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AGENDA

Pwyllgor PWYLLGOR LLYWODRAETHU AC ARCHWILIO

Dyddiad ac amser y cyfarfod DYDD MAWRTH, 27 MEDI 2022, 4.30 PM

Lleoliad YSTAFELL BWYLLGOR 4, CYFARFOD AML-LEOLIAD

Aelodaeth Hugh Thomas (Cadeirydd)
Gavin McArthur, David Price, Dr. Janet Wademan,

Cyng Ahmed, Carr, Goodway, Lewis, Moultrie, Palmer, Waldron a/ac Williams

Tua
Amser.

1 Ymddiheuriadau am Absenoldeb

Derbyn ymddiheuriadau am absenoldeb.

2 Datgan Buddiannau

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

3 Cofnodion

I gadarnhau bod cofnodion cyfarfod 19 Gorffennaf 2022 yn gywir.

4 Adroddiad Hunan-Asesu Diwedd Blwyddyn 2021/22 Drafft a Diweddariad ar Amgylchedd Rheolaeth y Cyngor (Tudalennau 5 - 70)

4.35 pm

Paul Orders, Prif Weithredwr

5 Archwilio Mewnol

5.20 pm

5.1 Adroddiad Gwrth-dwyll Blynyddol 2021/22 (Tudalennau 71 - 118)

EGWYL - 5.35PM

- | | | |
|------------|---|---------|
| 6 | Cyllid | 5.40 pm |
| 6.1 | Diweddariad ar Gyllid gan gynnwys Materion Gwydnwch - i ddilyn | |
| 7 | Llywodraethu a Rheoli Risg | 5.55 pm |
| 7.1 | Diweddariad ar Reoli Risg Corfforaethol (<i>Tudalennau 119 - 122</i>) | |
| 8 | Rheoli'r Trysorlys | 6.10 pm |
| 8.1 | Adroddiad Rheoli'r Trysorlys Blynyddol (<i>Tudalennau 123 - 154</i>) | |
| 9 | Camau Eto i'w Cyflawni (<i>Tudalennau 155 - 156</i>) | 6.25 pm |
| 10 | Gohebiaeth (<i>Tudalennau 157 - 158</i>) | |
| 11 | Diweddariad ar y Rhaglen Waith (<i>Tudalennau 159 - 160</i>) | |
| 12 | Eitemau Brys (os oes rhai) | |
| 13 | Dyddiad y cyfarfod nesaf | |

Mae'r cyfarfod nesaf wedi'i drefnu ar gyfer 15 Tachwedd 2022.

Davina Fiore

Cyfarwyddwr Llywodraethu a Gwasanaethau Cyfreithiol

Dyddiad: Dydd Mercher, 21 Medi 2022

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

GWE-DARLLEDU

Caiff y cyfarfod hwn ei ffilmio i'w ddarlledu'n fyw a/neu yn olynol trwy wefan y Cyngor. Caiff yr holl gyfarfod ei ffilmio, heblaw am eitemau eithriedig neu gyfrinachol, a bydd y ffilm ar gael ar y wefan am 12 mis. Cedwir copi o'r recordiad yn unol â pholisi cadw data'r Cyngor.

Gall aelodau'r cyhoedd hefyd ffilmio neu recordio'r cyfarfod hwn

Ar ddechrau'r cyfarfod, bydd y Cadeirydd yn cadarnhau a gaiff y cyfarfod cyfan neu ran ohono ei ffilmio. Fel rheol, ni chaiff ardaloedd y cyhoedd eu ffilmio. Fodd bynnag, wrth fynd i'r ystafell gyfarfod a defnyddio'r ardal gyhoeddus, mae aelodau'r cyhoedd yn cydsynio i gael eu ffilmio ac y defnyddir y lluniau a recordiadau sain hynny o bosibl at ddibenion gwe-ddarlledu a/neu hyfforddi.

Os oes gennych gwestiynau ynghylch gwe-ddarlledu cyfarfodydd, cysylltwch â'r Gwasanaethau Pwyllgorau ac Aelodau ar 02920 872020 neu e-bost [Gwasanethau Democrataidd](#)

Mae'r dudalen hon yn wag yn fwriadol

GOVERNANCE AND AUDIT COMMITTEE

19 JULY 2022

Present: Hugh Thomas(Chairperson)
Gavin McArthur, Dr. Janet Wademan, Ahmed, Carr, Lewis,
Moultrie, Palmer and Waldron

1 : APPOINTMENT OF CHAIRPERSON AND DEPUTY CHAIRPERSON

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

2 : APPOINTMENT OF COMMITTEE

Noted.

3 : TERMS OF REFERENCE

Noted.

4 : APOLOGIES FOR ABSENCE

Apologies had been received from David Price and Cllrs Goodway and Williams.

5 : DECLARATIONS OF INTEREST

None received.

6 : MINUTES

The minutes of the meeting held on 15 March 2022 were agreed subject to the correction of a typographical error on page 12 (holistic).

7 : ANNUAL AUDIT PLAN 2022

Members were provided with the 2022 external Audit Plan for Cardiff Council. Steve Stark and Sara-Jane Byrne (Audit Wales) comprehensively took Members through the report, outlining the key headings. Exhibit 1 provided Members with an outline of the key risks, Exhibit 2 set out details including the work programme, the thematic reviews, digital work and certification of grants and claims. Members were provided with information on fees, including the estimated fee for next year and the expected fee for last year. Analysis of the fee was outlined. Members were advised that there had been no changes within the Audit team and there remained one potential conflict as previously reported. Timetables for pieces of work were outlined to Members.

The Chairperson thanked Audit Wales for the comprehensive report and invited questions and comments from Members;

Members noted that last year there had been a request that improvements were made in relation to Interested Party Transactions and asked what changes had been

made to strengthen this. Officers explained that this had been an improvement action from last year and they were working closely with Democratic Services to make improvements. This work will need to be followed up to continue the improvements and officers agreed to provide a position statement on this progress.

A Member referred to the Sustainable Development Principle and noted that this was under development as the legislation was fairly new. They asked how the Auditors would approach this. Members were advised that Auditors were starting to challenge the Council and other bodies on this and it would be a core consideration of all of the Audit work.

8 : CARDIFF & VALE PENSION FUND AUDIT PLAN 2022

Steve Stark (Audit Wales) provided Members with an outline of the report. Members were asked to note that Exhibit 1 referred to identified risks and that the only significant risk identified was Management Override. Members attention was drawn to the section on the fee for Audit work, Audit Team and Timetable.

The Chairperson invited questions and comments from Members;

Members noted that the fees had increased by 17.1% and asked if there were any changes of substance in comparison to previous years to justify such as rise, such as any changes to the internal control environment. Members were advised that increased costs had been noticed a few years ago and it was thought the increases were due to the pandemic and home working. These increases were not passed on at that time. Another audit was undertaken last year and increased costs were still evident so this was reflected upon and fees were benchmarked against other pension funds. It was found that Cardiff's fees were quite low so it was felt that an increase was appropriate to ensure a robust level of audit.

Members considered that normally fees follow a pattern and history determines how they are set. Members struggled to see the step change in this instance and wondered whether it had just got out of kilter and had slipped. Officers assured Members that there were no issues around internal control, it was Audit Wales adjusting their fees around the process.

Members asked how the fees are determined and consulted on. Members were advised that there is a consultation process around the fee scales. Audit Wales have absorbed costs over the last few years and this was no longer sustainable. There is an increased focus on audit quality and Audit Wales have to respond to that. Members were also advised that fees are moderated internally.

RESOLVED: to agree the report.

9 : AW WORK PROGRAMME AND TIMETABLE UPDATE

Steve Stark and Sara-Jane Byrne (Audit Wales) presented an update on the Audit Wales work programme and timetable.

The Chairperson asked questions around Cyber Resilience and that this should be causing great concern for public authorities. He asked for Audit Wales' opinion on Cardiff Council's Cyber Resilience. He was advised that they do not have the answer as yet. It is part of their planning work, they have dedicated time to an IT audit and part of the scope of that work is to look at resilience to cyber-attacks. Audit Wales offered to provide a fuller response at a future committee if required, once IT audit specialists have completed their work. Officers added that this is an emerging risk that had already been captured corporately.

RESOLVED: to agree the report.

(a) Draft Statement of Accounts 2021/22

Sally Ormiston (Group Accountant – Resources) outlined the Draft Statement of Accounts 2021/22 to Members after which the Chairperson invited questions and comments.

Members noted that this will be on the agenda formally in September, so Members were asked for questions on information up until 16 August.

Members sought clarification that the report would be confirmed at the September meeting and officers advised that in September/October, Members will receive a report on the findings of the audit and have a further opportunity to ask questions/challenge on the content and findings.

RESOLVED. To agree the report.

10 : FINANCIAL UPDATE

The Corporate Director Resources and Section 151 Officer, Chris Lee, provided Members with a presentation on the Financial Update after which the Chairperson invited questions and comments.

Members asked how the challenges and long-term pressures such as Financial pressures, Climate Change, Tackling Poverty etc. can be mitigated against using sustainable development/approaches, not just cutting things, but looking on a more holistic way. The Corporate Director explained that this is looked at in the medium-term work, where there is a section dedicated to this. There are areas that could improve, there is recognition that spend to save and early interventions could be the best approach but it acknowledged that we are not there yet.

Member referred to grants and asked how good Cardiff Council is at being compliant and maximising the opportunities of any grant they receive. The Corporate Director said that service areas would say we are very good and that we maximise the grants we get. He added that grants would be audited on the terms and conditions by external audit. Locally all forms are signed by the Corporate Director and his officers and from a S.151 perspective he is satisfied.

Members referred to junior school places decreasing and secondary school places increasing and the huge housing developments going on in Cardiff currently. Members asked if we can be confident around monitoring the figures on this issue. The Corporate Director referred to formula funding, census information, population information and financial implications. He explained that they may need to look at how school services are delivered but these trends in population goes in cycles. He considered that Committee maybe interested in seeing a future report on the Census.

11 : INTERNAL AUDIT ANNUAL REPORT 2021/22

Members were provided with a comprehensive outline of the report including the recommendations. The Chairperson invited questions and comments from Members;

Members referred to paragraph 14 of the report 'Audit client feedback continues to be positive overall with 100% satisfaction, and 90% of responses identifying that audit offered added value to managers.' And asked if there any insight into what the other 10% thought. Officers explained that these questions are asked when the exercise is concluded, this is valuable insight and is taken onboard. 4 core questions and 1 wider question were asked. The wider question was whether audit added value. There had been no critical comments, some comments on minimal recommendations or that nothing new had been given to them. However these are actually positive as it indicates that all is in hand, this could be considered as adding value as it gives confidence.

RESOLVED: 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.

12 : AUDIT AND INVESTIGATION TEAM PROGRESS UPDATE

The Audit Manager provided Members with a thorough outline of the report and its key headings after which Members were invited to make comments or ask questions.

A Member asked how complete business cases are across the Authority when considering the findings from a particular IT audit. They were advised that the audit considered that the business cases reviewed contained sufficient detail, and were reasonably supported, but a recommendation was raised for improvement as equality impact assessments were not present to support those sampled. Members asked if there is a quality assurance process on business cases and were advised that there is.

Members asked what support Internal Audit give to areas that fall into the category of 'Major Improvement Needed'. The Audit Manager advised that an assurance level of 'insufficient with major improvements needed' would be recorded as such in the

assurance map, it would have an increased level of risk, and would be subject to re-audit more promptly than higher assurance areas (whilst accounting for wider assurances and indicators of risk). On an ongoing basis, Internal Audit would be available for advice and guidance as appropriate.

Members referred to the revised table of recommendations and the 468 revised dates. Members wished to encourage realistic dates and take account of the increased level of risks when prioritising. Members asked if this was a high level of turnover and if we are encouraging managers to set realistic dates. The Audit Manager stated that recommendations are the key outcomes of Internal Audit's work and the response needs to be comprehensive and timely. Management are always encouraged to set realistic target dates, and whilst a number of recommendations have been implemented there needs to be continued attention for improvement in directorates.

A Member referred to the Internal Audit Mission Statement and considered that this would not be achievable unless managers do all the things they say they will, as only then do they derive the value of audit.

RESOLVED: To note and consider the contents of the Internal Audit and Investigation Team Progress Reports.

13 : ARRANGEMENTS FOR HANDLING COMPLAINTS AND COMPLIMENTS (INCLUDING THE DRAFT COMPLAINTS AND COMPLIMENTS ANNUAL REPORT 2021/22)

Members were provided with a presentation on Complaints and Compliments by Isabelle Bignall, Chief Digital Officer, and were advised that a draft report would be taken to Cabinet in September. Members were also advised that this item refers to Corporate Complaints only, not complaints in relation to Social Services, schools or for Members.

The Chairperson invited questions and comments from Members;

Members praised officers for work that had been done in choosing the system and asked if that had put them in good stead to win the hearts and minds of the wider Authority. Officers said it had been absolutely key in doing so. It was imperative that service areas are enthusiastic and positive and the best way to achieve that is to involve them in choosing the system. A Cabinet Office pilot had proved very important in testing and tweaking it before the roll out.

Members asked if Officers were confident they could achieve the next steps. Officers advised they were, everyone was committed to the project, they were confident about the August timings, although after that they were not sure when the roll will end as they go to the more complicated service areas such as waste management.

Members noted that complaints and compliments provide a wealth of information for organisational learning and asked how that will work with this system. Officers stated that currently this is a manual exercise to see what people complain about the most.

The system will be able to access data at a few clicks and can find out what we are going to do about the complaints.

Members asked about return on investment and when evidence of this could be expected. Officers explained that they have an enterprise licence so they can add as many people to system as they wish. There are costs and there will be an additional person in post to run the system. There will be a year-on-year inflationary increase with Halo but no Capital outlay.

Members asked how we can measure better public services and quantify that across the system. Officers considered that they can demonstrate better public services. Previously the Ombudsman would alert us about the number of complaints and that there is an issue. With the system, we will have an earlier alert and can delve deeper into that, working with service areas on the issues identified. The transparency of the system is a real benefit.

Members asked if the data would specifically drive the improvements and Officers explained that the key element was Corporate Oversight and that in 6 months' time, officers will come back to Committee and demonstrate the service improvements from the data.

Members asked the size of the team and were advised it was 3 people and a repurposed vacant grade 4 post from the beginning of August.

Members asked if the KPI's had been devised that would evidence improving public services. Officers explained that they have been but they haven't yet been approved by the Halo Board, this needs to happen before they can be shared.

Members noted that is Committee's responsibility to manage complaints effectively and asked how assured Officers are around the Social Services, Schools and Members complaints processes. Officers explained that they liaise with the specific directors and they are monitored. Members asked how the Committee can see the effectiveness of the other complaints processes as it is Committee's remit. Officers explained that Committee receives Annual Reports but they could provide a split out audit report and include on the work programme. The Chairperson asked the Audit Manager to pick out some areas for the Committee to focus on for the next meeting.

RESOLVED: to agree the report.

- Audit Manager to liaise with the Chair and Vice Chair and to arrange a report on Social Services and Education Complaints handling arrangements.
- Committee to be provided with the suite of complaints handling KPIs once approved by the Halo Board

14 : GOVERNANCE AND AUDIT COMMITTEE ANNUAL REPORT 2021/22

The Audit Manager outlined the Governance and Audit Committee Annual Report for 2021.22

RESOLVED: to agree the report.

15 : CORPORATE RISK MANAGEMENT (YEAR-END)

The Corporate Director Resources outlined the Corporate Risk Management (Year End) report to Members after which Members were asked for any questions or comments.

Members were pleased to see dates in planned introduction of controls.

A Member referred to the escalated risk in increased demand for Children's Services, and commented on the need to review the categorisation of current controls and actions to be taken within the Corporate Risk Register. The Corporate Director recognised the comments and offered to take the report back to the team and recategorise the narrative to the appropriate sections of the risk register as appropriate.

16 : DRAFT ANNUAL GOVERNANCE STATEMENT 2021/22

The Corporate Director outlined the Draft Annual Governance Statement 2021/22 for Members.

RESOLVED: that Governance and Audit Committee had reviewed the Annual Governance Statement and considered 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.

17 : RECOMMENDATION TRACKER - REPORTS OF EXTERNAL REVIEW BODIES

Members were provided with an overview of the report.

RESOLVED: to consider and notes the contents of the report.

18 : OUTSTANDING ACTIONS

The Audit Manger outlined the Governance and Audit Committee Action Plan.

19 : CORRESPONDENCE

The Audit Manger explained that Committee Correspondence was provided for Governance and Audit Committee oversight. A discussion had taken place with the Chairperson, and they had not identified any issues that need to be picked up.

20 : WORK PROGRAMME UPDATE

The Audit Manager outlined the planned work programmed for the year, noting that it was subject to change but provided a general structure.

It was agreed to add complaints to the 22 September 2022 meeting.

21 : URGENT ITEMS (IF ANY)

None received.

22 : DATE OF NEXT MEETING

22 September 2022.

The meeting terminated at 5.10 pm

GOVERNANCE & AUDIT COMMITTEE: 27 September 2022

**DRAFT YEAR-END SELF-ASSESSMENT REPORT 2021/22 &
UPDATE ON THE COUNCIL'S CONTROL ENVIRONMENT****REPORT OF THE CHIEF EXECUTIVE****AGENDA ITEM: 4**

Reason for this Report

1. This report provides the Council's draft Self-Assessment Report and a Chief Executive view of the Council's Control environment.
2. The Governance and Audit Committee's Terms of Reference requires it to:
 - Review the Council's draft annual Self-Assessment Report, and make any appropriate recommendations for changes.
 - Consider the Council's framework of assurance and ensure that it adequately addresses the risk and priorities of the Council.
 - Consider the Council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.
 - Monitor the effective development and operation of risk management in the Council.
 - Monitor progress in addressing risk-related issues reported to the committee.
 - Consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.
 - To review the governance and assurance arrangements for significant partnerships or collaborations.

Background

3. The Governance and Audit Committee requests an annual Chief Executive attendance, as part of its approach to receiving assurance from members of Senior Management Team. I last attended Audit Committee (subsequently renamed Governance and Audit Committee) on 23 March 2021, to present an update on the Council's control environment.
4. The scope of this annual report has been widened in recognition of the Committee's requirement to review the draft annual Self-Assessment Report and make any recommendations for changes. This new responsibility has been brought into force through the Local Government and Elections (Wales) Act 2021.

5. The Governance and Audit Committee received an overview of the non-statutory half-year self-assessment process and outcomes from the Head of Performance and Partnerships in its Committee meeting on 25 January 2022.

Issues

6. The following report has been structured in order to provide an outline of the Council's performance and assurance frameworks, the arrangements in place to oversee and manage their effective application, and the reporting and improvement arrangements in place. This culminates in the draft year-end self-assessment report, contained within **Appendix A**.

The Council's Planning and Performance Framework

7. The Planning and Performance Framework is central to the Council's corporate governance arrangements. The Framework sets out how the Council identifies and agrees what it wants to achieve, how it measures and reports progress and, where necessary, how it identifies and agrees actions to improve performance. There are, therefore, three distinct components to the Council's Planning and Performance Framework:
 - a) Identifying and agreeing what the Council wants to achieve: This is to ensure that there is a clear view of what success looks like across the organisation and with relevant partners, supported by realistic plans and budgets and with clear accountabilities, performance metrics and targets.
 - b) Measuring and reporting progress: This is to ensure that performance reporting is timely, integrated, and contains appropriate details drawn from a range of performance sources. It also allows performance reports to be developed through a process of self-assessment. The performance reports inform robust performance dialogues involving the Council's senior political and managerial leadership, and its wider political governance, focused on agreed priorities. The Council's approach further ensures that its performance monitoring is fact-based and data-driven with performance assessment subject to challenge and support.
 - c) Identifying and agreeing actions to improve performance: This is to ensure that performance discussions are improvement-focused, action-orientated, and that these actions are tracked as part of the Council's performance framework.
8. The Council's Planning and Performance Framework must respond to the requirements of the Well-being of Future Generations (Wales) Act 2015 and the more recent Local Government and Elections (Wales) Act 2021, which replaces the Improvement Duty set out in the Local Government (Wales) Measure 2009.
9. The Well-being of Future Generations Act requires the Council to set and publish Well-being Objectives, take all reasonable steps to meet those objectives and publish a statement about Well-being Objectives. These duties are fulfilled through the Council's Corporate Planning process. The Well-being of Future Generations Act also requires the Council to publish an annual report of progress, which is done through the Annual Well-being Report.
10. The Local Government and Elections (Wales) Act 2021 establishes a new legislative framework for local government elections, democracy, governance, and performance. The

Act requires each council in Wales to keep under review, through self-assessment, the extent to which it is meeting the 'performance requirements' – i.e., the extent to which:

- It is exercising its functions effectively.
- It is using its resources economically, efficiently, and effectively.
- Its governance is effective for securing the above.

11. The Act also places a duty to publish a report setting out the conclusions of their self-assessments once in respect of every financial year.

Corporate Planning

12. The Council's Corporate Plan translates the administration's policy agenda into Well-being Objectives, with SMART 'steps' to outline what will be done and by when. Key Performance Indicators (KPIs) with corresponding targets are also agreed to help monitor progress and both political and managerial responsibility is also identified for each step and KPI. An enhanced process for Corporate Plan development was agreed by Cabinet in February 2022 and 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 in respect of each Well-being Objective during January/February each year. The challenge sessions are chaired by the Leader and Cabinet Member for Finance, Modernisation and Performance and involve the lead Cabinet portfolio holders, relevant Directors along with myself as Chief Executive. 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 is convened by the Chair of the Policy Review and Performance Scrutiny Committee and allows the Chairperson of each Scrutiny Committee to:
 - Consider the Council's Mid-Year Self-Assessment
 - Make recommendations for improvement and strategic policy suggestions for consideration as part of Corporate Plan development
 - Support 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, which is subject to approval by full Council, 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.

Senior Management Assurance

13. The senior management assurance process provides a strong internal challenge for us to continue to identify and target improvements in key areas of governance. Each director worked with their management teams to assess their mid-year directorate position, before submitting their returns for discussion in Senior Management Team (SMT). The SMT review is attended by the Corporate Director Resources and other SMT members representing Finance, Legal, HR and Performance and are able to provide independent insight when we consider the overall position.
14. Individually as Directors and collectively as a SMT changes were considered to deliver services as a result of the pandemic. 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.
15. Committee in my last attendance were advised about the need to strengthen evaluation processes, and this has continued. Challenge sessions have been held with each Director in conjunction with senior management in Performance and Finance. These challenge sessions, held in November 2021 and May 2022 respectively, required each directorate to consider the merits of the self-assessment, to identify progress made against action plans, and to identify any areas of concern. I have continued to emphasise that areas of weakness need to be addressed in these challenging and changing times and there remains the importance of achieving consistent standards of governance and control across all directorates. I reinforced the need for these expectations to be monitored and managed through the 2021/22 senior management assurance statement process.
16. Alongside a range of areas where ongoing assurance is required, there is a current focus of our Senior Management Team on Council finances. The immediate economic context is challenging, and the Section 151 Officer will be taking Committee through the position in some detail as part of his update to the Committee later in the agenda. The Senior Management Team is focused on developing responses to a number of economic challenges attributed to factors including:
 - Inflation – which impacts the cost of goods works and services purchased by the Council, as well as pay awards to our staff
 - The energy crisis – with volatile prices and increased costs for the Council, across schools, street lighting and the wider estate.
 - Interest rate increases – which affect the cost of borrowing & capital programme affordability – both existing programme and new schemes.
 - Supply chain and labour market shortages – disruption to supply chains linked to geopolitical issues, and labour market shortages which may increase the cost of commissioning services in areas particularly affected
 - Economic growth – as weaker economic growth may curtail public sector funding
17. We have prepared a comprehensive report to Cabinet this September, following extensive reviews at SMT and driven through reviews, mitigations and actions at service levels as we focus on the delivery of resilient services within our challenging budget envelope. Our further areas of focus, outside of the economic context are included later in the report.

