <a href="mailto:cpyke@cardiff.gov.uk">cpyke@cardiff.gov.uk</a>
Derwyn Owen Engagement Director (Financial Audit), Audit Wales	07909 882609 <a href="mailto:Derwyn.Owen@audit.wales">Derwyn.Owen@audit.wales</a>
Phil Pugh Audit Manager (Financial Audit), Audit Wales	07964 118615 <a href="mailto:phil.pugh@audit.wales">phil.pugh@audit.wales</a>
Sara-Jane Byrne Audit Manager (Performance Audit), Audit Wales	07786 111385 <a href="mailto:sara-jane.byrne@audit.wales">sara-jane.byrne@audit.wales</a>

## Governance and Audit Committee Terms of Reference 2021/22

### 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.

## Self-Assessment Action Plan

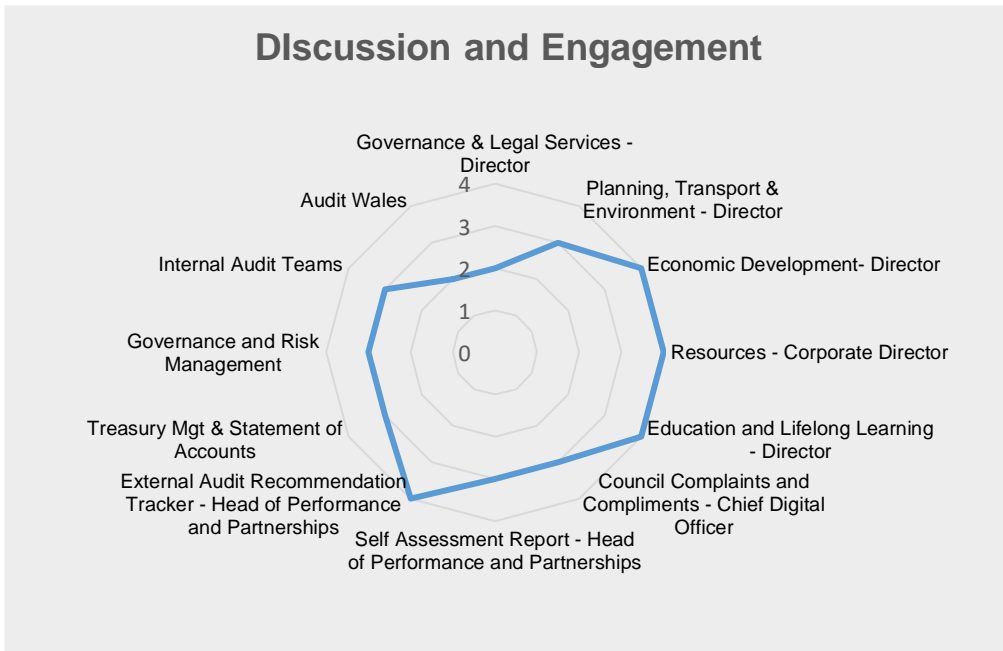
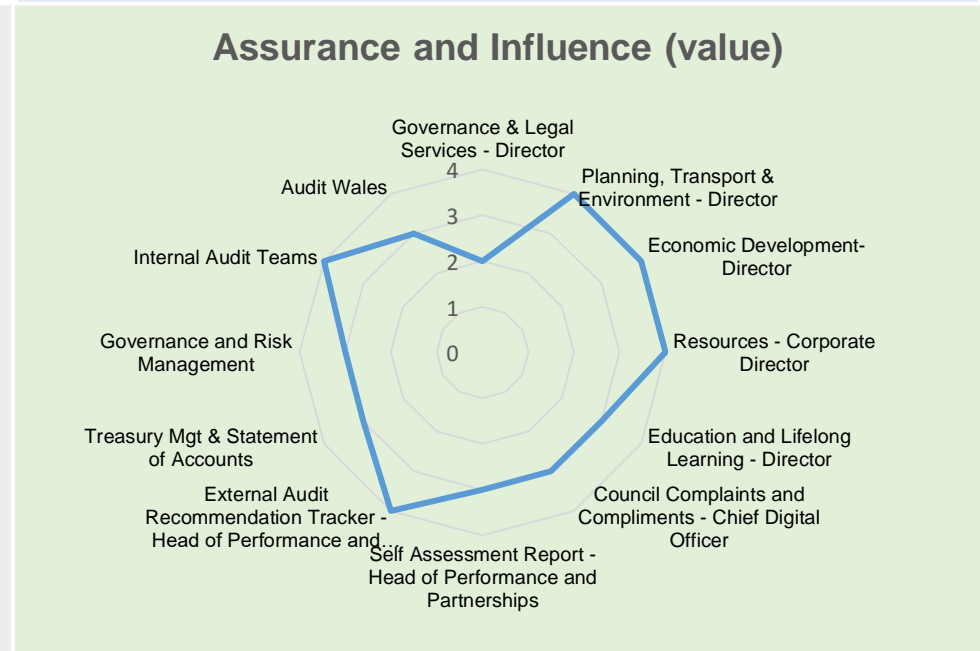
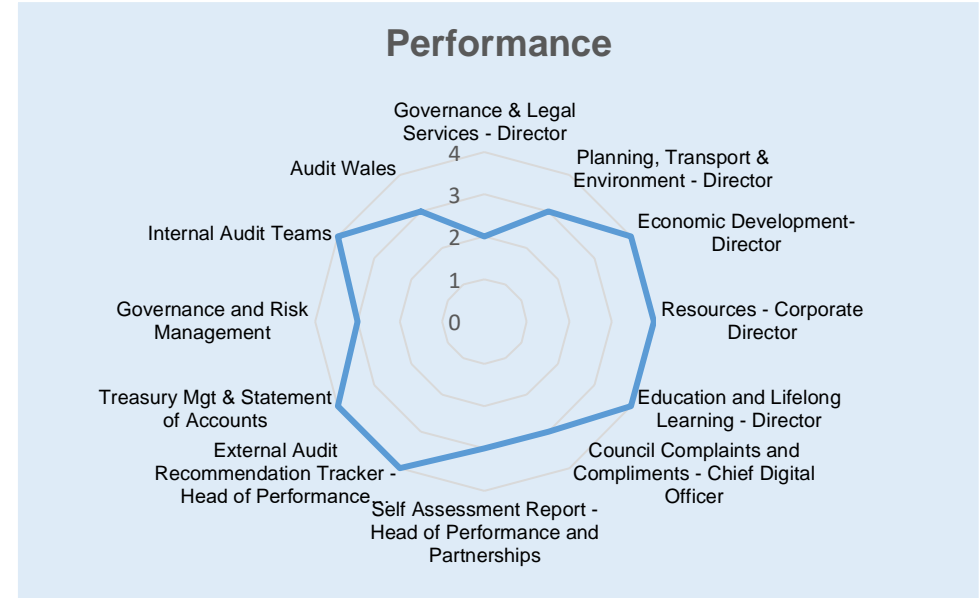
January 2022

	Action	Status / Target
1.	All Committee Members to ensure they have completed an Individual Assessment (against the CIPFA knowledge and skills framework).	Ongoing Activity (For 2021/22 assessment 5 out of 12 received as at 25 <sup>th</sup> January 2022)
2.	There is a need to maintain the focus being given to value for money and partnership assurances when engaging with senior officers.	Ongoing Activity

The Committee requested feedback from those it engaged with in Committee meetings in respect of ‘performance’, ‘assurance and influence’ and ‘discussion and engagement’.




The results for 2021/22 were as follows




Key	Score
1	Poor
2	Satisfactory
3	Good
4	Excellent











Current Membership



 <p><b>Hugh Thomas</b> <b>(Chairperson)</b> (Independent Lay Member)</p>	<p>Hugh Thomas, a retired Solicitor, pursued a Local Government career for forty years culminating in his being Chief Executive of Mid Glamorgan County Council (the largest local authority in Wales) for fifteen years. During this time, he served as Clerk to the South Wales Police Authority and Honorary Secretary of the Assembly of Welsh Counties. He retired in 1995.</p> <p>He has since chaired a number of public bodies and national voluntary organisations including those in the health and higher education sectors. He was Vice Chairman and Chair of the Audit Committee of the Wales Centre for Health.</p> <p>He was also a non-Executive Director of Welsh Water. He served as Chairman of The Regulatory Board for Wales 2010 – 2016.</p> <p>He has served a term of fifteen years as a Trustee of The National Library of Wales. For more than 5 year’s he occupied the position of the Deputy Chairperson of the Audit Committee of Cardiff Council, and was appointed as Chairperson in January 2020.</p>
 <p><b>Gavin McArthur</b> <b>(Deputy Chair)</b> (Independent Lay Member)</p>	<p>Gavin McArthur is an experienced internal audit and governance professional and qualified accountant. He was Head of Governance and Assurance for the Ministry of Justice Estates Directorate. He has also held senior management roles in internal audit functions in the private sector, local and central government.</p> <p>Following a degree in Geological Sciences from Birmingham University, Gavin qualified as a CIPFA accountant with Coventry City Council where he undertook a range of financial management and accounting roles, including audit.</p> <p>His professional experience and expertise lie in the fields of internal control, risk management, governance, internal audit, business case review, and performance management. He was appointed as Vice Chair of the Governance and Audit Committee of Cardiff Council in January 2020, and is Vice Chair of the Warwickshire Police Joint Audit and Standards Committee.</p> <p>A keen sportsman, who played semi-professional football, Gavin has coaching qualifications in rugby, goalkeeping and strength &amp; conditioning. He currently coaches goalkeeping for a university football team and for many years coached at a local rugby club, he is also an experienced Tai chi practitioner.</p>
 <p><b>David Price</b> (Independent Lay Member)</p>	<p>David Price is a self-employed Higher Education Consultant who provides bespoke services for UK, EU and North African clients. He formerly spent 25 years working for a number of UK universities and non-governmental departmental bodies in strategic planning and policy roles and served as a Pro Vice-Chancellor for a prominent Welsh university.</p> <p>Educated at the universities of Sheffield and Newcastle-Upon-Tyne and at schools in the UK and abroad, David is a graduate of the Leadership Foundation for Higher Education’s Top Management Programme.</p> <p>David’s professional interests focus on the development and application of performance systems, business intelligence, risk management, regulation and governance.</p>





 <p><b>Dr. Janet Wademan</b> (Independent Lay Member)</p>	<p>Janet Wademan was awarded the degrees of BA and PhD in Pure Mathematics from Cardiff University. After graduation she enjoyed a corporate R&amp;D career in the systems engineering, programme management, international marketing and bid directorship of safety critical applications in defence and civil domains. In 1995, Janet founded her advisory practice specialising in technology and innovation representing Wales and Welsh companies via the WDA's Global Link programme. She has advised consortia of international corporates resulting in winning substantial bids and the creation of 100s of STEM jobs.</p> <p>Janet's underpinning professional interests are: sustainable regional development, building organizational resilience and the realization of societal impact from R&amp;D. She was a Member of the Ministerial Advisory Group for the then Department of the Economy and Transport (2006-09). She also served as a Member of the First Minister's Economic Research Advisory Panel (2002-12). Having developed a breadth of experience as a non-executive since 1998, Janet currently serves as: Member of Council, Cardiff University; Vice-Chair, Joint Audit Committee, Office of the Police &amp; Crime Commissioner Gwent Police; Trustee and Chair of the Audit, Risk and Assurance Committee, National Library of Wales; Member, Wales Productivity Forum. She is a Fellow of the Chartered Management Institute and of the RSA.</p>
 <p><b>Cllr Saleh Ahmed</b> (Welsh Labour)</p>	<p>Serving the <b>Fairwater</b> Ward</p> <p><b>Terms of Office:</b> 09/05/2022 - 09/05/2027</p> <p><b>Serving on the following Committees:</b>  <a href="#">Community &amp; Adult Services Scrutiny Committee</a>  <a href="#">Council</a>  <a href="#">Governance and Audit Committee</a></p>
 <p><b>Cllr Kate Carr</b> (Welsh Labour)</p>	<p>Serving the <b>Whitchurch</b> and <b>Tongwynlais</b> Ward</p> <p><b>Terms of Office:</b> 09/05/2022 - 09/05/2027</p> <p><b>Serving on the following Committees:</b>  <a href="#">Council</a>  <a href="#">Governance and Audit Committee</a></p>

 <p><b>Cllr Russell Goodway</b> (Welsh Labour)</p>	<p>Serving the <b>Ely Ward</b></p> <p><b>Terms of Office:</b> 04/05/1995 - 08/05/2022 09/05/2022 - 09/05/2027</p> <p><b>Serving on the following Committees:</b>  <a href="#">Cabinet Member for Investment &amp; Development</a>  <a href="#">Constitution Committee (Chair)</a>  <a href="#">Council</a>  <a href="#">Democratic Services Committee</a>  <a href="#">Governance and Audit Committee</a></p> <p><b>Outside Bodies:</b></p> <ul style="list-style-type: none"> <li>• <a href="#">Cardiff Airport Consultative Committee</a></li> <li>• <a href="#">Cardiff Business Technology Centre (CBTC)</a></li> <li>• <a href="#">Consortium of Local Authorities in Wales (CLAW)</a></li> <li>• <a href="#">WLGA</a></li> </ul>
 <p><b>Cllr Margaret Lewis</b> (Welsh Labour)</p>	<p>Serving the <b>Butetown Ward</b></p> <p><b>Terms of Office:</b> 09/05/2022 - 09/05/2027</p> <p><b>Serving on the following Committees:</b>  <a href="#">Children and Young People Scrutiny Committee</a>  <a href="#">Council</a>  <a href="#">Glamorgan Archives Joint Committee</a>  <a href="#">Governance and Audit Committee</a></p>
 <p><b>Cllr Jess Moultrie</b> (Welsh Labour)</p>	<p>Serving the <b>Pentwyn Ward</b></p> <p><b>Terms of Office:</b> 09/05/2022 - 09/05/2027</p> <p><b>Serving on the following Committees:</b>  <a href="#">Constitution Committee</a>  <a href="#">Council</a>  <a href="#">Governance and Audit Committee</a></p>
 <p><b>Cllr Marc Palmer</b> (Welsh Labour)</p>	<p>Serving the <b>Whitchurch and Tongwynlais Ward</b></p> <p><b>Terms of Office:</b> 09/05/2022 - 09/05/2027</p> <p><b>Serving on the following Committees:</b>  <a href="#">Council</a>  <a href="#">Democratic Services Committee</a>  <a href="#">Governance and Audit Committee</a>  <a href="#">Licensing Committee</a>  <a href="#">Public Protection Committee</a>  <a href="#">Public Protection Sub Committee</a></p>

 <p><b>Cllr Daniel Waldron</b> (Welsh Liberal Democrats)</p>	<p>Serving the <b>Cyncoed</b> Ward</p> <p><b>Terms of Office:</b> 09/05/2022 - 09/05/2027</p> <p><b>Serving on the following Committees:</b>  <a href="#">Council</a>  <a href="#">Governance and Audit Committee</a>  <a href="#">Policy Review and Performance Scrutiny Committee</a></p>
 <p><b>Cllr Joel Williams</b> (Welsh Conservatives)</p>	<p>Serving the <b>Pontprennau &amp; Old St Mellons</b> Ward</p> <p><b>Terms of Office:</b> 04/05/2017 - 08/05/2022 09/05/2022 - 09/05/2027</p> <p><b>Serving on the following Committees:</b>  <a href="#">Council</a>  <a href="#">Employment Conditions Committee</a>  <a href="#">Governance and Audit Committee</a>  <a href="#">Policy Review and Performance Scrutiny Committee</a> (Chair)</p> <p><b>Outside Bodies:</b></p> <ul style="list-style-type: none"> <li>• <a href="#">Cardiff University Court</a></li> <li>• <a href="#">South Wales Fire &amp; Rescue Authority</a></li> </ul>

Members who stood down from the Committee at the Year-End  
(prior to the first meeting of 2022/23)

 <p><b>Cllr Nigel Howells</b> (Welsh Liberal Democrats)</p>	<p>Serving the <b>Adamsdown</b> Ward</p> <p><b>Terms of Office:</b> 06/05/1999 - 08/05/2022 Stood down as a Councillor at year-end</p> <p><b>Serving on the following Committees:</b>  <a href="#">Council</a>  <a href="#">COVID-19 Scrutiny Panel</a>  <a href="#">Economy &amp; Culture Scrutiny Committee</a> (Chair)  <a href="#">Governance and Audit Committee</a>  <a href="#">Pensions Committee</a></p>
 <p><b>Cllr Jayne Cowan</b> (Welsh Conservatives)</p>	<p>Serving the <b>Rhiwbina</b> Ward</p> <p><b>Terms of Office:</b> 06/05/1999 - 08/05/2022 09/05/2022 - 09/05/2027</p> <p><b>Serving on the following Committees:</b>  <a href="#">Constitution Committee</a>  <a href="#">Council</a>  <a href="#">Democratic Services Committee</a> (Chair)  <a href="#">Glamorgan Archives Joint Committee</a>  <a href="#">Standards &amp; Ethics Committee</a></p> <p><b>Outside Bodies:</b>  <a href="#">South Wales Police and Crime Panel</a></p>

 <p><b>Cllr Stephen Cunnah</b> (Welsh Labour)</p>	<p>Serving the <b>Canton</b> Ward</p> <p><b>Terms of Office:</b> 04/05/2017 - 08/05/2022 09/05/2022 - 09/05/2027</p> <p><b>Serving on the following Committees:</b>  <a href="#">Constitution Committee</a>  <a href="#">Council</a>  <a href="#">Economy &amp; Culture Scrutiny Committee</a>  <a href="#">Standards &amp; Ethics Committee</a></p> <p><b>Outside Bodies:</b>  <a href="#">Chapter (Cardiff) Limited</a></p>
 <p><b>Cllr Keith Jones</b> (Welsh Labour)</p>	<p>Serving the <b>Llanrumney</b> Ward</p> <p><b>Terms of Office:</b> 03/05/2012 - 08/05/2022 09/05/2022 - 09/05/2027</p> <p><b>Serving on the following Committees:</b>  <a href="#">Council</a>  <a href="#">Glamorgan Archives Joint Committee</a></p> <p><b>Outside Bodies:</b></p> <ul style="list-style-type: none"> <li>• <a href="#">Cymric Building Preservation Trust</a></li> <li>• <a href="#">Flat Holm Consultative Group</a></li> </ul>
 <p><b>Cllr Elaine Simmons</b> (Welsh Labour)</p>	<p>Serving the <b>Caerau</b> Ward</p> <p><b>Terms of Office:</b> 03/05/2012 - 08/05/2022 09/05/2022 - 09/05/2027</p> <p><b>Serving on the following Committees:</b>  <a href="#">Children and Young People Scrutiny Committee</a>  <a href="#">Council</a>  <a href="#">Council Appeals Committee</a>  <a href="#">Democratic Services Committee</a></p>
 <p><b>Cllr Kanaya Singh</b> (Welsh Labour)</p>	<p>Serving the <b>Riverside</b> Ward</p> <p><b>Terms of Office:</b> 04/05/2017 - 08/05/2022 09/05/2022 - 09/05/2027</p> <p><b>Serving on the following Committees:</b>  <a href="#">Children and Young People Scrutiny Committee</a>  <a href="#">Council</a></p> <p><b>Outside Bodies:</b>  <a href="#">Cardiff Bus</a></p>

This page is intentionally left blank

**GOVERNANCE & AUDIT COMMITTEE:  
19 JULY 2022**

---

**CORPORATE RISK MANAGEMENT - QUARTER FOUR 2021/22****REPORT OF CORPORATE DIRECTOR RESOURCES AGENDA ITEM: 11.2**

---

**Reason for this Report**

1. To update Governance & Audit Committee on the risk management position at quarter four 2021/22 and to highlight any changes from the quarter three 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 15<sup>th</sup> of March 2022, at which time the risk management position at quarter three 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

- Each Director has worked with their Risk Champion(s) to undertake their quarter four risk management review. The Risk Management Team has also provided advice and guidance on the measurement and reporting of risks. The quarter four risk assessments are presented on the Corporate Risk Register Summary Snapshot (Appendix A) and the Detailed Corporate Risk Register (Appendix B).
- The Risk Management Review process has two tiers (Directorate and Corporate) and the actions at each for quarter four are detailed as follows.

### Directorate Risks

- At the quarter four position, 341 risks were reported from DRRs. All escalated risks and requests for de-escalation were discussed and approved in SMT on the 5<sup>th</sup> of July 2022.
- It was agreed that twelve Directorate risks would be carried forward as SMT escalated risks at quarter four.

<b>Directorate</b>	<b>Directorate Risks</b>	<b>Risks at SMT Escalation Point</b>
Economic Development (inc Waste)	48	2
Education	27	0
Housing & Communities	58	2
Performance & Partnerships	16	1
Social Services	49	6 (1 Shared)
Planning, Transport & Environment	23	0
Resources	110	1
Governance & Legal Services	10	1 (Shared)
<b>Total</b>	<b>341</b>	<b>12*</b>

\* Includes 1 shared

### Corporate Risks

- SMT collectively reviewed the escalated directorate risks and corporate risk updates at the end of quarter four. Risks associated with COVID-19 and Brexit have been included in Directorate Risk Registers, and these are to be reviewed and managed following the Council's risk management process, with the potential for the latter to be de-escalated in 2022/23.
- The Increasing Demand (Children's Services) risk was escalated to SMT with a change in its residual risk from C1 to B1, in light of sustained high and increasing level of demand and complexity.



## **Reason for Recommendation**

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

## **Legal Implications**

14. 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**

15. 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**

16. 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 – Q4 2021/22

**Appendix B** - Detailed Corporate Risk Register – Q4 2021/22

*The following background papers have been taken into account:*

- *Directorate Risk Registers Q4 2021/22*

This page is intentionally left blank

# Corporate Risk Register Summary Snapshot Quarter 4 2021/22

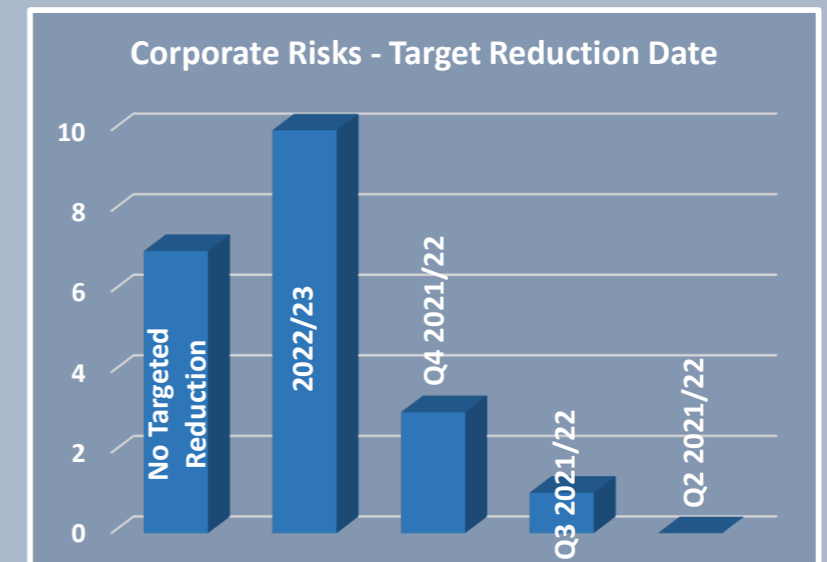
Appendix A

Number of Risks by Inherent Risk Rating				
Likelihood	Impact			
	1	2	3	4
A	A1: 10	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

Number of Risks by Residual Risk Rating				
Likelihood	Impact			
	1	2	3	4
A	A1: 0	A2	A3	A4
B	B1: 2	B2: 5	B3: 1	B4
C	C1: 1	C2: 7	C3	C4
D	D1: 3	D2: 2	D3	D4
E	E1	E2	E3	E4

Number of Risks by Target Risk Rating				
Likelihood	Impact			
	1	2	3	4
A	A1	A2	A3	A4
B	B1: 1	B2: 1	B3	B4
C	C1	C2: 5	C3: 2	C4: 0
D	D1: 4	D2: 5	D3: 2	D4
E	E1	E2	E3: 1	E4

Inherent Risk Rating	Corporate Risk Title	Residual Risk		Target Risk	
		Rating	Movement from Q3	Rating	Movement from Q3
A1	Climate Change	B2	↔	C2	↔
	City Security	B1	↔	B1	↔
	Air Quality & Clean Air Strategy	B2	↔	C3	↔
	Cyber Security	C1	↔	D1	↔
	Financial Resilience	C2	↔	C2	↔
	Budget Monitoring (Control)		↔	D2	↔
	Schools Organisation Programme (Band B)		↔	E3	↔
	Health and Safety	↔	D3	↔	
	Non-completion of Stat Building Eqpt Maintenance	↔	↔	↔	
Information Governance	D1	↔	D2	↔	
A2	Welfare Reform	B2	↔	B2	↔
B1	Coastal Erosion	B2	↔	C2	↔
	Waste Management	↔	↔		
	Increase in Demand (Children's Services)	B1	↑	D1	↔
	Education – Schools Delegated Budgets	C2	↔	D2	↔
	Business Continuity	D1	↔	D1	↔
B2	Safeguarding	↔	↔		
	Education Consortium & Attainment	B3	↔	C3	↔
	Legal Compliance	C2	↔	C2	↔
	Performance Management	D2	↔	D2	↔
Fraud, Bribery and Corruption	↔		D2	↑	



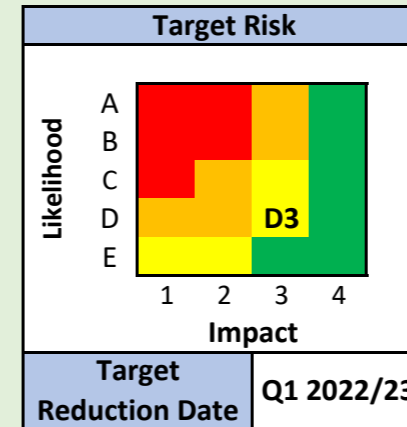
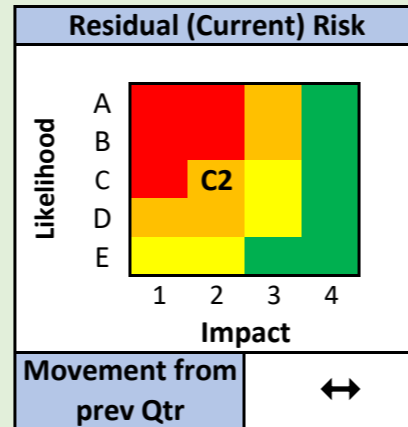
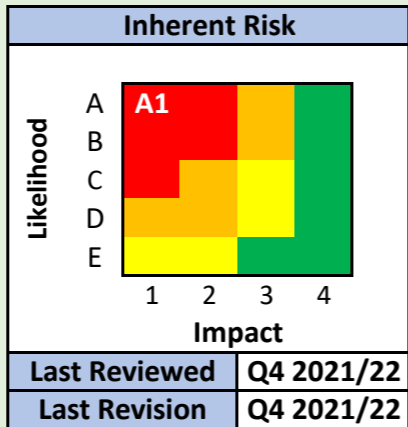
Key	
High (Red)	Medium (Red-Amber)
Medium (Amber-Green)	Low (Green)
↓	Decrease from previous quarter
↔	No change from previous quarter
↑	Increase from previous quarter

This page is intentionally left blank

# Non-completion of Statutory Building Equipment Maintenance

Appendix B

**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 21/22.
- 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.
- Complete a review of arrangements in place to contract statutory inspections/maintenance for non-domestic Council premises, which are currently not being commissioned through Building Services (Q3, 2022/23).

**Landlord / Occupancy Agreement**

- Roll out Landlord/Occupancy Agreement as part of the Property Strategy across Corporate Estate in Q2 2021/22 (delayed from 2019/20 due to COVID-19). This will set out principle occupant and landlord permissions responsibilities and Permission for Works arrangements required.
- Landlord occupancy principles established and reviewed for inclusion in non-schools Buildings Handbook which has been circulated to relevant OM's for comment and is now available for reference through the One Front Door portal. This document will be subject to a further review following Cabinets consideration of the Property Strategy in Q3, 21/22. (timeline for the review Q2, 2022/23)

**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.(ongoing)

**Potential Impact(s)**

Potential consequences of non-compliance with statutory maintenance:

- Fatalities or serious injuries
- Closure of part or whole of facilities with major disruption to service delivery
- HSE interventions and consequential actions including fines and prosecution;
- Significant additional expenditure requiring realignment of Corporate budgets;
- Temporary relocation of staff
- Temporary loss of operational service
- Invalidation of insurance policy
- Serious adverse impact on reputation
- Damage to fabric of building or other equipment

**Type(s) of Impact**

<ul style="list-style-type: none"> <li>Service Delivery</li> <li>Reputational</li> <li>Legal</li> <li>Financial</li> </ul>	<ul style="list-style-type: none"> <li>Health &amp; Safety</li> <li>Partnership</li> <li>Community &amp; Environment</li> <li>Stakeholder</li> </ul>
--	--

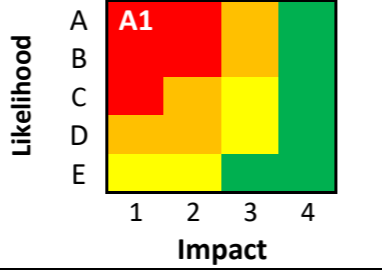
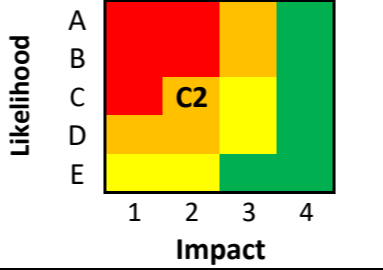
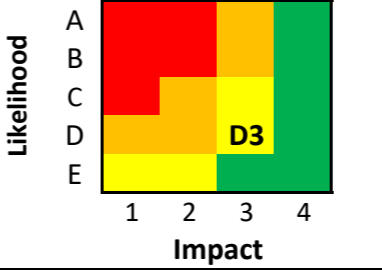
**Linked Risks**

Health & Safety

**Key Indicators / Measures used to monitor the risk**

Compliance stats from the Corporate Health & Safety Team.