Independent Assurance

18. We value the independent assurances that we received from both internal audit colleagues and from the range of providers of external assurance, principally Audit Wales, Estyn, Care Inspectorate Wales and HM Inspectorate of Probation. The information I receive provides me with a level of independent assurance that I use in conjunction with the SMAS returns and the Corporate Risk updates.
19. In many cases, assurance reviews confirm that systems of governance and internal control are robustly designed and operating effectively. Where improvements are required, it is important that we focus on the actions necessary for an effective control environment in relation to the area of review.
20. Audit and counter-fraud work has an important and prominent profile in the Council
 - The Council requires comprehensive audit assurance, and I meet with the Audit Manager on a regular basis where I receive a summary of the work being undertaken by audit and act as a point of escalation where needed.
 - The Governance and Audit Committee approves the plan of audits each year, following its development by the Audit Manager, in engagement with the Senior Management Team.
 - Directors meet with their audit relationship manager regularly to review and discuss audit reports and recommendations for required attention and action, and to consider areas of risk in the development of future audit plans. I encourage Directors to have a close relationship with the Internal Audit team, and in all areas, there is clear evidence of an effective two-way communication between them.
 - The Audit Manager attends meetings of the Senior Management Team at regular stages during the year to provide an overview of Internal Audit planning and assurance, key messages from work completed, and tracking information on the timely response to audit reports and recommendations.
 - We have mandatory fraud awareness training, and awareness and communication campaigns to reinforce our commitment to tackling fraud and safeguarding public resources.
21. The need for prompt action on recommendations is a high priority and an area I continue to reinforce to senior management. I recognise that the need to continue to provide assurance on key controls is of paramount importance at a time where the financial and demand pressures facing services is increasing. Alongside the Internal Audit and Scrutiny recommendation trackers, a tracker of recommendations from external review bodies is in place to cover wider assurance, inspection, and regulatory activities. This tracker is presented to Committee for review and comment twice a year. I welcome the insight, comment and recommendations from the Governance and Audit Committee in considering these reports.

Risk Management

22. The Council's corporate plan involves the coordination of a wide range of diverse functions and programmes of work. Delivering our objectives requires frequent management of a wide range of risks at both operational and strategic levels. The risk management process has incorporated the challenges provided by the pandemic throughout the year. This progressive risk management approach focuses on identifying the key risks to our delivery, in order to develop and implement actions to achieve targeted risk levels.
23. Our approach to risk management ensures that Senior Managers are supported to identify and report risks at the right level in a timely manner. Officer risk champions and operational

managers support each director in formally identifying and reviewing their operational and strategic risks on a quarterly basis, and are on hand for ongoing advice, guidance and support.

24. We continue to report new and emerging risks through the process of risk escalation where directors communicate significant risks to SMT to raise collective awareness and support. Whilst directors are accountable for deciding which risks they escalate to SMT, as a minimum requirement all 'red' residual risks are escalated each quarter.
25. The corporate risk register is formally reviewed and updated on a quarterly basis to ensure that it is a current reflection of the primary risks to our objectives. Management of the Council's most critical risks is prioritised, with particular attention paid to red residual risks, and any increase in residual risk.
26. Target risk ratings have been developed for 'red' residual corporate risks, and challenging, but achievable, timescales for reducing these risks have been set. Of eight such risks at the latest reporting date, target residual risk levels are identified for six risks.
27. Whilst improvements have been made through ensuring target dates are set for each proposed action and a sharper, succinct focus on risk impacts and actions, I recognise there remain further improvements to be made such as ensuring all risk reviews remain timely and proportionate. There is particular focus on gaining further assurance on directorate risk registers that they remain comprehensive and proportionate in their coverage.
28. It is not currently possible to target overall risk reductions for the two remaining corporate risks. This is because of external factors, which have presented uncertainty and limited levels of actual control.

a. **City security** - *Major security-related incident in 'crowded places' as a result of international or domestic terrorism.*

The current focus is on making targeted incremental improvements through investment in the City infrastructure. The Council is actively engaged in partnership working to prevent, protect and prepare for a major security-related incident, with a new Protect and Prepare Group established, chaired by the Chief Executive and reporting in to the city's CONTEST Board, but this is against the backdrop of the UK threat level of 'substantial'.

b. **Welfare reform** - *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.*

As Universal Credit has rolled out, there has been considerable impact on our citizens and the Council will continue to work with partners to mitigate the effects going forward. The roll out across Cardiff and the impact of the pandemic makes it not currently possible to identify and progress formal risk reduction targets.

Self-Assessment Report (Well-being Report)

29. The Council's Annual Well-being Report, a requirement of the Well-being of Future Generations (Wales) Act 2015, acts as the Council's Statutory Annual Self-Assessment Report. The Council undertakes this process on a bi-annual basis, providing a strategic assessment of performance for each Well-being Objective, considering:

- What has gone well?
- What are the performance challenges and risks?
- What are the priorities for action?

The Self-Assessment draws on a range of internal and external performance intelligence sources:

- Internal sources of performance intelligence: Service performance, Assurance self-assessment, risk register and budget monitoring
- External sources of performance intelligence: Regulatory reports, Scrutiny Committee recommendations, Citizen surveys, Governance & Audit Committee recommendations

Each of the sources of evidence the Council draws on are, themselves, developed in accordance with a robust process and subject to their own governance and oversight arrangements. For example, the:

- Annual Budget Report published in July, and is considered by Cabinet, Policy Review and Performance (PRAP) Scrutiny Committee and Council.
- Annual Governance Statement is published in July, and is considered by Cabinet, Governance & Audit Committee and Council.
- Annual Risk Report published in July and is considered by Cabinet and the Governance & Audit Committee.
- Director of Social Services Report published in July, and is considered by Cabinet, Children and Young People Scrutiny Committee, Community and Adult Services Scrutiny Committee and Council.
- Annual Compliments and Complaints Report published in June, and is considered by Cabinet, Governance & Audit Committee and Council.
- Annual Report of the Cardiff Public Services Board published in June and is considered by PRAP Scrutiny Committee.
- Scrutiny Annual Report published July and considered by all Scrutiny Committees and Council.

The Annual Well-being Report is developed through a process of self-assessment involving the political and managerial leadership of the Council, with enhanced roles for both Scrutiny and the Governance & Audit Committee. This includes:

- Directorate self-evaluation of service performance, governance & financial challenges and priorities;
- Performance and budget challenge sessions which I and the Section 151 Officer convene with each Director to consider the findings of the directorate self-assessment;

- A progress and performance session with Cabinet and the Council's Senior Management Team where I provide an assessment of organizational performance;
- Engagement with 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.

Taken together, this allows for a balanced assessment of performance and agreement on corrective action.

Areas for focus

30. The challenges which will dominate the landscape this autumn were emerging in the spring, and are included in the report, including:

- The economic pressures as referred to within paragraph 16 and 17.
- Rising, and increasingly complex, demand in children's services, particularly our ability to find placements for children.
- System pressures in adults services that will need us to continue our close partnership working with the UHB and the social care sector.
- The arrival of a significant number of Ukrainian refugees into Cardiff, who need to be welcome, safeguarded, housed and supported to build a new life here.

31. Through the Council's established arrangements to identify and manage service demands, risks, governance and assurance, our Senior Management Team will continue to lead our robust response to Council challenges, priorities and needs.

32. We have a strong Senior Management Team, supported by professional managers and teams, with effective systems for oversight and assurance, these are essential for us to deliver professionally managed public services effectively.

Legal Implications

33. As set out in the body of the report, the new performance and governance regime established by the Local Government and Elections (Wales) Act 2021 requires the Council to make and publish a self-assessment report in respect of every financial year, and the report should be made as soon as reasonably practicable after the financial year to which it relates. The self-assessment report must set out its conclusions as to the extent to which it met the performance requirements during that financial year (addressing the matters set out in paragraph 10 of this report). A draft of the self-assessment report must be made available to the Governance and Audit Committee.

34. The Governance and Audit Committee must review the draft report and may make recommendations for changes to the conclusions in the draft report. If the Council does

not make a change recommended by the Governance and Audit Committee, the Council must include in the report the reasons why it did not make the change.

35. The self-assessment report may be integrated with the annual well-being report required under the Well-Being of Future Generations (Wales) Act 2015. However, the Council must be satisfied that all its statutory duties have been fully met.
36. In considering its functions under Part 6 of the Local Government and Elections (Wales) Act 2021, regard must be had to the statutory guidance issued by the Welsh Ministers: [Statutory guidance \(gov.wales\)](#)

Financial Implications

37. There are no direct financial implications arising from this report. The areas covered in this report are the key building blocks in ensuring that the potential challenges to the Council delivering services are anticipated and managed effectively to provide both service and financial resilience.

RECOMMENDATIONS

38. That the Committee:
 - Reviews the Council's draft annual Self-Assessment Report, and makes any appropriate recommendations for changes.
 - Reviews and considers the wider report content represented by the control environment update.

Paul Orders Chief Executive

The following appendix is attached:

- Draft Year End Wellbeing (Self-Assessment) Report 2021/22

Background Papers

- Cabinet, 28 September 2022 – Corporate Risk Management - Quarter 4 2021/22 & Budget Monitoring - Month 4 [Browse meetings - Cabinet : Cardiff Council \(moderngov.co.uk\)](#)
- Governance and Audit Committee, 19 July 2022 – Draft Annual Governance Statement 2021/22 [Agenda item - Draft Annual Governance Statement 2021/22 : Cardiff Council \(moderngov.co.uk\)](#)

Mae'r dudalen hon yn wag yn fwriadol

Annual Well-being Report 2021/22

DRAFT

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

Well-being Objective 1:

Cardiff is a great place to grow up

Our priorities in 2021/22 were:

- **Supporting a Child Friendly recovery and safely reopening schools and regaining momentum**
- **Continuing to deliver the Cardiff 2030 vision for education & learning**
- **Protecting the well-being of vulnerable children, young people, and families**

Strategic Assessment

Educational outcomes have been improving in Cardiff over a number of years, performing well against the Welsh average and, in general, school inspection outcomes have been strong between 2017-2020. Outcomes for learners eligible for free school meals have also generally been higher than that of the same group nationally, though a focus on attainment for all vulnerable learners remains a priority. In their report published in February 2022, Estyn noted that there has been sustained and incremental improvement in the quality and effectiveness of Education services.

The pandemic has been an extremely challenging time for children, young people and their families, and those working in schools across the city. The high expectations and commitment, politically and corporately, to supporting young people and families, particularly through the pandemic was also noted by Estyn. This support has continued into recovery, with a focus on helping schools re-open safely, on re-engaging learners and on improving attendance and safeguarding learners after prolonged absences from school.

Children's Services continue to face high and increasing demand and increases in case complexity, compounded by challenges with the recruitment of social workers and an insufficiency of placements to meet the assessed need. Demand pressure is reflected throughout the child's journey, including increasing demand on services to address children's mental health and emotional well-being. This combination of factors facing will place significant pressure on Council and partner services and on budgets in 2022/23 and will require corporate support and close monitoring over the course of the year.

Key Successes

Supporting a Child Friendly recovery, safely reopening schools and regaining momentum

- **Child Friendly Recovery.** The Council has strengthened the influence and voice of children and young people through the aspirations to become a Unicef Child Friendly City, including receiving over 6,500 responses to its recent Child Friendly City survey, the establishment of a new young person's citizens panel and through a programme of engagement with the Youth Council and other groups.
- **Supporting Schools through Covid-19.** The health and safety of children, teachers and all school staff has been prioritised during the pandemic, with extensive work undertaken to diminish the disruption to learners in Cardiff. Cardiff's response to the pandemic has been commended, with Estyn citing its "sustained strategic leadership", noting that "a strength of Cardiff's response to providing support for children and young people... was its collaboration with partners in the public and private sectors."
- **Re-engagement Activities.** Working closely with schools, Welsh Government and community partners, the Local Authority has delivered a number of re-engagement activities including 'Summer of Smiles', 'Food and Fun - SHEP' and 'Winter of Wellbeing'. Activities are being planned for the summer 2022.
- **Rights Respecting Schools.** The Rights Respecting Schools Approach (RRSA) forms a significant element of our Child Friendly Cardiff strategic goal 4 which has a focus on rights-based approach to education. There has been an increase in the number of schools, with 80 schools in total (Bronze – Gold) and a further 18 schools now registered.

Continuing to deliver the Cardiff 2030 vision for education & learning

- **Improving attainment and quality of education.** Education in Cardiff was inspected by Estyn, the education and training inspectorate for Wales, in November 2021. In their report published in February 2022, Estyn noted that there has been sustained and incremental improvement in the quality and effectiveness of Education services. In general school inspection outcomes have been strong between 2017-2020 and key stage 4 outcomes above expectations in the majority of schools in the three years to 2020. Outcomes for learners eligible for free school meals have generally been higher than that of the same group nationally.
- **Addressing Digital Deprivation.** A transformative ICT programme has been implemented, building on the Education Technology funding made available through Welsh Government to address the digital deprivation experienced by some young people across the city. In the 2021/22 financial year, the annual contribution amounted to £3.8m.
- **School Organisation Programme.** Delivery of the new Band B schemes in accordance with the programme is underway following delays because of the pandemic and

changing demographics. Fitzalan High School and St Mellons Church in Wales Primary School are developing well on site and other schemes including Fairwater Campus are proceeding through design. Engagement for Willows High School, Cathays High School and the Court have agreed school visions. The 2021/22 Asset Renewal programme spent circa £18.5m and is being delivered to address prioritised condition and suitability issues. Investment in Asset Renewal has increased and the target for the next financial year will be £20m.

- **Youth Service.** The Estyn inspection noted that the Cardiff Youth Service provides high quality provision in prioritised areas of the city that includes a mixture of open access and targeted work. The effective use of digital platforms has been highlighted as an area of good practice by Estyn and the support for young people's emotional health and well-being has also been highlighted as strong. Cardiff Youth Service has also achieved the National Youth Agency Quality Mark. The service was awarded Bronze for its vision, youth work practice and development and engagement of young people.
- **Low Level of NEETs (those not in education, employment, or training) Sustained.** Despite challenges faced during the pandemic the percentage of school leavers becoming NEET at the end of year 11 has been sustained. In October 2021, 1.5% (53 young people) of learners were not in education, employment, or training.
- **Cardiff Commitment.** Links with businesses and partners have continued to be developed throughout the pandemic and benefit priorities such as social mobility and the provision of work-related experiences for children and young people. This area has been highlighted as an area of good practice in the February 2022 Estyn Inspection Report.
- **ALN Reform Progress.** There has been strong progress at school and Local Authority level in preparing for ALN Reform. Well-developed multi-agency processes are in place to identify and assess children and young people with additional learning needs, and to create appropriately resourced individual development plans (IDPs).

Protecting the well-being of vulnerable children, young people, and families

- **Ensuring care and contact with vulnerable children and their families throughout the Pandemic:** Due to the ongoing nature of the COVID-19 pandemic during 2021/22 service delivery adopted new technology at scale. The digital / in person hybrid approach enabled the Directorate to adapt its Operating Model to respond to the regular changes in Welsh Government guidance and legislation. Priority was given to safeguarding and child protection with face-to-face visits maintained for the children considered most in need of them. This model will be maintained to safely meet the needs of children and their families whilst ensuring the most appropriate and efficient use of resources.
- **Recruitment, Retention of Children's Social Workers and improved staff engagement:** Against a very challenging recruitment market nationally, Children's Services through the implementation of the Recruitment & Retention Strategy and Workforce Plan has improved the Council's ability to attract and retain social workers. This has resulted in a

net increase of 13 staff members during the year with less reliance on agency staff in the social care workforce. From Quarter 2 onwards, the percentage of Children's Services social work vacancies met its target (of <24%) and stayed below the target for the remainder of the year. Staff engagement work has also helped to retain social workers, with the Staff Ambassador Group being reinstated, and practice leads, and best practice sessions, being established.

- **Shifting the Balance of Care:** The Council has retained its focus on shifting the balance of care to ensure that children and young people receive the right services from the right people, at the right time, based on their needs.
 - To support this work, the Reunification Framework has been implemented, with the aim of supporting children to return to live with their families, where it is safe to do so. There is a continued increase in the number of children remaining with their families via kinship arrangements, and an increase in in-house fostering provision.
 - The Interventions Hub has brought together all support staff across Children's Services to determine what interventions children need, and to provide them in a co-ordinated way. The approach supports children to remain at home where it is in their best interest, and it is safe to do so. This approach also helps improve the management and allocation of support where resources are limited.
 - The introduction of the Reviewing Hub builds on the services already in place to support statutory reviewing functions for children on the Child Protection Register and children who are looked after. The Reviewing Hub helps respond to increased demand for reviewing services resulting from the increasing numbers of children being looked after, whilst also extending the service to children with care and support plans (CASP). This independent review of all CASPs will help to ensure that cases are stepped up or down in a timely manner, and that children and their families are receiving the right support from the right person at the right time. The review process provides reassurance that cases are being managed and closed appropriately.
 - Additional accommodation for vulnerable young people has been secured through joint working between Children's Services and Housing. The Personal Advisor Service and the Into Work Service have also been working closely together to support young people into education, training, and employment.
- **Engagement With Children and Hearing the Voice of the Child:** The Mind of My Own App was launched in July 2021 and has helped to strengthen engagement with children. The app uses secure digital technology to enable children as young as 2, as well as those with additional needs, to express their views, wishes, and feelings. The app was co-produced with young people, and they continue to be involved in the ongoing development. The app helps to enable better communication between children and the service, and provides insight and understanding into when children are struggling, allowing intervention to be targeted at the right level, and at the right time. As of 31

March 2022, 141 children and young people have signed up to the app, and 247 worker accounts have also been created.

- **Service Improvements:**
 - **Locality Working:** A locality approach for situating social work teams around the city is being embedded within Children’s Services case management, with a focus on developing a skill mix within teams and a whole-team approach.
 - **Systems & Data Improvements:** A multi-agency performance dashboard for the Corporate Parenting Advisory Committee has been introduced, as Microsoft Power BI is rolled out as a primary reporting tool for Children’s Services. Work is ongoing to upgrade the CareFirst client record system to the new system, Eclipse.
 - **Quality Assurance:** Quality assurance processes have been strengthened and policies and procedures are in the process of being updated. The Signs of Safety approach is being drawn on to develop a new practice framework for Children’s Services built around a Strengths-Based and Trauma Informed Approach.
- **Youth Justice Service:** The implementation of the All Our Futures Youth Justice Improvement Plan has been progressed, with most actions in the plan having been completed by the end of 2021/22. Key areas of progress include the collection of victim feedback on a six-monthly cycle to feed into the decision-making process, the review and updating of several service policies, and the appointment of new managers in the service. The outstanding actions in the Plan require multi-agency input and will be the focus of ongoing work over the following year. Since the inspection in 2020, informal feedback from HMIP is positive, and acknowledges the distance travelled in the last two years. Between 2020 and 2022, the rate of first-time entrants to the youth justice system in Cardiff decreased from 241 per 100,000 to 80. Over the same period the rate in England and Wales fell from 222 to 167. The re-offending rate in the city has dropped from 54.4% to 33.3% and is now below the overall rate across England Wales.

Challenges and Risks

- **Re-engaging Learners.** The re-engagement of learners following the Covid-19 pandemic represents an immediate challenge, in particular the capacity of schools and the Local Authority to safeguard learners and improve attendance following prolonged periods away from school.
- **Ongoing improvement in Schools** must be maintained in the context of changing accountability and assessment arrangements with the expectation of a new performance framework for schools being published in September 2022 alongside major reforms to the Curriculum. While Estyn commended the Council’s strategic performance arrangements in relation to schools, they also recommended that further work be undertaken to improve the quality of self-evaluation at a service level within the education directorate, and that the Council ensures that the work of regional consortium focused on Cardiff’s priorities.

- **Managing financial pressures in schools.** The number of schools with deficit budgets will be closely monitored, with a focus on supporting and challenging school to deliver any agreed deficit recovery plans. Budget management in specific areas of service delivery remains an ongoing challenge with school catering, the music service and home to school transport areas of longstanding focus. The sharp spikes in demand for specialist support services, including counselling services for children and young people, will also require close monitoring and financial management.
- **Delivery of SOP Programme and management of school estate.** The School Organisation Programme represents a significant body of work in terms of scale, complexity and level of capital spend. There are still many urgent/ reactive asset projects that enter the programme and an imbalance of school places across the city. The development of a high-level SOP Strategy that sets out short, medium and long term aims and the strengthening of delivery capacity within the SOP team will be a priority for 2022/23.
- **The pace and scale of the adaptations required to deliver Universal Free School Meals** represents a challenge to ensure the scheme can be made available to all school children in Cardiff. A rapid audit of school kitchen capacity and review of the menu offer will be undertaken to ensure effective delivery of the Universal Free School Meal offer every primary aged pupil.
- **Delivering the Welsh in Education Strategic Plan:** In February 2022 the Council published the Welsh in Education Strategic Plan (WESP), Whilst there has been an increase in the amount of high-quality provision and take up of Welsh-medium places, there remain challenges associated with continued growth, not least given the declining birth rate populations. The Council remains committed to expanding Welsh-medium provision in ALN, early years/childcare, primary and secondary and increasing the uptake of Welsh-medium opportunities.
- **Increasing and complexity of demand in Children's Services:** The 2021/22 Financial Year saw a significant increase in demand for Children's Services, particularly at the front door. It is anticipated that this increase in demand will continue as the long-term impact of COVID-19 on children and their families emerges and will present major budgetary pressure. This reinforces the need to continue to focus on preventative interventions, to deliver the Council's existing strategy and shift the balance of care.

The increase in demand and complexity, alongside the ongoing impact of the pandemic has impacted considerably on performance against service targets, such as the timeliness of wellbeing assessments and completion of plans for children looked after. As part of the COVID-19 recovery and return to business as usual the service will be closely monitoring performance to inform project planning and the implementation of the improvement workstreams that are set out in the [Local Authority Social Services Annual Report 2021/2022](#).

- **Ensuring a range of support in the community and a variety of homes for children are available in Cardiff:** The sufficiency of placements to meet the assessed needs of

individuals represents a key concern for the service, with the introduction of legislation to reform the social care market likely to cause a period of disruption and lead to providers ceasing their plans to expand their Children's Services Provision in Wales. Historically there have been difficulties managing the costs of placements, particularly when children need to be placed out of county (for a range of reasons, including child protection concerns). In relation to demand, not only is the number of cases increasing, but the needs of those referred are evolving and becoming more complex, resulting in very specific placement requirements. For example, as noted above, the increase in the number of young people with serious mental health and emotional wellbeing issues, whilst a national issue, is clearly evident in Cardiff.

- **Increase in the number of young people with mental and emotional health issues and those suffering severe mental distress.** The impact of Covid-19 has led to an increase in the number of young people presenting with mental health and emotional wellbeing issues, including a rise in the number of children experiencing acute psychological distress and needing significant and urgent health and wellbeing support. This is placing demand pressures across Council services and wider public services system, and is therefore an area of further service budgetary pressure over the year ahead.
- **The Covid-19 pandemic has also caused an overwhelming physical and emotional impact on children with disabilities and their families.** Urgent response work will focus on the provision of short-break services, which will be supported by the development of a strategy for children with disabilities and additional learning needs, Direct Payments, domiciliary care and further work to improve the experience of transition to Adult Services.
- **Recruitment and retention of social workers:** Turnover rates in Children's Services are high at 13.46%, compared to the corporate average of 10.58%. Between pay differences across authorities (especially agency pay), and the changing perceptions of the social worker role, in the context of the recent media coverage of high-profile cases, attracting and maintaining a stable workforce has been a challenge. While work has been done to support newly qualified social workers, it has been difficult to attract and retain experienced social workers. Despite this, Children's Services has still managed to achieve a net increase of 13 staff members during the year, reducing its reliance on agency staff.

Forward Look: Areas of Focus

Supporting a child friendly recovery

Supporting a child friendly recovery from the Covid-19 pandemic will continue to be a key priority for the Council. Moving forward, the Council will do all that it can to ensure that all Cardiff schools can stay open and maintain safe learning environments for pupils and staff, re-engaging pupils, with a focus on tackling persistent absenteeism, and ensuring the impact of the pandemic has no lasting effect on attainment and outcomes, particularly for the city's most vulnerable learners.

Continuing to deliver the Cardiff 2030 vision for education and learning

Supporting schools to continue to provide high-quality learning, whilst protecting the well-being of learners, remains a key priority for the Council. As a result of the substantial changes to education, the Council will reset the Cardiff 2030 Vision, considering the experiences of the last two years, which will include the significant work required to progress reforms for Curriculum for Wales 2022 and Additional Learning Needs. Across all aspects of education, a continued emphasis will be placed on improving outcomes for vulnerable groups, including pupils in receipt of free school meals, Children Looked After, and those educated other than at school, who may have been more adversely affected by the pandemic.

More broadly the Council will develop and embed an approach for Community-Focused Schools to enhance the relationship between schools and communities, with a focus on supporting the continued learning and well-being of vulnerable children and families will also be a priority. Allied to this, an integrated model of youth support services to remove barriers to engagement and participation will be developed.

Protecting the well-being of vulnerable children, young people and families

The increasing and greater complexity of demand in tandem with the insufficiency of placements for vulnerable young people has the risk of creating severe budgetary pressures, and so will be escalated for enhanced corporate oversight and support.

In order to respond to the increasing volume and complexity of demand the Council will continue to focus on early intervention and on supporting families, so we take a more integrated wellbeing approach, working to families' strengths to provide them with the support that they need and that ensure children can remain at home with their families when it is in their best interests to do so. In terms of recruitment challenges, the Council will place a focus on workforce development by maintaining momentum with improvements to practice and working to attract more newly-qualified and experienced social workers to Cardiff.

In response to the rise in demand for Mental Health & Emotional Wellbeing support, work will be undertaken in partnership with the Education department, the University Health Board and other partners to develop a Joint Recovery Service to help manage the increasing number of children and young people with serious mental health and emotional wellbeing issues. To support mental health and emotional well-being for children and young people in schools a partnership approach to further embedding NEST/ NYTH, a person-centred, multi-agency approach to supporting emotional well-being and mental health, with the 'whole school' approach at its heart.

Well-being Objective 2:

Cardiff is a great place to grow older

Our priorities in 2021/22 were:

- **Supporting older people to age well and to live the best lives they can in their homes and communities, through the delivery of proactive and preventative services**
- **Supporting older people suffering from social isolation and loneliness and delivering our Age Friendly and Dementia Friendly City ambitions**

Strategic Assessment

The Covid-19 pandemic impacted the health and wellbeing of older people more than any other group, and so 2021/22 was another exceptionally challenging year for older people and the services upon which they rely.

The Council has set out a new Aging Well Strategy which seeks to bring multiple services together to support older people to live independently at home for as long as possible. The approach is characterised by the effective co-ordination of adult services with wider Council services – including housing, Hubs and libraries – as part of a community-based approach to delivery. This new strategy also builds on the close partnerships established with the University Health Board and the sector during the pandemic, with a new multi-disciplinary approach to hospital discharge and community support established.

This partnership approach will be needed to meet the increasing volume and complexity of demand which, combined with the UK-wide shortage of care workers and health care staff, is placing acute and severe pressure on an already stretched health and social care system, including delays in the discharge of patients from hospital settings. Establishing a robust partnership approach to managing the social care system in advance on the winter of 2022/23 will be a strategic priority for the Council over the year ahead.

Key Successes

Supporting older people to age well and to live the best lives they can in their homes and communities, through the delivery of proactive and preventative services

- **Cardiff Ageing Well Strategy 2022-27:** This new strategy was approved by Cabinet in January 2022. It sets out a series of proposals with a focus on how services can work together closely to support older people to stay active, connected, and living independently at home through strengths-based preventative services, high-quality sustainable care and the modernisation of existing services.
- **Integrated Services:** The integration of Adult Services and Housing & Communities into one directorate, which began in early 2021, has continued to support the alignment of services. The approach is characterised by the effective co-ordination of adult services with wider Council services – including housing, Hubs and libraries – as part of a community-based approach to delivery.
- **Day Centres & Community Hubs:** The management of the Day Centres and Community Hubs has been brought together which enables the Council to extend the range of services on offer and offer them seven days a week. By maximising the use of Hubs, the Council is better able to support older people and their carers.
- **Recruitment of Care Staff:** A new initiative began in October 2021 when the Cardiff Cares Academy was launched. The Academy was developed through a partnership between Adult Services, Into Work Services and both internal and external care providers. Over 40 new carers have been trained and employed since the launch. The Academy identifies and trains new carers, ensuring that they have the knowledge and skills needed to work in the sector, and have undergone the necessary vetting. The aim is to create 'care-ready' applicants for available social care positions. A dedicated mentor and employer liaison officer has been employed to coordinate this and a volunteer scheme has also been put in place, which will help new carers gain vital experience.
- **Enhanced Partnership Working:** The learning from the pandemic has resulted in closer working with colleagues from Cardiff & Vale University Health Board and from care providers which has led to a greater understanding of the issues facing the sector. This partnership working will be further developed as the locality working approach is taken forward. The multi-disciplinary approach to hospital discharge and community support has been expanded with the addition of GP clusters in Cardiff North and Cardiff East to the first cluster in Cardiff Southwest. As part of the @home locality project, the Independent Living Service is fully integrated into the Multi-Disciplinary Team, discussing individual cases and identifying support for people staying well at home and within their communities.
- **Housing Solutions:** The Council currently delivers 10 Community Living schemes across the city for older people which help promote independent living as well as providing a diverse range of facilities and services for tenants. Work is progressing on a

refurbishment programme which will provide a modern and welcoming environment to enhance the resident experience and improve the community feel.

- Work is continuing on the Michaelston wellbeing village with an updated masterplan recently agreed and pre-application consultation completed.
- The Community Living Scheme at Riverside (Canton Community Centre) was granted planning permission in December. The tender process to appoint a contractor is underway with initial Expressions of Interests returned.
- Planning permission was granted for the Community Living Scheme at Bute Street. The tender pack required for the Bute Street scheme is nearing completion ahead of issuing Expressions of Interest.

The Council has also started to use modular extensions which improve the delivery of adaptations, equipment and technology. By using a pre-formed unit manufactured off-site, the unit can be put in place with minimal disruption, enabling an older person to regain their independence much more quickly than through traditional building methods.

- **Independent Living Services:** The team have continued throughout 2021/22 to empower people to remain independent at home and reduce reliance on intensive interventions. 95% of clients felt able to live independently in their homes following support from Independent Living Services. 92% of new cases were dealt with at the First Point of Contact without resulting in an onward referral to Adult Services.

Supporting older people suffering from social isolation and loneliness and delivering our Age Friendly and Dementia Friendly City ambitions

- **Age-Friendly Cities:** In March 2022 Cardiff joined the World Health Organization's Global Network for Age-friendly Cities and Communities. The city is the first Welsh member of the Network which was established in 2010 to connect cities, communities, and organisations worldwide with the common vision of making their communities a great place to grow older. The city's new membership status is a result of extensive collaboration with stakeholders across the city including Cardiff & Vale University Health Board, educational institutions, and third sector organisations.
- **Reducing Social Isolation:** A range of initiatives have been delivered by the Hubs and Libraries service to address social isolation and loneliness among our older residents including:
 - An inter-generational pen pal scheme between children from Millbank Primary School, Ely and St Joseph's RC Primary School, Gabalfa and residents at The Forge Care Centre, Heol Don Nursing & Residential Centre, and Ely Court Care Home which began in May during Dementia Action Week.

- The Cardiff Wellbeing Support Service which launched in July 2021 and aims to support individuals who feel socially isolated by providing short-term help from light-touch support to access events in the community, to intensive one-to-one mentoring.
- Hubs continue to offer many activities and classes aimed at older people such as walking football, tai chi, gardening clubs, singing, knit and natter, and friends and neighbours (FAN) events.
- **Dementia Friendly City:** Work undertaken during 2021/22 includes:
 - Over 1,000 digital and in-person Dementia Friendly City events have taken place.
 - 2,431 members of staff completed Dementia Friends training during 2021/22.
 - Targeted promotion of the Dementia Friendly Website has been carried out via social media, supermarket digital screen advertising and bus stop promotions. In addition, the website address is now printed on all hygiene waste bags issued by the Council to increase awareness.

Challenges and Risks

- **Workforce Challenges:** The UK-wide shortage of care workers and health care staff continues to be an issue in Cardiff. Recruitment of Social Workers and Occupational Therapists is exceptionally difficult, with national demand outstripping supply of these essential posts. Into Work Services Pathway Team focuses on specific sectors as directed by local labour market conditions. The team is currently concentrating on the social care industry and are delivering a fortnightly training package ‘Get into Care’ to support recruitment within the field.
- **Increased Volume and Complexity of Demand:** There has been a 30% increase in people needing care at home, compared with pre-pandemic numbers. This huge increase in demand alongside the workforce challenges in the sector is leading to delays in care provision and preventing the timely discharge of patients from hospital settings. In addition, older people living with dementia and other conditions are presenting with increasingly complex needs. The service provision currently available will need to be re-shaped to respond to this demand.
- **Domiciliary Care:** The surge in demand for social care has put the domiciliary market under increasing pressure. Capacity issues across the Community Resource Team are impacting on their ability to meet the demand for support, both in terms of people supported and number of hours of support provided. There are also a high number of packages of care waiting to be picked up by the market as well as a backlog of social work and occupational therapy assessments. Some mitigations have been put in place such as:
 - Additional social work and occupational therapist posts have been created, however there have been difficulties in recruiting.
 - A new Rapid Response Occupational Therapist Role was introduced in early 2022. The role is a dedicated resource providing urgent 48-hour assessments to prevent

hospital admission or avoid the breakdown of care. This dedicated role provides greater efficiency in handling urgent cases. In addition to the above and due to the carer recruitment crisis, the role also supports informal carers with equipment and adaptation provision whilst awaiting long-term packages to be sourced.

- The Community Occupational Therapist working in the hospital has also been actively working with social care and health colleagues to review care needs prior to discharge. To date, the role has prevented 225 care hours.
- The introduction of the new Care Development Block Contracts is also helping to grow the domiciliary care workforce while regular meetings have been put in place for providers to be able to discuss issues and concerns.
- **Dementia Friends Training:** Although 42% of staff have completed Dementia Friends training, this is well below the target of 85%. A management dashboard – providing granular detail on team and staff compliance levels – has been developed and face-to-face sessions are being made available to teams without computer access.
- **Dementia Friendly businesses:** 16 businesses pledged their commitment to work towards becoming Dementia Friendly during 2021/22. This is below the target, however the impact of the Covid-19 pandemic understandably meant that businesses were focusing their attention elsewhere. It is hoped that interest will increase during 2022/23.

Forward Look: Areas of Focus

Supporting older people to live independently at home through strengths-based preventative services

In the immediate term and in preparation for winter, a partnership approach will be needed with the University Health Board and Social Care sector to meet the increasing volume and complexity of demand which, combined with the shortage of care workers and health care staff, is placing acute and severe pressure on an already stretched health and social care system. Over the medium term, the Council will work to develop and join up services to better support older people to stay independent at home. As part of this work, the Council will streamline services to make a single route into all our services for older people to support prevention and reablement, as well as a timely and safe hospital discharge. Appropriate housing is also widely recognised as a key factor in supporting independence and the Council is committed to ensuring its building programme delivers care-ready, adapted, and adaptable homes, as well as specialist community living schemes for older people that can adjust to meet Cardiff's changing housing need.

Working in partnership to deliver high-quality sustainable care and support

The national issues currently being faced by the sector, particularly the difficulty in the recruitment and retention of staff as well as the inability of the sector to grow to meet the surge in demand, has revealed the fragility of the market. It has also revealed systemic issues, such as low pay and a lack of job security, within the sector. The Council is therefore

committed to working in partnership with commissioned care providers to better understand the issues that they face. Valuing and developing the social care workforce is key if good-quality care is to be provided. This will include taking action so that eligible social care workers and personal assistants funded through the local authority Direct Payment are paid the real Living Wage and further developing the Cardiff Cares Academy to ensure that training, mentoring and employer support is available across the sector.

Supporting older people to stay active and connected in an age-friendly city

It is crucial that older people in Cardiff have access to the right advice, support, activities, and services to help them stay healthy and independent. The Council's Community Hubs are well placed to assist in tackling many of the issues that affect the health and well-being of older people, particularly social isolation. Moving forward, the Council will strengthen the independent living and well-being advice provided in the Hubs for both older people and their carers, providing virtual activities and events, as well as face-to-face activities through a hybrid model of community engagement.

Supporting informal carers and valuing their role

The Council recognises the vital contribution that informal or unpaid carers make to communities and the people they care for and understands the pressure that caring for a loved one can cause. The Council is therefore committed to ensuring that carers are recognised, and that every step is taken to ensure the highest quality of life – both for those providing and for those in receipt of care. Looking ahead, support for carers will be reviewed in full consultation with carer representatives.

Ensuring our services meet the needs of the most vulnerable

The Council's ambition is for Cardiff to be a Dementia Friendly City. As part of this ambition, it is crucial to understand how to best support people with dementia to live in the community. As a result, the Council will embed research-based best practice into approaches, ensuring that this influences the way in which services are commissioned in social care. Ensuring that the voices of Cardiff's citizens are heard – particularly when their mental capacity is compromised – is of utmost importance. Social workers will take a strengths-based approach to mental capacity moving forward, and the Council will continue to commission effective advocacy services.

Well-being Objective 3:

Supporting people out of poverty

Our priorities in 2021/22 were:

- **Continuing our Living Wage City ambition**
- **Supporting those most impacted by the economic crisis into work, education or training**
- **Embedding our new approach to tackling homelessness and ending rough sleeping**

Strategic Assessment

The Council has made significant progress in relation to supporting people out of poverty, with its work on the Living Wage recognised through a national award, the advice and support services hitting all targets set and the levels of rough sleepers remaining at record low levels as a result of the 'No going back' preventative, partnership approach established during the pandemic.

The impact of the cost-of-living crisis that has developed over 2022 will, however, be felt across the city's communities with the greatest pressure placed on our city's most vulnerable citizens and families. This in turn can be anticipated to lead to greater demand pressure across Council and partner services, particularly the support and advice services provided by the Council. There is also a danger that the crisis will lead to an increase in people unable to pay their bills and becoming homeless, and potentially sleeping rough. Developing a cross-Council response to the cost-of-living crisis will therefore be a strategic priority for the Council in 2022/23.

Key Successes

Continuing our Living Wage City ambition

- **National Awards:** The Council won this year's prestigious Local Government Chronicle awards under the Public/Private Partnership category for its Real Living Wage initiative.
- **Increase in Real Living Wage Employers:** At the end of March 2022, 164 employers were accredited as Real Living Wage employers in Cardiff, exceeding the target of 150 before May 2022.
- **Increase in Employees Earning the Real Living Wage:** The Council has been working successfully with third sector organisations and other major employers as part of the Cardiff Living Wage City Partnership to secure more jobs in the city that pay the Real Living Wage and encourage employers to become accredited as Living Wage Employers. This has contributed to Cardiff having the lowest proportions of jobs (11.6%; 24,000 jobs) paying below the Real Living Wage among major cities in England and Wales in 2021, compared to 20.7% (42,000 jobs) in 2017.
- **Living Wage Buildings:** The first two Living Wage buildings in Wales are both in Cardiff, with more in the pipeline. The first was the Cardiff University Sbarc|Spark building which was announced in July. The other building in the city is home to a number of employers, including Cynnal Cymru – the official accreditation body for the Real Living Wage in Wales.

Supporting those most impacted by the economic crisis into work, education or training

- **Providing Employment Opportunities:** During 2021/22, 183 opportunities for paid apprenticeships and trainees were created by the Council. 32 Kickstart Corporate trainees were also appointed. In the same period, almost 4,600 posts within the Council were filled through placements from Cardiff Works.
- **Employment Support:** The Council's Into Work Service has continued to expand throughout the year to ensure that the increased demand on the service can be met. During 2021/22, at least 1,241 clients were supported into work and 266 employers were assisted.

The Into Work Service secured 29 possible Bright Start placements for care-experienced young people across various Council departments, with five already completing their first three-month placements. The 'not in education, employment or training (NEET)' status for our care-experienced young people is reviewed on a daily basis and the Bright Futures team target those who have a NEET status and contact them directly.

- **Advice Services:** During 2021/22 over £17.2million of additional weekly benefit was identified for clients of the Money Advice team exceeding the target of £14million and an increase of £1.8million since 2020/21. Over 10,400 clients were provided with advice and support and over 3,700 customers were supported and assisted with their claims for Universal Credit, a 30% increase on the 2020/21 figure. The Housing Helpline and

Advice Line answered over 83,500 calls, with 78% of callers having their enquiry resolved at first contact and 22% being referred to more specialist advice. All of this goes to demonstrate the considerable need for these services given the current economic pressures.

- **Onsite Construction Academy South-East Wales:** The new Construction Academy opened in August 2021 on the site of the former Eastern High School off Newport Road, Rumney. The Academy is helping to tackle the skills gap within the construction industry and seeks to encourage many more people to consider construction as a career, including individuals from under-represented groups in the industry, such as women and individuals from a diverse range of backgrounds. Progress made during Year 1 has been reviewed with the Construction Industry Training Board (CITB) and the Onsite Construction Academy Steering Group. Project starts, job starts, sustained employment and sustained employment for under-represented groups are all over target.

Embedding our new approach to tackling homelessness and ending rough sleeping

- **Housing Support Programme Strategy 2022-26:** This new strategy was approved by Cabinet in January 2022. It is based on the Council's vision that homelessness should be prevented wherever possible and when that is not possible, experiences of homelessness are rare, brief and not repeated. Key aims include a commitment to ensuring that everyone receives the right help and support to address their homelessness including help to address any underlying issues; taking a rapid rehousing approach to homelessness and reducing the time spend in temporary accommodation; while also providing good-quality supported accommodation for those who need it.
- **Levels of Rough Sleeping:** While one person sleeping rough is one person too many, the number of rough sleepers has remained low. Recorded figures were a low as 11 during 2021/22 and consistently remained below 25, compared with 130 pre-Covid.
- **Specialist and Supported Housing Schemes:** A number of supported accommodation schemes are being developed to support homeless families and individuals to become independent as part of the Council's 'no going back' approach. A Family Homeless Centre was opened at Briardene in Gabalfa providing families with temporary accommodation and access to a range of services including Early Help, health visits and parenting support. The first phase of the family homeless centre at the Gasworks site has been completed and a third centre is to open next year at Harrison Drive in Trowbridge. Phase 1 of the Adams Court scheme to providing single person support accommodation has been completed with phase 2 due to be delivered later this summer.
- **New Single Person Assessment Centre:** A new process for assessing the needs of single homeless people started at the beginning of June 2021 when the new Assessment Centre opened. This had led to strong multi-disciplinary support for homeless people with complex needs, and rapid, decisive action for those with low needs. Since April 2021 there have been 213 positive move-ons from the low-needs pathway into permanent accommodation with just under half (44%; 93) moved into private rented sector accommodation. The rate of positive move-on from the low-needs pathway

supports the view that this new process has been effective in supporting clients to avoid the traditional 'staircase' approach and this supports rapid transition into permanent housing.

Challenges and Risks

- **Cost-of-Living Crisis:** The dramatic increase in the cost of utility bills, petrol and daily essentials such as food has provided significant pressure on already vulnerable citizens. The associated risks are significant, and it is anticipated that debts, including rent arrears, will increase. The Discretionary Housing Payment grant award has decreased, giving the Council less opportunity to support the most vulnerable. Moving forward, the allocation of support to ensure that the most vulnerable are supported to meet the shortfall in their rental liability may need to be considered. Additional support is being made available, with dedicated Fuel and Food Poverty Champions being deployed across Community Hubs to provide advice and support to people who are struggling with rising costs. All Hub and Advice staff will receive specific training to support customers, but Champions will be available in each of the Hubs to provide advice on a number of schemes. For more complex enquiries, the Champions will work closely with the Money Advice Team and Citizens Advice, and will refer for further support where necessary. The new Champions will also be closely working with the Adult Learning Team to refer for digital inclusion support where appropriate.
- **Removal of European Funding:** The Into Work Service employment projects funded through the European Social Fund (ESF) will cease in autumn 2022, following the UK's withdrawal from the European Union. The Service currently delivers four well-established and successful ESF projects to some of the most vulnerable in society, totalling just over £1.1million in income each year. UK Central Government has recently announced the Shared Prosperity Fund will replace, in part, the gap left by ESF funding, however the value of funding has not been confirmed to date, which could put employment provision at risk. When the four ESF projects end, it is essential that affected clients are seamlessly handed over to other Into Work projects.
- **Migration to Universal Credit:** From summer 2022, the remaining Housing Benefit claims will start to migrate to Universal Credit. This could have a potential impact on Council rent arrears as Housing Benefit is automatically credited to rent accounts, but Universal Credit is generally paid directly to the customer. The Money Advice Team and Advice Line will continue to ensure that support is widely available to assist customers with the migration.
- **Homelessness Prevention and Increased Pressure on Homelessness Services:** Considerable work has been undertaken to prevent homelessness in the city and to support those who do become homeless, however, major headwinds remain. The economic impact of the pandemic, the cost-of-living crisis affecting households' budgets, the high cost of housing and the significant rent inflation within the rental market will provide acute challenge. More fundamentally, despite one of the largest house-building programmes in the UK, the availability of housing represents a significant obstacle to effective service delivery.

Forward Look: Areas of Focus

Continuing our Living Wage City ambition

The Council will continue to play a leadership role in creating a Living Wage City by encouraging and supporting organisations to become accredited Living Wage employers. The Living Wage City Action Plan will be reviewed by the Cardiff Living Wage City Partnership following the full achievements of the targets set for 2022.

Responding to the cost-of-living crisis and supporting those most impacted by the economic crisis into work, education or training

The impact of the cost-of-living crisis will be felt by all citizens and communities in Cardiff, with the most vulnerable feeling the greatest impact of rising costs, with rising energy costs and fuel poverty being a serious concern. Developing a cross-Council response to the cost-of-living crisis will therefore be a strategic priority for the Council in 2022/23.

To help address the challenges in the labour market, our Into Work Service will continue bringing together employers and potential employees with suitable skills. By working with employers to identify in-demand skills, the Service can ensure that relevant training courses are being offered at the right time and in the right sectors.

Embedding our new approach to tackling homelessness and ending rough sleeping

Building on the 'No Going Back' model, the new Housing Support Programme Strategy will provide a single strategic view of the Council's approach to homelessness prevention and housing support services. Key areas of work going forward will include providing additional emergency accommodation, creating a rapid re-housing plan in line with Welsh Government guidelines, and developing leasing schemes and move-on provision.

Well-being Objective 4:

Safe, confident and empowered communities

Our priorities for 2021/22 were:

- **Building new Council homes and investing in community facilities**
- **Ensuring children and adults are protected from risk of harm and abuse**
- **Creating safe and inclusive communities**
- **Promoting the Welsh language**
- **Working together to support a healthier and more active population**

Strategic Assessment

Momentum has been maintained in the Council's homes building programme and neighbourhood regeneration and hubs programme, with targets for new homes hit and several major community schemes completed. The pressure on the housing market, however, especially the cost and lack of availability of homes in the private rented sector, is causing significant demand on housing gateway and service and cost pressures across numerous Council services. As in other areas of the Council, increasing rates of inflation are likely to impact upon Council's neighbourhood regeneration programme and the emerging energy crisis can be expected to impact the sustainability of community services, including the Leisure Services Contract with GLL.

A strengthened partnership approach to community safety, tackling anti-social behaviour and youth violence and exploitation is now in place, with frequent, intelligence and data-led operational collaboration between Council and South Wales Police. This partnership approach will be expanded in 2022/23 to tackle anti-social behaviour hot-posts, and to prevent people, particularly our young people, from falling into crime or being exploited by criminals.

In 2021/22 the city led a partnership approach to Afghanistan and the Ukraine Refugee crises, in both cases ensuring that refugees were welcomed, given a place to stay and that the city's wider public services were available and ready to support them. The number of arrivals, and the often-complex nature of their needs, means that demand is being felt across the public service system. With international migration because of conflict and climate change likely to increase over the years ahead, welcoming and supporting refugees is an issue that will become increasingly important, and Cardiff will need to play a leadership role as the point of arrival to Wales, working in active partnership with UK, Welsh governments and neighbouring local authorities.