## Health & Safety

Description	Inherent Risk	Residual (Current) Risk	Target Risk	Risk Owner(s)									
<p>Non Compliance with corporate Health and Safety arrangements to control key risks across the Council in line with statutory requirements.</p>	 <p><b>A1</b></p>	 <p><b>C2</b></p>	 <p><b>D3</b></p>	<p><b>Neil Hanratty</b> (Donna Jones)</p>	<p><b>Councillor Chris Weaver</b> Finance, Modernisation and Performance</p>								
	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Last Reviewed</td> <td>Q4 2021/22</td> </tr> <tr> <td>Last Revision</td> <td>Q4 2021/22</td> </tr> </table>	Last Reviewed	Q4 2021/22	Last Revision	Q4 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	Q4 2021/22												
Last Revision	Q4 2021/22												
Movement from prev Qtr	↔												
Target Reduction Date	2022/23												
	<b>What we've done/are currently doing to achieve the Residual Risk Rating</b>			<b>What we plan to do to meet target</b>									
	<ul style="list-style-type: none"> <li>RAMIS - reporting recommenced using the new platform, reports submitted to Corporate Health &amp; Safety Forum and Senior Management Team.</li> <li>Condition Surveys School Buildings - Complete Dissemination of Condition Survey information to schools as and when COVID-19 restrictions permit.</li> <li>Due to the continued pandemic H&amp;S and OH resources will continue to be repurposed to support the workforce and limit the transmission of the virus in Council workplaces, as well as setting policy and guidance in relation to infection control and mental health and wellbeing support. From September 2021 the H&amp;S Team resumed normal operations in addition to supporting issues related to COVID-19. In Q4, 2021/22 OH resumed face to face appointments and health surveillance.</li> <li>HSE visited 10 Cardiff Schools to review COVID-19 arrangements went well with positive feedback provided and no corrective actions required.</li> <li>Procedures to support the safe operation of the fire suppression system in Lamby Way MRF completed and Fire Risk Assessment updated, closing out insurance fire safety improvements.</li> <li>Training webinars for building management for community organisations operating Council premises to roll out when COVID-19 restrictions permit.</li> <li>Continue Asbestos Training - Online and face to face in line with COVID-19 Safety measures is currently taking place, the Asbestos Team recently gained approval from UKATA to deliver Non-Licensable Asbestos training. Commenced briefing sessions for technical departments and Building Managers to ensure they understand their responsibilities under the Corporate Asbestos Management (CAM) Plan.</li> </ul>			<ul style="list-style-type: none"> <li>The operation of Statutory Inspections is currently under review and a planned meeting has taken place with Audit Wales in Q1, recommendations for improvement to be reported to SMT in Q2, focusing on improvement of compliance on high risk inspections and fault rectification, making up lost ground due to the pandemic. A report has been received from Audit Wales but has not been presented to SMT as there are areas on compliance that are not covered.</li> <li>Condition Surveys School Buildings - Complete individual school reports with dissemination to take place before the end of the Summer Term as COVID-19 restrictions permit. (Q1, 2022/23 Mat Seymour to check with SOP and confirm)</li> <li>Due to the continued pandemic H&amp;S and OH resources will continue to be repurposed to support the workforce and limit the transmission of the virus in Council workplaces, as well as setting policy and guidance in relation to infection control and mental health and wellbeing support. From September 2021 the H&amp;S Team resumed normal operations in addition to supporting issues related to COVID-19. In Q4, 2021/22 OH resumed face to face appointments and health surveillance.</li> </ul>									
<b>Potential Impact(s)</b>													
<ul style="list-style-type: none"> <li>Fatalities</li> <li>Serious injuries</li> <li>Prosecution – fines for corporate body and/or fines/imprisonment for individual</li> <li>Civil Claims</li> <li>Negative Publicity</li> </ul>													
<b>Type(s) of Impact</b>	<b>Linked Risks</b>			<b>Key Indicators / Measures used to monitor the risk</b>									
<ul style="list-style-type: none"> <li>Service Delivery</li> <li>Reputational</li> <li>Legal</li> <li>Financial</li> </ul>	<p>Non-completion of Statutory Building Equipment Maintenance</p>			<p>RAMIS is used to monitor statutory risk in relation to premises safety, bi-monthly reporting to SMT, quarterly reporting to Health and Safety Forum.</p> <p>Compliance against annual Corporate H&amp;S Objectives, used to monitor improvement secured in Service Areas, reported to Health and Safety Forum.</p>									

# Waste Management

Description	Inherent Risk	Residual (Current) Risk	Target Risk	Risk Owner(s)								
<p>Failure to deliver recycling performance to 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><b>Neil Hanratty</b> (Matt Wakelam)</p> <p><b>Councillor Michael Michael</b> Clean Streets, Recycling and Environment</p>								
	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Last Reviewed</td> <td>Q4 2021/22</td> </tr> <tr> <td>Last Revision</td> <td>Q4 2021/22</td> </tr> </table>	Last Reviewed	Q4 2021/22	Last Revision	Q4 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	Q4 2021/22											
Last Revision	Q4 2021/22											
Movement from prev Qtr	↔											
Target Reduction Date	2022/23											

Potential Impact(s)
<p><b>Financial</b></p> <ul style="list-style-type: none"> <li>Penalties and loss of grant support</li> <li>Continuing financial costs to service</li> </ul> <p><b>Legal &amp; Regulatory</b></p> <ul style="list-style-type: none"> <li>Failure to comply with waste directive, leading to sanctions, penalties or interventions</li> </ul> <p><b>Strategic/ Reputational</b></p> <ul style="list-style-type: none"> <li>Reputational consequence with citizens and key stakeholders</li> </ul>

What we've done/are currently doing to achieve the Residual Risk Rating
<p><b>Developing Cardiff's Recycling Strategy, demonstrating how Cardiff aims to improve recycling performance and meet statutory targets - to be published for consultation following Cabinet Meeting on 16 December 2021, which resolved that;</b></p> <ol style="list-style-type: none"> <li>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.</li> <li>Agreement be given to             <ol style="list-style-type: none"> <li>support a pilot of 3 stream segregated collections for glass, mixed containers (plastic and metal) and paper / cardboard; alongside the use of reusable bags</li> <li>retain the Recycling Centre booking system and 'no black bag' policy</li> <li>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</li> </ol> </li> </ol> <p><b>Wider Governance &amp; Compliance</b></p> <ul style="list-style-type: none"> <li>Working in partnership with WG, WRAP &amp; WLGA to deliver new Recycling Strategy, Implementation Plan &amp; individual business cases.</li> <li>Programme Board developed to review individual business cases prior to decision making process - Officer/ Cabinet/ Council decisions.</li> <li>Modelling of 3-stream recycling collections taking place, working alongside WRAP;             <ul style="list-style-type: none"> <li>includes bottle and glass collections in a single pass with containers (cans and plastics) and paper/card.</li> </ul> </li> <li>Trade Waste and recycling performance review to improve performance in lieu of income (ongoing)</li> <li>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</li> <li>A review of the performance of the Recycling Centres has been undertaken as part of Recycling Strategy, reviewing the controls at the recycling centres</li> <li>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</li> </ul> <p><b>Supply Chain Issues</b></p> <p>This situation is also now being exacerbated by a national shortage of drivers - a number of suppliers on the frameworks used for supply of bins, caddies, bags etc have declared a state of emergency in the UK due to the shortage of drivers, with resultant failed or none delivery being classed under 'Force Majeure' to absolve any liability -</p> <ul style="list-style-type: none"> <li>Directorate will work with Commissioning &amp; Procurement and Legal to ascertain the validity of this stance, however further cost increase and delays are anticipated.</li> </ul> <p><b>Workforce Issues:</b></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"> <li>Internal development of officers to obtain HGV qualification - takes 6 months to develop an officer utilising internal training. Training programme commenced beginning of Q3 - ongoing rolling programme</li> </ul> <p><b>Development of Recycling Plan for optimising resources including considerations of statutory fines</b></p> <ul style="list-style-type: none"> <li>Review/ benchmarking completed on tonnages/ recycling levels/ costs of disposal compared to other Welsh Authorities and UK</li> <li>Media &amp; communications across Cardiff with focus on key areas for recycling improvement (ongoing)</li> <li>New education &amp; enforcement programme to reduce contamination in recycling and garden waste (ongoing)</li> <li>Targeted &amp; tailored intervention to deal with contamination in hot spot areas across the City (ongoing)</li> <li>Activities supporting optimising resources through successful WG Circular Economy Fund (CEF) grant bids:             <ul style="list-style-type: none"> <li>Wastesavers re-use centre in Lamby Way (Opened Sept 2021)</li> <li>Trials in flats (co-mingled, re-useable sacks, aperture bins)</li> <li>Segregation of litter from community litter picks (split caged transits, dual hoop litter picking equipment)</li> <li>Support for re-use &amp; repair community projects (Benthyg, and Llanrumney Hall)</li> <li>Community fridge (reduction of waste to Energy from Waste - but not claimable tonnage)</li> <li>Tetra Pak recycling (reduction of contamination in co-mingled recycling /reduced material to Energy from Waste)</li> </ul> </li> <li>Recycling Centres now managed via booking system - the replacement of residual waste &amp; recycling waste skips with a non-recycling skip, supported by new procedures, has meant recycling performance at centres has increased from 70% to 90%.</li> <li>Hygiene - Absorbent Hygiene Products (AHP) from Municipal Solid Waste to Recycling as of May 2021</li> </ul>

What we plan to do to meet target
<p><b>Cardiff's Recycling Strategy</b></p> <ul style="list-style-type: none"> <li>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 - planned to go to July 22 Cabinet meeting for final approval following consultation - <b>Q2 22/23</b></li> <li>Pilot for reusable sacks and segregated recycling commenced 24th Jan 2022 - participation 4000 properties. Pilot will inform business case for phased citywide roll out, commencing in <b>Q1 22/23</b></li> </ul> <p><b>Recycling Performance Targets set within the Strategy are:</b></p> <p>2021/22 = 64% - current performance for year is 59.59% (unvalidated)                  2022/23 = 64%                  2023/24 = 66%                  2024/25 = 70%</p> <p><b>Wider Governance &amp; Compliance</b></p> <ul style="list-style-type: none"> <li>Senior Management to have ongoing regular engagement and discussions with WG, WRAP and WLGA on Cardiff's Recycling Strategy and collaborative working model - fortnightly meetings</li> <li>Quarterly meetings with Julie James MS, Minister for Climate Change, and WG to monitor actions to improve recycling performance</li> </ul> <p><b>Workforce Issues:</b></p> <ul style="list-style-type: none"> <li>Continuation of internal training of Officers wanting to become HGV drivers – rolling programme ongoing - <b>Q4 22/23</b></li> </ul>

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

Linked Risks
Workforce & supply chain issues linked to Brexit Risk

Key Indicators / Measures used to monitor the risk
<ul style="list-style-type: none"> <li>Quarterly monitoring recycling % from waste data flow - 20/21 impacted by Covid-19: Q1= 43.67% Q2= 59.83% Q3= 58.36% Q4= 60.55 Total final validated 20/21= 55.79%</li> <li>Monthly tonnage monitoring</li> <li>Monthly financial monitoring in each area of waste</li> </ul>

## Schools Organisation Programme (Band B)

Description		Inherent Risk	Residual (Current) Risk	Target Risk	Risk Owner(s)									
<p>Failure to deliver on aspects of the School Organisation Programme, which is significant in value and complex. The programme consists of Band B (£284m) 21st Century Schools, asset management improvement work, ICT and sufficiency projects. The programme of work spans across a number of directorates, requires significant capacity and has significant capital spend.</p>					<p><b>Mel Godfrey</b> (Richard Portas)</p>	<p><b>Councillor Sarah Merry</b> Deputy Leader &amp; Education, Employment &amp; Skills</p>								
		<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="background-color: #d9e1f2;">Last Reviewed</td><td>Q4 2021/22</td></tr> <tr><td style="background-color: #d9e1f2;">Last Revision</td><td>Q4 2021/22</td></tr> </table>	Last Reviewed	Q4 2021/22	Last Revision	Q4 2021/22	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="background-color: #d9e1f2;">Movement from prev Qtr</td><td style="text-align: center;">↔</td></tr> </table>	Movement from prev Qtr	↔	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="background-color: #d9e1f2;">Target Reduction Date</td><td>Q4 2022/23</td></tr> </table>	Target Reduction Date	Q4 2022/23		
Last Reviewed	Q4 2021/22													
Last Revision	Q4 2021/22													
Movement from prev Qtr	↔													
Target Reduction Date	Q4 2022/23													
Potential Impact(s)		What we've done/are currently doing to achieve the Residual Risk Rating			What we plan to do to meet target									
<ul style="list-style-type: none"> <li>Opportunities to enhance the school estate, and transform education will be missed</li> <li>Insufficient secondary places in some central and north east areas of the city</li> <li>Insufficient places in ALN settings across the city, leading to costly placement in out of county &amp; private settings</li> <li>School buildings that are not suitable for teaching and learning</li> <li>Further degeneration of school buildings &amp; rise in asset management backlog</li> <li>Project cost and time overruns</li> <li>Risk that school ICT infrastructure fails in the short to medium term and does not support the new curriculum</li> <li>Risk that in the current situation, learners do not have access to ICT equipment to support distance learning</li> </ul>		<ul style="list-style-type: none"> <li>21st Century Schools Band B funding bid was submitted to Welsh Government in July 2017 and the Strategic Outline Case for £284m was approved in November 2017. Two Cabinet Reports in October and December 2018 outlined the priorities for this second phase of funding. SOP reports for Fitzalan, Doyle Avenue, Cathays and St Mary the Virgin have been considered by Cabinet under Band B. Progression of these schemes was delayed as a result of COVID-19 but are now under way. A review of Band B has been completed and identified the priority projects to progress. Further work is required to establish Band C priorities.</li> <li>A draft strategic plan for ALN provision has been submitted to Cabinet in October 2021.</li> <li>Successfully negotiated COVID-19 clauses with contractors for ongoing projects such as Fitzalan.</li> <li>Work is ongoing to make sure that all learners have access to digital devices, network and infrastructure to support mobile and distance learning.</li> <li>Robust governance model, in line with Corporate Landlord approach is in place and is supporting consistent decision making.</li> <li>Finance have re-profiled the capital and revenue budgets to assess the required budgets for each scheme. There are ongoing discussions with Welsh Government to assess the affordability of the programme in light of the current programme. The Council is considering additional asset funding in light of the pressing needs.</li> <li>Implementing more robust management and monitoring processes for the asset improvement programme, including the three "D" category High Schools, Fitzalan, Cantonian and Willows.</li> <li>Starting to develop the WESP for the Council to meet the policy requirements.</li> </ul>			<ul style="list-style-type: none"> <li>Develop a high level SOP Strategy that outlines the short/ medium and long term aims of the whole programme. The SOP Strategy will be underpinned by the ongoing Band B review. <b>Q4 22/23</b></li> <li>Strengthening of the capacity of the SOP team critical to ensuring effective delivery of the different elements of the programme. Developing capacity includes ensuring that corporate colleagues in departments including legal, strategic estates, capital projects, ICT, planning and highways and transportation are available. <b>Q4 22/23</b></li> <li>Prioritise population data development to underpin accurate projections and forecasts for existing resident populations and to support effective s106 negotiations going forward. <b>Ongoing</b></li> <li>Ensure consistent monitoring and reporting of all risks to Schools Programme Board. <b>Ongoing</b></li> <li>Continue to move forward with digital projects to support distance and mobile learning and embed into a long term and sustainable model. <b>Ongoing</b></li> </ul>									
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr style="background-color: #d9e1f2;"><th style="text-align: center;">Type(s) of Impact</th></tr> <tr> <td style="vertical-align: top;"> <ul style="list-style-type: none"> <li>Reputational</li> <li>Legal</li> <li>Financial</li> <li>Social</li> </ul> </td> <td style="vertical-align: top;"> <ul style="list-style-type: none"> <li>Health &amp; Safety</li> <li>Stakeholder</li> <li>Health and Wellbeing</li> <li>Sustainability</li> </ul> </td> </tr> </table>		Type(s) of Impact	<ul style="list-style-type: none"> <li>Reputational</li> <li>Legal</li> <li>Financial</li> <li>Social</li> </ul>	<ul style="list-style-type: none"> <li>Health &amp; Safety</li> <li>Stakeholder</li> <li>Health and Wellbeing</li> <li>Sustainability</li> </ul>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr style="background-color: #d9e1f2;"><th style="text-align: center;">Linked Risks</th></tr> <tr><td style="height: 40px;"> </td></tr> </table>			Linked Risks		<table border="1" style="width: 100%; border-collapse: collapse;"> <tr style="background-color: #d9e1f2;"><th style="text-align: center;">Key Indicators / Measures used to monitor the risk</th></tr> <tr> <td style="vertical-align: top;"> <ul style="list-style-type: none"> <li>Spend against the asset programme in financial year, in accordance with the responsibilities of schools and corporate landlord (Corporate Plan)..</li> <li>Timelines to deliver projects within the SOP programme.</li> <li>New key performance measures which are being developed as part of the overarching SOP Strategy.</li> </ul> </td> </tr> </table>		Key Indicators / Measures used to monitor the risk	<ul style="list-style-type: none"> <li>Spend against the asset programme in financial year, in accordance with the responsibilities of schools and corporate landlord (Corporate Plan)..</li> <li>Timelines to deliver projects within the SOP programme.</li> <li>New key performance measures which are being developed as part of the overarching SOP Strategy.</li> </ul>	
Type(s) of Impact														
<ul style="list-style-type: none"> <li>Reputational</li> <li>Legal</li> <li>Financial</li> <li>Social</li> </ul>	<ul style="list-style-type: none"> <li>Health &amp; Safety</li> <li>Stakeholder</li> <li>Health and Wellbeing</li> <li>Sustainability</li> </ul>													
Linked Risks														
Key Indicators / Measures used to monitor the risk														
<ul style="list-style-type: none"> <li>Spend against the asset programme in financial year, in accordance with the responsibilities of schools and corporate landlord (Corporate Plan)..</li> <li>Timelines to deliver projects within the SOP programme.</li> <li>New key performance measures which are being developed as part of the overarching SOP Strategy.</li> </ul>														



## Education - Schools' Delegated Budgets

Description	Inherent Risk	Residual (Current) Risk	Target Risk	Risk Owner(s)									
<p>The number of schools with deficit budgets and/or the overall value of deficit budgets increases, or that those schools (particularly in the Secondary sector) with existing deficit budgets do not deliver agreed deficit recovery plans.</p>				<b>Mel Godfrey</b> (Neil Hardee)	<b>Councillor Sarah Merry</b> Deputy Leader & Education, Employment & Skills								
	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="background-color: #d9e1f2;">Last Reviewed</td><td>Q4 2021/22</td></tr> <tr><td style="background-color: #d9e1f2;">Last Revision</td><td>Q4 2021/22</td></tr> </table>	Last Reviewed	Q4 2021/22	Last Revision	Q4 2021/22	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="background-color: #d9e1f2;">Movement from prev Qtr</td><td style="text-align: center;">↔</td></tr> </table>	Movement from prev Qtr	↔	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="background-color: #d9e1f2;">Target Reduction Date</td><td>Q4 2022/23</td></tr> </table>	Target Reduction Date	Q4 2022/23		
Last Reviewed	Q4 2021/22												
Last Revision	Q4 2021/22												
Movement from prev Qtr	↔												
Target Reduction Date	Q4 2022/23												
<b>Potential Impact(s)</b>		<b>What we've done/are currently doing to achieve the Residual Risk Rating</b>		<b>What we plan to do to meet target</b>									
<ul style="list-style-type: none"> <li>An overall deficit arising from schools budgets would count against the funding available for the Council</li> <li>Schools with deficit budgets may struggle to adequately fund the resources required to achieve the desired levels of educational attainment</li> <li>Schools with deficit budgets may struggle to adequately fund maintenance of school buildings creating an issue for other budgets, eg Capital/SOP Band B</li> <li>Schools that continually fail to address deficit budgets may ultimately require LA intervention, with a corresponding increase required in centralised resources</li> </ul>		<ul style="list-style-type: none"> <li>As at 31st March 2022, two schools have a deficit balance. Both schools have long term plans to emerge from deficit. For the 2022/23 financial year, four schools applied to set deficit budgets.</li> <li>The Education Directorate receives regular detailed budget monitoring reports from the LA Financial Services team and manages its budgets within the parameters set by the LA.</li> <li>There is good engagement with schools on financial issues through the well established School Budget Forum arrangements with all papers and meeting agenda and minutes made available on the Council's website.</li> <li>There is an agreed protocol for dealing with schools in deficit and the LA has agreed local parameters for managing schools surplus balances. These were temporarily amended at the end of the 2020/21 financial year to take account of the increased level of balances following the distribution of grants from Welsh Government in March 2021.</li> <li>Officers from Education and Financial Services work with individual schools through Headteachers and Governing Bodies to formulate Medium Term Financial Plans (MTFP) to seek to either balance individual school deficits within four financial years or to ensure that the accumulated deficits were frozen or slowed as much as possible.</li> <li>Officers continue to monitor and challenge those schools in deficit before allowing any additional financial commitments, both staffing and other expenditure.</li> <li>For each school in deficit, the Council has identified a monitoring officer to provide an independent challenge to the school. This is in addition to the LFM Officer currently supporting that school.</li> <li>A working group was established to examine the impact of the 2021/22 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. A report on the conclusions and recommendations from the task groups has been presented to the School Budget Forum.</li> <li>Financial position of schools as at Q4 is improved; there is a reduction in number of schools with a deficit ; levels of surplus balances.</li> </ul>		<ul style="list-style-type: none"> <li>Officers exercise the statutory powers of intervention on a school or schools in deficit who are unable to provide a medium term financial plan. This may involve removing delegation from a Governing Body.</li> <li>Officers explore through the School Organisation Planning process how different organisational arrangements for schools would affect the supply of pupils to schools thus affecting their delegated budgets. This will include an understanding of the long term impact of any unused school supply places on the funding formula.</li> <li>Working with CSC to ensure that maximising value from constituent parts of Education Improvement Grant is secured and that there is clarity of allocation mechanism</li> <li>Improve individual school risk assessment processes in order to provide an early indication of those schools who may be at risk of entering a deficit position</li> </ul>									
<b>Type(s) of Impact</b>		<b>Linked Risks</b>		<b>Key Indicators / Measures used to monitor the risk</b>									
<ul style="list-style-type: none"> <li>Reputational</li> <li>Legal</li> <li>Financial</li> </ul>		Linked risk to Covid 19 issues particularly with regard to decrease in income, impact on grants and inability to manage staffing changes.		<ul style="list-style-type: none"> <li>School budget monitoring position</li> <li>Number of schools setting deficit budgets</li> <li>Final budget balances</li> </ul>									

## Education - School Improvement & Attainment

Description	Inherent Risk	Residual (Current) Risk	Target Risk	Risk Owner(s)									
<p>The risk that school improvement is not delivered as planned, in light of changing accountability and assessment arrangements and National Reforms (Curriculum and Additional Learning Needs).</p>	<p><b>B2</b></p>	<p><b>B3</b></p>	<p><b>C3</b></p>	<b>Mel Godfrey</b> (Mike Tate)	<b>Councillor Sarah Merry</b> Deputy Leader & Education, Employment & Skills								
	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Last Reviewed</td> <td>Q4 2021/22</td> </tr> <tr> <td>Last Revision</td> <td>Q4 2021/22</td> </tr> </table>	Last Reviewed	Q4 2021/22	Last Revision	Q4 2021/22	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Movement from prev Qtr</td> <td style="text-align: center;">↔</td> </tr> </table>	Movement from prev Qtr	↔	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Target Reduction Date</td> <td>Q3 2021/22</td> </tr> </table>	Target Reduction Date	Q3 2021/22		
Last Reviewed	Q4 2021/22												
Last Revision	Q4 2021/22												
Movement from prev Qtr	↔												
Target Reduction Date	Q3 2021/22												
	<b>What we've done/are currently doing to achieve the Residual Risk Rating</b>			<b>What we plan to do to meet target</b>									
	<ul style="list-style-type: none"> <li>Education and Lifelong Learning is supporting schools across the city in returning 'back to normal' operations where possible, moving forward with the new processes that have been embedded over the past two years. The LA is providing continued support to schools to ensure that pupils sitting summer exams have the best possible environment to achieve their best.</li> <li>The LA and CSC are supporting schools to prepare to introduce Curriculum for Wales 2022. There is flexibility in implementing the curriculum considering challenges faced as we continue to manage the pandemic and with ongoing operational issues faced by schools.</li> <li>Estyn concluded in their full inspection of Cardiff Education Services in February 2022 that there has been a sustained and incremental improvement in Cardiff Education in recent years. Inspection outcomes are strong, especially in the primary sector. Outcomes for 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.</li> <li>Estyn noted that the LA has established strong working relationships with the regional consortium and there are robust processes for the support and challenge to schools causing concern.</li> <li>School inspections have resumed in Q4, with a number already under way, these include school inspections that were delayed as a result of COVID-19, with additional schools scheduled for May and June of this year.</li> </ul>			<ul style="list-style-type: none"> <li>Following the November '21 Inspection, Estyn recommended that the LA ensures that the work of the regional consortium (CSC) is focused appropriately on Cardiff's strategic priorities. Actions to align the work of the LA and CSC more closely will be carried forward into the new Directorate Delivery Plan.</li> <li>Closely monitor school exclusions and school attendance, paying particular attention to investigating alternatives to exclusions on a case-by-case basis; also by providing further support to families as well as making sure they are more involved in the process.</li> <li>Work with CSC to provide support to schools to develop teaching and learning approaches in line with Curriculum for Wales 2022 and prepare for new assessment arrangements.</li> <li>Continue to support schools to prepare for ALN Reform.</li> <li>Enhance processes for All Schools Risk monitoring and Schools Causing Concern.</li> <li>Develop the Team Around the School approach, which is currently being piloted in the East and West of the city, to ensure that integrated support is offered to schools where there are specific concerns.</li> </ul>									
<b>Potential Impact(s)</b> <ul style="list-style-type: none"> <li>Learners do not reach their full potential</li> <li>Schools are not supported to improve</li> <li>Schools are not able to deliver the new curriculum</li> <li>Impact on Estyn judgements</li> <li>Value for money - CSC</li> </ul>													
<b>Type(s) of Impact</b> <ul style="list-style-type: none"> <li>Reputational</li> <li>Legal</li> <li>Financial</li> </ul>	<b>Linked Risks</b>			<b>Key Indicators / Measures used to monitor the risk</b>									
				KS4 2018/19 School Performance, Outcomes from Estyn Inspections up to 2020.									