Key Successes

Building new Council homes and investing in community facilities

- **New Council Homes:** As part of a £1 billion Council-led programme to deliver 4,000 homes over ten years, 683 of the first 1,000 homes have now been delivered, with 131 completions this year despite supply chain issues and the rising cost of materials.
- **Development and Regeneration:** A wide range of development and regeneration schemes are being designed and delivered with partners to transform neighbourhoods, support local economies and deliver low-carbon homes. Survey results show that 90% of residents are satisfied with completed regeneration projects to date.
 - **Maelfa redevelopment:** The completion of this scheme has transformed the area with the delivery of a new and modern shopping centre, affordable new homes, infrastructure and environmental improvements.
 - **Channel View:** Planning has been approved for this £85 million scheme that will deliver more than 350 low-carbon homes, providing new energy-efficient and sustainable homes for every existing resident of the Channel View estate with improved connectivity and access to green space.
 - **'Aspen Grove' in Rumney:** This ground-breaking development of 214 low-carbon, energy-efficient homes on the site of the former Eastern High School has received a prestigious UK award for its sustainability, climate resilience and low-carbon footprint.
 - **Estate Regeneration Schemes:** Work has continued on the Lower Llanrumney, Roundwood and Pennsylvania estate regeneration schemes to deliver safer and more attractive environments, improving quality of life for residents. Plans are now being developed for Lincoln Court in Llanedern and Trowbridge Green.
 - **Investment in the South Riverside Business Corridor:** This large-scale regeneration project, supported by Targeted Regeneration Investment Programme (TRIP) funding from Welsh Government, is progressing well with all four phases of shopfront improvements nearing completion and work to the public realm due to complete in summer 2022. The scheme will see over £5 million invested in Tudor Street delivering improvements to the business environment, transport infrastructure, as well as the regeneration of 30 business premises.
- **Hubs:** The Council's network of community hubs across the city continue to be enhanced and expanded:
 - **Butetown Creative Hub** has been opened to support young people into the creative sector.

- **Community Hubs in Whitchurch and Rhydypennau have been refurbished,** introducing additional and enhanced services to serve these communities.
- The **Cardiff Royal Infirmary (CRI) Chapel partnership project** providing health and well-being facilities for residents in the south and east of Cardiff has been completed. Progress is also being made on Health and Wellbeing Hubs for Maelfa in Llanedeyrn and Parkview in Ely in partnership with the Health Board. 97% of respondents in a recent customer survey agreed that the services provided by Hubs met their needs.
- The **new website set up to improve access to Hub services** – including Adult Learning, the Into Work Service and the new Wellbeing Support Service – now has more than 3,000 users.

Ensuring children and adults are protected from risk of harm and abuse

- **Strength-based Practice and Signs of Safety:** The Social Care Training Unit is delivering a new training programme to embed strength-based practice and Signs of Safety within frontline social work and preventative teams.
- **Tackling Youth Violence and Exploitation:** A Child Friendly City Board has been established to take forward Cardiff's child friendly recovery following the pandemic. A key priority is the development of a robust contextual safeguarding strategy to tackle the causes and consequences of youth violence and exploitation. The SAFE (Safeguarding Adolescents From Exploitation) model, a multi-agency approach to contextual safeguarding and risk management, was piloted in 2021 and will be adopted city-wide moving forward, to proactively respond to exploitation.

Creating safe and inclusive communities

- **Community Safety and Violence Prevention:** Cardiff's Community Safety Partnership has established a Violence Prevention Group which is focused on preventing and reducing serious violence by taking a public health approach to understand the causes and consequences of serious violence. To inform the development of a Violence Prevention Strategy, an intelligence dashboard has been created using police data providing geographical and trend information to identify emerging issues.
- **Safer Streets Fund:** Cardiff's bid to the Home Office for £432,000 of Safer Streets funding was awarded in full. The funding has been used to improve street lighting, install 20 CCTV cameras and other security measures to address areas of the city with high levels of acquisitive crime. The improvements have had an immediate impact on levels of crime and the reporting of crime and have been positively received by residents with over 2,300 posts on social media.
- **Responding to the Ukraine and Afghanistan Refugee Crises:** Comprehensive reception support was provided to Afghan evacuees in the autumn and winter of 2021/22 including access to health screenings, education, English and Welsh classes, employment

support and a range of activities provided by partnership staff and volunteers. Several families have now been matched with their long-term homes and Cardiff's contribution to the nation-wide effort in partnership with the Urdd was showcased on Channel 4 News and as part of a Welsh Language S4C documentary on the experiences of refugees and asylum seekers in Wales. Cardiff has also provided highly effective educational support for refugees including learning opportunities and provision of school places for newly arrived children. This has been highlighted as an area of good practice in the February 2022 Estyn Inspection Report.

Promoting the Welsh Language

- **Bilingual Cardiff:** The Council's Bilingual Cardiff Strategy 2022-2027 and Welsh in Education Strategic Plan 2022-2032 have been published. Actions include establishing a youth forum to deliver Welsh language events, promotion initiatives with minority and ethnically diverse communities, raising awareness of employment opportunities and producing an information pack detailing Welsh language services for individuals and families moving to the city.
- **Welsh Language and Recruitment:** The Welsh Language Skills Strategy was revised and published in 2021 to increase the number of posts in Cardiff Council advertised as Welsh essential or Welsh desirable during recruitment. "Welsh desirable" is now a minimum requirement for all Council customer-facing posts when advertising recruitment opportunities. In 2021/22, 67 posts were advertised as Welsh essential, and 648 posts were advertised as Welsh desirable. This represents a 158% increase in Welsh essential posts and a 108% increase in Welsh desirable posts compared with 2020/21 figures.
- **Welsh Language Courses:** A mandatory Welsh language e-learning module has been launched for staff along with a range of Welsh language training courses in conjunction with the Council's Academy. 838 staff have completed Cardiff Academy's Introduction to Welsh Level 1 module which represents the entry course for staff who want to learn the language.

Working together to support a healthier and more active population

- **Supporting a Healthier and More Active Population:** The 'Move More, Eat Well' plan has aligned strategies relating to healthy weight, food, active travel and physical activity. These include Food Cardiff's 'Good Food Strategy 2021-2024' and Cardiff's Physical Activity and Sport Strategy 2022-2027, both launched this year.
- **Green Flag Awards:** 15 Council parks and green spaces have been awarded Full Green Flag status with Waterloo Gardens meeting the international standard for the first time. All of last year's awards were retained having been independently judged against a range of strict criteria including biodiversity, community involvement, cleanliness and environmental management. 19 projects have also been awarded the Green Flag Community Award. Levels of volunteering have bounced back following the lifting of Covid-19 restrictions with volunteers committing over 16,000 hours to maintaining parks and green spaces in 2021/22.

- **Investing in Play:** In 2021/22, over £2.5m has been invested into areas for play including playgrounds at Lascelles Park, Peppermint Drive, Caedelyn Park, Creigiau and Glenmount Way with further investment planned for 2022/23.
- **Increasing Cardiff's Tree Canopy:** As part of Cardiff's One Planet Cardiff Strategy, 20,000 trees have been planted across the city this year alone, including 1,700 trees in Tremorfa Park contributing to the Queen's Platinum Jubilee celebrations.

Challenges and Risks

- **Inflationary Pressure impacting Development Schemes:** High and increasing rates of inflation are having considerable impacts on the construction sector. Not only are essential materials and skilled labour significantly more expensive, but supply chain pressures and shortages are making it difficult to secure construction materials. Across the UK, this challenging combination is leading to delays in the delivery of large schemes, which is anticipated to continue in the immediate future. Already, Council schemes are being impacted by current market conditions demanding detailed management of programme timescales and cost.
- **Availability of affordable housing:** The pressure in the city's housing market is leading to a lack of available affordable accommodation, particularly in the private rented sector where there is a scarcity of available homes and rent increases are outstripping the housing allowance. The number of people in temporary accommodation in Cardiff has grown significantly (over 1,400 people), and the impact also being felt across a range of Council services that rely on housing availability, including placing vulnerable children in care and refugees and asylum seekers. The impact of the cost-of-living crisis and the arrival of significant numbers of additional refugees from Ukraine can be expected to put further pressure on the availability of affordable housing in 2022/23.
- **Fire Safety Arrangements in Council Owned Buildings:** In response to the major incident at Grenfell Tower in London the Council is working with Welsh Government and other regulators to ensure that any updated guidance is taken into account in considering any impact on relevant buildings across the whole of the Council's estate. The Council has undertaken additional testing, beyond the initial review of ACM, which identified that 6 blocks fail the current standards. Immediate actions have been progressed following the results of the additional testing, including round the clock fire warden patrols and the fitting of smoke alarms in all flats. The removal of cladding, informed by the sample work undertaken, will be progressed alongside other precautionary measures.
- **Tackling Youth Violence and Exploitation:** While fewer in number, the severity of offences being committed by children and young people, particularly in relation to serious youth violence, is increasing. A key priority is the development of a robust contextual safeguarding strategy to tackle the causes and consequences of youth violence and exploitation. The SAFE (Safeguarding Adolescents From Exploitation) model, a multi-agency approach to contextual safeguarding and risk management, was

piloted in 2021 and will be adopted city-wide moving forward, to proactively respond to exploitation.

- **Improving Perceptions of safety and tackling Anti-Social Behaviour:** In the 2021 Ask Cardiff Survey, just over a fifth of respondents agreed that public services are successfully dealing with anti-social behaviour and crime in their local area. Although, Cardiff has the second lowest overall crime rate, compared to the major cities in the UK, fear of crime is increasing with Cardiff dipping for the first time in three years below the Welsh average for feeling safe when walking in their local area and when travelling (National Survey for Wales 2020/21). However, significant success has been had this year through the work of Cardiff's new community safety Problem Solving partnership group and improvements to CCTV coverage and street/underpass lighting in Butetown, Grangetown and Adamsdown following the award of Safer Streets funding.
- **Domestic Abuse Referrals:** The RISE family support service has seen a steady increase in the number of high-risk referrals received. Following referral, the victim should be contacted by specialist services within one calendar day. Meeting this target has been difficult due to staff shortages. In Quarter 4, contact was made within one calendar day for 77% of referrals compared to the 90% target, an improvement on 69% in Quarter 3.
- **Ukraine Settlement Scheme:** Whilst the Cardiff response to the Ukraine settlement scheme has been swift and effective, acute pressures remain. Ensuring the availability of bridging accommodation for Afghan evacuees remains a priority, as well as the ongoing delivery of effective assurance measures relating to safeguarding, health and safety and monitoring far right activity. These risks are currently being managed through bi-weekly multi-agency operational group meetings. The disproportionate number being supported in Cardiff requires additional accommodation capacity to be made available across Wales. Moreover, ensuring full cost recovery for the provision of support in Cardiff has been identified as an emerging financial risk. This programme of work forms part of the Council's wider evacuee response which includes both Afghan and Ukrainian evacuees.
- **Sustainability of the Leisure Services Contract with GLL:** There are positive signs of recovery across the GLL business in the UK with Cardiff following suit and early indications of attendances returning to normal. However, risks remain around the long-term sustainability of the contract including the risk posed by rising energy prices. The transfer of Pentwyn Leisure Centre to Cardiff Blues will be completed during 2022/23 and a planning application to undertake significant refurbishment of the centre, including a new swimming pool, gym, 3G pitch and café, is to be submitted.

Forward Look: Areas of Focus

Building new Council homes and investing in community facilities

The Council will Continue to progress the new house-building programme ensuring that new low-carbon and energy efficient homes are delivered at scale and pace. The Council will also develop a new Regeneration Strategy to support district and local centres and the

implementation of “15-minute city principles” to improve access to services, increase active travel and strengthen the connections between communities.

Ensuring children and adults are protected from risk of harm and abuse

To address the increase in violent youth behaviour, the Safeguarding Children from Exploitation (SAFE) model – working in close partnership with the Police, Probation, and other agencies and following a successful pilot – will be implemented city-wide.

Creating safe and inclusive communities

Cardiff’s Community Safety Partnership will continue to focus on its established priorities, including addressing street-based lifestyles, complex needs and violence in communities, as well as rolling out greater problem-solving targeted responses to ASB. As part of this work, a new statutory Violence Prevention Strategy will be developed with partners, focusing on building local intelligence, protecting those who are vulnerable, targeting violent offenders, and progressing a preventative approach to serious violence.

The Council will need to build on the approach to the Afghanistan refugee crisis, playing an active city- and Wales-wide leadership role in response to the refugee crisis resulting from the war in the Ukraine, where the number of arrivals, and the complex nature of their needs, will place demand across the public service system.

Promoting the Welsh language

Over the coming year, the Council will take forward the Council’s new Bilingual Cardiff Strategy 2022-2027 and Welsh in Education Strategic Plan 2022-2032 to support the vision for making Cardiff a truly bilingual capital of Wales, as well as the national target to double the number of Welsh speakers in Cardiff by 2050.

Working together to support a healthier and more active population

Working with partners, the Council will support the delivery of the ‘Move More, Eat Well’ plan to promote healthy weight, healthy food, active travel, and physical activity. As part of this approach, the Council will ensure alignment with other major strategies, such as Food Cardiff’s ‘Good Food Strategy 2021-2024’ and the ‘Physical Activity and Sport Strategy 2022-2027’. Furthermore, maintaining the quality of our award-winning parks and green spaces will continue to play a key part in the health and mental well-being of our residents. A review of the Leisure Services Contract with GLL will also be undertaken to develop long term proposals for an effective and sustainable service based on a review of the current operating model, contract management and financial sustainability of the contract.

More broadly the work of Shared Regulatory Services will continue to play a vital role in ensuring public health and public safety. Having played a crucial role in responding to the Covid-19 crisis, the service is now re-focusing on core business provision in the context of rising demand pressures and ongoing pandemic management support. The expertise of the service will be effectively deployed as part of a joined-up partnership approach to public health and public protection.

Well-being Objective 5:

A capital city that works for Wales

Our priorities for 2021/22 were:

- **Leading the economic recovery in Wales**
- **Leading a recovery programme for the City Centre and Bay**
- **Supporting innovation and business development, with an enhanced package of interventions to help the sectors worst affected by the pandemic**
- **Supporting the recovery of the Cultural Sector and major events programme**

Strategic Assessment

Over the course of the pandemic the Council worked in close partnership with the private sector and provided significant and proactive support to businesses, with over £130m of business support grants were directly administered by the Council. The Council also worked with private and public sector, academic and civic society partners to develop a new recovery strategy.

The Council's major projects programme is supporting the economic recovery, with schemes including Central Square, Central Quay and Canal Quarter continuing on-site and the Indoor Arena project progressing nearer to delivery. As with all projects of the Council's capital programme, cost inflation, particularly construction materials and labour, represent a risk that will need to be actively managed over the course of the year. More broadly, the city centre has bounced back, with footfall returning to pre-pandemic levels and live events, cultural and music scene returning. Attendance at Council venues will, however, need to be monitored closely over the year to ensure that they are meeting income targets.

The cost-of-living crisis is likely to impact on local businesses, with energy costs in particular representing a major challenge. As in the pandemic, the Council will work alongside the city's private sector to develop a co-ordinated response.

Key Successes

Leading the economic recovery in Wales

- **Recovery and Renewal Strategy:** *Greener, Fairer, Stronger*, the Council's city recovery and renewal strategy, was approved by Cabinet in December. The report was commissioned by Cardiff Council specifically to challenge the authority and to sharpen its own strategies and interventions for a successful post-pandemic recovery. The report focuses on six mission statements: reimagining the city centre; a city for everyone; a fifteen-minute city; a culture and sport led renewal; a tech city; and a One Planet recovery. A series of engagement events took place to inform the report from June to October 2021, including several child-friendly events to gather the opinions of young people alongside those of residents, business, the cultural sector and other stakeholders. A survey also produced over a thousand responses which was used to help prepare the plan.
- **EU Settlement Scheme (EUSS):** A highly successful Council engagement and digital support programme helped EU nationals who had not yet done so to apply to the EU Settlement Scheme. By the deadline in June 2021, 23,990 applications had been made to the scheme, in line with the highest estimate for the number of eligible EU nationals in Cardiff.
- **Cardiff Capital Region City Deal:** The Cardiff Capital Region now have a series of products to be used to attract investment into the region, including the Property Fund, Innovation Fund and the Infrastructure Fund. The Cardiff Capital Region have also made a number of investment decisions relating to Cardiff. This includes direct investment in a number of tech/ life sciences companies, approvals for funding for cyber and fintech support, agreement to invest in business premises and in-principle decisions to support £3m of investment in housing.

Leading a recovery programme for the City Centre and Bay

- **City Centre Recovery Action Plan:** Following on from the approval of *Greener, Fairer, Stronger* in December (see above), the Council published its City Centre Recovery Action Plan in January. This five-year plan will re-imagine and re-vitalise Cardiff city centre post-pandemic and outlines the key initiatives and programmes that the Council and partners will work towards.
- **Transforming Towns Loans programme:** Three local companies in the city centre secured £2.35m in interest-free loans from the Welsh Government Transforming Towns Loans programme, via Cardiff Council to help with repurposing and regeneration plans. The works include new incubation spaces on Windsor Place, a new golf-themed leisure attraction on St Mary Street and a new boutique hotel on Quay Street.
- **Cardiff Bay Regeneration:** Procurement for the Multi-Purpose Indoor Arena has progressed well – capacity for the arena will now be 17,000 up from earlier projections of 15,000. In March 2022, the Arena Consortium secured detailed planning consent for

the Arena and outline consent for the wider Atlantic Wharf regeneration scheme, and are due to complete planning agreement in September.

The updated masterplan for the International Sports Village has been developed and was approved by Cabinet in March 2022. Planning permission has also been granted for the new state-of-the-art velodrome which will be situated within the Sports Village.

Supporting innovation and business development, with an enhanced package of interventions to help the sectors worst affected by the pandemic

- **Job Creation & Safeguarding:** During 2021/22, the Council played an active role in creating almost 1,200 jobs and safeguarding over 900 others within the local economy.
- **Cardiff Parkway:** As part of the Industrial Strategy for the East of the City, a planning application for the St Mellons Parkway development was approved subject to conditions. The new railway station will for the first time allow travel by train from the east of the city, while the adjacent business park will bring much needed investment to this part of Cardiff.
- **Creative Industries:** Led by Cardiff University, the media.cymru Consortium which includes Cardiff Council won a £50m Strength in Places (SIP) bid to develop a world-leading cluster for media innovation in the Cardiff Capital Region.
- **Incubation Workspace:** The Council is exploring options with partners to create additional incubation and start-up space as well as actively promoting existing tech space for new businesses including Council-owned space at Cardiff Business Technology Centre.
- **Business Support Grants:** Over £130m of business support grants were directly administered by the Council during the Covid-19 pandemic.
- **Business Rates Relief:** Welsh Government provided 100% business rates relief for leisure, hospitality and retail businesses for the whole of 2021/22, providing crucial relief to three of the sectors hit hardest by the pandemic and creating the conditions to accelerate recovery.

Supporting the recovery of the Cultural Sector and major events programme

- **Return of Live Music:** To support Cardiff's live music scene, the Council organised four nights of live music in Cardiff Castle, curated by the city's grassroots music venues. The *Live & Unlocked* event took place over the August bank holiday weekend 2021 as part of a plan developed with Cardiff Music Board to support live music and put culture at the heart of the city's recovery from Covid-19. The independent venues curated the music, sold the tickets, and paid the musicians involved, providing much needed support for an industry hit hard by the pandemic restrictions and showcasing the important role they play in Cardiff. In total, around 3,000 people attended the event. The project was

supported by the Welsh Government's Transforming Towns Business Fund which supports town and city centres in their pandemic recoveries.

Live & Unlocked was followed by the largest series of events on Council land since before the initial lockdown in March 2020. The Titan 'Bay Series' attracted some of the world's biggest music artists to perform at Alexandra Head in Cardiff Bay, which over a four-day period saw more than 33,000 people in attendance. The festival was the first of its kind to take place at Alexandra Head which proved to be a safe and highly successful site with very positive feedback from the public.

- **Music Hub in the City Centre:** The Council approved the transfer of use of the Old Library to the Royal Welsh College of Music & Drama via long lease in November. The College intends on making the building a focal point for the performing arts in the city centre. Its work is aimed at supporting the delivery of the city's Music Strategy and will include performances in the public realm in the immediate vicinity of the building, providing daytime music and animation within the Hayes.

Events Programme: The Council supported the Welsh Government test event programme in spring 2021. This included the successful delivery of four test events; two of which, Tafwyl and Eid Prayers, were hosted at Cardiff Castle with a further two spectator-attended fixtures hosted at Cardiff City Stadium and Sophia Gardens Cricket Ground. The Council's post-Covid events strategy will be developed in parallel with Welsh Government's strategy which is currently under development. Consultation is ongoing with key stakeholders including Cardiff Council.

Challenges and Risks

- **Inflation:** The volatility of the construction market in terms of labour and material price increases as well as availability poses a risk to major projects with substantial cost increases due to inflation. The rising costs of utilities also presents a financial challenge in terms of managing the costs of running the Council's estate. Increases in the price of food impact on the profitability of Council venues. More broadly, the cost-of-living crisis is likely to impact on local businesses, with energy costs in particular representing a major challenge.
- **Recruitment Challenges:** A skills shortage within the hospitality and security sectors threatens to impact on the Council's ability to run its venues and events. Recruitment issues are also hampering the Council's and the city's recovery from the pandemic as well as risking causing delays to major projects. To address this shortage, the Council's Into Work Service is working with the sectors affected to identify the skills required for different roles and offering relevant training to develop interview-ready applicants.
- **Attendance at Events and Commercial Venues:** The cost-of-living crisis has reduced the amount of disposable income many people have which in turn reduces ticket sales. Covid-19 continues to have an impact on staff availability to support the delivery of shows and projects and has led to the cancellation of shows. Taken together, there

remains real pressure on service recovery which is likely to have significant impact on the Council's budget.

Forward Look: Areas of Focus

Leading the economic recovery in Wales

As the city economy emerges from the pandemic and into an uncertain economic environment the Council will continue to ensure that the capital city plays a leading role in the Welsh economic recovery. This will involve playing an active role in the establishment of Corporate Joint Committees (CJC), as well the design of any new Tourism Levy. The Council will seek to maximise the benefits of the Shared Prosperity Fund for Cardiff and secure funding for key infrastructure projects via the Levelling Up Fund.

Leading a recovery programme for the City Centre and Bay

Over the coming year, the Council will progress major infrastructure projects that will transform the city, support green, inclusive growth, and create good-quality jobs, including the Indoor Arena, the International Sports Village, Central Square and Quay and the new Canal Quarter.

Supporting innovation and business development, with an enhanced package of interventions to help the sectors worst affected by the pandemic

The Council will need to support the growth of our key high-value sectors – including fintech, cyber and creative – which will create well-paid jobs for our residents, help boost Cardiff's productivity and make our city a globally-attractive place for inward investment. In response to the changed nature of the workplace in the pandemic a focus will be placed on transforming existing buildings to create flexible and affordable working space for start-ups in our priority sectors.

Supporting the recovery of the cultural sector and major events programme

Our cultural and major events sectors have been amongst the most affected by the pandemic, so the Council will continue working with Welsh Government to ensure the delivery of events delayed or cancelled by the pandemic, as well as to explore future opportunities. Over the coming year, the Council will finalise plans for developing an annual international music festival and sporting event and set out new cultural strategy, based on the successful Music City Strategy model.

Well-being Objective 6:

Cardiff grows in a resilient way

Our priorities for 2021/22 were:

- **Delivering One Planet Cardiff to decarbonise the city and lead a green recovery**
- **Transforming Cardiff's public transport and active travel systems**
- **Putting sustainability and well-being at the heart of the city's growth**
- **Enhancing Cardiff's flood defences**
- **Building resilience into our highway network**
- **Making Cardiff a world-leading recycling city**
- **Working as one team to keep our streets clean**

Strategic Assessment

Over the past year, the Council has accelerated its response to the climate emergency, while laying the foundation for a green post-Covid recovery. The One Planet Cardiff Strategy and action plan, published in October 2021, set out the priorities for delivering a net zero Council and city by 2030, supported by a detailed analysis of the Council's carbon footprint, and the Council has committed to place the climate emergency at the heart of the city's new Local Development Plan.

The shift in sustainable and active travel investment over past 5 years has been accelerated, with pop up cycle lanes introduced in the pandemic now permanent. However, the impact of the pandemic on mobility in the city and city-region remains uncertain, particularly for mass transit. The reduction in car use during the lockdowns has improved air quality across the city, but long-term trends on car use are unclear, and a decision on the future on Castle Street will need to be taken later in 2022. The Council renewable energy programme has grown, with a solar farm in operation and heat network beginning construction. As in other areas, the impact of inflation on the One Planet capital programme risks the delivery of strategic transport schemes, renewable energy generation projects, flood defence improvements and the Council's housing retrofit programme, and will need close monitoring over 2022/23.

Whilst Cardiff remains one of the best performing core cities for recycling for recycling, its recycling rate for the past year (59.59%) has fallen short of the 64% target set by the Welsh Government, potentially exposing the Council to a financial penalty. In response, a new Recycling Strategy will be considered by Cabinet in the autumn 2022 setting out the steps the Council will take to meet the statutory recycling targets.

Key Successes

Delivering One Planet Cardiff to decarbonise the city and lead a green recovery

- **The Pathway to a Carbon Neutral City:** Following extensive consultation and engagement, the Council has set a pathway to making Cardiff a carbon neutral city by 2030, with the publication of the One Planet strategy and action plan. Since its publication in October 2021, a number of commitments have been progressed, helping to establish Cardiff as a leading city in the move to net zero, as well as drive a green post-Covid recovery.
- **Renewable Energy Generation:** The Lamby Way Solar Farm is now operational, generating 9MW of renewable energy for Cardiff and the National Grid. Additionally, a private wire project on the site has been completed, connecting the Solar Farm to the nearby Welsh Water Treatment works. This will help to decarbonise the city's wastewater processing activities.
- **Cardiff's First District Heat Network:** Construction has begun on the Cardiff Heat Network. The Network will bring low-carbon heat to both Council and non-Council owned buildings in the Bay, connecting to a range of new developments such as the Indoor Arena.
- **Greening the Council's Fleet:** As part of the Council's journey to reduce its own carbon footprint, work is underway to decarbonise fleet vehicles and bring additional Electric Vehicle (EV) charging infrastructure to the city. Over the past year, the Council has expanded its EV fleet to 70 vehicles. Furthermore, 59 EV charging units have been delivered, including 6 rapid chargers at Lamby Way for the Council's electric Refuse Collection Vehicle fleet.
- **Improving Air Quality:** As part of the Clean Air Plan, 36 electric buses have been introduced to the city and the Bus Retrofitting Programme has been completed fitting 49 buses with technology that reduces NO₂ emissions by 90%. The Taxi Lease Scheme has also been launched. As a result, the city has seen significant improvements in its air quality performance – Castle Street, previously the most polluted street in Cardiff, is now compliant for NO₂ pollution. Additionally, NO₂ concentrations in Air Quality Management Areas (AQMAs) are well below the Council's internal targets and legal limits.

Transforming Cardiff's public transport and active travel systems

- **Cardiff Metro:** Over the past year, progress has been made with Cardiff Metro with the completion of metro studies and wider master-planning for Cardiff Crossrail, as well as the development of new stations across the city.
- **Delivering a Cycleway Network:** Over the past year, the Cross-City and Bay Pop-Up Cycleways have been completed, as well as a Cycleway from Bute Park to Western

Avenue. A Cycleway which connects Western Avenue with Llandaff is currently in the planning process.

- **Developing Active Travel Plans for Schools:** Active Travel Plans allow young people to learn the environmental, health and well-being benefits of active travel while reducing rush-hour congestion across the city. The Council has now supported 122 of Cardiff's 127 schools in producing or progressing the development of Active Travel Plans. The remaining five schools have been offered support but have not yet been able to fully engage with the scheme.
- **Intelligent Transport System:** Cardiff is seeking to create an Intelligent Transport System (ITS), combining information, communication, and control technologies in a way that enables users to make better, safer and more co-ordinated use of transport networks. As part of this work, a draft ITS strategy has been approved for consultation ahead of final publication later this year and the Council has been undertaking upgrades of the Bus Real-time Information (RTI) system to ensure residents can enjoy a more efficient bus system.

Putting sustainability and well-being at the heart of the city's growth

- **Replacement Local Development Plan:** The Replacement Local Development Plan (LDP) will help shape Cardiff for the next 15 years to 2036, ensuring the right development happens in the right place at the right time, benefitting communities and the economy, as well as setting out which areas need to be protected. Work to develop a new LDP over the past year has included extensive consultations on the LDP vision and objectives as well as the Strategic Growth Options. Despite Covid-19 social distancing requirements providing significant restrictions on engagement work, targeted activity with key groups has been undertaken across the city and this will continue throughout the process.
- **Transforming the City Centre:** The ongoing transformation of the city centre has created a more accessible and attractive public space, balancing business, public health, well-being and ecological needs. The re-opening of the Canal Quarter is just one part of the Council's wider goals; Phase 1 of the scheme is now on site, with works progressing well and due for completion in early 2023.
- **Safeguarding Cardiff's Natural Assets:** To protect Cardiff's biodiversity and natural assets, the Council signed the Edinburgh Declaration on Biodiversity in October 2021 and declared a Nature and Biodiversity Emergency in November 2021, ensuring that the organisation makes the systemic shift required to safeguard Cardiff's natural assets.

Enhancing Cardiff's flood defences

- **Enhancing Cardiff's Resilience to Flooding:** Due to its coastal location, Cardiff is particularly exposed to the risks posed by climate change, namely rising sea levels, more frequent extreme weather events and flooding. Enhancing the city's flood defence infrastructure is therefore essential to Cardiff's future resilience. A draft Full

Business Case for the Council's Coastal Defence scheme has been submitted to Welsh Government and, more broadly, work to identify at-risk areas is helping ensure that infrastructure investment is targeted to the most vulnerable locations. Over the past year, Flood Incident Management software has also been introduced to better understand the spatial distribution of flood events and determine priority areas for future flood alleviation schemes.

Building resilience into our highway network

- **Road and Footway Maintenance:** A resilient highway network plays a key role in ensuring that Cardiff develops in a sustainable way. Over the past year, the Council has reconstructed 112 roads and resurfaced, surface treated or reconstructed 46 footways, for a total of roughly 190,000sqm of surface treatment. Furthermore, the new Millennium Walkway has been completed using a sustainable recycled composite material.
- **Roll-out of a 20mph Speed Limit:** The roll-out of a 20mph speed limit across the city is helping to make Cardiff safer for local communities and active travel, in addition to improving air quality. Progress has been made in delivering the initiative, with the Traffic Regulation Orders now sealed and on-street delivery well underway for the areas included as part of the pilot scheme, such as Whitchurch & Tongwynlais, Llandaff North, Rhiwbina and Heath.

Making Cardiff a world-leading recycling city

- **Enhancing Recycling Centre Capacity:** Enhancing Recycling Centre capacity is a key component of the Council's approach to recycling. Performance at Cardiff's recycling centres remains excellent, with the recycling rate at 85-90% and a review of site usage showing that current capacity exceeds demand. The city's sites have amongst the best rates in Wales. To build on this status, the Council has opened a Reuse Shop at Lamby Way Recycling Centre, a number of community recycling zones throughout the city and a pop-up recycling centre in Parc Ty Glas.
- **Improving Recycling Behaviour:** Ensuring residents contribute to improving recycling performance is key to success. Educating the public is therefore crucial and progress continues to be made in this area. Alongside the Pink Sticker Campaign, which educates residents on proper recycling practice, a dedicated Recycling Education Team has been established to target areas with the highest levels of contamination to encourage improvements in recycling behaviour.

Working as one team to keep our streets clean

- **Developing an Internal Training Programme for HGV Drivers:** Over the past year, delayed waste collections – caused by the nation-wide shortage of HGV drivers – have posed a risk to the city's street cleanliness. The Council has continued to maintain service delivery despite these challenges and responded to the labour shortages by

establishing a 12-month internal training programme for officers wishing to become HGV drivers.

- **Love Where You Live:** Over the past year, the campaign has successfully attracted a large volume of volunteer litter champions who help keep their neighbourhood streets clean. Furthermore, a new 'Love When You Leave' campaign has been launched to address waste issues that arise as students leave and to develop residents' sense of pride in their communities.
- **Tackling Fly-Tipping and Littering:** Tackling fly-tipping and littering is a core Council priority and good progress has been made over the past year, with over 99% of reported fly-tipping incidents cleared within five working days and over 90% of these cases resulting in enforcement activity. Furthermore, over 90% of highways land inspected by the Council was found to be of a high or acceptable standard of cleanliness.

Challenges and Risks

- **Flooding and Coastal Erosion:** Parts of the city's existing flood defence infrastructure need to be enhanced to meet the challenges of the climate emergency. Efforts to progress schemes have been subject to a range of pressures, including a delay to the Sustainable Water, Flood and Drainage strategy due to Covid-19, the scale of funding required and capacity challenges within the Flood Risk Management Team. Work is ongoing to enhance capacity and to progress flood risk management schemes using all available funding streams. A number of schemes have been completed or are ongoing, with others at the early investigation stages.

Continued coastal erosion is putting Cardiff's existing defences at risk of a breach with a number of sites in the Rover Way area identified as being at particular risk. Two decommissioned landfill sites with significant environmental repercussions have also been identified within the at-risk areas. Coastal flood defence projects have been delayed due to ongoing issues with receiving a marine licence and full permissions from Natural Resources Wales (NRW) to allow for work in the river and protected areas, which has put planning permission on hold. Additionally, estimated costs for the Coastal Defence scheme have risen by over 75%, due to factors such as Brexit, fuel increases, the global pandemic and material cost inflation. The Council continues to pursue the marine licence application with NRW and Welsh Government, and all opportunities for project funding are being explored.

- **Cost inflation:** The impact of inflation on the city development capital programme represents a significant risk to the delivery of strategic transport schemes, renewable energy generation projects, flood defence improvements and the Council's housing retrofit programme. The capital programme will need to be closely monitored over the course of 2022/23 and the Council will work closely with partners in the Capital Region, national government and private sector to explore all funding opportunities.

- **Air Quality:** NO₂ concentrations in Air Quality Management Areas (AQMAs), including Castle Street, were well below the Council's internal targets and legal limits in 2021/22, though there are risks that they may increase as general traffic level increase post-pandemic. Moving forward, ongoing monitoring of air quality results will continue, with more detailed assessments undertaken to provide a more robust annualisation of results. Work will also continue to progress plans for a permanent transport improvement scheme on Caste Street and, more broadly, the Clean Air Strategy and Action Plan will be updated.

- **Statutory Recycling Target:** Whilst Cardiff remains one of the best performing core cities for recycling, its recycling rate for the past year (59.59%) has fallen short of the 64% target set by the Welsh Government. In addition to the environmental impacts, failing to meet Welsh Government's statutory targets exposes the Council to a potential fine for each year it fails to meet the target and places additional financial costs on waste services.

A number of challenges to improving recycling rates are unique to urban areas whilst a number of national issues have also affected performance improvement, including pandemic management and national labour shortages. Measures have been progressed to improve performance, with the ongoing transformation of operational arrangements delivering efficiency gains and new collections measures being piloted across the city. Drawing on this work, and extensive engagement with Welsh Government and WRAP Cymru, a new Recycling Strategy will be considered by Cabinet in the autumn 2022 setting out the steps the Council will take to meet the statutory recycling targets.

- **Street Cleanliness Gap:** While Cardiff is performing well overall in street cleanliness, with 90% of highways land inspected by the Council found to be of a high or acceptable standard of cleanliness in 2021/22, eight of the city's 29 wards failed to meet this standard. To address this gap in street cleanliness and ensure that all communities can enjoy a clean and attractive living environment, a programme of service reform continues to be progressed. This has involved establishing three dedicated blitz teams, focused on Cathays, Plasnewydd and the Southern Arc, alongside a new Lanes Team which will cover the whole of the city. A new Jet wash team has also been established to target shop fronts throughout the City and six community based electric vacuum sweeps have been introduced, with four additional small mechanicals sweepers due for delivery in October. The increased frequency of litter bin emptying on afternoon shift and over the weekends is anticipated to further improve street cleanliness, as will the introduction of collection windows for trade waste customers in the City Centre.

Moving forward, a cleansing services will be available to event organisers for events taking place on Council Land and venues with increased Street Washing in the City Centre. Crucially, Collections, Cleansing and Enforcement will be closely integrated for targeted campaigns aimed at tackling the incorrect presentation of waste which is known to have a negative impact on street cleanliness. Further to this, the adoption of new technology to monitor fill rates on litter bins will allow for improved planning and a more responsive service.

Forward Look: Areas of Focus

Delivering One Planet Cardiff to decarbonise the city and lead a green recovery

Over the coming year, the Council will continue delivering One Planet Cardiff's major programme of change and seek to overcome delivery challenges. This includes the Housing Retrofit programme, which will target 5,000 Council housing units and is now in the procurement phase, and the Cardiff District Heat Network.

Transforming Cardiff's public transport and active travel systems

Improving Cardiff's transport system will remain a strategic priority, particularly the shift to more sustainable and more active modes of transport. The Council will continue to progress metro studies for Crossrail, including the new stations from the City Centre to Cardiff Bay and the North West Corridor. As part of wider master planning, the Council will develop a Park and Ride Strategy for Cardiff, as well as progress the delivery of a Park and Ride site at Junction 33. The Council will also work with the Burns Delivery Unit on a programme of transport improvements between Cardiff and Newport, as well as make a decision on the new Central Station Design and masterplan later this year. Work will also continue to develop a Bus Strategy for Cardiff which set out what is needed in the city to ensure excellent bus services that are fully integrated with other modes of public transport.

Options for Castle Street's long-term future will be assessed throughout 2022 and delivered in 2023 and 2024. Key steps in this process will include the completion of air quality data collection, further modelling, identification of the preferred option and production of a report for Cabinet approval in 2023. More broadly, work is also planned to commence regarding updating the Clean Air Strategy and Action Plan.

Putting sustainability and well-being at the heart of the city's growth

Delivering the replacement Local Development Plan (LDP) process will continue to be a key priority, with major steps for the coming year including a Council decision on the preferred growth strategy. Dialogue with the Welsh Government and regional local authority partners will continue regarding the implementation of the new regional strategic planning arrangements within the Corporate Joint Committee (CJC).

Enhancing Cardiff's flood defences

Construction of the Coastal Flood Defence scheme is anticipated to begin later this calendar year, subject to Welsh Government approval of the business case and funding, with completion projected for 2024. Additionally, the Council will work with its partners to continue developing a new Local Flood Management Strategy & Flood Risk Management Plan, which is due for completion in the autumn of 2023.

Making Cardiff a world-leading recycling city

A new Recycling Strategy which will set out the steps the Council will take to improve recycling rates, reduce single use plastics and support the development of the circular economy will be considered by Cabinet in Quarter 3 2022/23.

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Well-Being Objective 7:

Modernising and integrating our public services

Our priorities for 2021/22 were:

- Developing a comprehensive programme of organisational recovery and renewal
- Building upon our digital agenda, incorporating technology into service delivery and exploiting data to drive performance
- Delivering fewer and better Council buildings
- Supporting a highly skilled and productive workforce with the well-being of staff at its core
- Using the power of the public purse to support the city's recovery
- Making sure that we are a Council that better talks to and listen to the city that we serve

Strategic Assessment

The pandemic has been a time of significant challenge, but also one of change, dynamism, and innovation in Council services. The Council has successfully adopted hybrid working and is ensuring that supporting accommodation, technologies and workforce policies are in place or are planned to make this change sustainable. Digital technologies have been introduced, with channel shift evident, in the delivery of more services, though further gains can be made capitalising on the shift by citizens to digital channels. Ensuring that the organisation maintains this momentum and continues to adapt to the post-pandemic situation will be a priority for the year ahead.

The Covid-19 pandemic, and associated public health measures, have had significant financial implications for the Council, both in terms of additional costs and loss of income. The end of the Welsh Government Covid Hardship support represents a significant financial risk to the Council, with many income generating services facing continued disruption and increasing and more complex demand as a result of the pandemic being felt in many services. In addition, the fiscal landscape globally has changed significantly in respect of pressures on pay and price inflation, in particular for energy costs, and we are seeing this play out locally for the Council and in the cost-of-living crisis now evident across our communities. Over the medium term, Welsh Government have provided indicative allocations for 2023/24 and 2024/25 which are welcome, but given the risks highlighted, a cautious approach is needed given the all-Wales nature of these projections and the uncertainty of the future public sector landscape post-pandemic. With rising demand in key services, the Council must continue to plan for a significant medium-term budget gap.

A sharp focus will also need to be placed on the capital position – there are currently significant pressures resulting from rising inflation and supply chain cost increases, demand for investment to maintain condition, and capital receipt assumptions. Discipline will be needed from directorates to ensure that resources, skills, and capacity are available to deliver the investment programme on time and to meet existing budget allocations.

As in other sectors of the economy, workforce challenges are coming to the fore, with skills shortages across the Council. A greater emphasis will need to be placed on workforce planning and talent development. In tandem with this and responding to the recommendations of the Race Equality Task Force, a greater emphasis will need to be placed on increasing and supporting diversity in the Council so that its workforce reflects the diversity of the city.

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Key Successes

Developing a comprehensive programme of organisational recovery and renewal

- **Recovery and Renewal:** Despite being one of the most challenging periods for Council services and staff, the pandemic has also been a time of significant change, dynamism, and innovation. In May 2021, the Council sets out its framework for organisational recovery and renewal, outlining opportunities to adapt to the new operating environment as the city emerged from the pandemic, including opportunities for service innovation, digitalisation, flexibility, and continued partnership working. Resulting actions have since been built into the Council's policy and budgetary framework.
- **Adopting a Hybrid Working Model:** Covid-19 rapidly accelerated the Council's programme of modernisation, including catalysing a shift to hybrid working. Council staff have been actively involved in the development of new hybrid working proposals; in 2021/22, over 2,400 employees responded to a staff survey and 134 employees from groups particularly impacted by hybrid working took part in a series of focus groups to understand needs and requirements. This evidence has helped shape the Council's transition to hybrid working, including the creation of flexible workspaces in County Hall, together with meeting rooms with hybrid facilities, for staff to utilise. The transition to this working model is enabled by the Council's investment in digital infrastructure, services and skills, which will need to be continued post-pandemic.

Building on the digital agenda, incorporating technology into service delivery and exploiting data to drive performance

- **Continued Channel Shift:** Technology offers residents greater choice and convenience when accessing services, with increasing numbers of citizens choosing to access services via digital means. The Council therefore set ambitious targets to improve its digital footprint in 2021/22, with year-end results showing that over 2 million contacts were made digitally last year. The Council's Chatbot, BOBi, handled over 105k chats, with updates meaning that the Chatbot is now able to support residents with council tax, missed waste collections, fines and elections. Furthermore, Cardiff Gov App downloads exceeded 57,000 – which is over 20% above target – with both accessibility and functionality improved, including allowing residents to make reports of graffiti and problem parking.
- **Data Strategy:** The Council's Organisational Recovery and Renewal Strategy made clear the need for rapid, robust collection, presentation, and analysis of real time data across the public service system to inform decision making, building on the cross-public service data-led approach in place during the pandemic. The Council's new Data Strategy, approved by Cabinet in February 2022, recognises that data represents an asset which can support the delivery of corporate priorities and, critically, be used to improve service delivery and performance. The strategy will support the Council to transition into a data-driven organisation, by embedding a systematic approach to managing and interrogating data across the authority.

- **A New Planning and Performance Framework:** A strengthened Framework, which responds to the new performance requirements set out in the Local Government and Elections (Wales) Act 2021, was approved by Cabinet in February 2022. The framework places a strong emphasis on self-assessment and on engagement with staff and members in developing the overall assessment, and broadens the Council's strategic and directorate approach to performance management to encompass service performance, resource management and governance. The Framework recognises the need to effectively use and analyse data to solve problems and improve service delivery and is therefore complemented by the Council's new Data Strategy. Both will be used to support the identification of corporate priorities and areas of improvement, informing decision making moving forward.

The new Performance Framework provides an enhanced role for Scrutiny and the Governance and Audit Committee in the self-assessment process and a scrutiny recommendations 'tracker' was adopted for 2021/22. The new tracking arrangement ensures a systematic method of recording and monitoring the progress made against accepted recommendations. A report is presented every six months to each Scrutiny Committee. In addition, a similar tracker approach has been adopted for External Regulatory Bodies to report progress against their recommendations. An update is formally reported to the Governance & Audit Committee on a six-monthly basis.

Delivering fewer and better Council buildings

- **Corporate Property Strategy:** The Council's Corporate Property Strategy establishes the strategic direction, performance, targets, key processes, and governance relating to the management of the Council's land and property estate. After achieving all targets within the Corporate Property Strategy 2015-20, a new five-year Corporate Property Strategy (2021-26) was approved by Cabinet in December 2021. The strategy focuses on the modernisation of a 'leaner and greener' operational estate, whilst also setting out the themes and principles of managing the Council's leased portfolios. This includes plans to modernise the operational estate, as well as reduce its carbon impact as part of the move to net zero by 2030.
- **Corporate Estate:** The delivery of capital receipts remains a critical objective to support the Council's capital programme. Capital receipts are obtained principally through the sale, or transfer to Housing, of Council-owned land and property, which is only considered as an option after a rigorous asset management review process, or through the transfer of land and property within the Council. As a result of proactive asset management of the Council's corporate estate in 2021/22, £13.5 million in capital receipts was generated – a particularly large transaction was that of the former Michaelston College, which generated almost £8 million in capital receipts.

Supporting a highly skilled and productive workforce with the well-being of staff at its core

- **Corporate Health:** Run by Welsh Government, the Corporate Health Standard (CHS) is the quality mark for workplace health promotion in Wales. In recognition of the work to create a positive, inclusive working environment, the Council was successful in its reassessment for the Silver Standard by Public Health Wales in 2021/22. The assessor noted the *“strong support from senior management and how [the Council’s] approach to health and wellbeing is being embedded through partnership with employee networks.”*. As part of the new Healthy Working Wales (HWW) delivery model, a revamped awards programme is being developed to replace the Corporate Health Standard (CHS). The new awards programme will be developed during 2022/23 and rolled out in 2023. Whilst this transition is underway, the Council will continue to be reassessed at silver standard and will review next steps once the revamped programme is published.
- **Stonewall Gold Award:** The Council achieved the prestigious Stonewall^[1] Gold Award in recognition of work to embed equality, value diversity and demonstrate lesbian, gay, bi and trans inclusion in the workplace, and in external engagement and service delivery.

Key achievements include:

- the introduction of a fair and unbiased approach to recruitment through anonymised applications;
- the introduction of unconscious bias training as part of the broad range of equality and diversity training for employees;
- using gender neutral and inclusive language in Council policies; and
- having a strong LGBT+ Employee Equality Network supported by new senior management champions.

The award also recognises:

- the Council’s procurement approach which ensures that suppliers are LGBT+ inclusive;
- progress made in LGBT+ equality in the services delivery such as the Foster Service; and
- collaboration with other Welsh Local authorities as part of Proud Councils.

- **Employee Networks:** Cardiff Council supports five employee-led networks which make a vital contribution to promoting equality and diversity in the workplace. The networks are: Black, Asian and Minority Ethnic Network, Disability Network, LGBT+ Network, Women’s Network and Carers Network. In order to raise the profile of the networks across the organisation, each has been rebranded, with ‘SMT Champions’ and ‘Friends of the Networks’ introduced. Additionally, a Joint Employee Network Survey has been developed to establish a benchmark of membership, as well as the lived experiences of employees.

^[1] Stonewall is a charity that stands for lesbian, gay, bisexual, queer, transgender (LGBTQ+) rights.

- Long-term Agency Staff:** A longstanding commitment of the Council is to transfer long-term agency staff into permanent contracts. A new Agency Worker Policy is now in place, which aligns to Welsh Government's Fair Work Commission and its 'Fair Work Wales' report. The policy upholds the Council's current commitment of acquired rights for temporary contract employees and confirms that temporary contract employees with four years' continuous service with the Council will be treated as permanent. This new policy was developed during the last quarter of 2021/22, and formally adopted in July 2022. Under the new policy arrangements all agency workers with at least four years' continuous assignment in the same service in the council will be offered a permanent contract without having to go through a recruitment process, subject to relevant pre-employment checks. Those with at least two years', but less than four years', continuous assignment in the same service will be offered a temporary contract. Once the employee has completed four years – taking into account their agency service and temporary contract service – they will be treated as permanent. This further emphasises the Council's commitment to Fair Work.
- Performance Reviews:** The rate of completion of Personal Development Reviews across all directorates remains high, with an outturn figure meeting the target of 95%. Further emphasis will be placed in 2022/23 on the quality of performance reviews, including the development of key performance indicators relating to quality alongside compliance to be included in departmental delivery plans.