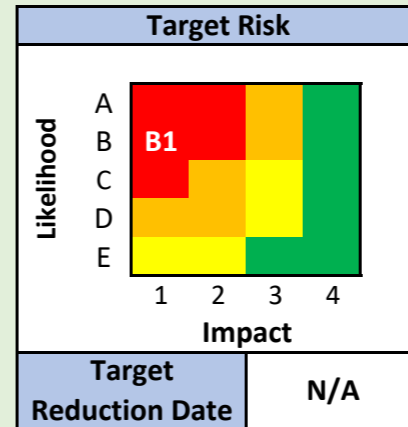
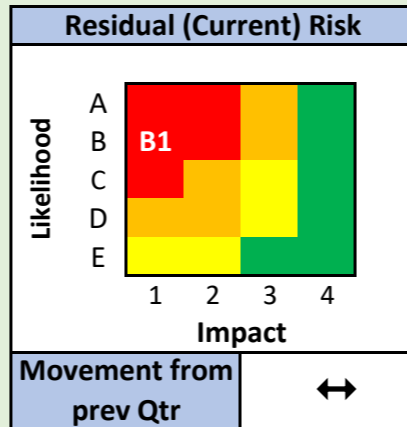
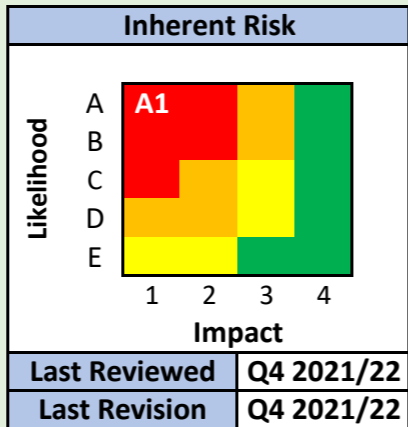
# Air Quality & Clean Air Strategy

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>	<p><b>A1</b></p>	<p><b>B2</b></p>	<p><b>C3</b></p>	<p><b>Andrew Gregory</b> (Jason Bale)</p>	<p><b>Councillor Caro Wild</b> Strategic Planning &amp; Transport</p>								
	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Last Reviewed</td> <td>Q4 2021/22</td> </tr> <tr> <td>Last Revision</td> <td>Q4 2021/22</td> </tr> </table>	Last Reviewed	Q4 2021/22	Last Revision	Q4 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	Q4 2021/22												
Last Revision	Q4 2021/22												
Movement from prev Qtr	↔												
Target Reduction Date	2022/23												
<b>Potential Impact(s)</b>		<b>What we've done/are currently doing to achieve the Residual Risk Rating</b>		<b>What we plan to do to meet target</b>									
<p><b>Health &amp; Safety</b></p> <ul style="list-style-type: none"> <li>- No improvement to health</li> <li>- Increased burden on health care</li> <li>- Further deterioration of related health conditions</li> </ul> <p><b>Legal &amp; Regulatory / Financial</b></p> <ul style="list-style-type: none"> <li>- Breach of legal / statutory requirements</li> <li>- Potential significant financial penalty</li> </ul>		<p><b>RESIDUAL RISK RATING AFTER CURRENT CONTROLS BELOW - B2 = LIKELY/ SIGNIFICANT</b></p> <p><b>Monitoring</b></p> <ul style="list-style-type: none"> <li>• Non-automatic nitrogen dioxide (NO<sub>2</sub>) monitoring sites at 136 locations.</li> <li>• Data includes monitoring at schools as part of the TRO pilot projects at schools</li> <li>• There are three live 24/7 monitoring stations:                             <ul style="list-style-type: none"> <li>- Cardiff Frederick Street: measuring levels of NO<sub>2</sub>, PM10 &amp; PM2.5, SO<sub>2</sub>, CO and O<sub>3</sub></li> <li>- Richard's Terrace, Newport Road: measuring levels of NO<sub>2</sub> &amp; PM10</li> <li>- Castle Street measuring levels of NO<sub>2</sub> PM10 and PM2.5</li> </ul> </li> <li>• 7 near real time indicative automatic analysers located predominantly in Cardiff's City Centre (5), one in Llandaff within the established AQMA and one in Canton on Landowne Road. These sites measure on a 24/7 basis, continuously monitoring for Nitric Oxide, Nitrogen Dioxide, Ozone, PM10 &amp; PM2.5, and does so every 15 minutes</li> <li>• Order raised with Vortex to install up to 46 indicative low cost sensors – final positions to be agreed and installation programmed for Q1/2 2022. This has been funded through One Planet Cardiff.</li> </ul> <p><b>Air Quality Management Areas (AQMA's)</b></p> <ul style="list-style-type: none"> <li>• Cardiff has 4 existing declared Air Quality Management Areas (AQMA's) all as a result of elevated NO<sub>2</sub> concentrations from road traffic emissions. Clean Air Plan</li> <li>• Provisional monitoring results for Castle Street showed annual average for Castle Street was 26 µg/m<sup>3</sup> for NO<sub>2</sub> for 2021. However this includes closure period between Jan-October.</li> <li>• Interim Castle Street Option now implemented and general traffic returned from Nov. Ongoing assessment of results from Nov and Dec.</li> <li>• Results from January -March indicate 3 month average of 36 µg/m<sup>3</sup> for NO<sub>2</sub>. when annualised in comparison to 2018/2019 results, this reduces to 35µg/m<sup>3</sup>.</li> <li>• Ongoing monitoring of results will continue with potential more detailed assessment undertaken to provide more robust annualisation of results, as agreed with WG.</li> <li>• Mitigation measures to be detailed to WG if annualised results exceed agreed two threshold values of 35 µg/m<sup>3</sup> and 38 µg/m<sup>3</sup>.</li> <li>• Construction of Ph1 City Centre West scheme (Wood St &amp; Central Square) – ongoing due completion Q1 2022.</li> <li>• Completion of Bus Retrofitting Programme of 49 buses – buses have been fitted with exhaust technology which reduces NO<sub>x</sub> emissions from the buses by 90%</li> <li>• All 36 EV buses launched early January</li> <li>• Ongoing discussions with WG on Castle Street Options in terms of agreement for permanent option and timescales/ funding to do so.</li> </ul> <p><b>Taxi Scheme</b></p> <ul style="list-style-type: none"> <li>• T&amp;Cs for Grant Scheme signed off and awaiting political approval for launch in addition to the a further Euro 6 scheme funded directly by Cardiff Council.</li> <li>• 5 WAV EV taxis - Concession agreement contract with Days Hire Limited to facilitate leasing of vehicles. Welsh Gov has agreed to establish a T&amp;F group to assess how better the taxi lease scheme can be taken up due to failure of uptake.</li> </ul> <p><b>Clean Air Strategy and Action Plan</b></p> <p>A wider Clean Air Strategy and Action Plan has been developed to satisfy the requirements of LAQM. The strategy includes measures that will likely provide further AQ improvements including AQMAs.</p>		<p><b>TARGET RISK RATING AFTER ACTIONS BELOW - C3 = POSSIBLE/ MODERATE</b></p> <p><b>'Implement Clean Air Plan</b></p> <ul style="list-style-type: none"> <li>• package of measures as detailed in Final Plan</li> <li>• Further assessment on Castle Street to undertake more detailed modelling on revised scheme - ongoing dialogue with WG re timescales with proposed dates set out as follows:                             <ul style="list-style-type: none"> <li>• October 2022 – 12 months from introduction of current scheme – completion of data collection and further modelling post COVID -19</li> <li>• Jan 2023 Completion of data/modelling assessment, identification of preferred option and production of a Cabinet Report for decision.</li> <li>• May 2023 Complete the tender process and New Cabinet Paper (to award Tender)</li> <li>• June 2023 On site (with the road closed - this will be achieving compliance)</li> <li>• June 2024 Castle St scheme completed</li> <li>• Finalisation of Monitoring Plan and agreed mitigation measures if Target Values are exceeded on annualised data.</li> </ul> </li> </ul> <p><b>Clean Air Strategy and Action Plan</b></p> <ul style="list-style-type: none"> <li>• Roll out of measures (subject to grant bids/ funding)                             <ul style="list-style-type: none"> <li>- Pilot project Non Idling Zones – Work with WG and Active travel team on potential, targeted around schools – <b>Q2-Q3 2022</b></li> <li>- Living Walls and other Green Infrastructure – <b>Q1-Q4</b> ongoing work with two new Green Wall Projects in conjunction with colleagues in Parks - Ysgol Mynydd Bychan and Birchgrove Primary Green wall project. This is in addition to ongoing monitoring of two other green wall projects at Kitchener Primary School and Dusty Forge Centre.                                     <ul style="list-style-type: none"> <li>- Progression of EV Infrastructure - <b>Q2-Q4</b></li> <li>- Update Air Quality Planning Guidance</li> <li>- Schools Active Travel - <b>Q1-Q4</b> continued support on TRO projects and expansion of project.</li> <li>- Behavioural Change Promotion, Car Free Day - Consideration of an event for Car Free day September 22 and for future Clean Air Days</li> </ul> </li> </ul> </li> <li>• Consolidation of a dedicated Behavioural Change Programme linked to the Behavioural Change Strategy to be developed for One Planet Cardiff.</li> </ul>									
<b>Type(s) of Impact</b>		<b>Linked Risks</b>		<b>Key Indicators / Measures used to monitor the risk</b>									
<ul style="list-style-type: none"> <li>• Health</li> <li>• Regulatory</li> <li>• Financial</li> <li>• Strategic</li> </ul>		<ul style="list-style-type: none"> <li>• Reputational</li> </ul>		<ul style="list-style-type: none"> <li>• Implementation Plan for measures (funding dependent)</li> <li>• Monitoring and Evaluation Plan for Clean Air Plan</li> <li>• Ongoing monitoring and reporting under LAQM</li> </ul>									

# City Security

**Description**

Major security-related incident in 'crowded places' as a result of international or domestic terrorism.



**Risk Owner(s)**

Chris Lee  
(Gavin Macho)

Andrew Gregory

Councillor Huw Thomas  
Leader

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

- All existing identified high-risk, crowded places have been formally assessed
- Some crowded places have an extremely limited and in some cases 'third party managed' access control process to operate them; providing little/no challenge
- CONTEST Protect/Prepare Task & Finish Group maintains the City Gateways Public Realm Enhancement Scheme, with agreed options for suitable PAS 68/69 mitigation for appropriate boundary locations; referred to as 'gateways'
- The work done in the city to address security concerns has been predominantly focused on the provision of physical assets to mitigate against the threat of hostile vehicles
- Areas protected against the threat of hostile vehicles include the Principality Stadium, St Mary Street, Queen Street, St David's Dewi Sant and Cardiff Bay.
- The Cardiff City Centre Access Control Protocol is currently operating at the heightened response level, reflecting the UK National Threat Level; permitting vehicles onto the pedestrianised areas within Cardiff City Centre using strict parameters
- 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.
- In the Queen's speech delivered this month, May 2022, it was announced that the CONTEST Act would be going through Parliament. This will create a statutory duty for Counter Terrorism preparedness to be undertaken across all City Centres across the UK. Cardiff Council along with the Wales Extremism Counter Terrorism Unit (WECTU), FOR Cardiff and Cardiff Council City Centre Management have formed a security partnership which will be driving the adoption of the outcome of the Protect Act.

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

- The PSPG Chair has commissioned a Director led review across all relevant Service areas to assess current operational and tactical arrangements for City Security to see if they are effective. All opportunities for improvement to be 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.
- Q1** Security Partnership to deliver an awareness event for City Centre Partners to introduce Protect Act. **Q2** With the Security Partnership, we will separate out the City into Security Zones. **Q3** With the Security Partnership, information and materials will be produced for City Centre Partners. **Q4** The Security Partnership will develop training and awareness products for City Centre Partners.

**Potential Impact(s)**

**Immediate / Short-Term**

- Large numbers of fatalities, injuries to public
- Extensive structural damage and/or collapse of buildings
- Closure of roads having impact on transport network and access to businesses and properties.
- Damage/disruption to utilities (gas, electricity, water etc.)
- Immediate impact to core business, retail and sporting district in the centre of Cardiff

**Ongoing / Longer Term**

- Reputational risk due to a public perception Cardiff is an unsafe place
- Area viewed as a risk for potential future business investment.
- Inability to attract major future national and international events (political, sporting etc.)
- Increase in demand for Council services/support for all affected.
- Current economic climate to reduce the effectiveness of any recovery/regeneration of the area.

**Type(s) of Impact**

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

**Linked Risks**

**Key Indicators / Measures used to monitor the risk**

- National Threat Level and period at level
- No of 'Crowded Places' not protected to PAS 68/69 level

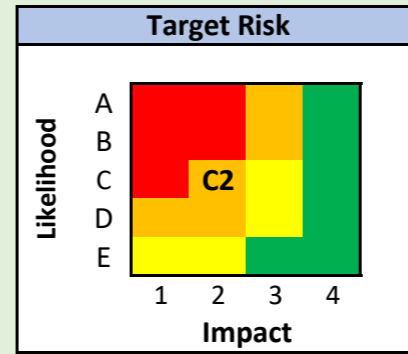
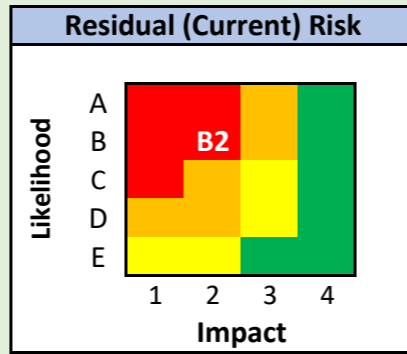
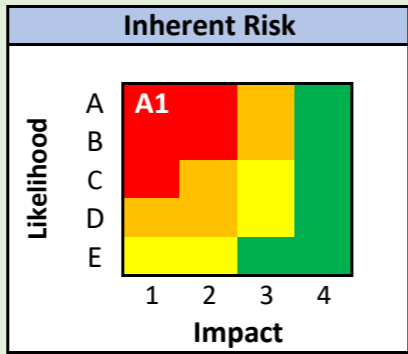
# Climate Change & Energy Security

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

**Potential Impact(s)**

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

Type(s) of Impact	
<ul style="list-style-type: none"> <li>• Service Delivery</li> <li>• Reputational</li> <li>• Legal</li> <li>• Financial</li> </ul>	<ul style="list-style-type: none"> <li>• Health &amp; Safety</li> <li>• Partnership</li> <li>• Community &amp; Environment</li> <li>• Stakeholder</li> </ul>



Last Reviewed	Q4 2021/22
Last Revision	Q4 2021/22

Movement from prev Qtr	↔
------------------------	---

Target Reduction Date	2022/23
-----------------------	---------

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

The Council has declared a Climate Emergency 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

**Linked Risks**

- Coastal Erosion
- Air Quality
- Business Continuity

**Linked Documents**

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

Risk Owner(s)	
Andrew Gregory	Councillor Michael Michael Clean Streets, Recycling and Environment

**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

**Key Indicators / Measures used to monitor the risk**

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

# Climate Change - Biodiversity

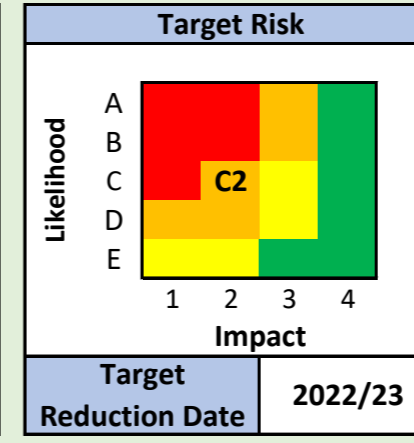
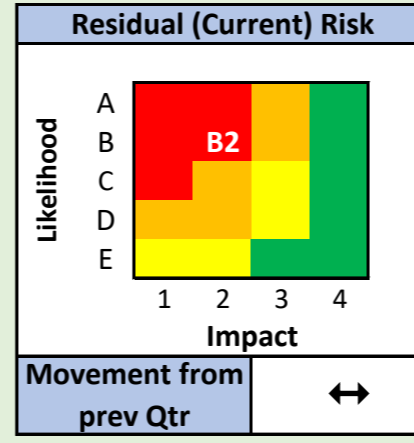
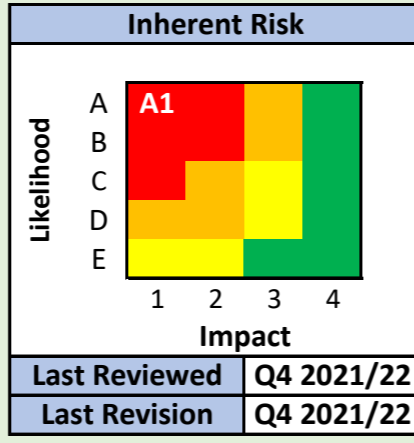
**Description**

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

**Potential Impact(s)**

- Loss of biodiversity leads to reduction in ecosystem resilience, and reduction in ecosystem resilience will compromise the provision of ecosystem services. These are the services or benefits which we gain from the natural environment.
- Ecosystem services include climate change mitigation and adaptation.
- Climate change mitigation includes the sequestration and storage of carbon by plants, especially long-lived species such as trees. Reduction of this ecosystem service makes it harder to reduce net carbon emissions. Annually Cardiff's trees (not including other aspects of green infrastructure) provide ecosystem services worth £3.31 million, of which £1.9 million is in carbon storage and sequestration (iTree Study, Sept 2018).
- Climate change adaptation services include storm water attenuation by vegetation and reduction of surface water volume through evapotranspiration
- Trees, green walls and green roofs allow cooling and shading, thereby mitigating the urban heat island effect which may become more prevalent with a warmer climate.
- Hotter summers also increase risk of aerial pollution through air stagnation, and green infrastructure can remove certain pollutants from the air as well as having a cooling effect.
- The National Priorities of the WG Natural Resources Policy include 'Delivering Nature-based Solutions'. Failure to ensure protection of biodiversity and ecosystem resilience risks failure to deliver these nature-based solutions, which include climate change mitigation and adaptation.

- Type(s) of Impact**
- 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**

- 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.
- Funding secured for addition Grade 9 Principal Planner Ecologist/Green Infrastructure post in the Planning Service. However, recruitment of replacement G7 Planner (Ecology) failed to find suitable candidates in Q4 2021/22.
- External Consultants appointed temporarily to provide expert ecological advice for planning applications as an interim measure to deliver regulatory planning functions
- Further funding has been obtained which has resulted in the LNP Co-ordinator post being extended at full time hours up until 31/3/23. This funding has also enabled the creation of a temporary Community Ranger Post until 31/3/23 to assist with the delivery of Local Places for Nature funded Projects.

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

- Review the Cardiff Local Development Plan including review of Designations and updated Habitat Regulations Assessment
- Update the Cardiff Biodiversity and Resilience of Ecosystems Duty Forward Plan, including the Action Plan, in 2022 in line with legislative requirements - **Q4 22/23**
- Recruitment of Principal Ecologist and vacant Planer (ecology) post - **Q2 22/23**
- Officer attendance at all Wales Planning and Diversity Forum - **Q1, Q2, Q3, Q4 22/23**
- Regular meetings of Council "Green Infrastructure Officer Group" including colleagues from Planning, Parks, Drainage, and Public Rights of Way - **Q1, Q2, Q3, Q4 22/23**
- 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). - **Q4 22/23**
- Develop the local Nature Recovery Action Plan through the Local Nature Partnership (LNP) - **Q4 22/23**
- Discussions between the Council, Welsh Government and the Wales Council for Voluntary Action concerning LNP grant funding for a further 2 years is ongoing. - **Q4 22/23**

- 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)**

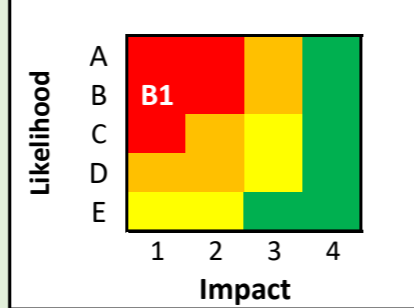
- Inconsistent energy supply
- Increased costs
- Inability to deliver public services
- Decrease in economic output
- Disruption to the supply of utilities
- Increased transport costs
- Increased costs for heating / providing services to buildings
- Increased fuel poverty

Page 509

**Type(s) of Impact**

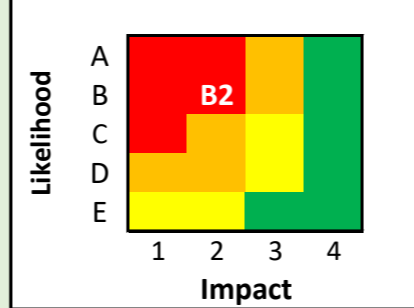
- |                    |                           |
|--------------------|---------------------------|
| • Service Delivery | • Health & Safety         |
| • Reputational     | • Partnership             |
| • Legal            | • Community & Environment |
| • Financial        | • Stakeholder       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

**Inherent Risk**



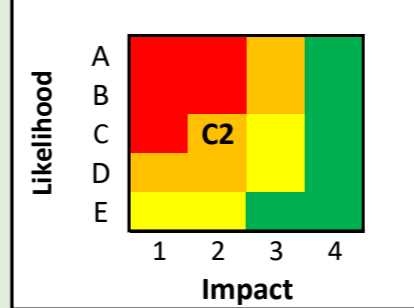
Last Reviewed Q3 2021/22  
Last Revision Q3 2021/22

**Residual (Current) Risk**



Movement from prev Qtr ↔

**Target Risk**



Target Reduction Date 2022/23

**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 including the private wire connection to the Welsh Water Waste Treatment Works.
- District Heat Network - Construction commenced on site in Jan 22 with a 3 year programme to completion
- Carbon baselining and impact modelling reported to Welsh Govt and included in One Planet Cardiff. This has been used to inform the priorities in the action plan and progress will be monitored and reported annually.
- 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 Cardiff Action Plan
- Delivering Low Emission Transport Strategy - approved April 2018 and implementation of action plan underway:
  - 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.
- Working with the Cardiff City Region to develop a new domestic retrofit grant scheme using Energy Company Obligation funding. Plans for a major energy retrofit of council owned low-rise domestic blocks also in preparation and Welsh Government ARBED grant funding being targetted at "Hard to Treat" steel framed properties for implementation later this year.
- 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) .

**Linked Risks**

- Coastal Erosion
- Air Quality
- Business Continuity

**Linked Documents**

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

**Risk Owner(s)**

<b>Andrew Gregory</b> (Gareth Harcombe/ Liz Lambert)	<b>Councillor Michael Michael</b> Clean Streets, Recycling and Environment
---	---

**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 - Overall target March 2030 with specific project based targets stated in the detailed action plan
- Implement "Mission Statements" to secure low/zero carbon development and retrofit in the Council's Estate - (Strategic Estates/ Schools/ Housing) by **2024**
- Promote and implement the approved policy position to guide new private sector development in the city - Ongoing - Relates to the Planning/development control process
- Complete Phase 1 of the Cardiff District Heat Network – by Q4 23/24
- Develop a pipeline of new renewable generation assets for cabinet approval in 22/23 - by **Q4 22/23**
- 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 - Develop options and a position paper by **Q4 22/23**
- 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
- Integrate sustainable travel and energy efficiency thinking into the new proposals for Hybrid Working - Hybrid working policy expected by **Q4 22/23** (Economic Development lead)

**Key Indicators / Measures used to monitor the risk**

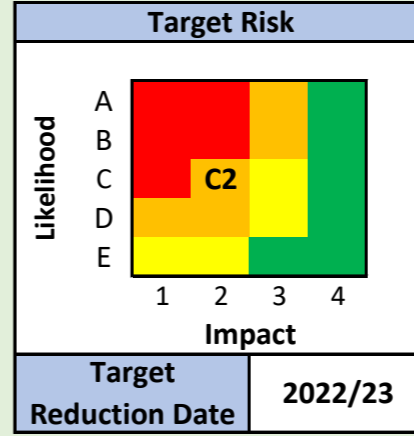
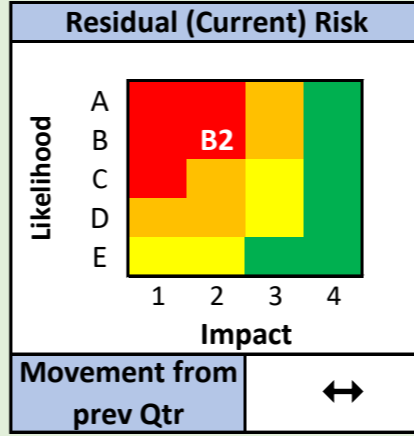
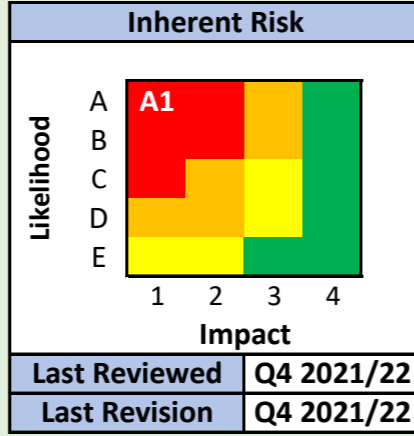
Energy use / renewable energy production of Cardiff Council

# 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

Page 510



**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. - **23/24**
- Engage with Welsh Government with in WLGA, and PSB to ensure consistent support in managing this risk ensuring the planning process works for all stakeholders to ensure we develop sustainable planning strategy's for future developments, planning the management of this risk (WG Technical Advice Note (TAN) 15) - a new updated Technical Advice Note TAN 15 is due to be published in **June 2023**

**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 -**23/24**

- Type(s) of Impact**
- |  |  |
|--|--|
| <ul style="list-style-type: none"> <li>• Service Delivery</li> <li>• Reputational</li> <li>• Legal</li> <li>• Financial</li> </ul> | <ul style="list-style-type: none"> <li>• Health &amp; Safety</li> <li>• Partnership</li> <li>• Community &amp; Environment</li> <li>• Stakeholder</li> </ul> |
|--|--|

**Linked Risks**

Coastal Erosion  
Air Quality  
Business Continuity

**Linked Documents**

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

**Key Indicators / Measures used to monitor the risk**



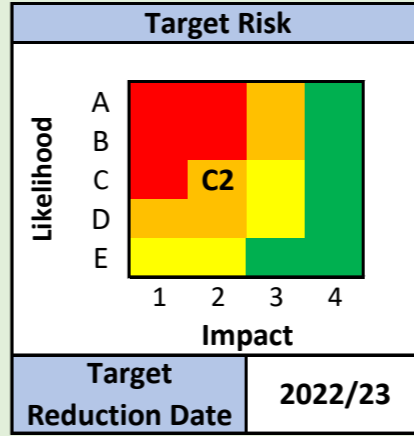
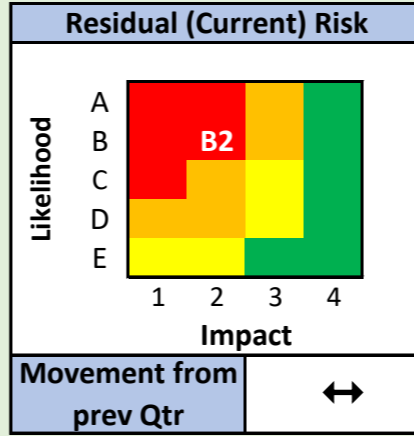
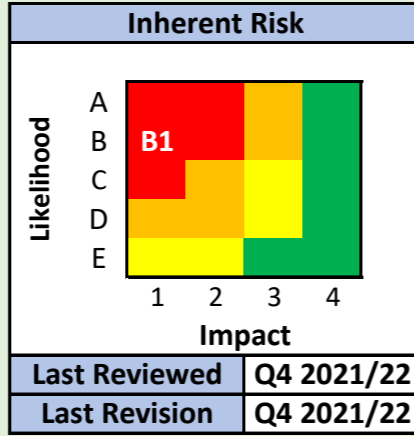
# Climate Change - Flooding

**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

Page 511



**Risk Owner(s)**

<b>Andrew Gregory</b> (Gary Brown/ David Brain James Clemence/ Stuart Williams)	<b>Councillor Michael Michael</b> 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**

**Flood & Storm**

- Working with partners within the Local Resilience Forum (LRF) to support the management of this risk including supporting the emergency response to this risk
- Supporting the enhancement of the public's own resilience through advice and guidance available from the EVAC Cardiff Website
- Implementation of Schedule 3 of the Flood and Water Management Act 2010 requires all new development over 100m2 to implement sustainable drainage, resilient to flooding
- Development of Flood Risk Management Strategy
- We have introduced Flood Incident Management software to provide better understanding of spatial distribution of flood events filtered by source, and determine priority areas for future flood alleviation schemes to be implemented (subject to WG funding bid opportunities). Successful funding bids were submitted and funding awarded in 20/21 for Business Justification Cases for a number of these schemes, with grant funding also now awarded for 21/22 for continuation of these schemes.
- Applications to WG have been successful for further grant funding in 2021/22 to support studies and implementation of localised flood preventions schemes.
- Ongoing CCTV and asset capture work taking place in drainage networks to review high risk areas.
- Asset management - Delivery of Flood Management and Coastal Improvement Schemes and rationalise/prioritise gully maintenance schedule based on the outputs of the Flood Incident Management software - Phase 1 of new gully maintenance schedule completed. Phase 2 of new gully maintenance schedule delivered by EOY.

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

**Flood & Storm**

The following actions are ongoing :

- Develop, submit to Welsh Government and publish by October 2023, a combined Flood Risk Management Strategy and Flood Risk Management Plan as required by The Flood and Water Management Act (2010) and The Flood Risk Regulations (2009) respectively
- 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 **October 23**
- 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 Recruitment process commenced and due to be implemented in **Q1 2022/23**
- Deliver guidance to increase standards and ease of development - in development
- Asset management - **ongoing programme**

**Type(s) of Impact**

<ul style="list-style-type: none"> <li>• Service Delivery</li> <li>• Reputational</li> <li>• Legal</li> <li>• Financial</li> </ul>	<ul style="list-style-type: none"> <li>• Health &amp; Safety</li> <li>• Partnership</li> <li>• Community &amp; Environment</li> <li>• Stakeholder</li> </ul>
--	--

**Linked Risks**

Coastal Erosion  
Air Quality  
Business Continuity

**Linked Documents**

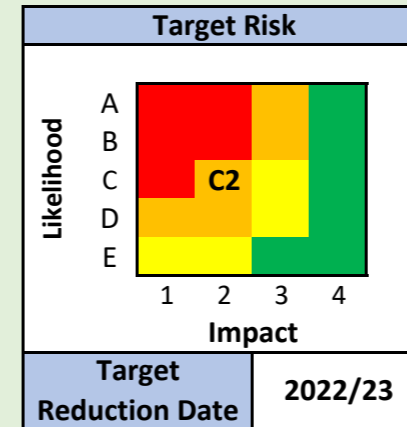
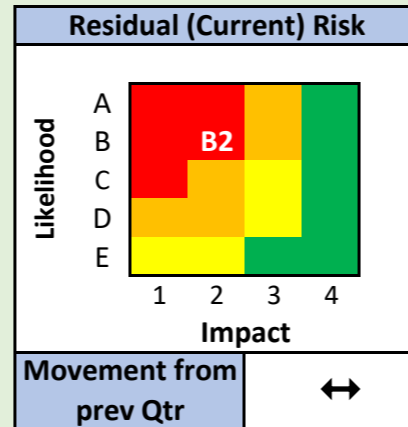
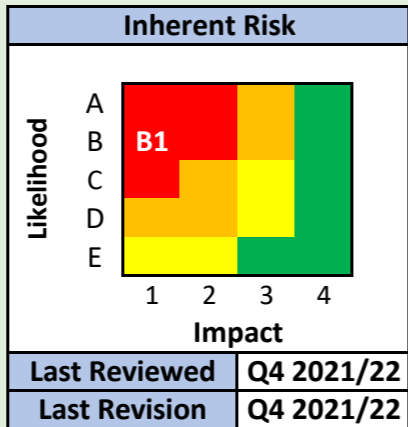
<https://www.evaccardiff.co.uk/>  
<https://www.cdp.net/en>

**Key Indicators / Measures used to monitor the risk**

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

# Coastal Erosion

**Description**  
Breach of current defences resulting in widespread flooding (current defences are ad hoc and are in a very poor condition)



**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 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, which 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 were originally estimated at £10.9m (Welsh Government 75% funding = £8.2m and CCC 25% funding = £2.7m)
  - Formal application was submitted to Welsh Government (WG) under the WG Coastal Risk Management Programme and development of the Detailed Design and Full Business Case (FBC) was programmed for completion in May 2020, however was impacted by Covid-19.
  - Work ongoing with Emergency Management to formulate interim measures.
  - Detailed design and full business case ongoing
- Scheme Delivery Progress update:**
  - Cabinet report June 2021 resolved that;
    - the principle design for the coastal protection scheme and the requirements within the draft full business case to be submitted to WG for the Coastal Risk Management Programme be noted
    - the procurement approach and evaluation criteria/weightings set out in the report be approved
    - the commencement of procurement for the construction contract to deliver the coastal defence improvements estimated at £23.5M be approved
    - a further report be presented to Cabinet with the final Full Business Case, including final tender costs, project risks and mitigations.
  - Draft Full Business Case submitted to WG & refined as necessary - final WG approval & funding confirmation anticipated by early 2022
  - Extensions for timescales due to Covid 19 delays, and complexities of ground conditions and therefore design, agreed with WG - funding for FBC increased to cover additional costs (plus WG grant % increase) and extended to 16 March 2022.
  - Costs associated with the Outline and Full Business Cases and Design now 100% funded by WG. To allow for increase of allowance for climate change to 40% and additional works required from ground investigation results, the construction phase is now estimated at £25M (WG 85% funding = £21.250M and CC 15% funding = £3.750M)
  - PQQ procurement process completed and select list of 5 contractors established - required to submit returns in Jan 2022. Due to complexities of project, challenging environmental conditions for construction works and NRW requirements, extension for submission granted to mid Feb, with submission, assessment, selection and award process forecast to be completed early 2022.
  - Marine Licence application submitted to NRW and required process followed. Although the Flood Risk Management Team have had prolonged and 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 end of 21/22 financial year out of reach. WG were therefore contacted, meetings held and agreement secured for funding deadline to be further extended to 31st Aug 2022. This allows us to start on site in the new financial year, although we will still be pushing for the earliest possible start date.
  - Tenders returned in Feb 2022 and although clarifications, advice and extensions of time were granted, only one contractor made a submission. The estimated costs of circa £30M, that included risk and optimism bias, was far exceeded and an estimated cost, including risk, of circa £40 - £45M was received.
  - The Cabinet report to seek approval to award the contract to the successful contractor and commit to the 15% Council contribution was due to be entered into the March 2022 cabinet - due to the necessity to fully analyse and understand the submission and establish reasons for the significant increase, the March Cabinet Report was withdrawn.
  - Further meetings with WG have taken place, they have expressed their concerns over the price increase and explanations have been presented. The funding for the east side would present an additional cost of circa £7 to 9M for Cardiff Council if it chose to protect the tip from erosion and coastal inundation.