Using the power of the public purse to support the city's recovery

- Social Value in Procurement:** The National TOMs (Themes, Outcomes, Measures) Framework provides a structure through which the Council can measure, review, manage and improve the social value outcomes in its contracts. This is particularly important given the Council spends over £390 million a year procuring a diverse range of goods, services and works. The Framework was piloted across 25 contracts in 2021/22, with different versions of the TOMs (basic, light, and full) created for inclusion in all tenders. A Contract Management Performance Framework has also been launched to ensure a consistent approach to contract management across the Council.
- Socially Responsible Procurement:** The Socially Responsible Procurement Policy aims to ensure that the Council maximises the social, economic, environmental, and cultural wellbeing benefits delivered for communities through its annual procurement spend. The Council has a responsibility to manage public money with probity, to ensure that value for money is achieved and to manage it in such a way that wider Council objectives can be supported. In 2021/22, a review of the Policy was undertaken to ensure that it remains fit for purpose in a post-pandemic context. Additionally, detailed analysis of spend data was undertaken and a project with Cardiff Third Sector Council (C3SC) commenced to identify options for increasing opportunities for social enterprises to secure council contracts. Over 50% of the Council's spend was with Cardiff-based organisations in 2021/22.

Making sure that we are a Council that better talks to and listen to the city that we serve

- **Citizen and Community Engagement:** The social distancing restrictions in place during the pandemic have significantly impacted the Council's ability to conduct face-to-face community engagement. However, the Council continued to see high engagement with online surveys and consultations, with over 62,000 people responding to surveys and consultations in 2021, up from 44,000 in 2019. Where possible, this has been supplemented by engagement work in communities, with 37 various Community Engagement Events held in 2021/22, reaching 6,465 attendees. A priority for 2022/23, and for the new statutory Community Engagement Strategy, will be to build on the progress made with digital engagement while rebuilding face-to-face and community-based work, with a focus placed on those groups and communities that do not traditionally respond to Council consultations and surveys. Over the course of 2021/22 the Council has also continued to focus on enhancing its digital and social media footprint as the primary channel for communicating to citizens, with the number of Facebook, Instagram and Twitter followers hitting the targets.
- **Citizen Engagement in Council and Scrutiny:** The impact of the pandemic has meant that 2021/22 saw most Council 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. Over the past year, the number of Scrutiny meetings webcast and available for public viewing increased by 54%. There was a significant increase in viewing figures (over 40%) and the average viewing time increased by 38% on last year. Additionally 53 verbal contributions and 17 written contributions were received by the Scrutiny Committees from external contributors, in addition to 322 responses to primary research.
- **Customer Services, Complaints and Compliments:** Customer service forms a significant part of how the Council delivers help and advice and it is recognised that there are many ways in which effectiveness can be improved, whether it is with internal or external customers. As a result, customer service training is being delivered across the Council, tailored for staff relevant to their roles and responsibilities. 245 members of staff attended the 'Introduction to Customer Services' training in 2021/22, whilst 54 members of staff attended the 'Delivering Great Customer Service' training.

A total of 3,633 (Corporate) complaints were recorded during 2021/22, a 43.2% increase from the previous year, when 2,537 complaints were recorded. A total of 1,487 compliments were recorded during 2021/22, a 22.2% decrease from the previous year, when 1,912 compliments were recorded. In her annual letter to the Council, the Ombudsman has remarked that it is likely that complaints about "public services in general, were suppressed during the pandemic, and we are now starting to see the expected 'rebound' effect."

Challenges and Risks

- **Financial Resilience:** The Covid-19 pandemic, and associated public health measures, have had significant financial implications for the Council, both in terms of additional costs and loss of income. During 2020/21, the Welsh Government put in place a Covid-19 Hardship Fund to support Local Authorities in managing additional costs and income loss directly resulting from the pandemic. The Fund was extended until the end of the 2021/22 financial year but will not be in place during 2022/23. This represents a significant financial risk to the Council. Issues supported by the fund include, but are not limited to, the procurement of protective equipment, operational changes to ensure the safe delivery of services, and financial support to care providers. These issues are likely to continue and are expected to be accompanied by longer tail challenges, which will be particularly acute in certain service areas. It is therefore critical that budget plans are sufficiently robust to ensure that the Council can continue to cope with Covid-19-related financial pressures without recourse to external support.

The Medium-Term Financial Planning position for the Council remains challenging given the demand pressures on services, the likely increasing cost base requirements and the projected levels of future resource availability. Welsh Government have provided indicative allocations for 2023/24 and 2024/25 which are welcome, but a cautious approach is needed given the all-Wales nature of these projections and the uncertainty of the future public sector landscape post-pandemic.

Moving forward, there is a need to ensure that demand pressures continue to be picked up early, as well as where demand for services does not return to anticipated levels, particularly with respect to income generating services. Directorates will need to deliver effective mitigations against pressures arising, that includes changing service delivery whilst staying within agreed budget parameters.

A sharp focus will also need to be placed on the capital position – there are currently significant pressures resulting from rising inflation and supply chain cost increases, demand for investment to maintain condition, and capital receipt assumptions. Discipline is needed from directorates to ensure that resources, skills, and capacity are available to deliver the investment programme on time and to meet existing budget allocations.

- **Responding to the Maintenance Backlog of the Operational Estate:** The Council fully recognises the importance of its asset base to support the effective delivery of services, particularly given the shift to hybrid and locality-based working.

Longstanding challenges are recognised, particularly in relation to addressing a maintenance backlog within the operational estate. This not only includes core office spaces – such as City Hall and County Hall – but the city’s most historic venues and buildings. Allied to the maintenance backlog is the risk that statutory building inspections – as well as the remedial works arising out of inspections – will not be completed, which is required to maintain premises in a safe and legally compliant condition.

The new Corporate Property Strategy, 'Leaner and Greener', sets out a strategic response, with the completion of statutory obligation surveys and remedial works representing delivery priorities. A focus is also being placed on the modernisation of the estate through planned and preventative maintenance requirements, ensuring alignment with the estate-related priorities of Hybrid Working and One Planet Cardiff.

Whilst the Council's new five-year Corporate Property Strategy (2021-26) was being developed, a short-term, one-year plan for 2021/22 was agreed, which included a target backlog reduction of £2 million, against which only £1.63 million was achieved. In 2021/22, the Council also set a target of £300,000 for reducing the total running cost of occupied operational buildings and achieved £257,098 at year-end. Both these shortfalls resulted partly from continued Covid-related disruptions during 2021/22.

- **Sickness Absence:** Whilst significant improvements were seen in sickness absence levels throughout 2020/21, sickness absences increased in 2021/22, correlating with the easing of pandemic restrictions. The end-of-year result showed that 12.65 working days/ shifts – per full-time equivalent (FTE) Local Authority employee – were lost in 2021/22 due to sickness absence, against a target of 9.5. Much of this increase relates to a large number of staff absent due to Covid-19, with the result dropping to 9.84 FTE days if Covid sicknesses are removed, only slightly above target and significantly less than the outturn in recent years. Over the coming winter, and potentially beyond, Covid is likely to contribute to sickness absence over and above historic trends, which could in turn place staffing pressures on key services.

Sickness absence is also not uniform across the Council, with sickness particularly high in Street Scene and Adult Services. A targeted approach will continue to be applied to improve performance. Additionally, a focus is being placed on reducing long-term sickness absence. Out of the total number of Council-wide working days/ shifts lost to sickness in 2021/22, 62% were as a result of long-term sickness, with 38% a result of short-term sickness. Additional corporate support is being provided for complex cases, with a continued promotion of support mechanisms, for both staff and managers.

- **Workforce Planning:** Local government faces a number of workforce challenges in ensuring sufficient capacity, appropriate skills and in recruiting and retaining staff, particularly given the level of competition for some professions. More recently, recruitment and retention issues have been recognised as a problem not just in local government, but on an economy-wide basis. To ensure a more comprehensive approach to workforce planning, the process is being further developed to align to the Council's policy and performance framework. This will enable a more strategic and integrated process to attracting future talent, including increasing apprentice and trainee opportunities, work experience placements, improve the diversity of the workforce and deliver a workforce fit for the organisation's requirements of the future.
- **Fraud and Bribery:** As resources become increasingly stretched, there is a risk that fraud, financial impropriety and/ or improper business practices could increase. To manage this risk, the Council frequently communicates a zero-tolerance approach to

fraud, bribery and corruption, as well as undertakes a regular review of relevant policies and procedures. Moving forward, a refresh of the Counter-Fraud and Corruption Strategy will be undertaken, with a revised Counter-Fraud Action Plan published to reinforce and drive the Council's stance, supported by awareness and training.

- **Information Governance:** Information handled inappropriately exposes the Council to intervention and financial penalties issued by the Information Commissioner. This includes information held by Cardiff's schools. To manage this risk, mandatory data protection e-learning is available for staff to complete, and an Information Governance Champions Group has been established. Additionally, an Information Governance Maturity Model has been developed to monitor risks.
- **Cyber Security:** With more Council services available digitally, the move to hybrid working, as well as greater collaboration and integration with partner organisations, reviewing and reinforcing cyber security arrangements is a key priority for the Council. A cyber security incident can lead to a loss of data, as well as disruption to the running of Council services. The Council therefore continuously reviews, refreshes, and reinforces its approach to cyber security, with risks logged and improvement actions identified.
- **Citizen Satisfaction:** Satisfaction with both the quality of public services and the services the Council provides fell in 2021. Satisfaction with Council Services fell to 47.3%, down 20.1 percentage points from 67.4% in 2020. This drop in satisfaction reflects a national trend, with the [Glasgow Household Survey 2021](#), for example, also showing falling satisfaction levels (down from 67% in 2019 to 48% in 2021). Similarly, the LGA '[Polling on resident satisfaction with Councils](#)', which saw satisfaction levels fall ten percentage points to 56%, the lowest figure recorded in the history of the survey (dating back to September 2012).

Forward Look: Areas of Focus

Financial resilience

The end of Welsh Government Covid Hardship support represents a major risk for the Council which will require active management, particularly for the many income generating services facing continued disruption and for those services where increasing and more complex demand as a result of the pandemic is being felt. Over the medium term, despite more generous indicative settlements from the Welsh Government, rising demand in key services means that the Council must continue to plan for a significant medium-term budget gap. A sharp focus will also need to be placed on the capital position in response to rising costs to ensure that the investment programme is delivered on time and to meet existing budget allocations.

Delivering a comprehensive programme of organisational recovery and renewal

To retain the opportunities realised during the pandemic, the Council will develop a programme of organisational recovery and renewal. As part of this work, the Council is

implementing a hybrid working model, supported by investment in digital infrastructure, services and skills.

Building upon our digital agenda, incorporating technology into service delivery and exploiting data to drive performance

Providing access to an enhanced range of services online will continue to be a priority post-pandemic, as the Council continues to accelerate its digital agenda, as will an increased focus on the use of automation to deliver efficiencies. The Council will also continue work to improve the collection, presentation, and analysis of data across the public service system to inform decision-making.

Delivering leaner and greener Council buildings

The Council's approach to managing its strategic estate will continue to adapt to support service delivery, particularly responding to the changes brought by hybrid working and the requirement to decarbonise the estate by 2030. A plan for the Council's core office requirements will be presented to Cabinet in 2022/23, taking into account recent condition surveys undertaken on County Hall and City Hall.

Supporting a highly skilled and productive workforce with the well-being of staff at its core

The Council's work on organisational development will place a focus on enhanced staff engagement, recognising the importance of a connected workforce as the Council transitions to a hybrid working model. An enhanced focus will also be placed on workforce planning across all services, responding to the labour market and the challenges of recruitment and retention, particularly in social care, waste and street cleansing and other front-line services.

Sickness absence levels remain too high in a small number of services. A targeted approach will continue to be applied to improve performance, including a continued focus on reducing long-term sickness absence through effective case management. The ongoing impact of Covid-19 on sickness rates, particularly in front line services, will also require close monitoring and active management.

Using the power of the public purse to support the city's recovery

The Council will continue to fully leverage its spend to create local employment opportunities whilst promoting social and environmental improvements. In particular, the Council will need to ensure that its approach to procurement – including its draft Socially Responsible Procurement Strategy and Delivery Plan – aligns with new UK and Welsh Government legislation.

Making sure that the Council better talks to and listens to the city that it serves

A new Community Engagement Strategy is to be developed and published in 2022, in line with the requirements of the Local Government and Elections (Wales) Act 2021, with a focus

on engaging and involving hard-to-reach groups in decision-making. A new Customer Service Strategy is to be launched and embedded in 2022/23, acting as a voice for customers contacting the Council, as well as an online training module.

DRAFT

Well-Being Objective 8:

Managing the Covid-19 pandemic

Our priorities for 2021/22 were:

- **Supporting the delivery of a mass vaccination programme**
- **Continuing to deliver an effective Test, Trace, Protect Service**
- **Embedding robust health and safety practices across all Council buildings and in service delivery**
- **Ensuring the availability of appropriate PPE to protect staff, service users and residents**
- **Enforcing compliance effectively through the Shared Regulatory Services**

Strategic Assessment

Over the last two years, the Council and its public service partners have led the response to the pandemic, preventing the spread of the virus whilst ensuring the continued delivery of key frontline services and the protection of the city's most vulnerable people.

Due to the success of the vaccination programme, the course of the pandemic has changed, and the link between the virus, serious illness, hospitalisation, and death has been weakened significantly. The policy position, as it has nationally, has therefore graduated beyond crisis response towards the ongoing management of Covid-19 as a vaccine-preventable disease.

Looking ahead, the Council and its partners will need to be ready to respond to any new variants of concerns that lead to changes in national policy, including if necessary, re-establishing some of the Covid-19 governance response arrangements, and continue to work in partnership with the University Health Board to promote the uptake of vaccinations, particularly in low-uptake groups.

Key Successes

Supporting the delivery of a mass vaccination programme

- **Delivery of the Mass Vaccination Programme:** Having supported the establishment and rapid escalation of the Mass Vaccination Programme, the Council has continued to provide logistical support at vaccine centres. Whilst the Bayside Mass Vaccination Centre is no longer operational, the lease of the Splott Mass Vaccination Centres has been extended. Last year, Councillors received daily updates on the outputs of the Mass Vaccination Programme, with a detailed breakdown of take-up by age and setting.
- **Supporting Vaccination Uptake Amongst Ethnic Minority Communities:** Recognising the disproportionate impact of Covid-19 on minority ethnic communities and concerns over low uptake of the vaccine, a dedicated workplan was developed. The work involved intense engagement with communities and demographic groups with lower vaccine uptake, and leaflets – regarding Covid-19 vaccination in various community languages – were produced and disseminated. Moving forward, this work will continue, with a broader focus on longer term priorities, such as improving health outcomes for ethnic minority groups.

Continuing to deliver an effective Test, Trace, Protect Service

- **An Effective Test, Trace, Protect Service:** In Cardiff, the city's Test, Trace, Protect (TTP) Service was built from the bottom-up, bringing together existing local public service expertise to create a new service with the vital role of tracking and limiting the spread of the virus. Such was the success of the Cardiff TTP Service that Welsh Government requested that Cardiff Council be the hosting body for a National TTP Team, providing "overflow" support to regions across Wales when demand exceeded capacity.
- **Ensuring Effective Services and Maintaining High Standards:** To ensure high standards could be maintained across the Cardiff and Vale Test, Trace, Protect Service, a Quality Development Process was established to monitor all teams, including specialist teams. The process was fully rolled out across Contact Tracers and Contact Advisors, with the concept and design presented at the National Contact Tracing Board as a best practice approach.

Embedding robust health and safety practices across all Council buildings and in service delivery & ensuring the availability of appropriate PPE to protect staff, service users and residents

- **Health, Safety and Wellbeing of Staff and Service Users:** The health, safety and wellbeing of staff and service users has been a foremost consideration for the Council throughout the pandemic. Throughout 2021/22, the Council's Covid-19 Secure Policy was continuously updated, in line with evolving Welsh Government and Public Health Wales requirements and remains under ongoing review. The Health and Safety Team also continuously monitored the Corporate Covid-19 Risk Assessment, ensuring it reflected Welsh Government and Public Health Wales guidance. The team additionally

supported service areas to update their service-specific Covid-19 Risk Assessments, with regular communication provided to Operational Managers. To provide a safe working environment for staff and to safeguard residents and service users, effective workforce testing arrangements were established in May 2021. This was supported by robust ordering, delivery, and supply systems – of Lateral Flow Tests – and a clear communications programme with staff.

- **Ensuring the Availability of Appropriate PPE:** Effective arrangements ensured the availability of PPE throughout 2021/22, with a focus on critical services. As part of this approach, a PPE Demand Compliance Assessment Tool was created for Social Care. The tool reviews PPE supply to settings over an eight-week period, assessed against modelling estimates for safe PPE usage. Procedures were subsequently established to ensure any areas of concern were addressed, with clear escalation systems in place. This analysis was used to inform the dynamic ordering of stock through NHS Shared Services and an exercise was also undertaken to establish projected non-Social Care PPE needs in the new (2022/23) financial year.

Enforcing compliance effectively through the Shared Regulatory Services

- **Compliance with Covid-19 Regulations:** Throughout 2021/22, the Covid Enforcement Team worked to ensure compliance with all Covid-19 regulations – which fall under the authority of Shared Regulatory Services – across Cardiff. This included detailed advice given to businesses to support them in operating safely, as well as routine checking of arriving travellers.

Challenges and Risks

- **Variants of Concern:** Despite the removal of Covid-19 restrictions, monitoring new variants remains critical. The Council and partners will need to be ready to respond to any changes in national policy to keep citizens and staff safe, particularly the city's most vulnerable people, including re-establishing some of the Covid-19 governance response arrangements.
- **Vaccination:** Vaccination remains a critical part of the response to Coronavirus, and it is therefore crucial that the Vaccination Programme continues to be promoted as part of ongoing activity to prevent illness. This will require a specific focus on addressing inequalities in uptake across all population groups.
- **Test, Trace, Protect:** Following the removal of the majority of Covid-19 restrictions in March 2022, as well as Welsh Government's publication of the long-term plan to live with Coronavirus safely, the Test, Trace, Protect Service has been scaled down. The telephony inbound service has been closed, although digital channels are still open, and call-backs are available. This ensures a level of service continuity through digital channels whilst allowing for the de-escalation of staff, who have been supported to find alternative employment. Moving forward, a new structure will be needed for the service so that it remains proportionate to the ongoing risk and enables resources to be effectively re-directed should the service need to be re-established at scale.

- **Long Covid:** Long Covid describes the presence of symptoms four or more weeks after the original Covid-19 infection that are not explained by an alternative cause. There is currently no local data on the prevalence or impact of long Covid and the potential for differential impact within different groups within the population. Understanding the prevalence and impact of long Covid will therefore be a priority moving forward – including its impacts on Council and partner services.

Forward Look: Areas of Focus

Welsh Government has provided a roadmap for the easing of Covid-19 restrictions and the long-term Covid-19 transition from pandemic to endemic. Moving forward:

- The Mass Vaccination Programme will continue, with uptake of the vaccine promoted. A key component of this approach will involve ongoing engagement with communities and demographic groups with lower vaccine uptake.
- As the Test, Trace, Protect Service has been scaled down, a new structure will need to be established that is proportionate to the ongoing risk.
- All Health and Safety Covid-19 guidance will continue to be reviewed, in line with the latest position.
- Service areas will no longer be required to have a service-specific Covid-19 Risk Assessment in place. Instead, the Corporate Covid-19 Risk Assessment will continue to be reviewed, in line with recent announcements, and will capture all control measures.
- PPE will continue to be provided to all relevant staff in 2022/23, with the Demand Compliance Assessment Tool used for Social Care.

**GOVERNANCE & AUDIT COMMITTEE: 27 September 2022**

COUNTER-FRAUD ANNUAL REPORT 2021/22**REPORT OF THE CORPORATE DIRECTOR RESOURCES****AGENDA ITEM: 5.1**

Reason for this Report

1. The Governance and Audit Committee's Terms of Reference requires that Members:
 - Monitor the Counter-fraud strategy, actions and resources;
 - Review the assessment of fraud risks and potential harm to the Council from fraud and corruption.
2. This report has been prepared to provide Governance and Audit Committee Members with an overview of the counter-fraud activities and outcomes during 2021/22.

Background

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

Issues

6. The Annual Report (Appendix A) sets out the counter-fraud development, campaigns, resources, work and collaboration over the financial year 2021/22.
7. There have been a number of developments and campaigns this year, designed to develop and maintain a strong counter-fraud culture across the organisation. These activities are aligned to the Counter-Fraud and Corruption Strategy, which was approved by Cabinet in July 2019. Details of this work are provided within Section 2 of the report,

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

8. Section 3 of the report provides details of the resources available for counter-fraud purposes within the Corporate Investigation Team supplemented by a wider resource. This wider resource includes the provision of a pool of Investigating Officers who are provided with professional internal training and support to investigate cases of employee misconduct, coordinated working with directorates to investigate National Fraud Initiative (NFI) matches, the use of a third party claims handler to verify the legitimacy of insurance cases, and the use of a third party for the proactive scheme to target Blue Badge abuse. A comparison is provided of the planned and actual use of time by the Corporate Investigation Team within the report.
9. The counter-fraud work and collaboration activities during the year are documented within section 4 of the report. It is reported that in addition to the completion of corporate counter fraud awareness and risk assessment exercises, and investigation work of a 'business as usual' nature, targeted support and guidance has continued to be given by the Corporate Investigation and Internal Audit Teams in respect of counter-fraud arrangements in the administration of Welsh Government COVID-19 funding to individuals and businesses. National Fraud Initiative (NFI) data matching analytics have continued to be utilised during the year, and the Corporate Investigation Team have benefited from use of professional networks for shared intelligence and insight.
10. Within section 5 of the report, the impact of the counter-fraud work is outlined, and a comparison of activity and outcomes against prior years is provided for Governance and Audit Committee information.
11. The approach to fraud measurement and assurance is outlined within Section 6 of the report, built upon assessments against best practice government models, participation in a CIPFA fraud and corruption tracking exercise, and corporate arrangements for assurance statements and risk assessments. The report contains a number of appended assessments, a review of the position against the action plan set in the previous annual report, and a counter-fraud action plan for 2022/23.

Legal Implications

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

Financial Implications

13. The report sets out the counter-fraud activities and performance for 2021/22 and the ambitions for 2022/23. These outcomes can be contained within the overall budget allocation for Internal Audit.

RECOMMENDATIONS

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

Corporate Director Resources

The following is attached:

Appendix A: Counter-Fraud Annual Report 2021/22

Mae'r dudalen hon yn wag yn fwriadol



Counter-Fraud Annual Report 2021/22

Cardiff Council

FOR FURTHER INFORMATION, PLEASE CONTACT:

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1. Introduction

- 1.1 The Council has a responsibility to protect the public purse through proper administration and control of the public funds and assets to which it has been entrusted. Accordingly, this report provides a Council-wide appraisal of the counter-fraud issues, developments, and outcomes in accordance with the Council's Counter Fraud and Corruption Strategy.
- 1.2 Over the last year, focus has been given to maintaining a combination of effective preventative and detective controls and participating in a breadth of counter-fraud networks, forums, initiatives, and activities, to continue to effectively tackle fraud. As the Council has continued to respond to the global pandemic, strong focus has been given to counter-fraud risk management. Specific work has sought and achieved up front assurance on the mitigation of fraud risks associated with the pandemic, whilst 'business as usual' investigation activities and casework have continued for which information is contained within this report.
- 1.3 Tackling fraud, bribery and corruption has continued to be a Council-Wide priority:
- The portfolio Cabinet Member Cllr Chris Weaver is actively engaged in the development of counter-fraud policies and strategy and is provided with the outcomes of exercises to examine and manage risk, including the assessments of counter-fraud, as appended to this report.
 - The Council's Senior Management Team (SMT) continue to support a strong counter-fraud culture through ownership of core governance and risk assessment processes as detailed within this report.
 - The Corporate Investigation Team offers support and advice on all matters of fraud risk including prevention, detection, money laundering, other criminal activity, deterrent measures, and policies and procedures.
 - Organisational-wide fraud awareness training and participation in the Fraud Awareness Week has continued to reaffirm the responsibility of all of us to be alert to the risk and prevent, detect, report potential fraud.
- 1.4 A cohesive approach is taken to reflect best practice and support the Council in its statutory obligation under section 151 of the Local Government Act 1972. It supports the Council's commitment to a zero-tolerance approach to fraud, corruption, bribery and other irregularity, such as money laundering activity.

2. Developments and Campaigns

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

a. Training and Awareness

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

2.3 Between the 14-20 November 2021, the Council participated in International Fraud Awareness week. The internal campaign was supported by articles and guidance for all staff, and included the following topics:

- Insurance fraud
- Payment cards
- Corporate criminal offence
- Staying vigilant.

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

2.5 The Academy provides Disciplinary Investigating Officer Training, with the aim of ensuring that Disciplinary Policy Investigations are conducted to a consistently high standard.

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

2.7 During Disciplinary Policy investigations where there is an allegation of financial impropriety or fraud, a member of the Corporate Investigation Team is allocated to each case with a view to support consistency and quality, through providing advice, guidance and support. The Corporate Investigation Team lead on investigating more complex cases, as agreed between the Audit Manager and Senior Management.

b. Fraud and Corruption – Measurement and Assurance

2.8 The risk of fraud, bribery and corruption is contained on the corporate risk register, and is reviewed by the Senior Management Team and Governance and Audit Committee quarterly prior to reporting to Cabinet.

2.9 The Senior Management Team has engaged via the Corporate Investigation Team in the most recent Fraud and Corruption Tracker exercise, in which directorate management teams were required to identify their most significant risks of fraud, bribery and corruption. As an outcome of the exercise, many directorates have taken actions to update their risk registers in respect of the matters identified. CIPFA has not commenced the Fraud and Corruption Tracker exercise for 2021 yet, but engagement is considered to be a business-as-usual activity, and there will continue to be full participation in each exercise.

2.10 Additionally, documented assessments were completed against the Fighting Fraud and Corruption Locally checklist and the Government's Functional Standards for counter-fraud following the 2021/22 financial year-end. These assessments are appended to report.

c. COVID – Counter-Fraud Risk Management

2.11 Since the onset of the pandemic, through professional experience and engagement in professional networks, an increased risk of opportunistic fraud was anticipated. Prompt and coordinated attention was given across the Council to ensure that fraud risk exposures were known, appropriately managed and mitigated.

2.12 Senior audit and counter-fraud officers provided critical advice and support to management as the Council adapted services and established new systems in response to the pandemic. Advice and guidance have continued during 2021/22, notably relating to the design of counter fraud controls in new systems and processes, which needed to be established quickly in response to the crisis.

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

d. Policy Development and Review

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

Internet investigation procedure

2.15 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.

2.16 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.

Counter-Fraud Strategy and Operational Policies

2.17 During the year, a review of the Council's Counter-Fraud and Corruption Strategy and the suite of associated operational policies commenced. The review will conclude during 2022/23, and a process of engagement will commence, to include the Governance and Audit Committee, before Cabinet approval of the refreshed Strategy and Policies is sought.

3. Resources

3.1 The Corporate Investigation Team comprises 2.4 full time equivalent officers, dedicated to the prevention, detection and investigation of suspected fraud or financial impropriety who report to the Audit Manager (Head of Internal Audit). Two members of the team are professionally qualified counter-fraud officers, accredited with Portsmouth University, with the third team member being a former police officer with many years of professional expertise.

3.2 The planned and actual number of days applied in 2021/22 are shown in the table below. The planned activity is used for indicative purposes only, as the majority of the teams' work continues to be responsive to risk, corporate support requirements, and the investigation of cases of potential fraud and impropriety identified through data matching exercises and referrals received.

	Planned Days	Actual Days
Strategic	80	60
Fraud Awareness, Reporting	25	23
Training Development, Delivery	10	3
NFI Administration	10	5
Intelligence sharing, Working Groups, Police Liaison	10	13
Policy and Procedure review / planning	25	16

	Planned Days	Actual Days
Operational	362	435
Council Tax liability	180	177
Employee misconduct (disciplinary investigations)	40	46
Council Tax Reduction	50	77
Tenancy Fraud	30	31
Other fraud (Adhoc and contingency)	37	72
Advice and Guidance	5	9
Grants	20	23
Total	442	495

3.3 Timesheet data contained 495 chargeable days, compared to 442 planned chargeable days. Non chargeable training and development, management and sickness time were notably lower than planned.

3.4 In respect of Planned days:

- There has been a recovery in business-as-usual case work levels following 2020/21, and a period where 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.
- It should be noted that NFI work generated the majority of the cases categorised as “other” which related to Creditor and VAT matches.

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

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

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

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

4. Work and Collaboration

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

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

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

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

4.3 Since the onset of the global pandemic, the Council updated its priorities, processes and systems as necessary for which strong focus was given to associated counter-fraud risk management. During the year advice and guidance has continued to be provided by the Corporate Investigation Team on the mitigation of fraud risks associated with the pandemic, whilst 'business as usual' investigation activities and casework have continued.

a. Targeted COVID-19 Work & Activities

4.4 Since the outset of the pandemic the Audit Service has provided 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.

4.5 The Governance and Audit Committee has been appraised in Committee meetings of the preventative and post payment verification and assurance processes for Business Grants, linked to non-domestic properties, consisting 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

4.6 One thousand two hundred and fifty-six priority matches were identified for review through the above activities. Corporate Investigation Team staff have worked with the Business Rates Team to review the matches generated. Twelve grant recipients are subject to ongoing review, and one criminal investigation is progressing at the time of reporting.

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

Scheme	Scheme Purpose
Financial Recognition for Social Workers Scheme	A payment for NHS and social care staff who were employed in an eligible role between 1 June 2020 and 28 February 2021.
Economic Resilience Fund	Cash grants for businesses, social enterprises and charities and associated supply chain businesses that had experienced / would continue to experience a material negative impact as a result of ongoing COVID-19 restrictions.
Wales culture recovery fund round 2 – freelancer support	To support the immediate cash flow of freelancers who continued to face financial challenges in the period from April 2021 - September 2021 as a result of the COVID-19 outbreak.
Economic Resilience Fund – August 2021	A further package of business support to provide support in the form of cash grants for businesses, social enterprises and charities and associated supply chain businesses with a material negative impact as a result of ongoing COVID-19 restrictions.
Winter Fuel Support Scheme	Eligible households could claim a one-off payment to provide support towards paying their winter fuel bills.
Emergency Business Fund - January 2022	To support hospitality, retail, tourism and leisure businesses or supply chain businesses with their immediate cash flow due to the additional restrictions introduced on the 26 th December 2021
Cost of Living Scheme	A cost-of-living payment to eligible households (the main scheme) and discretionary support for other purposes related to living costs - To support households to deal with the impact of increasing energy and other costs.
Unpaid Carers Fund	Funding to support carers to cope, take a break from caring or access practical support, adaptations or equipment that support them in their caring role.
Additional social care payment aligned to the Real Living Wage	Announced an additional payment for social care staff employed in an eligible role at 31 March 2022 and those that started in an eligible role between 01 April 2022 and 30 June 2022

4.8 As at the 31 March 2022 the Council has administered COVID-19 grants and payment schemes on behalf of the Welsh Government with a cumulative value exceeding £164million. The value of detected ineligible payments has remained low as a proportion of the payment made, with seven hundred and forty thousand pounds recovered.

b. Business As Usual Activities

4.9 The Council has participated in a combination of National Fraud Initiative (NFI) data matching exercises / pilots and reactive investigation work to identify and review potential frauds and irregularities. Professional networks are in place to work with other local authorities to share intelligence and best practice externally, and the Corporate Investigation Team has provided specialist internal guidance, training, and support.

4.10 The Council continues to participate in the National Fraud Initiative (NFI), which is a UK-wide counter-fraud exercise. In Wales, the exercise is undertaken by the Auditor General for Wales under his statutory data-matching powers in Part 3A of the Public Audit (Wales) Act 2004. Audit Wales have reported that since its commencement in 1996, NFI exercises have resulted in the detection and prevention of £42.9 million of fraud and overpayments in Wales. Across the UK, the cumulative total of NFI outcomes are now £1.93 billion. The seven main areas which generated almost 98% of the fraud and overpayments include; council tax discount, blue badges, housing benefit, pensions, waiting lists, residential care homes and council tax reduction schemes.

4.11 Four hundred and three days related to referrals from various sources, including, members of the public, Council employees as well as anonymous referrals. Specialist internal advice has continued to be sought, and has been provided on twenty-six occasions, compared to twenty-four in 2020/21. Requests originated from a number of different teams, covering topics such as data matching, preliminary investigations, gathering evidence, conducting investigations, and prosecutions.

4.12 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.

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

Cases	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
Number of Cases	192	344	469	489

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

4.14 Planning Transport and Environment have continued to collaborate with their external service provider in order to continue their on-street enforcement activity. Seventy-six blue badges were seized, compared to twenty-seven for the same period 2020/21. The majority of badge seizures were as a result of a vehicle being parked, whilst the Blue Badge holder was not present.

4.15 One hundred and fifty-three Council Tax Liability investigations were completed, compared to one hundred and forty-six during 2020/21. A number of active cases are ongoing at the year-end, which were identified through reviewing the annual NFI Council Tax to Electoral Register data matches. These matches identify Council Tax accounts (single adult households) receiving a single person discount where the Electoral Register identifies that there is more than one adult at the property registered to vote.

- 4.16 Eighty-six Council Tax Reduction investigations were concluded, compared to forty-four last year. Council Tax Reduction is classed as a local benefit; however, recipients may also be in receipt of a national benefit, for example, Universal Credit, Housing Benefit, Pension / Tax Credits. In these cases, fraud referrals are sent to the DWP to investigate.
- 4.17 Sixty investigations have concluded relating to employee misconduct. The allegations included: abuse of position, overtime – inflated claims, corruption, theft, working whilst sick.
- 4.18 Thirty-five insurance claims* have been concluded. In these cases, insurance payments were made at a reduced rate where elements of claims were not supported, and in other cases insurance claims were withdrawn.
- 4.19 Thirteen tenancy investigations were completed, compared to six last year.
- 4.20 Of the sixty-nine other cases concluded, sixty-four were in respect of proactive data matching, utilising the National Fraud Initiative. Fifty-three were matches that identified a link between an employee and creditor with which the Council is trading and 11 matches identified possible overpaid VAT. The five other cases included contract, invoice review, planning and a lock down grant payment.
- 4.21 Officers actively collaborate in available groups and forums in order to continue to understand fraud risks, trends and best practice approaches to prevent and detect fraud.

Groups & forums attended (2021/22)	Wales Fraud Officers Group - the Group Auditor (Investigations) engages in quarterly meetings, for networking and sharing best practice and proactive initiatives.
	Welsh Chief Auditor's Group - The Audit Manager Chairs these meetings, where strategic and operational fraud matters are discussed.
	National Anti-Fraud Network (NAFN) - Cardiff Council is a member of the NAFN, which acts as a hub for the collection, collation and circulation of intelligence alerts. NAFN is recognised as an expert provider of data services by the Interception of Communications Commissioner's Office, the Home Office, the DWP and the DVLA amongst others.
	Wales Fraud Forum, Tenancy Fraud Forum, and Audit Wales Good Practice Exchange – Lead officers attend / engage in these events for best practice advice and insight.

5. Impact

COVID-19 Grants

- 5.1 As a result of Audit, Investigation and Business Rate colleagues interrogating systems, records, and data matching output in respect of Business Grants administered on behalf of Welsh Government, overall sixty-six grants have been identified as paid in error (1%) with a total value of £780,000. Of this, £454,000 has been recovered and work continues to recover the remainder.
- 5.2 The other twelve schemes combined identified 31 payments subsequently identified as paid in error, with a value of £220,000. Of this, £95,950 has been recovered to date whilst further recovery activities are ongoing.
- 5.3 Post assurance manual and data matching checks and analysis have not identified material cases of fraud or error to date in the context of the value of payments, although a number of case reviews are ongoing and, through participation in the National Fraud Initiative further data matching output is expected to generate cases for investigation in 2021/22.

Blue Badges

- 5.4 Seventy-three Blue Badge cases were concluded, forty-four resulted in criminal sanctions, of these, forty-two were prosecuted and two received a simple caution.

Council Tax Liability

- 5.5 Council Tax Liability investigations concluded during the year identified £72,498 of under charged liability, due to be recovered.

Council Tax Liability	2019/20	2020/21	2021/22
Investigations concluded	73	146	153
Overpayment Identified	£42,038	£74,264	£72,498

Council Tax Reduction

- 5.6 Council Tax Reduction investigations resulted in overpayments of £9,726 to be recovered.

Council Tax Reduction	2019/20	2020/21	2021/22
Investigations concluded	31	44	86
Overpayment Identified	£25,911	£9,455	£9,726

Employee Investigations

5.7 Sixty employee investigations were concluded; this resulted in the following outcomes: 8 management action, 2 written warnings, 2 resignations and 4 dismissals. Additional, corrective action, and a number of management recommendations were made, in order to improve systems and controls.

Insurance

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

Insurance	2019/20	2020/21	2021/22
Investigations concluded	47	27	35
Prevented payments	£531,898	£396,505	£750,332

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

Tenancy

5.10 Thirteen tenancy investigations were completed, compared to six last year.

Other

5.11 Of the sixty-nine cases concluded, in total £24,880 was identified for recovery, which related to grant application.

6. Fraud Measurement and Assurance

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

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

Functional Standard (GovS 013: Counter Fraud)

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

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

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

6.14 The collated responses from each directorate against the CIPFA Fraud and Corruption Tracker 2020 were reviewed and agreed by SMT in respect of the financial year 2019/20, and the outputs of the CIPFA exercise were reviewed following publication in SMT. CIPFA has not run the 2021 Fraud and Corruption Tracker exercise at the time of reporting, but the Council will continue to participate in each CIPFA exercise.

Action Plans

- 6.15 The Counter-Fraud Annual Report 2020/21 contained an action plan arising from the strategic intentions in respect of counter-fraud activity, informed by the year-end assessment against the functional standard (GovS 013: Counter Fraud) and the review of the Fighting Fraud and Corruption Strategy. Progress against the action plan was monitored throughout the year, and the year-end position is included within **Annex 4**, in which all actions are considered of an ongoing nature and are to continue.
- 6.16 The ongoing Counter-Fraud Action Plan is included within **Annex 5**, which contains the eight actions of an ongoing nature, reaffirmed through the self-assessments of fraud and corruption through the aforementioned checklists and exercises.

7. Investigation Plan 2022/23

7.1 Looking forward to 2022/23, there are four hundred and forty-three chargeable days available in the plan based on current resources (2.4 fte).

7.2 These days have been indicatively split between strategic (80 days) and operational activities (363 days) as summarised within the table below.

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

Operational (Planned Days)	363
Council Tax Liability (CTL)	180
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.

Fighting Fraud and Corruption Locally (FFCL) 2020 Senior stakeholders - Checklist

The Chief Executive

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

The Section 151 Officer

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

The Monitoring Officer

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

The Governance and Audit Committee

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

The Portfolio Lead

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

Fighting Fraud & Corruption Locally 2020 Checklist Self-Assessment

Checklist	Position	Action Required
<p style="text-align: center;">1</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Tudalen 107</p> <p>The local authority has made a proper assessment of its fraud and corruption risks, has an action plan to deal with them and regularly reports to its senior Board and its members.</p>	<p>The risk of fraud, bribery and corruption is contained on the corporate risk register, and is reviewed by the Senior Management Team and Governance and Audit Committee quarterly prior to reporting to Cabinet.</p> <p>Each directorate assessed their position against the CIPFA fraud and corruption tracker, and all results were considered in SMT in November 2020. At this time all directorates contributed to a risk assessment of their respective fraud and corruption risks. CIPFA has not run the 2021 Fraud and Corruption Tracker exercise at the time of reporting. The Council will continue to participate in each CIPFA exercise.</p> <p>Directorates have committed to adding relevant risks to their risk registers, as a result of the above exercise, and Directors respond to an assurance statement twice a year in respect of fraud, bribery and corruption as part of the Senior Management Assurance Statement (SMAS) process.</p> <p>Any actions resulting from risk assessments at a corporate level of fraud and corruption are included within the corporate risk register, which is owned by the SMT, and is regularly reported to the Governance and Audit Committee and Cabinet.</p>	<p>Annex 5 – Action 2.</p>
<p style="text-align: center;">2</p> <p>The local authority has undertaken a fraud risk assessment against the</p>	<p>Each directorate has participated in the most recent CIPFA Fraud and Corruption Tracker exercise. This assessment included the consideration of the wider impact of</p>	<p>Annex 5 – Action 3.</p>

	risks and has also undertaken horizon scanning of future potential fraud and corruption risks. This assessment includes the understanding of the harm that fraud may do in the community.	fraud, and all results were considered in SMT. Directorates are also responsible for their own ongoing risk assessments, as part of the Council's risk management framework, including the risk of fraud and corruption.	
3	There is an annual report to the audit committee, or equivalent detailed assessment, to compare against FFCL 2020 and this checklist.	The Counter-Fraud Annual Report is reported to the Governance and Audit Committee, and it includes the assessment against the FFCL checklist and in consideration of the wider strategy.	Annex 5 – Action 4.
Tudalen 108	The relevant portfolio holder has been briefed on the fraud risks and mitigation	<p>The portfolio Cabinet Member is named against the corporate risk of fraud bribery and corruption, and kept engaged on the current mitigation and planned further activities and response. The strategic response to the risk of fraud is co-ordinated through the Counter-Fraud and Corruption Strategy, which was approved by the Cabinet in July 2019.</p> <p>The Portfolio Cabinet Member (Councillor Weaver) receives corporate risk information, and has been provided with the completed FFCL checklist, the Functional Standards self-assessment from this report, and the results of the Fraud and Corruption Tracker exercise.</p>	
5	The audit committee supports counter fraud work and challenges the level of activity to ensure it is appropriate in terms of fraud risk and resources	The Governance and Audit Committee receives an annual plan of the proactive and reactive areas of work for the Corporate Investigation Team each year, and progress reports at least quarterly on the work and outcomes of counter-fraud work. The Committee self-assessed their counter-fraud performance as effective in their self-assessment in January 2022.	
6	There is a counter fraud and corruption strategy applying to all	The Counter-Fraud and Corruption Strategy included a requirement for all officers to undertake fraud awareness training for which progress is being monitored, and for the	

	aspects of the local authority's business which has been communicated throughout the local authority and acknowledged by those charged with governance.	Council to participate an international fraud awareness week communication campaign, which has taken place annually in November.	
7	The local authority has arrangements in place that are designed to promote and ensure probity and propriety in the conduct of its business.	The key operational policies and arrangements, and the frequency of their review, are set out in the Counter-Fraud and Corruption Strategy.	
8	The risks of fraud and corruption are specifically considered in the local authority's overall risk management process.	The risk of fraud, bribery and corruption is included on the corporate risk register, with the assessment and actions formally reported on quarterly.	
Tudalen 109	Counter fraud staff are consulted to fraud-proof new policies, strategies and initiatives across departments and this is reported upon to committee.	Responses from directorates as part of the most recent Fraud and Corruption Tracker return considered that this was effectively in place.	
10	Successful cases of proven fraud/corruption are routinely publicised to raise awareness.	The Council has a 'publicity policy' for cases of proven fraud.	

11	The local authority has put in place arrangements to prevent and detect fraud and corruption and a mechanism for ensuring that this is effective and is reported to committee.	The Governance and Audit Committee receives a progress report on at least a quarterly basis, which provides details of the proactive and reactive work, the number and nature of referrals, ongoing cases, closed cases, and the outcomes.	
12	The local authority has put in place arrangements for monitoring compliance with standards of conduct across the local authority covering: – codes of conduct including behaviour for counter fraud, anti-bribery and corruption – register of interests – register of gifts and hospitality.	The Council has codes of conduct and registers of interest, gifts and hospitality. Each of these areas require monitoring by management, as well as review by the Standards and Ethics Committee and routine audit by the Internal Audit Service.	
13	The local authority undertakes recruitment vetting of staff prior to employment by risk assessing posts and undertaking the checks recommended in FFCL 2020 to prevent potentially dishonest employees from being appointed.	The Council requires that appropriate vetting is required by staff prior to employment, undertaken by management, with the support of HR People Services. The process is subject to Internal Audit.	

Tudalen 110

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

	resources mapped to risks and arrangements for reporting outcomes. This plan covers all areas of the local authority's business and includes activities undertaken by contractors and third parties or voluntary sector activities.	proportion of time expected to be used in respect of strategic and operational work, and any comments from the Governance and Audit Committee are accounted for in the deployment of the team. The Corporate Investigation Team needs to be responsive to risk and referrals, through which the actual work completed and the outcomes are reported to the Governance and Audit Committee.		
Tudalen 112	20	Statistics are kept and reported by the fraud team which cover all areas of activity and outcomes.	The Corporate Investigation Team provides progress reports on the work and outcomes of the work led by the team. The outcomes of the small number of areas where work is led outside of the team, namely insurance investigations, and a pilot blue badge initiative with a third party, are periodically collated and reported to the Governance and Audit Committee.	
		Fraud officers have unfettered access to premises and documents for the purposes of counter fraud investigation.	Fraud officers have unfettered access to premises and documents for the purposes of counter fraud investigation.	
	22	There is a programme to publicise fraud and corruption cases internally and externally which is positive and endorsed by the council's communications team.	There is a Publicity Policy in place to guide the approach to publicising fraud and corruption cases internally and externally, supported by the Council's Communications Team.	
	23	All allegations of fraud and corruption are risk assessed.	All allegations of fraud and corruption are subject to a preliminary assessment, through which the allegations and associated risk are assessed.	

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

	encourages a corporate approach and co-location of enforcement activity.		
30	The local authority shares data across its own departments and between other enforcement agencies.	The local authority shares data across its own departments (such as procurement, legal, Council Tax, Finance (Inc. Audit and Corporate Investigation Teams), and between other wider agencies (including the DVLA, Cabinet Office / National Fraud Initiative, Home Office, Police, DWP).	
31 Tudalen 114	Prevention measures and projects are undertaken using data analytics where possible.	The Corporate Investigation Team co-ordinates and actively participates in the National Fraud Initiative data matching exercises. The Investigation and Internal Audit Teams continue to advocate Directorate use of data analytics in the processing of applications across the Council.	Annex 5 – Action 7.
32	The counter fraud team has registered with the Knowledge Hub so it has access to directories and other tools.	The Corporate Investigation Team has registered with the Knowledge Hub and has access to relevant resources.	
33	The counter fraud team has access to the FFCL regional network.	<i>n/a – English LA's only</i>	
34	There are professionally trained and accredited staff for counter fraud work. If auditors undertake counter fraud work they too must be trained in this area.	Counter-Fraud work is undertaken by the Corporate Investigation Team, who are professionally trained and suitably accredited.	

35	The counter fraud team has adequate knowledge in all areas of the local authority or is trained in these areas.	The counter fraud team has adequate knowledge in all areas of the local authority.	
36	<p>The counter fraud team has access (through partnership/ other local authorities/or funds to buy in) to specialist staff for:</p> <ul style="list-style-type: none"> – surveillance – computer forensics – asset recovery – financial investigations. 	<p>The counter fraud team has access (through partnership/ other local authorities/or funds to buy in) to specialist staff for:</p> <ul style="list-style-type: none"> – surveillance – computer forensics – asset recovery – Financial investigations. 	
Tudalen 115	Weaknesses revealed by instances of proven fraud and corruption are scrutinised carefully and fed back to departments to fraud-proof systems.	Weaknesses revealed by instances of proven fraud and corruption are scrutinised carefully and appropriate mechanisms are used to feedback improvements to fraud-proof systems to directorates, such as action plans resulting from investigations, or separate Internal Audit engagements and associated recommendations in the event of ongoing control gaps.	Annex 5 – Action 8.