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

We will be designing & delivering an effective coastal flood protection scheme as a matter of priority - Anticipated construction starting 2022, with completion 2024.

**Keysteps:**

- Planning permission and Marine licence required prior to cabinet report - Planning target date June 22
- Cabinet report to award contract, including agreed approach with Corporate Finance on the funding for the scheme - **August 22**
- Anticipated construction start - **Q3 22/23**

**Potential Impact(s)**

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

**Type(s) of Impact**

<ul style="list-style-type: none"> <li>Health &amp; Safety</li> <li>Health</li> <li>Reputational</li> <li>Financial</li> </ul>	<ul style="list-style-type: none"> <li>Strategic</li> <li>Service Delivery</li> </ul>
--	---

**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

# Performance Management

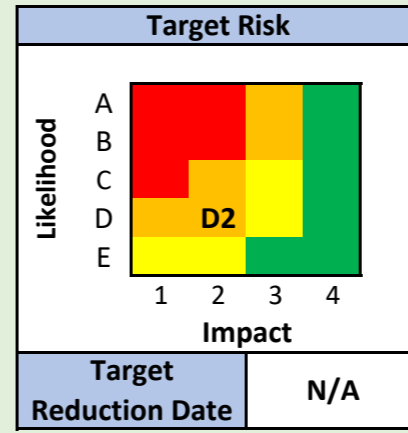
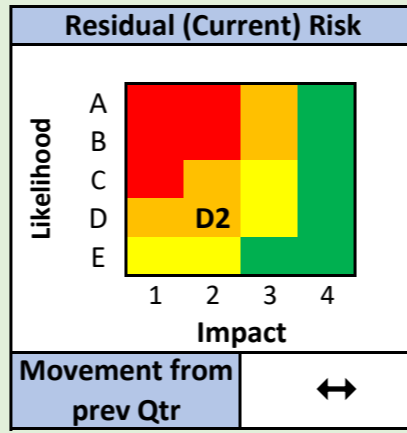
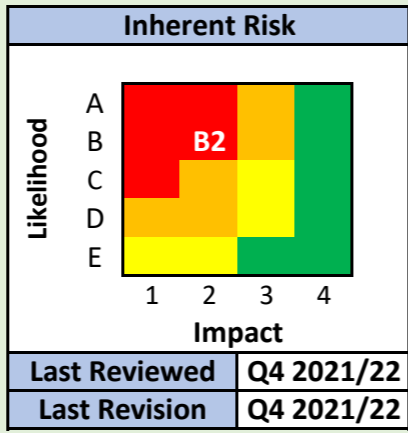
**Description**

The risk that the Council's Performance Management arrangements do not provide timely performance information to allow the Council's political and managerial leadership to effectively deliver corporate priorities, statutory services or performance improvement

Performance Management arrangements are essential for discharging statutory requirements, delivering the administration's priorities and ensuring Council core business is delivered effectively. Weak corporate performance management arrangements heighten the risk of poor performance, service failure, financial overspend or legal non-compliance going unidentified, unchallenged and unresolved.

The Council must therefore maintain a focus on the Key Performance Indicators it has identified within the Corporate Plan as a pointer to overall organisational success. The Council must also ensure that more granular indicators of performance- the Council's Core Data which is managed by individual Directorates- are established and monitored to provide more detailed insight into the drivers of corporate performance.

Changes to the Statutory Performance Requirements have been set out in Local Government Bill and work is being undertaken to ensure the requirements are embedded in the Council's performance regime.



**Risk Owner(s)**

**Sarah McGill**  
(Gareth Newell)

**Councillor Chris Weaver**  
Finance, Modernisation and Performance

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

In February 2022 Cabinet approved a strengthened Planning and Performance Framework, in response to the the Local Government and Elections Act (Wales) 2021.

An internal Audit report on Performance Management, published in February 2022, provided an Audit Assurance of "Effective with Opportunity for Improvement". All recommendations were accepted.

In March 2022, the Audit Wales Assurance and Risk Assessment concluded that "The Council has made good progress in embedding new self assessment approaches into its routine governance arrangements"

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

The recommendations of the internal Audit Report will be delivered, focusing on strengthened practice within Directorate Delivery Plans.

Preparatory work will be undertaken in readiness for a Corporate Peer Assessment, a statutory requirement of the new Local Government and Elections (Wales) Act.

- Potential Impact(s)**
- Council unable to effectively deliver corporate priorities, statutory services or performance improvement
  - Failure to comply with performance duties set out in the Wellbeing of Future Generations Act and Local Government and Elections Act.
  - Compliance failure leading to external sanctions and reputational damage.

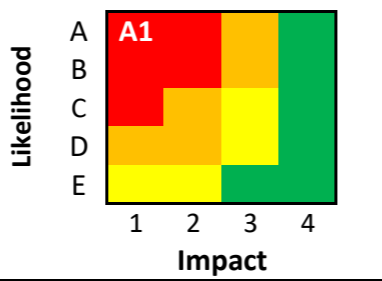
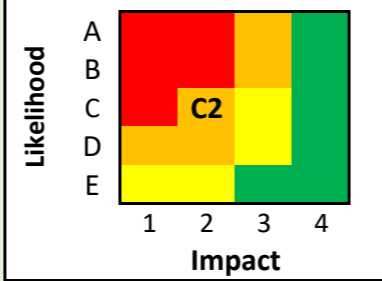
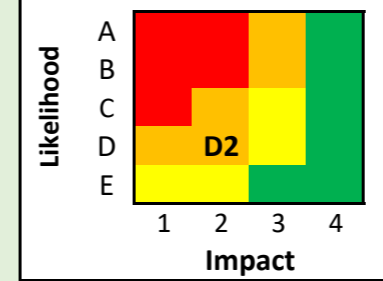
- Type(s) of Impact**
- Service Delivery
  - Reputational
  - Stakeholder

**Linked Risks**

**Key Indicators / Measures used to monitor the risk**

Quarterly monitoring of corporate plan indicators (108) provide a pointer to organisational health and corporate performance. Corporate Plan indicators are also risk assessed as part of the performance monitoring process.

## Budget Monitoring (Control)

Description	Inherent Risk	Residual (Current) Risk	Target Risk	Risk Owner(s)									
<p>Failure to achieve the budget set, inclusive of budgeted spend and savings across Directorates, with increased use of emergency finance measures and the unplanned drawdown of reserves.</p>	 <table border="1" style="width: 100%; text-align: center;"> <tr> <td style="width: 15%;">Last Reviewed</td> <td>Q4 2021/22</td> </tr> <tr> <td style="width: 15%;">Last Revision</td> <td>Q4 2021/22</td> </tr> </table>	Last Reviewed	Q4 2021/22	Last Revision	Q4 2021/22	 <table border="1" style="width: 100%; text-align: center;"> <tr> <td style="width: 15%;">Movement from prev Qtr</td> <td style="width: 15%;">↔</td> </tr> </table>	Movement from prev Qtr	↔	 <table border="1" style="width: 100%; text-align: center;"> <tr> <td style="width: 15%;">Target Reduction Date</td> <td>Q4 2021/22</td> </tr> </table>	Target Reduction Date	Q4 2021/22	<p><b>Chris Lee</b> (Ian Allwood)</p> <p><b>Councillor Chris Weaver</b> Finance, Modernisation and Performance</p>	
Last Reviewed	Q4 2021/22												
Last Revision	Q4 2021/22												
Movement from prev Qtr	↔												
Target Reduction Date	Q4 2021/22												
<p><b>Potential Impact(s)</b></p> <ul style="list-style-type: none"> <li>Inability to balance spend against budget, for the financial year</li> <li>Requirement to implement emergency measures to reduce spending during the financial year thus adversely impacting on ability to meet Corporate Plan objectives</li> <li>Requirement to draw down from General Reserves at the year end</li> </ul>	<p><b>What we've done/are currently doing to achieve the Residual Risk Rating</b></p> <ul style="list-style-type: none"> <li>Clear financial procedure rules that reduce the level of risk of financial commitments being identified late in the financial year. The rules clearly set out the roles and responsibilities for budget management and are an area of interest for internal audit</li> <li>The year has seen monthly WG Hardship claims for additional expenditure and quarterly claims for lost income. Due diligence is in place to ensure that all claims are solely related to the pandemic and follow the terms and conditions of the claims process. Throughout year, the assumptions were reviewed accordingly to the circumstances at the time and the level of cost incurred or income deemed likely to be lost. These controls plus regular review with impacted service areas and a sign off process is in place to mitigate against the risk of any payback requirement at a future point.</li> <li>Loss of income claims are also reviewed to ensure that where applicable adjustments to pay back are made in a timely fashion.</li> <li>The Corporate Director of Resources, Chief Executive and Cabinet Members have held three challenge meetings in 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.</li> <li>Continued monitoring of exceptional price fluctuations in respect to Building, transport, energy and infrastructure materials in order to forecast the extent and duration of these pressures. Close working with Service areas in order to identify cost pressures and compensating mitigation strategies that impact on delivery of Capital Programme and repair schedules to ensure works remain within budget.</li> <li>Risk assessment process put in place for 2022/23 Capital Programme which will identify obstacles to cost and timescale thus encourage early mitigations.</li> </ul>			<p><b>What we plan to do to meet target</b></p> <p><b>2022/23 and the Medium Term</b></p> <ul style="list-style-type: none"> <li>Monitoring and review points put in place in order to ensure trends and actions are in place in respect to exceptional inflationary pressures that arise in the financial year 2022/23</li> <li>Monitor and review points put in place to consider risk assessments and mitigations for areas of capital spend.</li> <li>Proceed with timetable to produce 2021/22 Final Outturn report to Cabinet in June and M4 2022/23 Report for Cabinet in September respectively.</li> </ul>									
<p><b>Type(s) of Impact</b></p> <ul style="list-style-type: none"> <li>Service Delivery</li> <li>Reputational</li> <li>Legal</li> <li>Financial</li> </ul>	<p><b>Linked Risks</b></p> <p>Financial Resilience</p>		<p><b>Key Indicators / Measures used to monitor the risk</b></p> <ul style="list-style-type: none"> <li>Monthly Directorate Monitoring reports detailing likely outturn position and performance against savings accepted</li> <li>Review of use of earmarked reserves and balances - Half Yearly</li> <li>Amount of Hardship Support claimed successfully</li> </ul>										
<p><b>Stakeholder</b></p>													

# Financial Resilience

**Description**

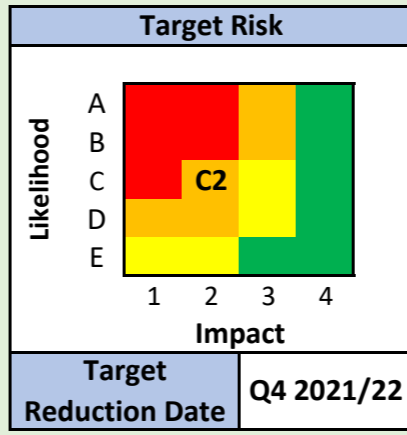
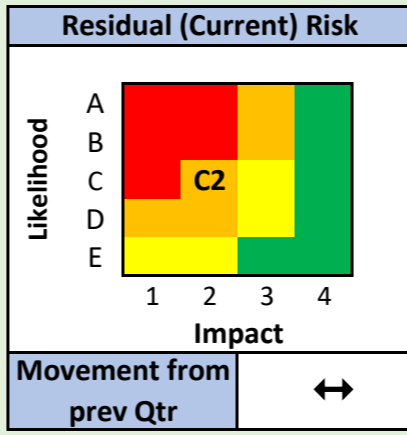
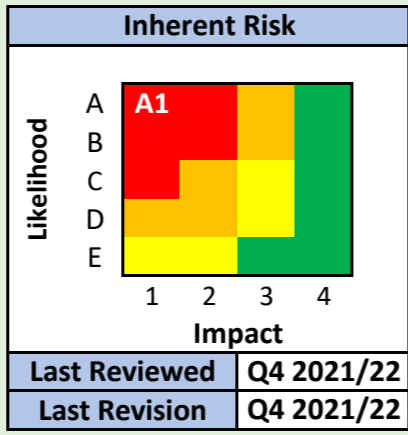
- Failure to deliver a balanced annual budget and a fully informed Medium Term Financial Plan.
- Lack of appropriate mechanisms to identify and manage unexpected financial liabilities.
- The current outlook is that there is a Budget Gap of £69 million for the period 2023/24 to 2026/27.

**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**

<ul style="list-style-type: none"> <li>• Service Delivery</li> <li>• Reputational</li> <li>• Legal</li> <li>• Financial</li> </ul>	<ul style="list-style-type: none"> <li>• Stakeholder</li> </ul>
--	---



**Risk Owner(s)**

<p><b>Chris Lee</b> (Ian Allwood)</p>	<p><b>Councillor</b> <b>Chris Weaver</b> Finance, Modernisation and Performance</p>
---	---

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

**2021/22 and Medium Term**

- Regular monitoring to understand the in-year position and gain early insight into emerging risks that need to be factored into the MTFP work.
- Engaging and working in partnership with directorates during the budget process to ensure that budget proposals and services are deliverable within timescales and quantum (revenue and capital)
- Mechanisms in place such as Treasury Management Reserve and Financial Resilience Mechanism in order to dampen the impact of a worse than anticipated financial climate / settlements.
- Preparation of Prudential Indicators and a local affordability indicator to help assess the affordability, prudence and sustainability of the capital programme and associated levels of borrowing
- Close alignment with Corporate Plan objectives, to ensure resources are allocated appropriately, and that longer term financial savings are developed in enough time to be realised.
- Regular review of contingent assets and liabilities, and provisions to ensure the Council has adequate cover for emerging liabilities.
- Robust monitoring of the impact of C19 and finalisation of all Hardship Claims to ensure all eligible items have been claimed prior to the ending of the Fund.
- 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. This culminated in the inclusion within the 2022/23 Budget of a £10 million COVID Contingency Budget to protect the Council's resilience in light of the ending of the Hardship Fund on 31/3/22.

**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)

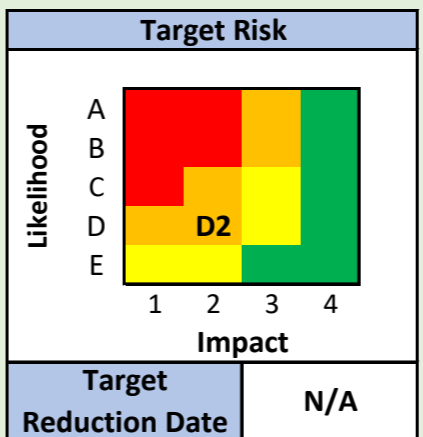
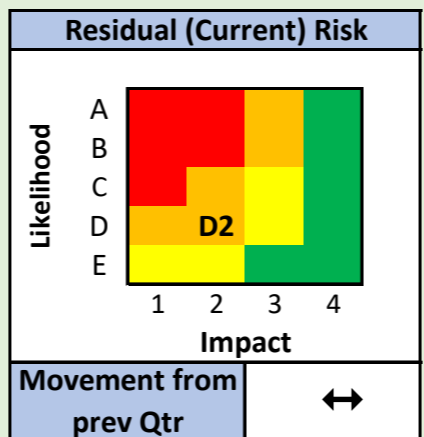
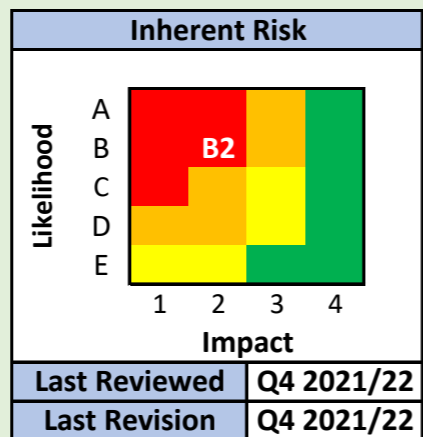
**Key Indicators / Measures used to monitor the risk**

- 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**

Fraud, financial impropriety or improper business practices increase as internal controls are weakened as resources become severely stretched.



**Risk Owner(s)**

**Chris Lee**  
(Ian Allwood)

**Councillor Chris Weaver**  
Finance, Modernisation and Performance

- What we've done/are currently doing to achieve the Residual Risk Rating**
- The Council communicates a zero-tolerance approach to fraud, bribery and corruption.
  - Regular review of relevant policies and procedures e.g. the Fraud, Bribery and Corruption Policy, Anti-Money Laundering Policy and Disciplinary Policy.
  - Financial Procedure Rules and Contract Standing Orders and Procurement Rules and training.
  - National Fraud Initiative data matching exercises in collaboration with the Cabinet Office and Audit Wales.
  - Receipt and dissemination of fraud intelligence alerts from law enforcement agencies.
  - Regular 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.
  - Monitoring and reporting completion rates of mandatory fraud awareness training and anti-money laundering training.

- What we plan to do to meet target**
- Counter-Fraud and Corruption Strategy refresh during **2022/23**, with revised counter-fraud action plan to reinforce and drive the strategic intentions set, supported by awareness and training.
  - Financial Procedure Rules to be reviewed (including the schools equivalent) and updated during **2022/23**, with awareness and training arranged.
  - Review ongoing of the suite of Counter-Fraud Operational Policies alongside the review of the Council's Disciplinary Policy
  - Training and awareness being rolled out on an Internet Investigation Procedure.

- Potential Impact(s)**
- Increase in frauds and losses to the Council
  - Reputational risk as more frauds are reported
  - Increased time investigating suspected fraud cases impacting on capacity

**Key Indicators / Measures used to monitor the risk**

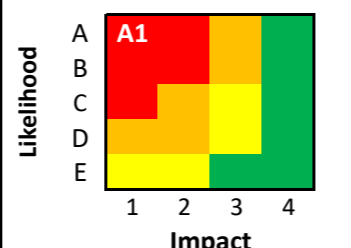
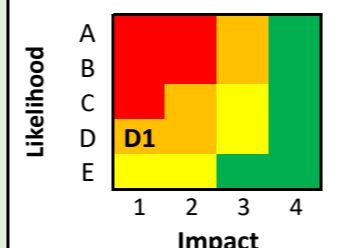
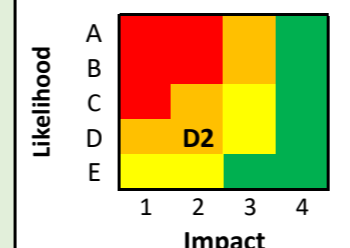
- Progress in both (1) Counter-Fraud and Corruption and (2) Financial Procedure Rules review and update (including development of associated training and awareness materials / modules / campaigns)
- Mandatory Fraud Awareness eLearning completion and face-to-face attendance rates
- Anti-Money Laundering eLearning completion rates
- Delivery of Fraud Awareness week campaign annually
- Delivery of Policy updates in accordance with associated targets
- Delivery of mandatory investigating officer training and the note taker training
- Timely completion of casework and investigations
- Provision of timely investigation and counter-fraud advice, guidance and support to Directorates
- Adherence to the NFI Security Policy and annual completion of compliance forms

**Type(s) of Impact**

- Service Delivery
- Reputational
- Legal
- Financial

• Stakeholder

# Information Governance

Description	Inherent Risk	Residual (Current) Risk	Target Risk	Risk Owner(s)									
<p>Information handled inappropriately leaves the Council exposed to intervention and financial penalties issued by the Information Commissioner (ICO). This includes information held by Cardiff Schools.</p>				<p><b>Chris Lee</b> (Dean Thomas)</p>	<p><b>Councillor Chris Weaver</b> Finance, Modernisation and Performance</p>								
	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="background-color: #d9e1f2;">Last Reviewed</td><td>Q4 2021/22</td></tr> <tr><td style="background-color: #d9e1f2;">Last Revision</td><td>Q4 2021/22</td></tr> </table>	Last Reviewed	Q4 2021/22	Last Revision	Q4 2021/22	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="background-color: #d9e1f2;">Movement from prev Qtr</td><td style="text-align: center;">↔</td></tr> </table>	Movement from prev Qtr	↔	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="background-color: #d9e1f2;">Target Reduction Date</td><td>Q4 2022/23</td></tr> </table>	Target Reduction Date	Q4 2022/23		
Last Reviewed	Q4 2021/22												
Last Revision	Q4 2021/22												
Movement from prev Qtr	↔												
Target Reduction Date	Q4 2022/23												
	<b>What we've done/are currently doing to achieve the Residual Risk Rating</b>			<b>What we plan to do to meet target</b>									
	<ul style="list-style-type: none"> <li>Gold level assurance has been achieved through the annual Cyber Security Plus ISAME Accreditation in September 2021, the next annual accreditation of this process will take place in September 2022.</li> <li>A quarterly Information Governance Report and briefings of decisions or recommendations are provided on a quarterly basis to the Information Governance &amp; Security Board, along with any concerns and risks from IG risk registers.</li> <li>A corporate Information Asset Register is held which details personal data assets held by each Council directorate. The next review scheduled for August 2022.</li> <li>Service Level Agreements in place for Schools Information Governance Support (All Cardiff Schools) and where Cardiff Council is the Data Controller for regional services, including Rent Smart Wales, National Adoption Service and Cardiff Capital City Deal.</li> <li>Corporate Retention schedule is in place and updated annually in line with any legislative changes or in line with any requests from services to update.</li> <li>Information Governance Maturity Model established to monitor risks against areas of information governance to feed into corporate risk status.</li> <li>The Digitisation of Paper Records Strategy and associated business process changes are in place with alternative delivery contracts in place to support increased paper storage demands, with processes established to support corporate programmes.</li> <li>Data Protection e-learning training available for Council staff to complete. Managers are able to monitor compliance with information provided as part of the Information Governance Board Report.</li> <li>National and Regional Information Governance Agreements in place in respect of covid-19 data processes</li> <li>An Information Governance Champions Group has been established.</li> <li>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.</li> <li>Corporate escalation processes have been agreed to improve directorates failure demand with answering and providing information in respect of FOI requests .</li> <li>Support is being provided to 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.</li> <li>Continue working with Childrens Services to finalise the new service delivery model for management of social services requests to improve compliance, accountability and processes.</li> <li>Continue to review data breach claim processes and reports and determine support models for future claim handling.</li> <li>Released training and education communications to support schools with their Information Governance responsibilities.</li> </ul>			<ul style="list-style-type: none"> <li>Work is underway to review and update the Council's Record of Processing Activity (RoPA). Directorate Management Teams have been asked to prioritise this review for their respective directorates supported by Information Governance. <b>Q1 2022/23</b></li> <li>Take forward, with support of an external supplier, options for alternative service delivery models for the Council's Records Centre linked to the Recovery and Renewal Programme. <b>Q2 2022/23</b></li> <li>Develop an online Publication Scheme taking onward recommendations from the Information Governance &amp; Security Board. <b>Q2 2022/23</b></li> <li>Support ICT with gathering information on non personal data systems and a review of security and protection linked with Cloud Impact Assessment processes <b>Q1 2022/23</b></li> <li>The Council has limited assurance of CCTV against compliance with the 12 principles of the Surveillance Camera Code of Practice - Options paper to be presented to ISB resulting in an action plan for improvements is being initiated to improve accountability and compliance with CCTV operations <b>Q2 2022/23</b></li> <li>Embed processes through procurement and ICT for ensuring Data Protection Impact Assessments are completed if personal data is being processed to enable Information Governance &amp; Security Board to have oversight of DPIA's completed against Procurement Contract Awards where personal data is processed</li> </ul>									
	<b>Linked Risks</b>			<b>Key Indicators / Measures used to monitor the risk</b>									
<p><b>Potential Impact(s)</b></p> <p>Leads to the Information Commissioner issuing notices of non-compliance</p> <p>These could consist of:</p> <ul style="list-style-type: none"> <li>A "Stop Now" Order which would mean that no personal data could be processed by the Council in its entirety</li> <li>An Information Notice which would mean that a service would have to provide information in a very limited period thereby impacting on service delivery</li> <li>A Decision Notice could be issued as a result of non compliance with an FOI/EIR request which would require information disclosure</li> <li>Undertaking which requires an Action Plan of Remedial Measures which would be subject to ICO Audit</li> <li>Enforcement Notice requires immediate improvement action to be put in place</li> <li>Financial Penalty up to £17.5 million for Higher Level Tier and £8 million for Lower Level Tier breaches of the Data Protection Act.</li> <li>Compensation unlimited liability claims for damages as a result of a data breach from individuals.</li> </ul>				<ul style="list-style-type: none"> <li>Suite of IG Indicators/Service Metrics</li> <li>No. of ICO complaints</li> <li>No. of FOI /EIR SAR Requests</li> <li>No. of individuals trained on Data Protection</li> <li>No of Data Protection Impact Assessments being undertaken</li> <li>No of data protection breach complaints/claims</li> </ul>									
	<b>Type(s) of Impact</b>												
<ul style="list-style-type: none"> <li>Service Delivery</li> <li>Reputational</li> <li>Legal</li> <li>Financial</li> </ul>	<ul style="list-style-type: none"> <li>Stakeholder</li> </ul>												

# 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

## Potential Impact(s)

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

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

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

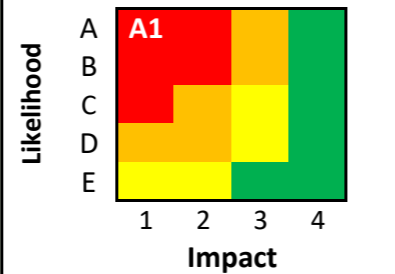
- An information governance breach (i.e. Stop Now Order, Information Notice, Enforcement Notice, Financial Penalty etc.)
- A business continuity incident – with a potential for major loss of service and legal, health and safety and financial implications.
- A financial / fraud related attack.

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

## Type(s) of Impact

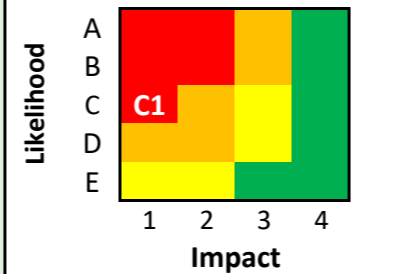
- |  |  |
|--|--|
| <ul style="list-style-type: none"> <li>• Service Delivery</li> <li>• Reputational</li> <li>• Legal</li> <li>• Financial</li> </ul> | <ul style="list-style-type: none"> <li>• Health &amp; Safety</li> <li>• Stakeholder</li> </ul> |
|--|--|

## Inherent Risk



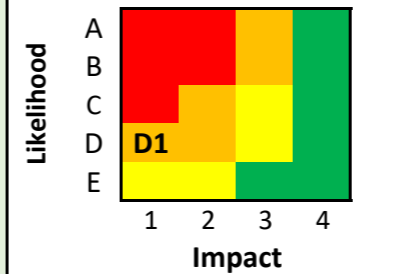
Last Reviewed	Q4 2021/22
Last Revision	Q3 2021/22

## Residual (Current) Risk



Movement from prev Qtr	↔
------------------------	---

## Target Risk



Target Reduction Date	Q1 2022/23
-----------------------	------------

## Risk Owner(s)

<b>Chris Lee</b> (Phil Bear)	<b>Councillor Chris Weaver</b> 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.

## 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

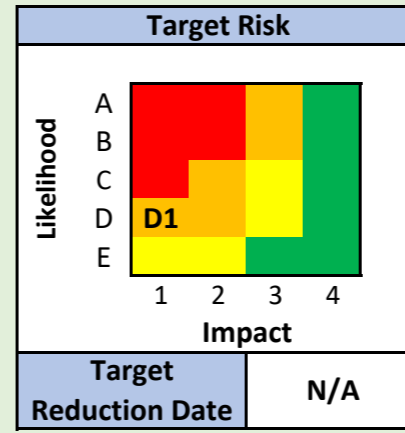
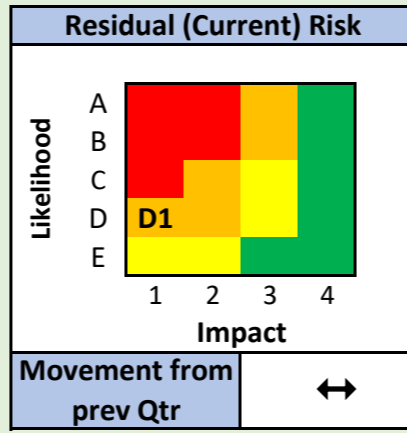
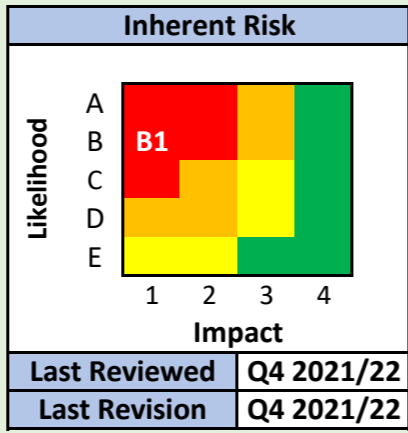


# Business Continuity

**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 available on CIS or by contacting the Resilience Unit, as the organisation continues its transition to SharePoint.
- The Council employs a Business Continuity Officer who is a qualified ISO22301 lead auditor.
- 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
- 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 2020.
- 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.
- The Emergency Management Unit has developed an Incident Management Plan (Cardiff Council's Emergency Management Plan) to ensure alignment with ISO22301. This was fully reviewed and updated in 2021
- Internal Audit completed an audit of the Business Continuity Risk in Q4 of 2021/2022 and the assurance statement was "Effective with opportunity for improvement".
- The Resilience Unit supported directorates in looking at supply chain risks following the tragic war in Ukraine, this work will be on going as the risk horizon changes as a result of the conflict.

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

- The full BC programme, which is focussed on our Red most time critical activities will recommence in **Q1 of 2022/2023**.
- 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 this will be reviewed again in **Q3 of 2022/2023**.
- 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 next updated review will be carried out in **Q3 of 2022/2023**.
- The Business Continuity Officer will support eras in identifying key learning from 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. This work will be done as areas bring their planning up to date and should be complete by **Q3 of 2022/2023**.

**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

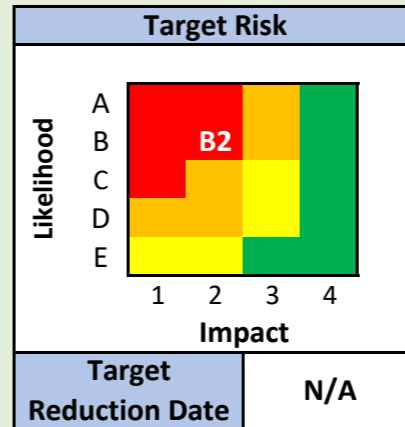
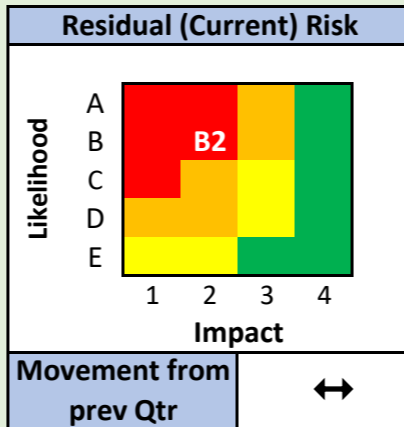
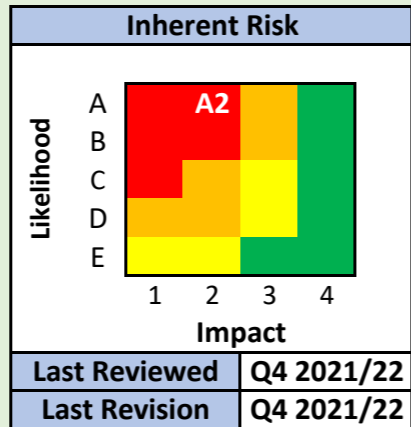
**Key Indicators / Measures used to monitor the risk**

The Red activity BC plan status is reviewed via a report to SMT . 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 2021/2022.

# 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. In 2022 the DWP will commence the rollout of migration for claimants from legacy benefits to Universal Credit.



**Risk Owner(s)**

Sarah McGill (Jane Thomas)	Councillor Lynda Thorne Housing & Communities
-------------------------------	--

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

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

- Work has been undertaken to cost the potential risks of Universal Credit to the HRA and this will continue to be updated as more information is known.
- Temporary funding has been allocated to the Money Advice Team for 1 year to increase staffing, which will help with the negative impacts of both Welfare Reform and the pandemic on citizens. 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**

--	--

**Linked Risks**

--

**Key Indicators / Measures used to monitor the risk**

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

## Increase in Demand (Children's Services)

**Description**

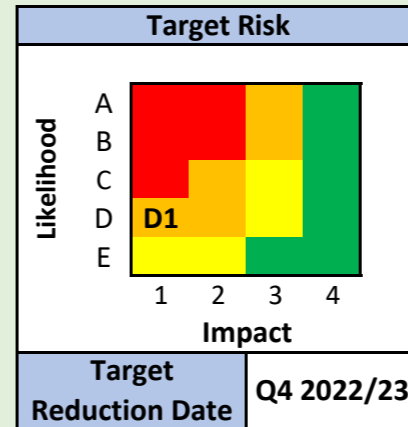
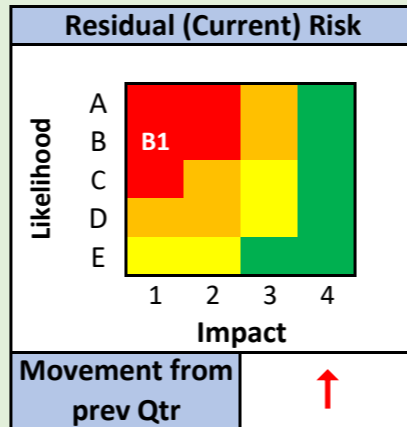
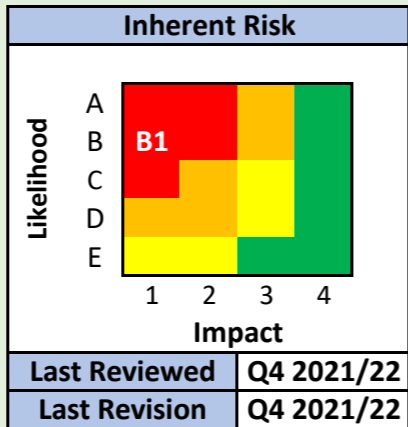
Failure to effectively manage demand (and respond to increasing demand due to Covid-19), resulting in increase in number of children requiring services and financial pressures this presents.

**Potential Impact(s)**

- Family breakdown leading to children becoming looked after.
- Growth in the number of children entering the looked after system and associated costs for the Authority.
- Insufficient placements to meet need resulting in increase in numbers living outside Cardiff.
- Challenges in improving outcomes for children leading to children being less likely to achieve their potential and to be fully participating citizens.
- Delays in issuing care proceedings because of existing capacity in Children's Services and consequential impact on budgets if work needs to be outsourced.
- Challenges in effectively managing service and financial pressures.
- Impact of high caseloads on staff and potential increase in social worker turnover.
- Welsh Government programme of work to eliminate profit from the care sector and potential impact on destabilisation of placements.
- Increase in use of unregulated placements.

N.B. All demand risks carry safeguarding implications.

Type(s) of Impact	
<ul style="list-style-type: none"> <li>• Service Delivery</li> <li>• Reputational</li> <li>• Legal</li> <li>• Financial</li> </ul>	<ul style="list-style-type: none"> <li>• Community &amp; Environment</li> <li>• Stakeholder</li> </ul>



**Risk Owner(s)**

<p><b>Sarah McGill</b> (Deborah Driffield)</p>	<p><b>Councillor Graham Hinchey</b> Children &amp; Families</p>
--	---

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

- Early Help - Cardiff Family Advice and Support Services.
- Interventions Hub being launched.
- 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 and will consider potential use for children other than children with disabilities).
- Shifting the balance of care and associated workstreams - Strength based working / Reunification Framework / Family Group Conferencing / Safe and Together model / Integrated Edge of Care Service for Young People - based on the North Yorkshire model
- Delivering Excellent Outcomes Children's Services Strategy to be reviewed.
- Children's Commissioning Strategy and Market Position Statement.
- Refreshed workforce strategy.
- Prudent social work / skill mix - ensuring social workers do what only social workers can do and recruitment to support staff / multi disciplinary staff.
- Reviewing Hub being launched.
- 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.
- 2 urgent projects launched to address demand and accommodation sufficiency issues - one to specifically focus on services for children with disabilities and another to consider the wider cohort of children being looked after.

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

- Business processes to be reviewed as part of implementation of Eclipse system.(2022/23)
- Work with judiciary re: planned changes to private and public law.(2022/23)
- Systems review undertaken with initial focus on the front door to ensure sustainability of services going forward - report pending and will be reviewed and actioned on receipt. (Q1)

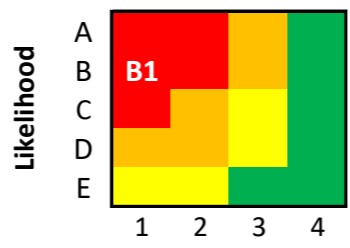
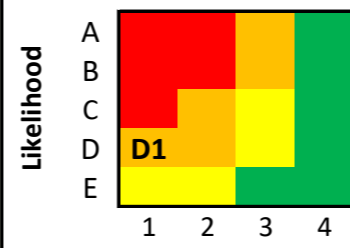
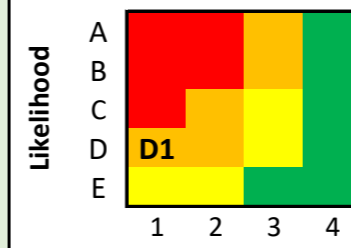
**Linked Risks**

- 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

# Corporate Safeguarding

Description	Inherent Risk	Residual (Current) Risk	Target Risk	Risk Owner(s)								
Systemic failure in the effectiveness of the Council's safeguarding arrangements together with other statutory safeguarding partners.				<p style="text-align: center;"><b>Sarah McGill</b> (Deborah Driffield)</p> <p style="text-align: center;"><b>Councillor Huw Thomas</b> Leader <b>Councillor Susan Elsmore</b> Social Care, Health &amp; Well-being <b>Councillor Graham Hinchey</b> Children &amp; Families <b>Councillor Chris Weaver</b> Finance, Modernisation and Performance</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>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											

Potential Impact(s)	What we've done/are currently doing to achieve the Residual Risk Rating	What we plan to do to meet target
<ul style="list-style-type: none"> <li>A child(ren) or adult(s) suffer(s) preventable abuse or neglect which may result in harm or death</li> <li>Reputation of Council and partners</li> <li>Severe adverse publicity</li> <li>Potential regulator intervention</li> <li>Loss of confidence by community in safety of children and adults</li> <li>Loss of confidence of staff in the overall "safety" of the service, impacting on morale, recruitment and retention</li> <li>Potential litigation with associated financial penalties</li> <li>Significant financial implications of formal intervention</li> </ul>	<p><b>Regional</b></p> <ul style="list-style-type: none"> <li>Regional Safeguarding Board oversee the safety and well-being of children and young people across the partnership.</li> </ul> <p><b>Corporate</b></p> <ul style="list-style-type: none"> <li>Corporate Safeguarding Board strengthened with development of Corporate Safeguarding Steering Group and appointment of Directorate Safeguarding Lead Officers, with new role description agreed.</li> <li>Improved data capture and reporting on training compliance allowing targeted action by managers.</li> <li>New self-assessment form and process introduced, with identified improvement actions built into Directorate Delivery Plan.</li> <li>Initial Analysis of referral data completed, with further work underway to enable a more granular breakdown.</li> <li>Recruitment and Selection Policy updated, including additional information on safeguarding</li> <li>Recommendations of Audit Wales review actioned.</li> <li>Appropriate safeguarding arrangements in place for staffing local government elections.</li> <li>Education provision secured for high risk children throughout the COVID-19 crisis.</li> </ul> <p><b>Contextual Safeguarding</b></p> <ul style="list-style-type: none"> <li>Exploitation Strategy - led corporately with community safety approach.</li> </ul> <p><b>Children's Services</b></p> <ul style="list-style-type: none"> <li>In terms of business continuity, our operational approach to child protection remains unchanged. Child protection procedures continue to take precedence and children at the highest risk will be prioritised.</li> <li>Delivering Excellence for Children's Service's Strategy being reviewed.</li> <li>Systems in place to learn lessons from and address recommendations from Child Practice Reviews, Adult Practice Reviews and multi agency practitioner forums.</li> <li>Workforce development strategy in place.</li> <li>Safeguarding Adolescents From Exploitation (SAFE) approach being piloted in North locality.</li> <li>Quality Assurance Framework in place; learning workshops introduced to complete feedback loop.</li> <li>Wales Safeguarding Procedures training held and systems updated.</li> <li>Regular review of operating model.</li> <li>Reviewing Hub being launched.</li> <li>High Risk Panel facilitates robust and timely multi-agency decision making at senior management level for our highest risk young people.</li> <li>OMs have oversight of all high risk cases and share decision making responsibility.</li> <li>Surveys undertaken with staff, children and families / carers to determine what has / has not worked well during the crisis to shape services going forward, e.g. use of technology.</li> <li>Practice development group set up with leads allocated to workstreams to shape good practice.</li> <li>MISPER Strategy under development.</li> <li>Children's Services and Education working closely, including in the development of locality working.</li> <li>Close partnership working (via Regional Partnership Board and Starting Well Programme) in response to the emerging crisis regarding young people with serious mental health and emotional wellbeing issues. (i.e. increase in eating disorders, self harm, and attempted and actual suicide).</li> <li>Close partnership working in relation to serious youth violence, including with Violence Prevention Unit and Community Safety.</li> <li>Close partnership working in response to complex safeguarding concerns with providers, with particular emphasis on emerging issues with providers of accommodation and support for children with additional and complex needs.</li> <li>Revised Supervision process launched following feedback from pilot.</li> <li>Child Sexual Abuse practice leads training programme with Centre of Excellence.</li> <li>Review of escalating concerns process underway to strengthen arrangements and interface with safeguarding procedures and large scale enquiries.</li> <li>Practice leads appointed in locality teams to support newly qualified staff and improve quality and consistency of practice.</li> </ul> <p><b>Adult Safeguarding</b></p> <ul style="list-style-type: none"> <li>Review of escalating concerns process underway to strengthen arrangements and interface with safeguarding procedures and large scale enquiries.</li> <li>Development of an improved quality assurance process for care homes that includes monitoring visits undertaken by social workers in addition to Contracts staff and the commitment to undertake urgent (same day) on-site monitoring when serious concerns are raised.</li> <li>Advice / guidance is being produced for family members to inform them of what they should look for when choosing a care home for a loved one / when visiting a loved one in a care home and what they should do if they are worried / concerned about the quality of care.</li> <li>Quality Assurance Frameworks have been included with the DAPL and DPS Framework and this has been implemented.</li> <li>Contributing and supporting the regional review of MARACs (domestic abuse MARAC, SWOT MARAC and Human Trafficking MARAC).</li> <li>Development of arrangements to support people who hoard and self-neglect and develop sustainable and holistic approaches to achieving outcomes.</li> </ul>	<p><b>Corporate</b></p> <ul style="list-style-type: none"> <li>Targeted training work in front facing services with low take up</li> <li>Review Safeguarding Policy following publication of best practice by Welsh Government</li> <li>Data development work on cross council referrals</li> <li>Output of self-assessments to be quality assured, included and tracked through Directorate Delivery Plans.</li> </ul> <p><b>Children's Services</b></p> <ul style="list-style-type: none"> <li>Strengthen arrangements for responding to professional concerns. <b>(2022/23)</b></li> <li>Strengthen contractual arrangements in relation to safeguarding. <b>(2022/23)</b></li> </ul> <p><b>Adult Services</b></p> <ul style="list-style-type: none"> <li>Develop whole home large scale enquiry process</li> <li>Launch young person's MDT in partnership with Children's services and Housing to address the needs of young people with complex transitional arrangements, behavioural difficulties or known risks</li> <li>Partnership development activity between learning disabilities team, third sector services and adult safeguarding to better address incidents of SU on SU abuse in supported living services settings</li> </ul>

Type(s) of Impact	Linked Risks	Key Indicators / Measures used to monitor the risk
<ul style="list-style-type: none"> <li>Service Delivery</li> <li>Reputational</li> <li>Legal</li> <li>Financial</li> <li>Partnership</li> <li>Community &amp; Environment</li> <li>Stakeholder</li> </ul>	<ul style="list-style-type: none"> <li>Increase in Demand (Children's Services)</li> <li>Workforce - Social Services</li> </ul>	<ul style="list-style-type: none"> <li>SCC.014 Percentage of initial child protection conferences carried out within statutory timescales during the year</li> <li>SCC.034 Percentage of child protection reviews carried out within statutory timescales during the year</li> <li>SSWB 27 Percentage of re-registrations of children on local authority Child Protection Registers</li> <li>SSWB 28 Average length of time for all children who were on the CPR during the year</li> <li>Res 15 - Percentage of Council staff completing Safeguarding Awareness Training</li> </ul>

# Legal Compliance

Description	Inherent Risk	Residual (Current) Risk	Target Risk	Risk Owner(s)		
<p>Changes in services and staff roles across the Council resulting in:</p> <ul style="list-style-type: none"> <li>gaps in Council wide knowledge of the local authority framework of responsibilities and duties within which we have to operate;</li> <li>inability to deliver the services in accordance with all duties and responsibilities due to lack of resource:</li> </ul> <p>In each case leading to increased risk of challenges.</p> <p>Reduction and changes in front-line services, discretionary and statutory, will lead to increased risks of challenge from users and other stakeholders affected.</p>	<p><b>Last Reviewed</b> Q3 2021/22 <b>Last Revision</b> Q3 2021/22</p>	<p><b>Movement from prev Qtr</b> ↔</p>	<p><b>Target Reduction Date</b> N/A</p>	<p><b>Davina Fiore</b></p>	<p><b>Councillor Huw Thomas</b> Leader</p>	
What we've done/are currently doing to achieve the Residual Risk Rating				What we plan to do to meet target		
<p><b>Potential Impact(s)</b></p> <ul style="list-style-type: none"> <li>Increase in number of challenges and complaints with consequences in terms of already stretched resources and impact of adverse decisions</li> <li>Implementation of decisions delayed due to challenges and potentially fatally disrupted</li> <li>Impact on projects if reputation for sound management and implementation of projects is damaged</li> <li>Major incident</li> <li>Adverse press/media reaction</li> <li>Involvement from Welsh Government in terms of performance standards or measures</li> <li>Increased costs</li> <li>Impact on capacity to deal with proactive legal work</li> </ul>	<ul style="list-style-type: none"> <li>Professional internal legal and financial advice provided to a high standard</li> <li>Maintaining robust decision making process with legal implications on all Council, Cabinet and Committee reports and Officer Decision Reports at Director level</li> <li>Appropriate use of NPS Legal Services by Solicitors Framework to increase resilience</li> <li>Dedicated teams in specialist areas e.g. equalities, FOI / DPA</li> <li>Sharing training/publications received</li> <li>Encourage Directorates to ensure reports are discussed at preliminary stage in development to ensure all legal issues are addressed early</li> <li>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</li> </ul>				<ul style="list-style-type: none"> <li>Further development of standard precedents with guidance for use in cases of low value/low risk/repetitive matters</li> <li>Provide legal training to Directorates to develop knowledge within Directorates of specific statutory functions.</li> </ul>	
Type(s) of Impact	Linked Risks		Key Indicators / Measures used to monitor the risk			
<ul style="list-style-type: none"> <li>Service Delivery</li> <li>Reputational</li> <li>Legal</li> <li>Financial</li> </ul>			<p>Number of Judicial Reviews and Number of Successful Challenges</p>			

This page is intentionally left blank

## **GOVERNANCE & AUDIT COMMITTEE 19 JULY 2022**

---

### **DRAFT ANNUAL GOVERNANCE STATEMENT 2021/22** (INCLUDING YEAR-END SENIOR MANAGEMENT ASSURANCE STATEMENTS)

### **REPORT OF CORPORATE DIRECTOR RESOURCES AGENDA ITEM: 11.3**

---

#### **Reason for Report**

1. The Governance and Audit Committee's Terms of Reference requires Members to review the Annual Governance Statement (AGS) prior to approval and consider whether it reflects properly the risk environment and supporting assurances, taking into account the internal audit opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and internal control.
2. Specific components of the AGS reported individually to the Governance and Audit Committee are the biannual Senior Management Assurance Statements (SMAS) and the AGS Action Plan of significant governance issues, following approval by the Senior Management Team. This report provides members of the Governance and Audit Committee with the full AGS for 2021/22 that will sit alongside the Council's Statement of Accounts.

#### **Background**

3. The AGS contains three formal opinions namely, Senior Management Team, Governance & Audit Committee and Head of Internal Audit. In addition, the Annual Governance Statement sets out the Governance Framework having considered two core principles and five supporting principles. As noted in the AGS, the core principles run through the supporting principles, but as good governance is dynamic there is a need to evaluate and review against each principle on a continuing and regular basis.

#### ***Core principles:***

- A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
- B. Ensuring openness and comprehensive stakeholder engagement Supporting Principles:

#### Supporting principles

- C. Defining outcomes in terms of sustainable economic, social, and environmental benefits
- D. Determining the interventions necessary to optimise the achievement of the intended outcomes
- E. Developing the entity's capacity, including the capability of its leadership and the individuals within it
- F. Managing risks and performance through robust internal control and strong public financial management

G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability

4. For the year 2021/22 CIPFA formally adopted the Financial Management (FM) Code,. The focus of the code is to improve the financial resilience of organisations by embedding enhanced standards of financial management. The CIPFA Financial Management (FM) Code supports good practice in financial management and assist Local Authorities in demonstrating their financial sustainability. The Code translates principles of good financial management into a series of standards against which Local Authorities should measure themselves. For 2021/22, the Code requires that local authorities should now disclose compliance with the FM Code in the AGS and identify any outstanding areas for improvement or change
5. Senior Management Assurance Statements (SMAS) assesses governance maturity in application of the 'Delivering Good Governance in Local Government' framework, developed by CIPFA / SOLACE.
6. Through the SMAS, each Director responds to twenty-five good governance statements using a 5-point maturity scale for their areas of responsibility ranging from 'not in place', 'limited application', 'mixed application', 'strong application' to 'embedded'. Prior to submitting their returns, each Director obtains underlying assurances from their management teams to support a directorate-wide response to each statement.
7. The draft AGS for the financial year 2021/22 is attached to this report.

## Issues

### Annual Governance Statement

8. In writing the AGS, there has been consideration of the significant challenges of the pandemic and other economic uncertainty facing the Council. For both 2021/22 and for the current year, these challenges have continued to evolve both in terms of look and severity across the services provided by the Council. The need for effective governance arrangements continues to be one of necessity at a time when circumstances change thus requiring a level of flexibility and adaptability as well.
9. Senior Officers have firmly focussed their attention on effective communication, decision making and control whilst operating in an environment which fluctuated and changed throughout the year. The 2021/22 assurance process therefore needed to consider the way services were delivered during the year and identify any associated changes in the level of assurance.
10. The AGS includes Statements from the Audit Manager, Governance and Audit Committee and Senior Management, respectively. The Senior Management Team has in its considerations determined that whilst the three actions contained within the 2021/22 Action Plan have shown progression there is a need to take them forward into the year 2022/23 to build upon improvements made.
11. The 2021/22 AGS has considered the CIPFA FM Code and identified three areas of improvement which will provide opportunities to further strengthen financial resilience. The three areas cover enhancing the sensitivity analysis surrounding the Medium-Term Financial Plan, the strengthening of the development of Business Cases and enhancing focus on service area spend and delivery of savings proposals.



## Senior Management Assurance Statements

12. Following on from the previous year, the 2021/22 process continued to require a comprehensive evidence base to support the assessment of the assurance level. Given the varying degrees of frequency and severity of Covid 19 cases, there was a continual need to ensure that the most appropriate and effective measures were in place when delivering services, responding to spikes in demand or looking to recover services particularly those in relation to income. This increasing demand on some Council services plus the need to change the service operating model combined with the need to close some services (and then restart) for part or the whole of the year required a multi layered approach to governance and assurance.
13. The Senior Management Team re-engaged with the senior management assurance process in full. Each directorate undertook a Half-yearly self-assessment in November 2021 and having reviewed the position at the end of the year. The Chief Executive held Challenge Sessions in November 2021 and May 2022 respectively, with each directorate to consider the merits of the self-assessment, identify progress made against action plans and identify any areas of concern.
14. The end-year 2021/22 self-assessment level for each Directorate and Assurance category is set out in the following two tables.

<b>Directorate / Service</b>	<b>Self-Assurance Level</b>
Economic Development	Strong (lower range of assessment)
Education	Mixed (higher range of assessment)
Governance and Legal Services	Strong (lower range of assessment)
People and Communities	Strong (lower range of assessment)
Planning, Transport and Environment	Strong (lower range of assessment)
Resources	Strong (middle range of assessment)
Street Scene	Mixed (high range of assessment)

<b>Category</b>	<b>Assessments challenged</b>
Risk Management	Strong (lower range of assessment)
Future Generations Act and Collaboration	Mixed (higher range of assessment)
Compliance	Mixed (middle range of assessment)
Programme and Project Assurance	Strong (lower range of assessment)
Budget Monitoring	Strong (lower range of assessment)
Planning and Decision Making	Strong (lower range of assessment)
Internal Control Environment	Strong (lower range of assessment)
Fraud & Financial Impropriety	Strong (lower range of assessment)
Performance Measurement & Management	Mixed (higher range of assessment)

## **Reason for Recommendation**

15. To enable the Governance and Audit Committee to review and comment upon the self-assessed elements of the AGS.

## **Legal Implications**

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

## **Financial Implications**

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

## **Recommendation**

18. Governance and Audit Committee to review the Annual Governance Statement 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.

**Christopher Lee**  
**Corporate Director Resources**  
July 2022

The following Appendices are attached:

**Appendix A** - Annual Governance Statement 2021/22

# Cardiff Council Draft Annual Governance Statement 2021/22



## CONTENTS

<b>Scope of Responsibility</b>	<b>page 3</b>
<b>Purpose of the Framework</b>	<b>page 3</b>
<b>The Governance Framework</b>	<b>page 4</b>
<b>Assessment Process and Summary</b>	<b>page 4</b>
<b>Assurance Statements</b>	<b>page 5</b>
• <b>Senior Management Statement</b>	<b>page 5</b>
• <b>Audit Manager Statement and Annual Opinion</b>	<b>page 7</b>
• <b>Governance and Audit Committee Statement</b>	<b>page 9</b>
<b>Governance Framework: supporting information</b>	<b>page 12</b>
<b>Annual Governance Statement Action Plan</b>	<b>page 29</b>
<b>Cardiff and the Vale of Glamorgan Pension Fund</b>	<b>page 30</b>
<b>Certification</b>	<b>page 30</b>

## Scope of Responsibility

1. Cardiff Council (the Council) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, having regard to a combination of economy, efficiency and effectiveness. In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, and facilitating the effective exercise of its functions, including arrangements for the management of risk.
2. The Council is responsible for the Cardiff Harbour Authority. The Council is also the Administering Authority for the Cardiff and Vale of Glamorgan Pension Fund (the Pension Fund) and Cardiff Port Health Authority (CPHA) and is the Accountable Body for the Cardiff Capital Region (CCR) City Deal. Cardiff Council has four wholly owned subsidiary companies which traded in 2021/22, one of which is Cardiff City Transport Services Ltd. (Cardiff Bus). The Council also has an interest in a special purpose vehicle (CSC Foundry Limited) which is governed by a Joint Committee for the CCR City Deal.
3. The governance arrangements detailed in this Annual Governance Statement (AGS) are documented in consideration of the Council's areas of responsibility, and the extent to which the Council is charged with governance.
4. The Council has adopted the 'Delivering Good Governance in Local Government' framework, developed by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives and Senior Managers (SOLACE). This statement explains how the Council has complied with the Governance Framework and meets the requirements of the Accounts and Audit (Wales) Regulations 2014, as amended by the Accounts and Audit (Wales) (Amendment) Regulations 2018.

## The Purpose of the Governance Framework

5. The Governance Framework comprises the systems, processes, culture and values by which the Council is directed, controlled, and the means through which it accounts to, engages with, and leads the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services. The Council's Constitution sets out how decisions are made and the procedures which are followed through rules, codes of practice and protocols.
6. The system of internal control is a significant part of the framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives but is based on an ongoing process to identify, prioritise and appropriately manage risk.
7. The Code of Corporate Governance documents how we apply the principles of good governance (as summarised in Section 4 of the AGS – Assessment

Process and Summary). This Code was approved at the Constitution Committee on 11th February 2019 and is included in the Council's Constitution.

## **The Governance Framework**

8. The Framework comprises two core principles and five supporting principles. Principles A and B run through principles C to G, but good governance is dynamic, and the Council is committed to improving governance on a continuing basis through a process of evaluation and review.

### ***Core principles:***

- A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
  - B. Ensuring openness and comprehensive stakeholder engagement
- Supporting Principles:

### Supporting principles

- C. Defining outcomes in terms of sustainable economic, social, and environmental benefits
- D. Determining the interventions necessary to optimise the achievement of the intended outcomes
- E. Developing the entity's capacity, including the capability of its leadership and the individuals within it
- F. Managing risks and performance through robust internal control and strong public financial management
- G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability

## **Assessment Process and Summary**

9. The AGS summarises the assessment of governance against the governance framework and comprises three elements:
  - Statements from Senior Management, the Audit Manager and the Governance and Audit Committee (the 'Audit Committee' was renamed 'Governance and Audit Committee' following the financial year-end in accordance with the provisions of the Local Government and Elections (Wales) Act 2021. Its opinion was provided following the financial year-end)
  - Supporting analysis mapped to the core and supporting good governance principles that provides a judgement that is based on supporting information and evidence
  - A Senior Management judgement of the Council's significant governance issues
10. These three elements when taken together represent the assessment of governance, through the perspectives of the Senior Management Team (SMT) and the independent opinions of the Internal Audit Manager and the

Governance and Audit Committee based on their respective programmes of work and an assessment of the system of internal control.

11. For further information and detail, supporting information is mapped to the governance framework principles (A-G) within the AGS, and followed by an open disclosure from the SMT of the significant governance issues affecting the organisation as summary actions to take forward and address.

The diagram in fig. 1 sets out the components of this assessment.

**Fig.1**



**Assurance Statements**

12. The following statements are made at the year-end, upon consideration of the performance information, governance disclosures and audit and regulatory report findings from assessors both internal and external to the Council.

**Senior Management Statement**

13. The set of senior management assurance statements are used a core measurement of assurance on good governance within each directorate and for the Council overall
14. As a Senior Management Team, we have undertaken a review of the self-assessment exercise to maintain assurance that the areas of consideration remain the right areas to judge the organisation upon and to address an identified action from last year’s AGS relating to the five ways of working. This review identified that whilst the majority of the assurance statements remained

appropriate, there was a need to change the focus of some statements to effectively capture the constituent parts of the five ways of working and Future Generations. In addition, Safeguarding and Information Governance have been reviewed in order to ensure that there is a heightened level of compliance across the Council.

15. We continue to apply the self-assessment exercise as a primary means of measuring our delivery of good governance and this has been supplemented this year by each Directorate having an action plan which identifies the key areas of improvement. There continue to be Challenge sessions chaired by the Chief Executive through which consideration is given to the current assurance position for each Directorate.
16. Our good governance assessment exercise has been undertaken during a prolonged period of uncertainty primarily due to the pandemic which has resulted in some areas in the curtailment of services, additional demand and / or the need to implement alternative ways in delivering services. We, as a Senior Management Team continue to ensure that the self-assessment exercise reflects the current reality of service delivery so that any matters or improvement actions are captured.
17. The Senior Management Team has continued to meet on average twice on a weekly basis. There were times during 2021/22 that the Senior management Team met more regularly to ensure that there was a swift, corporate, appropriate and measured response to any pressing issues. The focus of these meetings throughout the year has been to ensure that resources are used appropriately, outcomes delivered, and controls remain in place or amended to reflect the environment of the time.
18. Throughout this year, the attention of Senior Officers has been firmly focussed on the Council's response to the pandemic and upholding effective communication, decision making and control. The pandemic has impacted on services with some having to seek different means to deliver services whilst some services have had to shut down for most of the year. Whilst Health and Safety has remained the main priority for both those who deliver and receive services from the Council this was in conjunction with the need to retain strong levels of control where needed.
19. The Senior Management Team has engaged with the self-assessment assurance process for 2021/22. The Senior Management Team took the opportunity to review the 2021/22 half yearly and end of year position and considered the body of work delivered over the last six months, including a reflection on the continued response of the Council to the pandemic.
20. The Senior Management Team considers that the 2021/22 end of year Senior Management Assurance Statement offers a true and fair reflection of the governance maturity of the Council for the year overall. This end of year assessment was based on the governance maturity which we could evidence within each Directorate against the half year position, the performance against individual directorate action plans and identifying any change in position.



21. Accordingly, the Senior Management Team considers that despite the challenging external environment the Council is approaching strong application of good governance across the assurance areas, with some examples of embedded and limited in some assurance areas in some directorates. This assessment was based on a self-assessment using a 5-point rating system ranging from 'not in place', 'limited application', 'mixed application', 'strong application' to 'embedded'.
22. This assessment has highlighted opportunities to further build on the three SMT Actions set out in last year's Annual Governance Statement. We recognise improvements have been made in the areas of performance, compliance and the way we work but believe further improvement can be made. We continue to survey the assurance landscape and look for any weaknesses that need to be addressed through robust recovery procedures as well as looking to improve areas of strength. The Senior Management Team recognises that it is faced with a period of prolonged uncertainty both in terms of service recovery and responding to increased and different levels of demand across the spectrum of services offered. To support these aims it remains a priority to both implement actions for improvement and to retain a focus on needing to prioritise actions for enhancement to enable strong evidence of application across all areas going forward.
23. In relation to the work of the Senior Management Team in 2021/22 we continued to collectively own the Corporate Risk Register, we reviewed all corporate risks quarterly, and monitored progress against the action plan of significant governance issues.
24. The Chief Executive continues to emphasise that areas of weakness need to be addressed. As noted, the last couple of years have presented great challenge and uncertainty and this will continue for the forthcoming period thus underlying the importance of maintaining the achievement of consistent standards of governance and control across all directorates.

### **Audit Manager Statement and Annual Opinion 2021/22**

25. The Public Sector Internal Audit Standards (PSIAS) state that the 'Chief Audit Executive must deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement.' This must be based upon an objective assessment of the framework of governance, risk management and control. It must also include an evaluation of the adequacy and effectiveness of controls in responding to risks within the governance, operations and information systems.
26. This opinion has been prepared by the Audit Manager (Chief Audit Executive for the purpose of the PSIAS), based on the provisions of the PSIAS. In preparing and forming this opinion, several sources of information, assurance and insight have been taken into account, including:

- **Assurance Audit Engagements** – The risk-based annual audit plan has been delivered through an approach to maximise assurance and added value. The audit plan is responsive to risk and informed by audit information and existing assurances, information from Senior Management, monitoring of Council activity, strategy, risks, and wider assurance sources. Following the completion of assurance audits last year of new systems established because of the pandemic, during 2021/22, the full senior management team was engaged in a corporate audit of directorate recovery planning, which concluded that the Council has positioned itself in a way that it can strategically respond to the challenges that it has and will face regarding recovery. During the pandemic, audits of performance management and business continuity and incident management have provided corporate assurance on governance and control arrangements. For all audits, current risks, pressures and priorities continue to inform the audit scope and the testing completed.
  - **Consultancy Audit Engagements** - In the context of the ongoing pandemic, the majority of audit consultancy related to the design and application of sound controls in administration of Welsh Government grant and relief payments. The team has provided insight and guidance on areas of control during process development / change, such as in policy development in respect of the Payment Card Industry Data Security Standard.
  - **Discussion with Senior Managers** – There has been quarterly relationship manager meetings with Directors or their representatives, Audit Manager attendance at Senior Management Team meetings where assurance items have been considered, and regular meetings with the Chief Executive and Corporate Director Resources (Section 151 Officer).
  - **Risk & Governance Reviews** – Risk Registers and Senior Management Assurance Statements which underpin the Council’s Annual Governance Statement are subject to regular audit review, and assurance audit engagements.
27. Based on the programme of audit work undertaken to assess the framework and application of governance, risk management and control, the annual opinion for 2021/22 is **effective with opportunity for improvement**. This opinion is based on the delivery of a sufficient Audit Plan, and with an acknowledgment of the significant pressure on resources in the context of an ongoing pandemic in both demand and budgets, which has been managed through a resilient performance culture.
28. The audit opinion comprises assessments of governance, risk management and control, and includes an evaluation of the adequacy and effectiveness of controls in responding to risks within the governance, operations and information systems.

- All planned fundamental system reviews have been completed, of which the audit of income and debtors concluded shortly after the financial year-end.
  - In accordance with an approach communicated to the Governance and Audit Committee, the majority of corporate governance audit engagements were completed during the year, supported by a spread of directorate-level assurance audit engagements.
  - The standard systems for corporate and directorate risk management have been maintained during the year, and COVID-19 specific risks have continued to be recorded, monitored and reported.
  - The Council was required to administer emergency relief and grant payments on behalf of the Welsh Government at pace. Over the year, the Council distributed a significant amount of grant and relief funding, and the Internal Audit and Investigation Teams advised management on the design of systems and counter-fraud checks in accordance with scheme requirements as part of a multidisciplinary team and participated in data matching checks through the National Fraud Initiative . Post assurance manual and data matching checks and analysis have not identified material cases of fraud or error to date in the context of the value of payments, although a number of case reviews are ongoing.
29. The control environment for core financial systems, and for the majority of audits overall (75%), was considered as adequate, and allocated an opinion of 'effective' or 'effective with opportunity for improvement'. Nineteen audits have been given an audit opinion of 'insufficient with major improvement needed' recognising the need for attention to achieve sound controls, and one audit (in respect of Cardiff West Community High School) was given an 'unsatisfactory' opinion and has an agreed set of management actions.
30. Waste Management has been an area where a greater proportion of adverse audit opinions have been allocated in recent years. Through the audit work in this area, and engagement with management, the position is recognised to be continuing to improve. Audit assurance and support continues to target and follow up on high-risk areas.

### **Governance and Audit Committee Statement**

31. Based on the evidence presented to the Governance and Audit Committee during 2021/22, it is the considered view of the Governance and Audit Committee that the Council does have, for the most part, sound internal controls and governance arrangements in place. Strategic risks representing the true challenges facing the Council are captured and reviewed on a regular basis. Examples of where the Committee continues to have concerns, which will be incorporated into the Committee's Work Programme for 2022/23, include:

### **Budget Management**

32. The Committee recognises the sustained financial pressure that the Council is under and notes that whilst the overall financial position was balanced, some particular directorates had significant overspends for which control

improvements are needed, and management attention and actions are required in directorates to achieve budget savings proposals put forward. Budget management is particularly pertinent at this time given the pressures facing local authorities as they respond to the ongoing pandemic and other emerging challenges and issues.

33. Welsh Government support has been received this year to mitigate the impact of the pandemic on budgets, and there has been considerable officer attention and effort to record, verify and submit claims to recover eligible expenditure that has increased, and eligible income that has been lost during the crisis. The settlement to the Council for the year ahead from Welsh Government represents a significant increase in cash terms compared to previous years. However, there have been additional costs to consider, including the introduction of a Real Living Wage in the Care Sector, and there will be no 2022/23 Hardship Fund from 1 April 2022.
34. The Committee is keen to observe effective arrangements for budget management and control during 2022/23. The Committee will carefully consider budget management arrangements over the year to come, through observing the use of appropriate management controls and interventions and continuing to reinforce expectations for delivery.

### **Internal Control**

35. Assurance on compliance and control is essential. For a number of years there have been continued constraints on resources, together with a growing population and greater demand for public services. As the Council faces significant challenges in how it delivers services, it remains essential that internal controls are not neglected or impaired, and that strong controls operate throughout reformed processes and systems. Additionally, the pandemic has necessitated the adaptation of systems, and in some cases the design of new systems, in order to respond to new priorities. We have been advised of the consultation, advice and guidance provided by the Internal Audit and Investigation Teams to support management to design and uphold robust controls as they have navigated new priorities and responsibilities. The Committee has noted the inherent risks associated with the Council's requirement to administer and distribute a significant amount of Welsh Government emergency funding at pace this year. It has been important for the Committee to receive relevant assurances during the year, and over the last two years we have received briefings on the arrangements for up-front controls, post award assurance checks and the progression and outcomes of cases identified for investigation.
36. The Committee has invited senior officers to attend its meetings this year, to account for their delivery of good governance, risk management and control. In addition, the Committee has continued to receive the details of all Internal Audits completed, and the respective assurance ratings. This year we have observed isolated internal control gaps through reports of insufficient assurance, and one unsatisfactory audit opinion. Whilst the number of unsatisfactory Internal Audit opinions remain low, management must maintain sound systems of internal control and promptly address identified weaknesses.

37. We have maintained close interest on the robustness of controls in relation to the Waste Management function. In recent years, alongside a police referral and investigation, a wide-scale internal investigation into allegations of fraud was completed and disciplinary proceedings have concluded. We have received a confidential briefing (as at 31 May 2021) referring to the disciplinary cases and outcomes, which links to the targeted work completed by Internal Audit to verify the operation of key controls, the management of risk and the overall control environment.
38. The Committee met the Director responsible for Waste Management this year, to discuss governance, internal control and risk management within the service. We heard from the Director and the Audit Manager that there has been steady and sustained progress in recent years in the internal control environment, led by the senior management in place. Our Committee has been advised that there are mechanisms for delivering and acting on improvement actions, and that there is a constructive two-way relationship with Internal Audit, in the planning of, and response to, assurance work. We recognise the progress made for which continued management attention and assurance are required.
39. The Committee receives a list of all Internal Audit recommendations raised and agreed, and visibility of updated management comments until the point of implementation. Whilst the Committee has an overall assurance of internal control, we continue to require officers to account for services or functions where internal control weaknesses have been identified. We continue to challenge any impairment in stewardship and control of public funds and assets, seeking prompt and proportionate management actions. The Committee has considered and approved the Internal Audit Plan for 2022/23 and will closely monitor its progress and findings over the year ahead.

### **Financial Resilience (including Treasury Management)**

40. In a position of constrained finances, the Committee will continue its consideration of the framework for financial decisions. The Committee has received regular updates on financial resilience and, in recent years has welcomed the independent assurance of the Council Treasury Management activities, by the Council's Treasury Management advisors, further to the regular assurance provided by Internal Audit.
41. The Governance and Audit Committee will continue to look to gain assurance of adequacy of treasury management practices and risk profile. This is vital work, which will both safeguard and deliver best value from the Council's borrowing and investments. The Committee has and will continue to seek assurance that borrowing and investment activities are appropriate and in line with the Treasury Management Practices, Strategy and Reports presented.

### **Schools Governance & Compliance**

42. The Committee has sought regular reports from senior management in the Education and Lifelong Learning directorate for a number of years, following concerns raised through Internal Audit reports on good financial management

in school-traded services and on school governance. We have also sought ongoing assurance on the arrangements to manage school balances, and to address audit recommendations.

43. In view of an ongoing need for regular school governance assurance, we arranged early engagement with the new Director of Education and Lifelong Learning after their appointment, and we discussed the arrangements for monitoring controls and progress of governance improvements in schools. We were advised that actions had been taken with new staff resources and responsibilities assigned to support coordination and improvements. The Director has attended our Committee a further time, and we received an account of the governance arrangement in place to manage various aspects of the directorate control environment, together with an acknowledgement that further improvements are being sought.
44. Our Committee has noted the positive improvements made, as recognised in a recent Estyn report, and we will continue to keep a keen interest in the governance arrangements and assurance we receive in respect of schools and the wider education portfolio. This is with the understanding that the Governance and Audit Committee can request the attendance of those directly responsible for governance at an individual school level, to a Committee meeting, in the event that assurances are not considered as sufficient.
45. The Committee acknowledges that the Council is not able to set rules for schools to adhere to regarding contracting matters, albeit advice can be offered on good practice. This area of interest remains a priority of the Committee and we continue to support the production and use of best practice guidance in schools to strengthen financial stewardship and control.

## ii) Governance Framework - Supporting Information

### A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.

46. All Members and Officers in the Council are required to comply fully with Codes of Conduct as set out in the Constitution, which sets out the particular roles and responsibilities of Officers and Members and provides clarity on the interfaces between these roles. These include:
  - Functions and subsections delegated to Officers
  - Members' Code of Conduct
  - Employees' Code of Conduct
  - Protocol on Member / Officer Relations
  - Cardiff Undertaking – signed by all Members upon election and underlines their duties to the City and its citizens
47. The Director of Governance and Legal Services is the Monitoring Officer and has the specific duty to ensure that the Council, its Officers, and its Elected Councillors, maintain the highest standards of conduct in all they do based on

Section 5 of the Local Government and Housing Act 1989, as amended by Schedule 5 paragraph 24 of the Local Government Act 2000.

48. The Standards and Ethics Committee has a responsibility to monitor and scrutinise the ethical standards of the Authority, its Members, employees and any associated providers of the Authority's services, and to report to the Council on any matters of concern. The Committee is chaired by an independent person and its role includes determining the outcome of complaints against Councillors and Co-opted Members and monitoring the Council's whistleblowing procedures.
49. In 2021/22, the Monitoring Officer was notified of a total of twenty complaints relating to Member conduct. The Public Services Ombudsman has considered ten of the complaints and determined that nine complaints to have insufficient evidence of a breach of the Code, so there would be no further investigation. The Council is awaiting the determination of the remaining complaint. Three complaints were informally resolved with five complaints subject to ongoing informal discussions. One complaint was referred to the Hearings panel which found that there had been no Breach of the Code. One complainant was referred to the Ombudsman.
50. Prior to relinquishing the role of the Chair of the Standards and Ethics Committee the outgoing Chair presented the Committee's Annual Report 2020/21 to full Council in 21 October 2021 and outlined the work of the Committee. The report identified actions in respect to reviewing the Whistleblowing Policy, continuing to observe Council and Committee proceedings and ensuring that training on the Members' Code of Conduct was in place to be delivered following the local government elections in May 2022. In addition, the Committee was keen to ensure that group leaders were supported in ensuring any training requirements were met in connection with their new statutory duties in relation to Member conduct. The Committee firmly believes that presentation of its Annual Report to Council serves to promote Members' understanding of the important role of the Committee and its work; and that further Member briefings will continue to be issued as and when required.
51. Members and Co-opted Members are required to register their personal interests in any business of the authority, and to comply with the rules on personal interests set out in the Members Code of Conduct. Significant work has been undertaken this year to ensure that all relevant forms are completed by all Members. All personal interests disclosed by Members are published on the Council's website within the Member's profile information. The Council's Policy on Officers' Personal Interests & Secondary Employment requires all staff to disclose any personal interest which actually or potentially conflicts with their duties to the Council and all secondary employment. The policy sets out how all Council employees are obliged, under the Employees' Code of Conduct, to ensure that their private interests do not conflict with their public duties, and

to comply with the Council's rules on the registration and declaration of financial and non-financial interests.

52. The Council's Corporate Values focus on fairness, openness and working together. The Council supports a culture of behaviour based on these values which guide how the long-term vision of the Council is put into effect, as well as how Members and Officers deliver their day-to-day roles. Corporate and directorate planning, and personal performance and development arrangements are aligned to delivering corporate values and priorities.
53. The Workforce Strategy and Employee Charter continues to ensure that there is alignment between the Council's vision and values and the Corporate Plan:
  - The Employee Charter sets out the expectations of all staff (employees, managers and senior managers) and has formed part of the objective setting process for personal reviews
  - The Workforce Strategy seeks to deliver outcomes for and with employees, within a culture that supports a flexible, skilled, engaged and diverse workforce
54. The Council takes fraud, corruption and maladministration very seriously supported by the following strategy and policies to prevent, and manage such occurrences
  - Counter-Fraud and Corruption Strategy
  - Financial Procedure Rules
  - Contract Standing Order and Procurement Rules
  - Whistleblowing Policy
  - Fraud, Bribery and Corruption Policy
  - Anti-Money Laundering Policy
  - ICT Security Policy
  - Data Protection Policy & Procedure
  - HR policies regarding investigation and discipline of staff
55. The Counter-Fraud and Corruption Strategy has been in place since July 2019 with over 5000 staff and school governors having undertaken the course or attended face-to-face training / workshops. The Council continues to be supported by a range of policies, procedures and regulations which are reviewed for appropriateness, including those relating to Financial Control, Data Protection, Health & Safety, Equalities and IT Security.
56. During 2021/22, the Council continued to be required to assist in the administration of a significant amount of grant assistance within both Social care and business settings. A multidisciplinary team of colleagues from Social Care, Economic Development, Business Rates, Audit, Accounts Payable, IT and Information Governance worked closely together to ensure that up-front controls were robust, anomalies were investigated, and payments were reviewed. Post payment verification and assurance has included:



- Manual checks of entitlement / eligibility, using information submitted on the payment file, and open-source information.
  - Participation in two data matching exercises for wider verification.
57. The Council has a Whistleblowing Policy in place through which staff and contractors are encouraged to speak out on misconduct or illegal behaviour within the organisation, which affects the public or other people (making a disclosure in the public interest). In 2021/22 a total of three whistleblowing cases have been reported to the Monitoring Officer.
58. The Corporate Director Resources has both overall responsibility for the financial administration (S151 Officer) and the information governance arrangements of the Council (SIRO). The Council's financial management arrangements conform to the governance requirements of the Role of the Chief Financial Officer in Local Government) which is set out in the CIPFA Financial Management Code (2020).
59. For the year 2021/22 CIPFA formally adopted the Financial Management (FM) Code. The focus of the code is to improve the financial resilience of organisations by embedding enhanced standards of financial management. Inevitably, the impact of Covid-19 as well as wider geopolitical and economic factors continued to test that financial resilience in 2021/22. The CIPFA Financial Management (FM) Code is intended to support good practice in financial management and assist Local Authorities in demonstrating their financial sustainability. The Code translates principles of good financial management into a series of standards against which Local Authorities should measure themselves.
60. During 2021/22 a self-assessment against the FM code was undertaken by senior Accountancy officers and the results presented to the Section 151 Officer to identify opportunities for improvement. Considering the significant financial uncertainty facing the Council, the Section 151 Officer agreed that the self-assessment identified three areas which should be the focus in the next twelve months. Firstly, where data is available to consider increasing the range of suitable sensitivity analysis when determining the Medium-Term Financial Plan. Secondly, the financial resilience of the Council will be enhanced by further strengthening of the link between Business cases and plans to spend. The third recommendation was to focus on service area budget spend both In respect to maintaining the improved level of budget savings delivered but also to identify any financial issues quickly to have time to put remedial action in place.
61. The requirements of the FM Code and the need for evidence has been a major consideration in the development of the Council's key financial strategies such as the Medium-Term Financial Plan, Capital Strategy and the Treasury Management Strategy.

**B. Ensuring openness and comprehensive stakeholder engagement.**

62. Through its Corporate Values, the Council outlines a commitment to being “open and honest about the difficult choices we face and allowing people to have their say on what’s important to them and their communities.” Consultation, engagement and joint working with citizens are central to delivering this value and are outlined as follows.
63. The legacy of the pandemic has meant that 2021/22 saw most meetings still needing to be held remotely. Meetings have remained open to the public to attend except where confidential or exempt information is being discussed, as defined by the law. Full Council meetings continued to include a facility for public questions, and the Council’s Scrutiny Committees have virtually invited stakeholder contributions to their scrutiny programme, both through research and consultation exercises and through direct access to Committees. During 2021/22, the number of webcast Council and Committee meetings continued to increase by a further 50% building on a similar increase from the previous year which reflected the full calendar of business in 2021/22 compared to 2020/21.

<b>Webcasting Data</b>				
Year	2018-19	2019-20	2020-21	<b>2021-22</b>
Number of Meetings webcast	37	54	105	<b>155</b>
Number of Committees (Types) webcast	8	10	21	<b>19</b>
Total Hours Webcast	95:15:44	126:50:24	202:36:54	<b>269:39:22</b>
Live views	1674	1960	4594	<b>3965</b>
Archive Views	3376	6909	10963	<b>13644</b>
Total Views	5050	8869	15557	<b>17609</b>

64. There has been open debate and challenge on performance and risk management with quarterly reporting and review in Senior Management Team (SMT) and further challenge and oversight in Cabinet, Scrutiny and Governance & Audit Committee meetings. A Risk Management Steering Group is in place to develop and review risk management policy and accountability frameworks and to support SMT in identifying new and emerging corporate risks. An Assurance role continues within the SMT environment where the Chief Executive, and Directors discuss aspects of the assurance, for example safeguarding, procurement compliance, performance management, outcomes and progress on audit recommendations made by internal and external auditors, bodies and regulators. This continues to highlight the connections between these assurance pieces and created a more joined up version of the assurance picture. The meetings between the Chief Executive, Directors and Cabinet Members to agree actions arising from an open debate of performance and service delivery challenges have continued for 2021/22.

65. The public and other stakeholders are given the opportunity to tell the Council what they think about the services provided through the Council's Comments, Complaints and Compliments Policy. It reflects guidance given in the Welsh Government Model Policy and Guidance Paper for Handling Complaints, as well as guidance received from the Public Service Ombudsman for Wales and places a greater emphasis on a prompt resolution of complaints. Cabinet is informed annually of the number of complaints received.
66. Citizens, communities and partners continue to be engaged through a programme of citizen engagement, budget consultation, Ask Cardiff surveys that seek opinions of a range of Quality of Life and Quality of Services statements. The output of these is used to inform proposals and decisions of priorities and planning for the provision of services. The participation levels for these engagement sessions continue to leave room for improvement particularly in respect to building up participation numbers.
67. Regular meetings are held with institutional stakeholders to whom the Council is accountable, which include the Welsh Government and the Council's External Auditors (Audit Wales). Efforts have also been made to foster open and effective relationships between the County Council and the six Community Councils in Cardiff through a Community Councils Charter ("the Charter"). It reflects the model Charter issued by the Welsh Government in the Local Government (Wales) Measure 2011 and is based on equality of partnership between the two tiers of local government.
68. The Cardiff Public Services Board (PSB) represents a statutory partnership of public and voluntary sector organisations, chaired by the Leader of the Council to deliver the city's Wellbeing Plan. The Wellbeing Plan, which responds to the evidence from the Wellbeing Assessment, focusses on the areas of public service delivery which fundamentally require partnership working between public and community services, and the citizens of Cardiff. The Wellbeing Assessment was agreed by the PSB in March 2022 and the draft Wellbeing Plan will be considered in September 2022 prior to public consultation. Cardiff PSB is supported by partnership governance and delivery arrangements, reporting by exception into the PSB on a quarterly basis. Over the course of the pandemic, the Cardiff PSB has met on a more regular basis to lead a co-ordinated strategic response to critical issues across the city's public services. The annual report on the Wellbeing Plan was considered by the Cardiff PSB in July 2022.

**C. Defining outcomes in terms of sustainable economic, social, and environmental benefits.**

69. Following the local government elections on 5 May 2022, a new Council administration was formed. To make clear its ambitions for the city, the administration set out a new policy programme and associated delivery commitments for the coming municipal term, entitled 'Stronger, Fairer, Greener'. This is to be agreed / considered by Cabinet at its meeting of 14 July 2022, and it sets out the Council's policy agenda and programme for delivery for the next five years, based on the following commitments to make Cardiff:

- **A stronger city**, with an economy creating and sustaining well-paid jobs, with an education system that helps our young people reach their potential, with good, affordable housing in safe, confident and empowered communities, all supported by well-resourced, efficient public services.
  - **A fairer city**, where the opportunities of living in Cardiff can be enjoyed by everyone, whatever their background, where those suffering the effects of poverty are protected and supported, where a fair day's work receives a fair day's pay, and where every citizen is valued and feels valued.
  - **A greener city** which, through our One Planet programme, takes a lead on responding to the climate emergency, which celebrates and nurtures biodiversity, with high-quality open spaces within easy reach for rest and play that are connected by convenient, accessible, safe sustainable transport options.
70. Where 'Stronger, Fairer, Greener' provides a clear articulation of the administration's policy priorities, the Council's policy framework will translate these into organisational objectives with associated delivery milestones, key performance indicators and the necessary resources to ensure progress.
71. The Corporate Plan, therefore, plays a key role in translating the administration's policy ambitions into clear organisational objectives. In this way, the Corporate Plan sets out what the Council wants to achieve, and how it will organise itself to achieve it. In accordance with the requirements of the Well-being of Future Generations (Wales) Act 2015, the Corporate Plan is framed by Well-being Objectives, Steps and performance measures. The Corporate Plan is set at a strategic level and is supported by directorate delivery plans, which set out in greater detail how Corporate Plan objectives will be delivered, as well as how directorate business will be taken forward.
72. An enhanced process for developing and monitoring delivery of the Corporate Plan was agreed by Cabinet in February 2022 in response to the new performance requirements placed on local authorities by the Local Government and Elections Act (Wales) 2022. This includes:
- A Mid-Year Self-Assessment which is considered by Cabinet in December, following engagement with the Policy Review and Performance (PRAP) Scrutiny Committee. This commences the process of refreshing the Corporate Plan.
  - Thematic Challenge Sessions which are convened by Well-being Objective each January/February. The challenge sessions are chaired by the Leader and Cabinet Member for Finance, Modernisation and Performance and involve the lead Cabinet portfolio holders, Chief Executive and relevant Directors. The challenge sessions consider progress and challenges in relation to each of the Well-being Objectives within the Corporate Plan, and

provide an opportunity to consider priorities, steps, Key Performance Indicators and targets for the year ahead.

- Engagement with the Performance Panel each January/February. The Performance Panel allows the Chairperson of each Scrutiny Committee, to:
    - Consider the Mid-Year Assessment and make recommendations for improvement as well as strategic policy suggestions for consideration as part of Corporate Plan development
    - Corporate Plan development; with a focus on the priorities, steps, Key Performance Indicators and targets proposed for inclusion within the revised Corporate Plan.
  - Engagement with all Scrutiny Committees including PRAP Scrutiny Committee as part of pre-decision scrutiny of the Corporate Plan in February.
  - Formal consideration by Cabinet and Council in February/March. The Corporate Plan is part of the Council's Policy Framework and this, as set out in the Constitution of the Council, ensures that the Corporate Plan is formally subject to consideration by all elected members.
73. The development of the Annual Well-being Report, in effect the Council's self-assessment of performance, will involve the political and managerial leadership of the Council, with enhanced roles for both Scrutiny and the Governance & Audit Committee. This will include:
- Directorate self-evaluation of service performance, governance & financial challenges and priorities;
  - Performance and budget assurance sessions with each Director that are convened by the Chief Executive and Section 151 Officer to consider findings of directorate self-assessment;
  - Progress and performance session with Cabinet and the Council's Senior Management Team;
  - The Performance Panel, convened by the Chair of the PRAP Scrutiny Committee, and involving the Chairs of each of the Council's Scrutiny Committees
  - Consideration by the PRAP Scrutiny Committee.
  - Consideration by the Governance & Audit Committee.

- Consideration of the End-of-Year Assessment (the Annual Well-being Report) by Council.
74. The Corporate Plan is developed alongside the Council's Budget, thereby ensuring that the Council's resources are aligned behind the delivery of its policy priorities. The Corporate Plan and Budget are approved alongside one another by Council in February of each financial year. Progress against the existing objectives set out in the Corporate Plan will continue to be monitored and reported through the Council's strengthened Planning and Performance Framework, which was approved by the previous Cabinet on 24 February 2022.
  75. The financial uncertainty due to the pandemic and the economic outlook led to delays in Budget Settlement from Welsh Government for both 2021/22 and 2022/23. Therefore, consultation on the Council's 2021/22 budget proposals "Changes for Cardiff" ran from 13 January 2021 to 10 February 2021 and the budget consultation for 2022/23 budget proposals was for the period 14 January 2022 to 6 February 2022. Looking forward to future budget settlements, A Budget update will be submitted to Cabinet on 14 July 2022 which will set out the budget timetable including consultation. As outlined under principle B of this AGS, ensuring openness and comprehensive engagement, several mechanisms were used to ensure the consultation was as accessible as possible, but improvements are required in the number of engagements achieved. The consultation enabled members of the public to communicate their views on the budget proposals. It informed the final decisions on service changes, which focussed on delivering valued public services in the face of ongoing austerity.
  76. Building on the approach to the Council's Budget Strategy over the last few years is key to planning for future years. The Council identified for 2022/23 a budget gap of £69.2 million gap for the period 2023/24 to 2026/27. The outlook over the short term looks very challenging as services look to recover from the impact of the pandemic both in managing the increase in demand for some services and recovering lost income levels in other areas such as cultural venues and school catering. Looking further forward, Cabinet will consider a Budget Update refresh on 14 July 2022 which will provide an update on the Budget gap. The medium term remains a matter of concern and the Budget Report 2022/23 detailed the challenges in respect of the recovery post-pandemic and considerable economic uncertainty for the near future along with the difficulty of setting and realising year on year budget savings. A deliverable Budget Plan will continue to be a key document to review but this will require even closer monitoring and a potential reshaping of the strategy as services (and demand) evolve into their future shape and size.
  77. Delivering the 'Stronger, Fairer, Greener' policy agenda will also require coordinated action by the Council and its partners. The Cardiff Public Services Board (PSB), chaired by the Leader of the Council, brings together the city's public and third sector leaders, and builds on the long-established platform of partnership working in the city. The Well-being of Future Generations Act has placed in statute the role of PSBs and requires PSBs to publish an assessment

of local wellbeing, a local wellbeing plan and annual progress reports. The Cardiff PSB has produced its statutory [Well-being Assessment](#), which sets out how Cardiff is performing across the partnership's seven city outcomes. This assessment was approved by the Cardiff PSB on 9 March 2022 for publication by May 2022. Using the evidence provided in the Well-being Assessment, the Cardiff PSB is required to review its objectives for improving the well-being of Cardiff and develop a revised PSB Well-being Plan for 2023-27 by 5 May 2023, which will set out how public services will work in partnership to address the major long-term challenges facing the city. The Council will work with PSB members to ensure that the priorities identified in the Wellbeing Plan reflect the priorities set out in 'Stronger, Fairer, Greener' and that the partnership governance and delivery arrangements are reviewed and refocussed to ensure that they are ready to deliver against these priorities.

78. The refreshed policy and delivery framework is therefore characterised by the following key components:

- **Corporate Plan:** The Corporate Plan 2023-26 will set out the Council's objectives in order to deliver the administration's ambitions.
- **Budget Strategy:** The Council's Budget Strategy will be reworked to support the delivery of the administration's priorities.
- **Partnership Planning and Delivery:** The Council's policy position will inform the development of the Cardiff Public Services Board's Well-being Plan, which will be launched for public consultation in Autumn 2022 and considered by the Council and all PSB members by April 2023.
- **Performance Management Framework:** The delivery of the Corporate Plan will be monitored through the Council's strengthened performance management framework.

**D. Determining the interventions necessary to optimise the achievement of the intended outcomes.**

79. As in previous years, it continues to be the case that all Cabinet and Council decisions taken by Members are supported by written reports from Officers on the legal, HR, property and financial implications arising from the decision. These reports are also required to outline the economic, social and environmental outcomes, member consultations, the key risks and alternative courses of action which are available.

80. To meet requirements of the Well-being of Future Generations (Wales) Act 2015, the Council has published well-being objectives and a well-being statement as part of the development of the Corporate Plan. As referenced in the March 2022 Council the Corporate Plan does ensure ongoing consideration of the sustainable development principle with a focus placed on considering the 5 ways of working at the earliest stage of policy development. Policy development, across the organisation, is encouraged to consider:

- **Long term:** Defined as the trends that affect Cardiff both today and in the future.
- **Prevention:** Intervening earlier to prevent problems affecting citizens from occurring or worsening.
- **Involvement:** Engaging with citizens, particularly the most vulnerable in society.
- **Integration:** Working across boundaries to deliver the administration's policy agenda for the city.
- **Collaboration:** Working with others to have a greater impact.

81. The Council uses several sources of information to self-assess progress against Well-Being Objectives, including:

- **Progress against the Council's Key Performance Measures** – Several performance measures are identified within the Council's Corporate Plan which help show the progress made in delivering the Well-Being Objectives. Where applicable, targets are set against these performance measures to demonstrate the desired level of achievement. Performance measures are assigned a RAG status: GREEN where the measure is on or above target, AMBER where the result is within 10% of the target and RED where the result is greater than 10% from the target.
- **Progress against the Steps in each Well-being Objective** – The Council included a number of Steps in the Corporate Plan to help achieve the Well-Being Objectives. Monitoring the progress of these Steps provides an understanding of what has been achieved and where further work is required.
- **Inspection Reports** – The Council is subject to inspections from regulatory bodies including the Wales Audit Office, Estyn (Education) and the Care and Social Services Inspectorate Wales (CSSIW). Their findings help the Council to assess areas of strong performance, as well as identifying areas that require improvement.
- **Surveys and Citizen Feedback** – The annual Ask Cardiff survey, as well as more specific consultation and engagement work, provide residents an opportunity to share their views on a wide range of the Council's services. From this, areas of strong performance can be identified, along with those areas where Cardiff's citizens feel the Council needs to improve. Similarly, complaints and compliments provide a valuable source of information on performance, and the Annual Wellbeing Report is considered by Cabinet alongside the Annual Complaints Report.
- **Finance Monitoring** – The Council's Outturn Report and Budget Monitoring
- **Feedback from Scrutiny Committee and the Governance and Audit Committee** – The Council responds to the issues raised and recommendations made by Committees, which help inform performance improvement.



- **Risk** – The Council’s Corporate and Directorate Risks are considered as part of a rounded view of performance, and the Annual Well-being Report is prepared and considered by Cabinet alongside the Council’s Annual Corporate Risk Report. Reviewing this information assists the Council to develop a balanced picture of the Council’s improvement journey over the year.
82. By utilising this information, the Council can monitor progress but also identify areas of improvement. The Council also has in place a robust performance and accountability regime which involves the wider political governance of the Council. In developing the self-assessment of performance, the following steps have been undertaken to ensure a full and balanced assessment:
- Directorate Analysis of Performance
  - Assurance Sessions convened by the Chief Executive with each Director
  - Assurance Sessions, convened by Cabinet, with the Chief Executive and the Council’s Senior Management Team
  - Performance Panel Review, convened by the Chair of the Policy Review and Performance Committee, and involving the Chair of each of the Council’s Scrutiny Committees.
  - Consideration by the Policy Review and Performance Scrutiny Committee
83. By utilising this information, the Council can identify areas of improvement and celebrate success and identify areas where performance may not have been as good, and therefore the areas that may require further attention.
84. During 2021/22, The Council’s education Service was inspected by Estyn. 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 identified four recommendations for improvement and three areas where it invited Cardiff Council to prepare case studies so that those areas of excellent practice could be shared. Actions to build upon the strengths identified in the report and to address the recommendations for improvement will be built into the Directorate’s 2022/23 Delivery Plan for the forthcoming year and will be carefully monitored through systematic performance evaluation processes.
85. As noted in last year’s AGS, there was a marked increase in the communication to staff from the Chief Executive in order to ensure that staff were aware of the latest developments as the impact of the pandemic ebbed and flowed throughout the year. This continued into 2021/22 as some services returned to a level of normality whilst others remained virtual. To ensure staff were consulted, and involved in decision making, various channels of communication were used including the Chief Executive’s Update, Core Brief, Staff Information messages, the Staff App, and DigiGov (the Council’s HR system).
86. Consultation on draft decisions resulting from budget proposals is robust and the impact on citizens and service users is an important consideration. The

engagement of citizens has continued to be an important means of identifying and designing services to meet the needs and expectations of service users and citizens in Cardiff in the context of budgetary constraints. To support project-based decision making, the Council has in place a Business Case template using the Office of Government Commerce (OGC) “Five Case Model”, as recommended by HM Treasury for use by Public Sector bodies. The Capital Programme for 2022/23 referenced certain projects that would be considered for 2023/24 Budgetary consideration only on the completion of a robust full Business Case.

87. The Council’s Budget Strategy is based on an incremental budgeting approach where budgets are informed to a greater extent by corporate priorities and the required future shape of the organisation. The themes for savings in the Budget Strategy for 2022/23 were categorised as Efficiencies and Income Generation and was both a reflection of the better than anticipated Budget Settlement but also reflecting the impact on Services wrought by the pandemic. As reported last year, there has been an increasing confidence in the delivery of savings with a focus on efficiency savings being primarily in place in advance of the beginning of the Financial Year in question both 2021/22 and 2022/23. There continues to be a lower level of savings proposals attached to income generation and this reflects the impact on many of those services both during and post pandemic but where opportunities arise they continue to be taken.
88. Cardiff City Transport Services Ltd. (Cardiff Bus), one of the Council’s wholly owned subsidiary companies determined to co-opt two independent non-executive directors with proven skills in governance and transport services. At its meeting of 28 January 2021, the council agreed that the two Independent Non-Executive Director appointments should be further extended for a 20-month period until October 2022 following the council elections in May 2022 to enable both individuals to continue to contribute their respective skills and expertise to the work of the Board and Company during the continuing Covid-19 pandemic and restructuring impacts. Any recruitment process will commence in summer 2022.
89. At its meeting in October 2020 Council agreed a package of financial viability support was agreed including injection of equity and becoming statutory employer for the Company pension scheme. As part of this , the second tranche of equity injection of £6.6 million was undertaken in 2021/22 to strengthen the balance sheet. The Council, led by the Corporate Director Resources, worked closely with the Trustees of the Pension Fund to successfully complete the triennial valuation of the fund as at 31 March 2021 and resolve a number of legacy issues. It is recognised that the company board and new management team are making significant progress considering significant challenges impacting on the bus industry across Wales including cost increases, driver shortages and reductions in patronage. The Welsh Government are also consulting on changes to the bus industry as part of a proposed white paper, which could have significant implications for Municipal Bus companies and the

vital services delivered. The implications of this on bus services across the city will need to be considered carefully by the company as part of wider service delivery objectives.

90. During 2021/22, a request for information was issued to all subsidiaries which asked questions about the respective governance arrangements in place. This will inform a self assessment of used to identify any improvement opportunities including for those undertaking the shareholder role..

**E. Developing the entity's capacity, including the capability of its leadership and the individuals within it.**

91. Decision making responsibilities and authority are clearly set out in the Council's Constitution. It documents the roles and relationships for decision making, between the Full Council, the Cabinet, Scrutiny and other Non-Executive Committees. It also details decisions delegated to senior officers through the different management tiers.
92. The Cabinet is the part of the Council which is responsible for most major decisions. The Cabinet is made up of the Leader elected by the Council, and up to nine other portfolio Cabinet members whom he/she nominates for approval by the Council. For 2021/22, The Cabinet comprised of the leader and nine other councillors, but the legislation now provides for Cabinet Members to job share and that has been considered for 2022/23 with two portfolios being shared. The Cabinet must make decisions which are in line with the Council's overall policies and budget. If it wishes to make a decision which is outside the budget or policy framework, this must be referred to the Council to decide.
93. The senior management structure of the Council for 2021/22 did not change. The statutory responsibility for Social Services was delegated to the Corporate Director of People and Communities. The Statutory roles of the S151 Officer (Finance) and the Monitoring Officer continue to be discharged by the Corporate Director (Resources) and the Director of Governance and Legal Services, respectively.
94. The Council aims to ensure that Members and Officers have the skills, knowledge and capacity to discharge their responsibilities effectively and recognises the importance of well trained, competent people. New Members attend an induction programme to introduce them to the Council and its values, objectives, policies and procedures. Preparation was undertaken during 2021/22 to ensure that a complete Member training package was ready to roll out post elections 2022. The number of councillors was also increasing from 75 to 79 and the number of new councillors elected in May 2022.
95. All new officers undertake the appropriate level of induction which includes a suite of mandatory e-learning training modules. Each mandatory training module has its own target date for full compliance. An in-house Cardiff Manager

Programme represents a commitment to increasing the learning and development of staff with line management responsibilities. The programme continues to be offered more widely across the officer body without the requirement to sit a formal ILM level 3 qualification.

96. Performance is primarily evaluated through the Council's Personal Review process, which provides a framework for employees and managers to discuss work performance and behaviour as well as to identify learning and development needs. It enables employees to be clear about their roles, responsibilities and the behaviours expected of them whilst giving a clear understanding of how their job and efforts contribute to the Council's objectives. Member Personal Reviews are also in place to help them update their knowledge and learn new skills, where required, to be more effective in supporting their communities. The Cardiff Council Academy has a developed several learning and development programmes and courses which can be accessed and delivered remotely.
97. The Council's Workforce Strategy has employee health and wellbeing as a priority. The Council continues to support the 'Time to Change' Pledge, has been recognised as a Disability Confident Employer, signed the Dying to Work Charter and achieved the Corporate Health Standard Silver Award.
98. The Council will publish the next Annual Wellbeing Report in September 2022, if approved by Council, in accordance with the requirements of the Wellbeing of Future Generations (Wales) Act. This provides a retrospective summary evaluation of performance for 2020/21 and identifies areas of focus moving forward.

**F. Managing risks and performance through robust internal control and strong public financial management.**

99. Risk management is an integral part of strategic decision making, forming a key element of business planning, budget proposals, budget strategy, and programme and project considerations. A Corporate Risk Register (CRR) is maintained and reviewed by SMT each quarter to ensure it includes key risks to the corporate vision, objectives and priorities. A Corporate Risk Map has also been used throughout 2021/22 to provide a transparent representation of the status of corporate risks and to support a proportionate management response.
100. The Risk Management Strategy and Policy continued to be supported by a nominated Member Risk Champion, Senior Officer Risk Champion and a network of Directorate Risk Champions. This process is designed to ensure clear ownership of risks which are identified, reviewed and escalated systematically each financial quarter. There has been an increasing trend to highlight target dates for individual risk actions for each area of the Corporate Risk Register and this will look to be extended across all Corporate risks in the next year.

101. The Council's five standing Scrutiny Committees are designed to support the Cabinet in providing accessible, efficient and effective services for citizens. For the year 2021/22, the Scrutiny Committees were able to meet throughout the year. There were 51 Scrutiny Committee meetings held during the municipal year 2021/22.
102. Scrutiny Committees undertake pre-decision scrutiny, policy monitoring and review and launch in-depth inquiries to help the Cabinet develop and review policies and services. Most recommendations raised to Cabinet following Scrutiny Inquiries are fully accepted. A number of the Council's collaborative activities are governed by Joint Committees which can be identified on the Council's website.
103. The Council has robust arrangements for internal control which are set out within the three statements contained within this report from the Audit manager, Governance and Audit Committee and Senior Management, respectively.
104. The pandemic led to a more frequent engagement on Health and Safety between appointed Elected Members, Union Representatives and relevant Council Officers. The Health and Safety Forum met four during the year with the focus being on ensuring the most up to date guidance was available and implemented appropriately for each of the different services the Council delivers.

**G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability.**

105. The Council continues to aim to ensure that all reports for the public and other stakeholders to be written in a fair, balanced and understandable way. It remains the case that there is a need to achieve a balance between providing full and complete information to demonstrate clear transparency without being onerous or overly complex.
106. The Council also aims for information to be easy for the Council and the public to find and use. The Council has where practicable looked to publish information in advance rather than await Freedom of information Requests. The Council takes careful consideration of the model publication scheme set out by the information Commissioner which sets out the classes of information that should be routinely available. The Council acknowledges that it has not fully conformed with the model publication scheme due to practical reasons such as capacity and ease of accessing information. However, the Information Commissioner's has recently revised its model publication scheme and the Council will review its position against the new expectations and look to improve its adherence to the expectations set out in the document.
107. The Council's Annual Wellbeing Report evaluates performance, summarising the findings of several reports on performance, including corporate measures and evaluations of delivery against the Capital Ambition, Wellbeing Plan and the objectives and activities that the Council is delivering as part of the Partnership arrangements (PSB).

108. The AGS is an assessment of the governance of the Council applied to the 'Delivering Good Governance in Local Government' CIPFA / SOLACE framework, as outlined in the Assessment Process and Summary. The continued impact of the pandemic has had an impact on service delivery both at heightened times of infection rates and interim periods of normalcy. The need for reactive solutions in some services and alternative delivery models in other areas have been taken into account in the determination of the Senior Management Assurance Statements (SMAS). SMT hold an action plan of significant governance issues, representing an open disclosure of the most prominent issues of governance which require attention following the SMAS review. The AGS Action Plan for 2021/22 and 2022/23 are both included in the following section.
109. In May 2021, the Council met to establish Committees: their size, terms of reference and allocation of seats. Most meetings continued to be delivered through virtual channels, but the development of hybrid meeting technology has been undertaken with the first hybrid meetings being held in June 2022. The Council's Constitution is reviewed regularly by the Constitution Committee and sets out the terms of reference for each of its Committees and the decisions that can be taken by each of those Committees. A number of Committees have been appointed by Council to discharge regulatory and scrutiny services and they deliver annual reports on their performance and findings.
110. Prior to services being delivered through third parties or via joint working arrangements, the Legal Services Team assist directorates to ensure responsibilities and accountabilities for governance and risk management are adequately documented. The risk management strategy and policy require clear risk management arrangements in whichever model of service delivery is used.
111. Peer challenges, reviews, and inspections from regulatory bodies are welcomed by Cardiff Council to provide assurance over service delivery or identify opportunities for improvement.

## **2021/22 AGS Action Plan – Significant Governance Issues**

112. An Action Plan of Significant Governance Issues is owned by the SMT and is formally reviewed and updated on a bi-annual basis. The review is supplemented by Challenge sessions for each Directorate chaired by the Chief Executive and accompanied by the Corporate Director of Resources. In addition, each directorate developed actions to address the three corporate actions identified for 2021/22 and to address any matters for the individual directorate.
113. SMT considered that the three actions identified for 2021/22 have seen progress as demonstrated below. However, the three areas continue to be considered as the main areas of focus for governance improvement and are therefore recommended to be carried forward into 2022/23 to maintain and build on the momentum of progress made in 2021/22. The Actions and Progress to date is set out below.

### **Actions**

**Extend and deepen the areas of SMT investigation in respect to compliance, risk and outcomes.**

### **Progress**

Compliance reports on areas such as Safeguarding, Procurement, Sickness Absence, Performance Reviews and Internal Audit recommendations have been received during the year. Data has accompanied reports that enable SMT to identify areas of improvement and to ensure that progress where needed is achieved.

### **Action**

**Extend the assurance on the quality of performance reviews through evidence gathering at Directorate level.**

### **Progress**

SMT have regularly received reports on compliance on Performance reviews. The Directorate delivery plans continue to be the source of personal and team objectives although it is acknowledged that this is not the case at all levels due to the scope and scale of some directorates. The quality of performance reviews has been an area of interest in the CEX Challenge sessions where directors have set out how performance is measured, and it is recognised that further improvements are required to ensure that this is fully embedded throughout individual directorates.

## **Action**

**Embed into the self- assessment on Assurance the Five ways of Working in respect to the Future Generations Act.**

## **Progress**

The Self– Assessment on assurance was amended to include a specific set of questions which covered the Five ways of Working in respect to the Future Generations Act. In addition, Individual directorates identified specific actions in respect to FGA and have been monitoring their progress throughout the year.

## **Cardiff & Vale of Glamorgan Pension Fund 2021/22 AGS Action Plan – Significant Governance Issues**

114. There were two significant issues brought forward from 2020/21 that related to the completion of the transfers to the WPP Global Equity sub-funds and Low Carbon Equity Fund and the creation of the Wales Pension Partnership pooled funds for Emerging Market (EM) Equity. During 2021/22 both actions were completed in July 2021 and October 2021 respectively and the monitoring of both funds has been subsumed into the regular monitoring and review process. In considering significant governance challenges going forward, it has been determined that a new action will be introduced which will look to build on existing processes and identify ways to further improve the transparency and robustness of decision making in respect of decisions influenced by Environmental, Social and Governance (ESG) factors.

## **Certification by the Leader of the Council and the Chief Executive**

**Councillor Huw Thomas, Leader of Cardiff Council**

**Date:**

**Paul Orders, Chief Executive**

**Date:**



## **GOVERNANCE & AUDIT COMMITTEE: 19 July 2022**

---

### **RECOMMENDATION TRACKER -**

### **REPORTS OF EXTERNAL REVIEW BODIES**

### **REPORT OF HEAD OF PERFORMANCE AND PARTNERSHIPS**

### **AGENDA ITEM: 11.4**

---

#### **Reason for this Report**

1. This report provides an overview of the management and delivery of recommendations received from Audit Wales, Estyn, Care Inspectorate Wales and Her Majesty's Inspectorate for Prisons.
2. The role of the Governance and Audit Committee, in accordance with its terms of reference, is to provide independent assurance to the members of Cardiff Council, and its wider citizens and stakeholders, on the risk management framework, the internal control environment, and the performance assessment of the Council. Its terms of reference includes the responsibilities of the Governance and Audit Committee to:
  - Consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.
  - Consider the council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.
  - Consider the external auditor's annual letter, relevant reports, and the report to those charged with governance.
  - Consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.
  - To consider specific reports as agreed with the external auditors.
  - Comment on the scope and depth of external audit work, and to ensure it gives value for money.

#### **Background**

3. The Governance and Audit Committee receives regular updates on the work of the Council's external auditors and information in respect of the reports underway and completed as part of Committee meetings.
4. In January 2021, an external audit recommendation tracker was introduced to provide a biannual overview of the progress made in delivering agreed Audit Wales recommendations, for the information and assurance of the Committee. Further to this, and as part of Audit Relationship Management meetings with Directors, senior management are asked to advise if there are any concerns with the delivery of

improvement actions identified through the reports of external review bodies. The Chair of the Governance and Audit Committee will be notified if any concerns are raised.

5. This approach responds to the performance assessment functions of the Committee introduced by the Local Government and Elections (Wales) Act 2021 and confirmation provided by the Audit Director of Audit Wales that Governance and Audit Committees are expected to consider relevant reports and recommendations from external review bodies, and to receive assurances on the arrangements for their oversight and delivery. The approach for recording the recommendations of external regulatory bodies positions the Council well to respond to the requirements of the new statutory performance assessment regime and the Audit Director of Audit Wales.

## Issues

6. In considering the item in January 2021, the Committee was advised of the intention 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. This has been done, and the Audit Tracker now reflects the position in relation to all the aforementioned external regulatory bodies.
7. It was also agreed that the Audit Tracker would include details of oversight arrangements, for each External Audit. As part of the strengthening of the Council's Planning and Performance Framework, a number of improvements have been introduced to ensure appropriate oversight of the Council's regulatory position.
  - Senior Management Team: The External Audit Recommendation Tracker is considered by the Council's Senior Management Team twice a year to ensure corporate oversight.
  - Chief Executive Assurance Session: The Audit Tracker is considered at the Assurance Session convened by the Chief Executive on a bi-annual basis, with each individual Director of Service. Each assurance session is also attended by the Corporate Director (Resources), Head of Finance, Head of Performance and Partnership and Operational Manager for Policy and Improvement and the regulatory position is considered.
  - Cabinet Performance Session: Based on the Assurance Sessions, the Chief Executive provides a Self-Assessment of Performance to Cabinet twice a year. This includes a summary of the judgements of regulators and the Council's improvement work in response.
  - Annual Wellbeing Report: Both the Annual Wellbeing Report and Half Year Self-Assessment Report provides a summary of the judgements of regulatory bodies. These reports are formally considered by Cabinet, the Policy Review and Performance Scrutiny Committee, Governance and Audit Committee and Full Council.
  - Wider Political Governance: The Council's wider political governance may consider the reports of external regulatory bodies, which fall under their terms of reference, and seek any assurance it deems appropriate. For each recommendation, the Audit Tracker now includes detail of the relevant oversight committee, in response to the recommendation of the Governance and Audit Committee in January 2021.

8. In addition to the above, the recommendations of regulatory bodies are formally reported to the Governance and Audit Committee twice a year. This update includes the summary position (Table 1 and Table 2 below) as well as details of all recommendations which are currently open or that have been closed during the last 6 months (Appendix 1 and 2). This ensures a focused consideration of all open and recently closed recommendations. Full details are available on request.

### Overview- Latest Position

9. Table 1 below shows the progress made in closing recommendations since the tracker approach was adopted in January 2021. Table 2 shows the balance of RAG ratings in relation to responding to recommendations over the same period. Both demonstrate that progress has been made responding to recommendations received from external regulators since the introduction of the tracker approach.

Table 1: Total recommendations open/closed January 2021 - July 2022

Date	Total Recommendations	Total Open	Total Closed	% Open
July 2022	85	38	47	44%
January 2022	64	27	37	42%
July 2021	61	29	32	47%
January 2021	61	46	15	76%

Table 2: Overview of RAG status for recommendations January 2021 – July 2022

Date	Total Recommendations	Green	Amber	Red	No RAG assigned
July 2022	85	58	11	0	16
January 2022	64	54	10	0	N/A
January 2021	61	38	22	1	N/A

10. An overview of the progress against the External Regulators' Programme of work is included as Appendix 1, with full details of the recommendations and the Council's response is included as Appendix 2.

### Legal Implications

11. The statutory functions of the Governance and Audit Committee include the duty to review and assess the risk management, internal control, performance assessment and corporate governance arrangements of the authority. In discharging its functions, the Committee must have regard to guidance given by the Welsh Ministers.

### Financial Implications

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

## **RECOMMENDATIONS**

13. That the Committee considers and notes the contents of the report.

**Gareth Newell**  
**Head of Performance and Partnerships**

The following Appendices are attached:

Appendix 1 - Summary: Progress against External Regulatory Body Programme July 2022

Appendix 2 - Detailed: Progress against External Regulatory Body Programme July 2022

## Appendix 1:

### Summary: Progress against External Regulatory Body Programme July 2022

2021-22 Performance Audit Work									
Estyn Inspections									
Title	Overview	Status		Position July 2021 (RAG)	Position January 2022 (RAG)	Position July 2022 (RAG)	Position July 2021 (Open/Closed)	Position Jan 2022 (Open/Closed)	Position July 2022 (Open/Closed)
<b>Estyn Inspection</b>	A report the Education Services of Cardiff Council	Report Issued February	Recommendations	N/A	N/A		N/A	N/A	Open: 4 Closed: 0
			<b>Green</b>	N/A	N/A	4			
			<b>Amber</b>	N/A	N/A	0			
			<b>Red</b>	N/A	N/A	0			
2020-21 Performance Audit Work									
Audit Wales Inspections									
Title	Overview	Status		Position July 2021 (RAG)	Position January 2022 (RAG)	Position July 2022 (RAG)	Position July 2021 (Open/Closed)	Position Jan 2022 (Open/Closed)	Position July 2022 (Open/Closed)
<b>Financial Sustainability Assessment</b>	An assessment undertaken as financial sustainability continues to be a risk to councils putting in place proper arrangements to secure value for money in the use of resources.	Report issued August 2021	Recommendations	N/A	3	3	N/A	Open: 1 Closed: 2	Open: 0 Closed: 3
			<b>Green</b>	N/A	3	3			
			<b>Amber</b>	N/A	0	0			
			<b>Red</b>	N/A	0	0			

**Her Majesty's Inspectorate of Prisons (HMIP)**

<b>HMIP Inspection of Youth Offending Services</b>	This inspection is part of a four-year programme of youth offending service (YOS) inspections. Cardiff YOS inspected and rated across three broad areas: the arrangements for organisational delivery of the service, the quality of work done with children sentenced by the courts, and the quality of out-of-court disposal work.	Report issued July 2020	Recommendations	12	12	12	Open: 7 Closed: 5	Open: 7 Closed: 5	Open: 5 Closed: 7
			<b>Green</b>	10	11	11			
			<b>Amber</b>	2	1	1			
			<b>Red</b>	0	0	0			

**Care Inspectorate Wales (CIW)**

Title	Overview	Status		Position July 2021 (RAG)	Position January 2022 (RAG)	Position July 2022 (RAG)	Position July 2021 (Open/Closed)	Position Jan 2022 (Open/Closed)	Position July 2022 (Open/Closed)
<b>Risk Based Inspection of Cardiff Council Social Services</b>	This risk based inspection was informed by concerns laid out in our letter to the Director of Social Services in 2019-2020. We reviewed how well children's social services has progressed on its journey of	Report issued February 2021	Recommendations	N/A	17	17	N/A	Open: 14 Closed: 3	Open: 12 Closed: 5
			<b>Green</b>	N/A	N/A	N/A			
			<b>Amber</b>	N/A	N/A	1			
			<b>Red</b>	N/A	N/A	N/A			

	improvement, and how well social services continue to help and support adults and children.								
<b>2019-20 Performance Audit Work</b>									
<b>Audit Wales Inspections</b>									
Title	Overview	Status		Position July 2021 (RAG)	Position January 2022 (RAG)	Position July 2022 (RAG)	Position July 2021 (Open/Closed)	Position Jan 2022 (Open/Closed)	Position July 2022 (Open/Closed)
<b>Review of Leisure Services</b>	Examination of the extent to which the Council has acted in accordance with the sustainable development principle when taking steps to meet its Priority for 2019-20 to Support Sports, Leisure, Culture and Green Spaces.	Final report issued November 2020	Recommendations	6	6	6	Open: 6 Closed: 0	Open: 6 Closed: 0	Open: 6 Closed: 0
			<b>Green</b>	6	6	6			
			<b>Amber</b>	0	0	0			
			<b>Red</b>	0	0	0			
<b>Financial Sustainability Assessment</b>	A project common to all local councils that will assess financial sustainability in light of current and anticipated future challenges.	Final report issued 3rd April 2020.	Recommendations	2	2	2	Open: 0 Closed: 2	Open: 0 Closed: 2	Open: 0 Closed: 2
			<b>Green</b>	2	2	2			
			<b>Amber</b>	0	0	0			
			<b>Red</b>	0	0	0			
<b>2018-19 Performance Audit Work</b>									
<b>Audit Wales Inspections</b>									

Title	Overview	Status		Position July 2021 (RAG)	Position January 2022 (RAG)	Position July 2022 (RAG)	Position July 2021 (Open/Closed)	Position Jan 2022 (Open/Closed)	Position July 2022 (Open/Closed)
<b>Review of Corporate safeguarding arrangements of Children</b>	Review of the effectiveness of corporate safeguarding arrangements building on the study previously undertaken by the Auditor General in this area.	Final report issued 27 <sup>th</sup> June 2019  Presented to CYP Scrutiny Committee 24 <sup>th</sup> September 2019	Recommendations	9	9	9	Open: 8 Closed: 1	Open: 5 Closed: 4	Open: 3 Closed: 6
			<b>Green</b>	1	4	4			
			<b>Amber</b>	8	5	5			
			<b>Red</b>	0	0	0			
<b>Well-being of Future Generations Examination - Transport and Clean Air Vision</b>	Examination of the extent to which the Council has acted in accordance with the sustainable development principles when taking the following step: "Develop and launch a new Transport and Clean Air Vision for the City" which sits under the Council's Well-being objective of 'Cardiff grows in a resilient way'.	Final report issued 22 <sup>nd</sup> July 2019	Recommendations	15	15	15	Open: 1 Closed: 14	Open: 1 Closed: 14	Open: 1 Closed: 14
			<b>Green</b>	15	15	15			
			<b>Amber</b>	0	0	0			
			<b>Red</b>	0	0	0			
<b>Delivering with Less - Environmental</b>	Review of the arrangements the Council has put in	Final report issued 17 <sup>th</sup>	Recommendations	9	9	9	Open: 7 Closed: 2	Open: 7 Closed: 2	Open: 7 Closed: 2



<b>Health Services</b>	place to deliver environmental health services building on the study previously undertaken by the Auditor General as part of the 'delivering with less' themed studies. The review will seek to answer the question: Is the Council's environmental health service continuing to deliver its statutory obligations given the financial challenges?	September 2019.	<b>Green</b>	5	5	5			
			<b>Amber</b>	4	4	4			
			<b>Red</b>	0	0				
<b>Review of the arrangements to support the Capital Ambition Delivery Programme</b>	Review to consider whether the Council's arrangements to support the delivery of its four-year 'Capital Ambition' Delivery Programme enabling it to address its key financial and organisational challenges?	Final report issues 29 <sup>th</sup> April 2019	Recommendations	3	3	3	Open: 0 Closed: 3	Open: 0 Closed: 3	Open: 0 Closed: 3
			<b>Green</b>	3	3	3			
			<b>Amber</b>	0	0	0			
			<b>Red</b>	0	0	0			
<b>2017-18 Performance Audit Work</b>									
<b>Audit Wales Inspections</b>									
<b>Title</b>	<b>Overview</b>	<b>Status</b>		<b>Position July</b>	<b>Position January</b>	<b>Position July</b>	<b>Position July 2021 (Open/Closed)</b>	<b>Position Jan 2022 (Open/Closed)</b>	<b>Position July 2022 (Open/Closed)</b>

				2021 (RAG)	2022 (RAG)	2022 (RAG)			
<b>Scrutiny: Fit for the Future</b>	National review that explored arrangements for scrutiny in all 22 local authorities.	Final report issued July 2018	Recommendations	5	5	5	Open: 0 Closed: 5	Open: 0 Closed: 5	Open: 0 Closed: 5
			Green	5	5	5			
			Amber	0	0	0			
			Red	0	0	0			

## Progress

Date	Total Recommendations	Total Open	Total Closed	% Open
July 2022	85	38	47	44%
January 2022	64	27	37	42%
July 2021	61	29	32	47%
January 2021	61	46	15	76%

Date	Total Recommendations	Green	Amber	Red	No RAG assigned
July 2022	85	58	11	0	16
January 2022	64	54	10	0	
January 2021	61	38	22	1	

This page is intentionally left blank

Year of Audit	Name of Audit	Lead Officer	Directorate	Recommendation	Management Response	Action Date	Oversight	Update for reporting period March 2021 - September 2021	Latest Update for current reporting period (October 2021 - March 2022)	Current RAG Status	Open/Closed
2018-19	<a href="#">Transport Vision</a>	Matthew Price	PT&E	Involvement (Extensive, independent and well-resourced consultation process undertaken with significant response to the 'Big Ideas'. However, there is scope for clearer involvement of the full diversity of citizens in the design of interventions)	Create opportunities for the full diversity of stakeholders and underrepresented groups to be involved in the design of transport interventions.	Ongoing	Environmental Scrutiny Committee	This action is ongoing. Extensive stakeholder engagement has continued to inform the development and design of the major transport infrastructure projects currently planned for the City Centre including road safety, segregated cycleway and bus priority improvements associated with addressing poor air quality as part of the Clean Air Plan. We continue to engage with underrepresented groups as part of scheme development.	This action is ongoing. Extensive stakeholder engagement has continued to inform the development and design of the major transport infrastructure projects currently planned for the City Centre and other areas including segregated cycleways and bus priority improvements associated with increasing sustainable transport, tackling climate and addressing poor air quality as part of the Clean Air Plan. We continue to engage with underrepresented groups as part of scheme development.	Green	Open
2018-19	<a href="#">Corporate Safeguarding</a>	Sian Sanders	P&C	The Council should improve its approach to safeguarding training in the following ways: • Get staff through mandatory safeguarding training more quickly and take forward the work identified by the Corporate Safeguarding Board to collate a percentage breakdown of safeguarding training compliance within each Council Directorate			Corporate Safeguarding Board/ Communities and Adult Services Scrutiny Committee/ Children & Young People Scrutiny	Training leaflet developed and will be piloted in on directorate area. • Training compliance breakdown now complete and can be seen on developing dashboard by managers	Training compliance is now monitored and broken down by directorate. The newly established corporate safeguarding governance arrangements regularly monitor progress against compliance targets and can act as a point of challenge to any areas that require additional development.  In response to recent Welsh Government guidance relating to corporate safeguarding best practice and in line with the developing safeguarding training framework, the current training module will be reviewed to ensure consistency with the minimum suggested training requirements.  Discussions are also underway with key directorates to explore best practice approaches in disseminating the necessary safeguarding messages to non desk-based staff and to ensure compliance with the agreed minimum training requirements	Amber	Open
2018-19	<a href="#">Corporate Safeguarding</a>	Sian Sanders	P&C	• Consider ways in which it could extend its safeguarding training offer, for example building on the planned Child Sexual Exploitation awareness training to be given to taxi drivers, and to provide safeguarding training to (for example) those working in the night time economy			Corporate Safeguarding Board/ Communities and Adult Services Scrutiny Committee/ Children & Young People Scrutiny	This work is now a workstream in the Night time economy task and finish group. We are meeting as a smaller group to pull together the various training packages that exist to provide a more cohesive approach. British Transport Police have undertaken some training with hotel staff in conjunction with the NSPCC and this is compressive. The police are in communication with me about 'Hotspots' (currently a cinema in the city centre, some hotels and late night food establishments) Licencing are a part of this conversation. Next meeting scheduled for 12th November.	Training developed by BTP and has been rolled out to night time economy groups including hotels and taxis. Taxi initial training and testing has been enhanced and now includes key questions relating to exploitation.  Exploitation training mapping has been undertaken with a view to a framework being developed and agreement of the training required by professionals and partner organisations.  Night time economy task and finish group are still meeting to progress additional training in this area. Some locality assessment and police operation work has been undertaken in order to best identify needs and target training and support accordingly.	Amber	Open
2018-19	<a href="#">Corporate Safeguarding</a>	Natalie Southgate	Adult Services, Housing & Communities	• Accelerate the mandatory completion of Violence Against Women, Domestic Abuse and Sexual Violence (Wales) Act 2015 (VAWDASV) training.			Corporate Safeguarding Board/ Communities and Adult Services Scrutiny Committee	Group 1 continues to be progressed, with a particular focus on school staff, using a variety of methods. Currently waiting on guidance from Welsh Government regarding how to target harder to reach groups of staff e.g. cleaners. Group 2 continues to be successful, but is now being affected by a loss of trainers. Group 3 will begin roll-out in Q3. Waiting for publication of independent report into the National Training Framework which may require consideration of changes to delivery.	Group 1 delivery is being advertised widely and managers chased for staff who have yet to complete this mandatory module. Completions currently 82% excluding Education (70% with). Group 2 delivery continues at pace, although hampered by a reducing pool of trainers. Group 3 has been reviewed and will now be rolled out from May 22. Awaiting further guidance from WG regarding Group 6 – the new contract for the management of the National Training Framework is soon to go out to tender.	Amber	Open

Year of Audit	Name of Audit	Lead Officer	Directorate	Recommendation	Management Response	Action Date	Oversight	Update for reporting period March 2021 - September 2021	Latest Update for current reporting period (October 2021 - March 2022)	Current RAG Status	Open/Closed
2018-19	<a href="#">Environmental Health</a>	Helen Picton	Economic Development	The Council should subject any future changes to environmental health services to a more rigorous analysis of costs, benefits and impacts. We found some evidence of cost/benefit/impact analysis being performed to enable decision-making around savings and changes to services. Whilst some consideration was given to the impact of staffing restructuring over the period between 2018-2021, members and officers acknowledged that the real impact of this will be largely unknown until £498k of savings begin to take effect.			Environmental Scrutiny Committee/ Shared Regulatory Services Joint Committee	April 2021 - The budget for the financial year 2021/22 was set following discussions with the partner councils. It was agreed that the budget should remain unchanged in light of the demands placed upon the service by the Coronavirus outbreak. The proposed analysis set out in column G will be initiated in August 2021		Green	Open
2018-19	<a href="#">Environmental Health</a>	Helen Picton	Economic Development	The Council should investigate further possibilities for commercialisation and income generation for environmental health services in order to provide additional financial capacity if funding reduces in the future.			Environmental Scrutiny Committee/ Shared Regulatory Services Joint Committee	April 2021 - The Coronavirus outbreak has caused many of the businesses in the area to close or reduce significantly their activities. New income generating opportunities have therefore been few, but existing Primary Authority relationships have been maintained with SRS offering detailed advice on Covid-19 safe practices at offices, shops, etc.		Amber	Open
2018-19	<a href="#">Environmental Health</a>	Helen Picton	Economic Development	When considering how environmental health services may need to change in the future, the Council should ensure that the distinction between statutory and non-statutory services is clearly documented and understood by decisionmakers. This will help to ensure that statutory responsibilities and powers are weighed and prioritised appropriately alongside discretionary services.			Environmental Scrutiny Committee/ Shared Regulatory Services Joint Committee			Green	Open
2018-19	<a href="#">Environmental Health</a>	Gary Jones	G&L	The Council should introduce greater independent challenge of the level and quality of services provided by the SRS under the Joint Working Agreement.	Mechanisms are in place for PC Users. Directorate/Service Areas understand requirements for compliance. Policy and Performance monitors and provides monthly compliance reports to individual Directorates/Service Areas. Mechanisms are in place for Non PC Users, and a process flow chart is under development for dissemination to all Directorate/Service Areas to achieve compliance. Directorates/Service Areas are to send Attendance Sheets to Policy Performance and Academy for monthly compliance monitoring. Policy and Performance collate a percentage breakdown of each Directorate on a quarterly basis. Third Quarter figures completed, Fourth Quarter figures available in April 2020. A video is in development to support awareness raising of safeguarding to staff in an engaging way.		Environmental Scrutiny Committee/ Shared Regulatory Services Joint Committee	Allocation of tasks to progress this recommendation within the scrutiny service have been completed and this recommendations is on track towards completion.	The focus of the stakeholders involved in achieving this recommendation has been on maintaining safe communities during the pandemic. As stakeholders return to more normal business and with the appointment of a new Head of the SRS, the effective collaboration essential to deliver this outcome to support greater independent challenge can be developed.	Amber	Open
2018-19	<a href="#">Environmental Health</a>	Helen Picton	Economic Development	The Council should work with SRS to undertake a review of business continuity and succession planning arrangements in relation to the SRS to mitigate the risk of overreliance on key individuals, such as the Head of SRS and operational managers.			Environmental Scrutiny Committee/ Shared Regulatory Services Joint Committee	April 2021 - This process has begun through the employing authority's succession planning protocols.		Amber	Open
2018-19	<a href="#">Environmental Health</a>	Helen Picton	Economic Development	The Council should more clearly link any future decisions on changes to service levels to an assessment of impact on relevant stakeholders, including service users and residents. Whether consultation is necessary, and the most appropriate means of consulting should be decided on a case-by-case basis. However, where changes are likely to impact service users, businesses and local residents, they should be aware of and consulted on these decisions.			Environmental Scrutiny Committee/ Shared Regulatory Services Joint Committee	April 2021 - The consultation process on the SRS Business Plan will commence again this month. The plan is likely to address the means by which the SRS recovers "lost ground" as a consequence of the coronavirus outbreak. Any discussions on changes which may impact service users are more likely to be considered through the budget review process of August 2021		Green	Open
2018-19	<a href="#">Environmental Health</a>	Helen Picton	Economic Development	The Council needs to build on initiatives, such as the Noise app, to ensure that future funding reductions can be mitigated by innovation and transformation in service delivery and that environmental health services are able to benefit from new technologies.			Environmental Scrutiny Committee/ Shared Regulatory Services Joint Committee	April 2021 - The ICT review scheduled for 2020/21 has been delayed, but will address the use of new technology to improve service delivery.		Amber	Open

Year of Audit	Name of Audit	Lead Officer	Directorate	Recommendation	Management Response	Action Date	Oversight	Update for reporting period March 2021 - September 2021	Latest Update for current reporting period (October 2021 - March 2022)	Current RAG Status	Open/Closed
2019-20	<a href="#">Review of Leisure</a>	Steve Morris	Economic Development	Establish a clear strategy, vision and clear priorities for leisure services, which incorporates consideration of the WFG Act. This should be used to guide the delivery of services provided by GLL.	<b>ACCEPT:</b> The need for a Sport, Health and Physical Activity Strategy was identified and included in the Corporate Plan 20/21 and 21/22. The Health and Wellbeing of Future Generations Act and the recent Sport Wales vision provide the platform to ensure Cardiff aligns its priorities to achieve the objectives that both of these set out. A number of stakeholder forums have taken place and a strategy group has been established to include Public Health, HE/FE, NGBs, Vale of Glamorgan, GLL and other delivery partners. The aim is to have a finalised strategy by March 2022.		Economy & Culture Scrutiny Committee	The draft Strategy is complete and will be tested with a number of stakeholder forums throughout October with a view to presenting to Scrutiny and Cabinet in December.	The Strategy was presented to both Scrutiny and Cabinet in Q4. Cabinet approved the strategy and ratified the governance arrangements. The stakeholder groups have been established and work has commenced to develop action plans for each key theme of the strategy.	Green	Open
2019-20	<a href="#">Review of Leisure</a>	Steve Morris	Economic Development	Consider how it can strengthen application of the sustainable development principle through the services delivered by GLL, including: <ul style="list-style-type: none"> <li>• Adopt a more strategic approach to collaboration which ensures all organisations including Cardiff and the Vale Health Board/Public Health and the Third Sector are involved in planning and developing GLL and other leisure services at a local and regional level.</li> <li>• Further integrate the planning and delivery of GLL Leisure Services with other public bodies and Council services, such as Education and Social Care.</li> <li>• Listen to, and involve, service users in the development and delivery of GLL and leisure services to ensure they represent the needs and aspirations of the full diversity of local communities they serve</li> </ul>	<b>ACCEPT:</b> - GLL local, regional and national management are involved as key stakeholders for the emerging Sport, Health and Physical Activity Strategy, along with Public Health and the Vale of Glamorgan Council and their Leisure provider, Parkwood. A multi-agency approach is planned to develop the strategy. - We have put a strong emphasis on Social Value by way of calculating and measuring the impact of attendance in GLL facilities. A number of partnerships are in place to target specific hard-to-reach and under-represented groups, which bring joint collaboration between internal and external partners. The social value calculator is used when reporting progress to the partnership board. However, we note that further engagement with alternative services and potential stakeholders is required. - Consultation with customers and key stakeholders is critical in developing the most appropriate services and programmes in an ever-evolving leisure and physical activity arena. Further work is being carried out to determine needs and trends to be reflected in the Service Specification Review.		Economy & Culture Scrutiny Committee	Local Partnerships have been engaged to carry out a full independent review of the contract including the potential for improved partnership and collaboration. The work will consider both internal and external opportunities as well as benchmarking with neighbouring Local Authorities and Core Cities. A number of group forums and one to one sessions have taken place and a workshop is scheduled for October to bring back the initial finding to the Senior Group with a view to completing the report and recommendation in November.	Local Partnership completed the report and this has been approved by the Senior Management group and Leisure Client. The report will be taken to Scrutiny and Cabinet in the new financial year to consider the recommendations.	Green	Open
2019-20	<a href="#">Review of Leisure</a>	Steve Morris	Economic Development	Improve contract management arrangements to ensure they monitor delivery of the revised specification in a transparent and systematic way.	<b>ACCEPT:</b> The governance and monitoring in place has been reviewed to ensure the contract Service Specification is kept up to date, amended where applicable and responsive to changing trends and habits. The revised Service Specification will also be reported to Cabinet. Client monitoring remains in place and includes weekly officer meetings, quarterly performance reviews with senior officers from both the Council and GLL, and the Partnership Liaison Board, which also meets quarterly with the Cabinet Member for Leisure and Culture and the Cabinet Member for Finance and Resources.			The impact of COVID is still being understood and therefore the governance arrangements that are in place continue but, with a focus on restarting facilities and reviewing finances to seek support from the Hardship Fund. Monitoring of the reopening of centres has been a key function of the Client Team who are looking to reset KPIs based on a comparable year which is now likely to be 2022/23 for a realistic post COVID benchmark. Local Partnership have included a review of client management and monitoring and are comparing with other similar contracts in Wales and the UK. Report due to be completed in November.	The Local Partnerships report has reflected on the current governance and benchmarked with other core cities and Local Authorities where they have outsourced their Leisure function. The report will be taken to Cabinet to consider the recommendations and any changes to the governance arrangements. It was generally considered that the governance in place was fit for purpose and robust. However, consideration should be given for a "lighter touch" arrangement to be commensurate with other similar contract arrangements and to allow greater flexibility for GLL to operate and implement change.	Green	Open
2019-20	<a href="#">Review of Leisure</a>	Steve Morris	Economic Development	Undertake a systematic review of the GLL contract service specification to ensure it is fit for purpose and supports the delivery of the Council's vision for its leisure services and is in accordance with the WFG Act.	<b>ACCEPT:</b> The contract has been running for 4 years with the initial years focussing on partnership, compliance, introduction of new systems, implementing capital improvements and developing new ways of working. Given that the Service Specification was written before the introduction of the Wellbeing of Future Generations Act, it has been agreed that a review is essential to test whether it is still fit for purpose, meets current trends and needs, and contributes to the Act where possible.		Economy & Culture Scrutiny Committee	The Local Partnerships work, as aforementioned, is near completion and will be presented as a report with recommendations in November. Legal, Procurement and Finance are testing and advising on the ability to make contract variations to improve the sustainability of the contract without compromising the current agreement or procurement rules. VAT implications are being considered to ensure any contract variations do not put the Council at serious financial risk as a result of any transfer of facilities or amendments to contractual obligations.	The Local Partnership review is complete and recommendations will be taken to Scrutiny and Cabinet. The Service Specification will be aligned to key strategic themes including WFG Act, Sport Wales Vision and Corporate Plan. Changes in customer needs since the pandemic will be reflected in any changes to the service specification.	Green	Open
2019-20	<a href="#">Review of Leisure</a>	Steve Morris	Economic Development	Ensure that the Council effectively considers the long-term financial and well-being risks of the leisure contract in its corporate risk management processes.	<b>NOTED:</b> The Directorate Delivery Plan now includes more robust monitoring and reporting measures of performance and risk. Risks are escalated to the Corporate Risk register and to Senior Management Team; these are reported quarterly.		Economy & Culture Scrutiny Committee	Risks continue to be reported through Directorate Delivery Plan and Corporate Risk quarterly processes. The financial sustainability of the contract is continually under review with colleagues in Finance with GLL - with more robust, longer term financial projections completed. Social value and wellbeing targets are aligned to our own Capital Ambition and various policies in the Council. The Hardship Fund has been extended to March 2022 which is being scrutinised and reported through Finance prior to submission to WG.	Risks continue to be reported through Directorate Delivery Plan and Corporate Risk quarterly processes. The financial sustainability of the contract is continually under review with colleagues in Finance with GLL - with more robust, longer term financial projections completed. Social Value and Wellbeing targets are aligned to our own Capital Ambition and various policies in the Council. The Hardship Fund ceases in March 2022 and GLL are confident that a return to full membership can be achieved as this is being reflected in English contracts who are running a few months ahead of Wales in terms of recovering from lockdown. The Local Partnership report has recommended a number of	Green	Open

Year of Audit	Name of Audit	Lead Officer	Directorate	Recommendation	Management Response	Action Date	Oversight	Update for reporting period March 2021 - September 2021	Latest Update for current reporting period (October 2021 - March 2022)	Current RAG Status	Open/Closed
2019-20	<a href="#">Review of Leisure</a>	Steve Morris	Economic Development	Improve reporting arrangements to ensure members receive a full and timely account of contract performance which includes revenue/expenditure.	<b>ACCEPT:</b> In addition to the current governance structure and reporting to the Partnership Liaison Board, reports are taken quarterly through the Corporate process, and financial performance is monitored effectively and reported through the Corporate Risk Register.		Economy & Culture Scrutiny Committee	In Q2 an Officer Workshop was held with Local Partnerships to discuss initial review findings, which will inform service Improvements. A Cabinet briefing to present on findings is scheduled for November 2021.	As previously stated the Local Partnership report will be taken to Scrutiny and Cabinet in 2022/23 for consideration. An end of year report will be produced and submitted to the Leisure Client by GLL. This report will be circulated to Cabinet Members and will include the end of year financial position.	Green	Open
2020-21	<a href="#">HMIP Inspection of Youth Offending Services</a>	Deborah Driffield	Childrens	<b>The Cardiff Youth Offending Service Management Board</b> should develop members' knowledge and understanding of their role as Board members and the service's work and provide effective challenge to partners.			Children & Young People Scrutiny Committee/ Youth Justice Board	<b>September 2021</b> - The Board Members Handbook has been updated and distributed. There is a regular schedule of quarterly meeting. Month 1, Board meeting, then Month 2, Focus Session, then Month 3, pairing session. The focus of the pairing and focus sessions this year is on National standards. The Board chair provides monthly briefings to Board members and staff.	March 22: This is ongoing. Pairing groups and focus sessions to continue. Subject matters to be confirmed through the development of the new strategy.	Green	Open
2020-21	<a href="#">HMIP Inspection of Youth Offending Services</a>	Deborah Driffield	Childrens	<b>The Cardiff YOS Manager</b> should review the management structure, communication and lines of accountability to ensure that the quality of safeguarding and public protection work improves.			Children & Young People Scrutiny Committee/ Youth Justice Board	<b>September 2021</b> - The new management structure has been agreed, the posts are out to advert.	March 22: All new managers in place. YIS Practice manager is the lead for Safeguarding. Risk Management planning across the service is being reviewed.	Amber	Open
2020-21	<a href="#">HMIP Inspection of Youth Offending Services</a>	Deborah Driffield	Childrens	<b>The Cardiff YOS Manager</b> should develop and update policies, procedures and guidance that will enable all staff to deliver quality work.			Children & Young People Scrutiny Committee/ Youth Justice Board	<b>September 2021</b> - The stage 4 policies were agreed at CYB in June 2021. Stage 1 and 2 policies have been reviewed, stage 3 policies will be due for review in March 22. Stage 5 policies will be presented to Board in December 21.	March 22: All policies continue to be reviewed regularly by YIS management team.	Green	Open
2020-21	<a href="#">HMIP Inspection of Youth Offending Services</a>	Deborah Driffield	Childrens	<b>The Cardiff YOS Manager</b> should have oversight of all YOS cases where there are safeguarding and public protection issues, making sure that appropriate referrals are made, and joint work takes place as needed.			Children & Young People Scrutiny Committee/ Youth Justice Board	<b>September 2021</b> - The YIS OM is contributing to the SAFE pilot and rollout regarding children t risk of exploitation.	March 22: Current arrangements to continue. YIS commissioned training to be delivered across Children's Service.	Green	Open
2020-21	<a href="#">HMIP Inspection of Youth Offending Services</a>	Deborah Driffield	Childrens	<b>Local authority education services</b> should develop effective strategies to encourage children who speak Welsh to access services in their preferred language, and to use, develop and recognise the value of the language as an employment skill.			Children & Young People Scrutiny Committee/ Youth Justice Board	<b>September 2021</b> - Following a report by the YIS OM, a work plan has been put in place by the YIS OM to ensure a gold standard offer to all those young people who wish to receive the service in Welsh. This has been shared with YIS subcommittee as well as the YJB Hwb Doeth and taken forward via education as joint piece of work.	March 22: Remains the same. Focus now on improving the availability and stability of education provisions for Young People to improve their outcomes. New post created within education to monitor Youth Justice work.	Green	Open



(Updated following meeting held on 15 March 2022)

Minute No. /Agenda No.	Actions	Timeline	Action Owner
<b>Finance (Budget)</b>			
<b>Governance &amp; Risk Management</b>			
15.03.22	Details of the behavioural change programme to be provided to the Committee in respect of the Clean Air Strategy, as referenced on the corporate risk register.	11.07.22 Briefing Circulated	AG
<b>Audit Wales (AW)</b>			
23.03.21	Audit Wales to provide an account of how their time was applied as part of future Annual Audit Plan reports.	19.07.22	PP
<b>Internal Audit</b>			
<b>Treasury Management</b>			
<b>Operational Items</b>			
15.03.22	The Director of Education to provide legal clarification of the party (parties) who could be held responsible for Corporate Manslaughter in schools.	Completed Response sent to Members 05.07.22	MG
23.03.21	Committee to be provided, in due course, with information on the preparation for 'IFRS 16 – Leases' for the Statement of Accounts 2022/23.		AH
02.04.19	Once disciplinary procedures have concluded within the Waste Management Service, Audit Committee to be informed of the terms of reference and approach for delivering the associated Post Investigation Review.	Interim confidential assurance briefing paper circulated 3.06.2021	CL / CP
<b>AW Tracker/Other Studies</b>			
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	GN
<b>Performance</b>			
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	Completed Briefing circulated to Members 20.04.22	
<b>Work Programme</b>			
<b>Outstanding Actions</b>			
<b>Correspondence</b>			
<b>Scrutiny Engagement / Letters</b>			
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.	Completed 15.03.22	DF/ CP

This page is intentionally left blank

## 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 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 since the last Committee meeting were as follows.

**Chris Pyke**

**Audit Manager  
4 July 2022**

### Children and Young People Scrutiny Committee

Committee Date	Agenda Item No.	Item Background Papers	Correspondence Following Committee Meeting
Tuesday 1 <sup>st</sup> March 2022	Items 3, 4 & 5 Minute Nos. 121, 122, 123	<a href="#">National Adoption Service Hosting Arrangements, YJS Update and Q3 Performance</a>	<a href="#">Link to Correspondence</a> (Pages 3-6)

### Community and Adult Services Scrutiny Committee

Committee Date	Agenda Item No.	Item Background Papers	Correspondence Following Committee Meeting
Wednesday 12 <sup>th</sup> January 2022	Item 4 Minute No. 48	<a href="#">Preventing Serious Violent Crime in Cardiff</a>	<a href="#">Link to Correspondence</a> (pages 3-15)
Wednesday 9 <sup>th</sup> March 2022	Items 5 & 6 Minute Nos. 63/64	<a href="#">Community &amp; Adult Services Scrutiny Committee – 9 March 2022 – HRA Business Plan 2022/23 &amp; Channel View &amp; Wyndham Crescent Cabinet Report</a>	<a href="#">Link to Correspondence</a> (pages 3-10)
Wednesday 9 <sup>th</sup> March 2022	Item 4 Minute No. 62	<a href="#">Council House Repair &amp; Maintenance Process</a>	<a href="#">Link to Correspondence</a> (pages 11-17)

## Economy and Culture Scrutiny Committee

Committee Date	Agenda Item No.	Item Background Papers	Correspondence Following Committee Meeting
Wednesday 9 <sup>th</sup> March 2022	Item 4 Minute No. 80	<a href="#">Allotments Strategy 2022-27</a>  <a href="#">Supplementary papers</a>	<a href="#">Link to Correspondence</a> (pages 3-4)
Wednesday 9 <sup>th</sup> March 2022	Item 5 Minute No. 81	<a href="#">UEFA European Football Championships Final Tournament 2028 (UEFA Euro 2028) Expression of Interest</a>  <a href="#">Supplementary papers</a>	<a href="#">Link to Correspondence</a> (pages 5-6)
Wednesday 9 <sup>th</sup> March 2022	Item 6 Minute No. 82	<a href="#">Cardiff Bay Regeneration Update</a>  <a href="#">Supplementary papers</a>	<a href="#">Link to Correspondence</a> (pages 7-9)
Wednesday 9 <sup>th</sup> March 2022	Item 7 Minute No. 83	<a href="#">Ely Youth Zone</a>  <a href="#">Supplementary papers</a>	<a href="#">Link to Correspondence</a> (pages 11-12)
Tuesday 21 <sup>st</sup> June 2022	Item 6	<a href="#">Shared Prosperity Fund (SPF)</a>	<a href="#">Link to Correspondence</a> (pages 3 -10)

## Environmental Scrutiny Committee

Committee Date	Agenda Item No.	Item Background Papers	Correspondence Following Committee Meeting
Wednesday 16 <sup>th</sup> March 2022	Item 4 Minute No. 74	<a href="#">Scrutiny Joint Task and Finish Group - Replacement Local Development Plan – Strategic and Delivery Options</a>	<a href="#">Link to Correspondence</a> (pages 3-33)
Thursday 16 <sup>th</sup> June 2022	Item 6	<a href="#">Welsh Government's White Paper: one network, one timetable, one ticket; consultation response</a>	<a href="#">Link to Correspondence</a> (pages 3 -9)

## Policy Review and Performance Scrutiny Committee

*No correspondence issued since the March Committee update.*

1. Current Work Programme 2022/23:

Area	Tuesday 19.07.22 (2pm)	Tuesday 27.09.22 (4.30pm) TBC	Tuesday 15.11.22 (2pm) TBC	Tuesday 24.01.23 (4:30pm) TBC	Tuesday 21.03.23 (2pm) TBC	Tuesday 18.07.23 (2pm) TBC
Audit Wales (AW)	Annual Audit Plan 2022	Summary Report of Assurance and Risk Assessment Work		Annual Audit Summary Report		Annual Audit Plan 2023
	Cardiff & Vale Pension Fund Audit Plan 2022	* ISA 260 and Audited Statement of Accounts 2021/22 for Cardiff Council including; Cardiff Harbour Authority & Trust Funds	ISA 260 and Audited Statement of Accounts 2021/22 for Cardiff & Vale of Glamorgan Pension Fund			Cardiff & Vale Pension Fund Audit Plan 2023
	AW Work Programme and Timetable Update		AW Work Programme and Timetable Update	AW Work Programme and Timetable Update	AW Work Programme and Timetable Update	AW Work Programme and Timetable Update
Performance		Draft Year-End Self-Assessment Report 2021/22		Mid-Year Self-Assessment Report Update		Draft Year-End Self-Assessment Report 2022/23
	Council Complaints and Compliments – Arrangements and Annual Report 2021/22		Council Complaints – Mid Year Report			Council Complaints and Compliments – Arrangements and Annual Report 2022/23
Treasury Management		Treasury Management Annual Report	Half Year Report	Draft Treasury Management Strategy 2023/24	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 2021/22				Statement of Accounts 2022/23: Accounting Policies and Timescales	Draft Statement of Accounts 2022/23
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 2021/22	Counter-Fraud Annual Report 2021/22		Draft Internal Audit Charter & Summary Audit Plan 2023/24	Audit Charter and Audit Plan 2023/24	Internal Audit Annual Report 2022/23
Governance and Risk Management	Governance and Audit Committee Annual Report 2021/22					Governance and Audit Committee Annual Report 2022/23
	Draft Annual Governance Statement 2021/22			Senior Management Assurance Statement and AGS Action Plan 2022/23 (Mid-Year)		Draft Annual Governance Statement 2022/23
	Corporate Risk Management (Year-End)	Corporate Risk Management 2022/23 (Q1)	Corporate Risk Management 2022/23 (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 (Operational Matters / Key Risks / Other)		TBC - Chief Executive – Update on the Council's Control Environment	TBC – Directorate Control Environment Update	TBC – Directorate Control Environment Update	TBC – Directorate Control Environment Update	TBC - Chief Executive – Update on the Council's Control Environment

2. Matters to be addressed outside of formal Committee meetings during 2022/23:

Governance and Audit Committee <ul style="list-style-type: none"> <li>Annual self-assessment workshop (24.01.23)</li> <li>Training and development sessions.</li> </ul>	General <ul style="list-style-type: none"> <li>Correspondence, publications and reports for information purposes</li> <li>Time sensitive consultation.</li> </ul>	Director / Senior Officer Assurance <ul style="list-style-type: none"> <li>Use of letters, correspondence, and video / telephone meetings as necessary.</li> </ul>
---	---	--

\* Timing of item subject to completion of external audit

This page is intentionally left blank