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

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

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

Tudalen 116	Functional standard	Position	Action Required
	Have an accountable individual at board level who is responsible for counter fraud, bribery and corruption	<p>The Audit Manager leads on the Council's Counter-Fraud activities and initiatives under the direction of the Corporate Director Resources (Section 151 Officer) who is a member of the Council's SMT and ensures appropriate senior management prominence and engagement.</p> <p>The portfolio Cabinet Member Cllr Chris Weaver champions counter-fraud importance, is actively engaged in the development of counter-fraud policies and strategy, and is provided with the outcomes of exercises to examine and manage risk, including the assessments of counter-fraud appended to this report.</p> <p>The Governance and Audit Committee receive information on the Counter-Fraud activities, resources and outcomes through quarterly updates.</p> <p>The Committee received and considered a national report from Audit Wales and the specific findings in respect of the Council in September 2020, and the findings were discussed with the external Auditor and the Audit Manager.</p>	

2	Have a counter fraud, bribery and corruption strategy that is submitted to the centre	<p>Cardiff Council has an overarching Counter-Fraud and Corruption Strategy, underpinned by a policy framework which has been approved by Cabinet.</p> <p>The strategy:</p> <ul style="list-style-type: none"> • Provides details of national counter-fraud landscape, with details of trends and intelligence. • Includes details of the red flags and conditions for fraud and the principal means of assessing the risk of fraud and its detection. • Is based on the maturity and response the organisation is seeking over a three-year period, following which a strategy update is planned. The corporate risk register contains a target risk level and timescale. • Contains a counter-fraud Response Plan and Action Plan. • Contains clear objectives and a combined foreword from the Leader and the Chief Executive. 	
Tudalen 117	Have a fraud, bribery and corruption risk assessment that is submitted to the centre	<p>Fraud, Bribery and Corruption is contained on the Corporate Risk Register, and is reviewed by the Senior Management Team and Governance and Audit Committee quarterly prior to reporting to Cabinet.</p> <p>Each Directorate contributed to a risk assessment of their respective fraud and corruption risks as part of each CIPFA Fraud and Corruption Tracker exercise.</p> <p>All risk registers are required to contain all pertinent risks, including the risk of fraud, bribery and corruption in accordance with the Council's Risk Management Strategy and Policy.</p> <p>Any actions resulting from risk assessments at a corporate level of fraud and corruption are included within the corporate risk register, which is owned by the SMT, and is regularly reported to the Governance and Audit Committee and Cabinet.</p> <p>Directors respond to an assurance statement twice a year in respect of fraud, bribery and corruption as part of the Senior Management Assurance Statement (SMAS) process.</p>	

Tudalen 118	<p>4 Have a policy and response plan for dealing with potential instances of fraud, bribery and corruption</p>	<p>To supplement the Counter-Fraud and Corruption Strategy, the Council has a suite of counter fraud policies and procedures in place, which are reinforced by the Council’s mandatory ‘Fraud Awareness’ eLearning module.</p> <p>The full Functional Standard for this area (4.5. Organisational Policy and Response Plans) details the good practice components of the Fraud, Bribery and Corruption Policy and the Fraud Response Plan. The suite of counter-fraud operational policies, including the Fraud, Bribery and Corruption Policy and the Fraud Response Plan are subject to ongoing review, to provide relevant updates to ensure all good practice elements are appropriately incorporated.</p> <ul style="list-style-type: none"> • <u>The Fraud, Bribery and Corruption Policy</u> includes the following sections: Definitions, Scope, Training & Awareness, Prevention, Detection, Reporting, Investigation, Collaboration, and Accountability. • <u>The Fraud Response Plan</u> is a procedural guide for required actions, which must be followed, in the event of a suspicion of fraud, bribery, corruption or financial impropriety, in accordance with the Fraud, Bribery and Corruption Policy. Responsibilities are defined, as is the process for assigning the lead investigating officer and the support available from Internal Audit. <p>The Audit Manager attends Senior Management Team meetings for periodic counter-fraud updates and the Corporate Investigation Team regularly produce progress reports to the Governance and Audit Committee and provide monitoring and performance information and updates.</p> <p>The Audit Manager will report cases of fraud, bribery, corruption or financial impropriety to the Section 151 officer and the Governance and Audit Committee as appropriate relative to their roles and terms of reference.</p>	<p>Annex 5 – Action 1.</p>
	<p>5 Have an annual action plan that summarises key actions to improve capability, activity and resilience in that year</p>	<p>An Annual Action Plan is prepared and appended to each Counter-Fraud Annual Report.</p> <p>The Action Plan reflects the strategic intentions in respect of counter-fraud activity, informed by the year-end assessment against the Functional Standards and the review of the Fighting Fraud and Corruption Locally Strategy.</p>	

		<p>The Action Plan is coordinated by the Audit Manager, who is responsible to tracking and reporting on progress against the actions set. The Action Plan includes target timescales against actions.</p> <p>The Governance and Audit Committee (formerly Audit Committee) receives an update on counter-fraud and the work of the Corporate Investigation Team at least quarterly. A specific progress update on the Action Plan was not considered necessary during 2021/22.</p> <p>There is no reporting requirement for local government to the Counter Fraud Centre of Expertise. The Council reports the Action Plan as part of the Counter-Fraud Annual Report for consideration and review by the Governance and Audit Committee.</p>	
6	<p>Have outcome based metrics summarising what outcomes they are seeking to achieve that year. For organisations with 'significant investment' in counter fraud or 'significant estimated' fraud loss, these will include metrics with a financial impact</p>	<p>The Council reports on the volumes and values of fraud cases identified for investigation, and the outcomes of those investigations. This information is provided on a comparative basis against the same period in the prior year for the information of the Governance and Audit Committee in quarterly progress reports.</p> <p>The Counter-Fraud Annual Report provides comparative information on the outcomes of investigations against the previous two financial years.</p> <p>The Corporate Investigation Team is a small specialist resource. Audit Wales reviewed the counter-fraud arrangements in the Council as part of a national study and no recommendations were considered necessary in respect of the development of further metrics.</p>	
7	<p>Have well established and documented reporting routes for staff, contractors and members of the public to report suspicions of fraud, bribery and corruption and a mechanism for</p>	<p>Well-established and communicated arrangements are in place for reporting suspicions of fraud, bribery and corruption.</p> <p>Reporting arrangements are communicated and prompted in mandatory fraud awareness training and as part of fraud awareness week and other relevant publicity activities or campaigns.</p> <p>All referrals and other casework are recorded within a corporate fraud database, allocated a unique reference and categorised as appropriate.</p>	

	recording these referrals and allegations		
Tudalen 420	8 Report identified loss from fraud, bribery, corruption and error, and associated recoveries, to the centre in line with the agreed government definitions	<p>The Governance and Audit Committee receives details of the value of fraud or error identified through the concluded cases over the reported period, identified for recovery action.</p> <p>The value of recovery due to fraud or error is not systematically reported to Committee and this is not a further reporting requirement in local government. However, this data was compiled and provided to Audit Wales for their external review of counter-fraud arrangements as part of a recent national study.</p> <p>The database maintained is conducive to effective reporting to the Governance and Audit Committee on the fraud cases received, ongoing and closed over the current and previous reporting periods.</p>	
	Have agreed access to trained investigators that meet the agreed public sector skill standard	Whilst the Government Counter Fraud Profession has not been adopted by local authorities, all members of the Corporate Investigation Team are professionally trained and suitably skilled and experienced.	
	10 Undertake activity to try and detect fraud in high-risk areas where little or nothing is known of fraud, bribery and corruption levels, including loss measurement activity where suitable	<p>The Council participates in each CIPFA Fraud and Corruption Tracker exercise with the direct engagement of the full Senior Management Team. As part of this exercise national fraud trends, volumes and values are considered and reported on across the Council. Areas where there are gaps in information and assurance are considered for management activities, and for the development of internal audit assurance engagements, as appropriate.</p> <p>The Council actively participates in the proactive National Fraud Initiative; this has included pilots in respect of COVID-19 grants and Council Tax.</p>	

		During 2020/21, a further data matching activity was undertaken for post payment verification purposes on Business Grants administered during the year on behalf of Welsh Government for targeted assurance due to the necessity to pay a significant amount of funds at pace.	
11	Ensure all staff have access to and undertake fraud awareness, bribery and corruption training as appropriate to their role	All staff are required to participate in mandatory fraud awareness training, which is either delivered face to face or via an eLearning module.	
12	Have policies and registers for gifts and hospitality and conflicts of interest	The Council has policies and registers for gifts and hospitality and declarations of interest. The procedures document how to record and mitigate conflict of interest risks.	

Tudalen 121

Year-End Status – Prior Year Action Plan

	Action	Target	Position as at April 2021
Tudalen 122	<p>1. The suite of counter-fraud operational policies, including the Fraud, Bribery and Corruption Policy and the Fraud Response Plan are scheduled for review during 2021/22, and this review will provide relevant updates to ensure all good practice elements of the Functional Standard (GovS 013: Counter Fraud) are appropriately incorporated.</p>	<p>By 31 March 2023</p>	<p>Partially completed and ongoing</p> <p>A review of the Counter-Fraud and Corruption Strategy and associated operational counter-fraud policies is underway and is now scheduled to conclude during 2022/23. This will be followed by a period of consultation by stakeholders including the Governance and Audit Committee.</p>
	<p>2. On an annual basis, the Corporate Investigation Team to review directorate:</p> <ul style="list-style-type: none"> • responses to their assurance statements on the prevention and detection of fraud • risks relating to fraud, bribery and corruption risks, to provide advice and guidance 	<p>Annually</p>	<p>Partially completed and ongoing</p> <p>In respect of risk reviews, all directorates were engaged via the Corporate Investigation Team in the most recent Fraud and Corruption Tracker exercise, in which directorate management teams were required to identify their most significant risks of fraud, bribery and corruption. As an outcome of the exercise, many directorates have taken actions to update their risk registers in respect of the matters identified.</p> <p>Assurance statements were not reviewed by the Corporate Investigation Team this year, but the team have remained available for advice and guidance on good governance and risk management in measuring, preventing and detecting of fraud, bribery and corruption.</p> <p>The work of the Corporate Investigation Team is designed in coordination with the activities of Internal Audit, who completed an</p>

			assurance audit engagement on directorate risk management and a review of governance arrangements during the year.
3.	The Audit Manager to co-ordinate participation in a corporate fraud tracker exercise with SMT on an annual basis.	Following each financial year-end	In place and ongoing CIPFA has not commenced the Fraud and Corruption Tracker exercise for 2021, but engagement is considered as a business-as-usual activity, and there will continue to be full participation in each exercise.
4.	A documented assessment against the Fighting Fraud and Corruption Locally checklist to completed annually, and included in the Counter-Fraud Annual Report.	Following each financial year-end	In place and ongoing Documented assessments were completed against the Fighting Fraud and Corruption Locally checklist and the Government's Functional Standards for counter-fraud following the 2021/22 financial year-end. These assessments will be completed again following each financial year-end, and are included in the respective Counter-Fraud Annual Reports.
5.	Audit Manager to support requests for counter-fraud training, and to monitor and report on the completion of the mandatory Fraud Awareness Training eLearning module.	Ongoing	In place and ongoing To embed key messages from the Counter-Fraud and Corruption Strategy, fraud awareness training has been received by circa six thousand people (officers, headteachers and school governors). The training was delivered through a combination of eLearning for PC users, face-to-face training sessions for front-line staff, and targeted school briefings.

6.	Participate in International Fraud Awareness Week in November each year, working with the Council's Communications Team.	November 2022	<p>In place and ongoing</p> <p>Cardiff Council participated in International Fraud Awareness Week each year since November 2020, with articles and resources issued each day to all staff.</p> <p>There is a commitment to participate in the International Fraud Awareness Week in 2022.</p>
7.	The use of data matching intelligence at the point of processing Council applications will be tested and advocated through the Internal Audit regime.	Ongoing	<p>In place and ongoing</p> <p>Internal Auditors are briefed on the expectation to consider the feasibility of services using data matching intelligence at the point of processing Council applications.</p>
8.	In instances of proven fraud and corruption, post fraud reviews will take place as appropriate, from which the findings and relevant actions will be shared with SMT and Audit Committee as appropriate	Ongoing	<p>In place and ongoing</p> <p>In respect of cases of proven corporate fraud, post fraud reviews will take place as appropriate, from which the findings and relevant actions will be shared with SMT and Governance and Audit Committee as appropriate.</p> <p>Internal Audit engagements will continue to be targeted in high-risk areas, mindful of any concerns or allegations raised in respect of the Council's control environment.</p>

Counter-Fraud Action Plan for 2022/23

Action	Target
Ongoing Actions	
1. The suite of counter-fraud operational policies, including the Fraud, Bribery and Corruption Policy and the Fraud Response Plan are scheduled for review during 2021/22, and this review will provide relevant updates to ensure all good practice elements of the Functional Standard (GovS 013: Counter Fraud) are appropriately incorporated.	31 March 2023
2. On an annual basis, the Corporate Investigation Team to review directorate: <ul style="list-style-type: none"> • responses to their assurance statements on the prevention and detection of fraud • risks relating to fraud, bribery and corruption risks, to provide advice and guidance. 	Annually
3. The Audit Manager to co-ordinate participation in a corporate fraud tracker exercise with SMT on an annual basis.	Annually
4. A documented assessment against the Fighting Fraud and Corruption Locally checklist to be completed annually, and included in the Counter-Fraud Annual Report.	Following each financial year-end
5. Audit Manager to support requests for counter-fraud training, and to monitor and report on the completion of the mandatory Fraud Awareness Training eLearning module.	Ongoing
6. Participate in International Fraud Awareness Week in November each year, working with the Council's Communications Team.	November 2022
7. The use of data matching intelligence at the point of processing Council applications will be tested and advocated through the Internal Audit regime.	Ongoing
8. In instances of proven fraud and corruption, post fraud reviews will take place as appropriate, from which the findings and relevant actions will be shared with SMT and Audit Committee as appropriate	Ongoing

Tudalen 125

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**GOVERNANCE & AUDIT COMMITTEE:
27 SEPTEMBER 2022**

CORPORATE RISK MANAGEMENT UPDATE**REPORT OF CORPORATE DIRECTOR RESOURCES AGENDA ITEM: 7.1**

Reason for this Report

1. To provide Governance & Audit Committee with an update on the current risk management processes for the financial year 2022/23.
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 19th of July 2022, at which time the risk management position at quarter four 2021/22 was presented. Having considered the comments of the Governance & Audit Committee, the end of year Risk management report will be considered at Cabinet on 28 September 2022.
4. The current process for Risk management is that the Risk reporting process begins with each Directorate holding a Directorate Risk Register (DRR) with the Senior Management Team (SMT) collectively owning 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. Each Directorate has a Risk Champion(s) who liaise with the corporate Risk Management Team to ensure the Council's approach to risk management is consistent across the organisation and follows the Council's Risk Management Strategy & Policy.
6. 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.
7. 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.

Directorate Risks

8. The Q1 focus of risk management activity for Directorate risks has been a review of each Directorate Risk Register to ensure that all relevant risks are captured. These risks will include those previously identified in Covid Pandemic and / or Brexit Risk registers. In addition, the Council has not been immune to the significant economic and inflationary pressures facing the country and all current risks have been reviewed through the lens of rising costs, challenges in the supply market (whether it be labour, goods or services) and increased demand for services as people try to cope with the cost of living crisis.
9. The Risk Management Team have worked closely with Directorate Risk Champions to ensure that the risks identified reflect the current position and that any actions already implemented and those planned are assessed as to their effectiveness in managing the risks identified. The challenges faced require a high level of agility that ensure a focus on keeping risk registers fresh, current and relevant. Proportionate, early and effective use of the risk escalation process is key so that any red or red / amber risks that cannot be managed by directorates alone are raised early with Senior Management Team.

Corporate Risks

10. The challenges set out in paragraphs 9 and 10 equally impact on the council's corporate risks. As of Quarter one 2022/23, there are 21 risks held on the Corporate Risk Register.
11. Taking into account the comments from members of the Governance & Audit Committee held on the 19th of July 2022, the Risk Management Team has engaged with Directorate Risk Champions. The focus of attention was on ensuring that all actions noted for each Corporate Risk to help achieve the Residual Risk Rating have either been completed or were in the process of being delivered. For each proposed action that has been provided to help Directorates meet their Target Risk, each action now has an estimated completion date, or if the action is ongoing, this has been highlighted. This improvement was enacted for the Q4 2021/22 End of Year Risk Register. This work has continued into 2022/23 and will be seen in future risk management reports to this Committee.
12. There is a recognition that the Corporate Risk Register needs to maintain a focus on risk management and mitigation. Work has continued to try and focus on providing more succinct narrative on how risk levels are being maintained or reduced. This work is an ongoing challenge but the inclusion of target dates across all risk registers has now been completed and as a consequence some actions that are not impacting on the evaluation of risk have been removed.

Reason for Recommendation

13. To enable the Governance & Audit Committee to monitor risk management activity and consider the updated position and proposed future actions to ensure the Risk Management Strategy & Policy is applied consistently across the organisation.

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. This report outlines the key considerations and focus in delivering risk management for 2022/23. There are no direct financial implications arising from this report. Risk Management is a key building block in ensuring that the potential challenges to the Council delivering services are anticipated and managed effectively to provide both service and financial resilience.

RECOMMENDATIONS

16. Governance & Audit Committee to note and comment upon the risk management activity and latest position, and to consider the information given, in the programming of its work.

CHRISTOPER LEE
CORPORATE DIRECTOR RESOURCES

Mae'r dudalen hon yn wag yn fwriadol

GOVERNANCE & AUDIT COMMITTEE: 27 SEPTEMBER 2022

DRAFT TREASURY MANAGEMENT ANNUAL REPORT 2021/22**REPORT OF THE CORPORATE DIRECTOR RESOURCES****AGENDA ITEM: 8.1**

Annexes B & C of Appendix 1 of this report are not for publication as they contain exempt information of the description in paragraphs 14 and 21 of Schedule 12A of the Local Government Act 1972

Reason for this Report

1. The Governance and Audit Committee Terms of Reference sets out their responsibility for undertaking scrutiny of the accounting, audit and commercial issues in relation to the Council's Treasury Management Strategy and practices.
2. This report has been prepared to provide Committee Members with the Draft Treasury Management Annual Report before submission to Council in accordance with the Council's Treasury Management Policy. This is scheduled for October 2022

Background

3. The report attached at Appendix 1 provides the Committee with the Draft Treasury Management Annual Report for 2021/22.

Issues

4. In accordance with regulatory requirements, reports were submitted to Council in March 2021 indicating the Treasury Management Strategy for 2021/22 and a mid year report in November 2021. The following paragraphs cover the main highlights of the Annual Report for 2021/22.
5. At 31 March 2022, investments stood at £226.4 million. The annual report includes charts indicating who the investments are placed with and for how long. All investments are deemed recoverable and so no losses are required to be recognised in the Council's Statement of Accounts for activities during 2021/22. Interest receivable from treasury investments totalled £0.3 million during the year.
6. At 31 March 2022, the Council had £855.6 million of external borrowing, with £72.4 million of new borrowing and £27.5 million of scheduled repayments during 2021/22. Interest payable during the year from its revenue budget on this debt was £34.1 million of which £13.2 million was paid for by the Housing Revenue Account.

7. The level of internal borrowing is £13 million at 31 March 2022 (£30 million at 31 March 2021). Due to restrictive penalty costs, no debt rescheduling was undertaken during the year.
8. At the start of the financial year, the Council is required to set a number of prudential indicators for capital expenditure and its treasury management activities. During 2021/22, there was no breach of indicators requiring a separate report to Council. Affordability indicators are also produced highlighting the percentage of the Council's budgets committed to capital financing costs.

Reason for Recommendations

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

Legal Implications

10. No direct legal implications arise from this report.

Financial Implications

11. This report provides a backward looking summary of the Council's Treasury Management activities during 2021/22. The report is required to be submitted to Council to discharge its reporting duties under the Treasury Management Policy adopted by the Council. This requires a report on treasury management at the start of the year, a mid year report and an annual report at the end of the year. The report is to note the activities and position of the prior financial year and highlights the level of investments, borrowing and revenue impact of treasury management decisions.

RECOMMENDATIONS

12. That the Draft Treasury Management Annual Report for 2021/22 be noted, prior to its submission to full Council.

CHRISTOPHER LEE
CORPORATE DIRECTOR RESOURCES
27 September 2022

The following appendix is attached:
Appendix 1 – Cardiff Council Draft Treasury Management Annual Report 2021/22

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

Appendix 1

Draft Treasury Management Annual Report 2021/22

Cardiff Council



Introduction

1. Treasury management activities are the management of the organisation's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.
2. The Council carries out its treasury management activities in accordance with a code developed for public services and updated in 2021 by the Chartered Institute of Public Finance and Accountancy (CIPFA).
3. The Council has delegated responsibility for treasury management to the Corporate Director of Resources (S151 Officer). The Council's Treasury Management Practices which are updated annually, identifies specific responsibilities of officers as well as setting out schedules highlighting the way in which treasury activities are managed.
4. On 25th February 2010, Council approved policies and adopted the four clauses of the treasury management code which are replicated in **Annexe A** for information. Council received a report in March 2021 on the Council's Treasury Management Strategy for 2021/22 and a mid-year review in November 2021.
5. The Treasury Management is an integral part of the Council's Strategic and Financial planning framework, with borrowing activities primarily because of historic and future capital expenditure approved by Council as part of the Council's Capital Investment programme.



6. This report provides members with an annual report for the Council's Treasury Management activities for 2021/22. It covers:-
 - the economic background to treasury activities
 - treasury investment strategy and outturn for 2021/22
 - borrowing strategy and outturn for 2021/22 including debt rescheduling
 - compliance with treasury limits and prudential indicators
 - resilience of the Treasury Management function
 - treasury management issues for 2022/23.

7. Council requires scrutiny of the accounting, audit and commercial issues of its Treasury Management Strategy and practices to be undertaken by the Council's Governance and Audit Committee. A glossary of key treasury management terms is included at Annexe E.

Economic Background

8. Over the last two years, the coronavirus outbreak had a huge economic impact on the UK and economies around the world. After the Bank of England took emergency action in March 2020 to cut Bank Rate to 0.10%, it left Bank Rate unchanged until raising it to 0.25% at its meeting on 16th December 2021, 0.50% at its meeting of 4th February 2022 and then to 0.75% in March 2022.
9. With most of the economy now opened up and back towards business-as-usual, Gross Domestic Product numbers have been robust (9% y/y Q1 2022) and sufficient for the Bank to focus on tackling the effects of inflation.
10. Borrowing rates for the Council are based on Gilt yields and despite remaining relatively low for much of 2021/22, these have increased despite the war in Ukraine. This is because central banks globally have suggested they will continue to raise interest rates to contain inflation and in many cases are reversing quantitative easing. Inflation and a perfect storm of supply side shortages, labour shortages, commodity price inflation, the impact of Russia's invasion of Ukraine and subsequent Western sanctions have all resulted in inflation being at elevated levels at least into 2023. The squeeze on household disposable incomes arising from increases in prices, including utilities, are strong headwinds for the economy to deal with and will be a bigger drag on real incomes in 2022 than in any year since records began in 1955.
11. Until recent years, world growth has been boosted by increasing globalisation i.e. countries specialising in producing goods and commodities in which they have an economic advantage and which they then trade with the rest of the world. This had boosted worldwide productivity and growth, and by lowering costs, had also depressed inflation. However geopolitical events such as the invasion of Ukraine have unbalanced the world economy. In addition, after the pandemic exposed how frail extended supply lines were around the world, both factors could lead to a sharp retrenchment of economies and reviews of key supply chain dependencies. This is likely to reduce world growth rates.

Investments and Outturn

12. The Council's treasury investments include those arising from its own temporary cash balances as well as balances held from activities of Joint Committees such as the Cardiff Capital Region City Deal, for which it is the accountable body.
13. The management of the day-to-day cash requirements of the Council is undertaken in-house with credit advice from Link Asset Services, the Council's Treasury Management advisors. This may involve temporary borrowing pending receipt of income or the temporary lending of surplus funds. Investment balances fluctuate daily and arise from a number of sources including differences in timing of revenue and capital cash flows, reserves, provisions and other balances held for future use.

14. The Council invests with institutions approved by Council as part of its Treasury Management Strategy and in accordance with investment guidelines established by the Welsh Government. As part of the Markets and Financial Instruments Directive II, the Council elected for 'professional' status. The categories, names, periods and size limits on the Council's approved investment list can be extended, varied or restricted at any time by the Corporate Director Resources under delegated powers and are monitored closely in conjunction with the Council's treasury advisors.
15. Whilst the average daily cash balance was £190 million during 2021/22, at 31 March 2022, investments stood at £226.4 million. The Council's choice of investments maintained an approach of security, where the amount invested is that repayable, then liquidity and only then yield. **Annexe B** shows with whom these investments were held at 31 March 2022.
16. A selection of charts in relation to investments is included in **Annexe C**. The main areas to highlight at 31 March 2022 are as follows:-
 - Counterparty exposure against the maximum allowed directly with an organisation. This shows that at 31 March 2022 no exposure limits set were breached. This was also the case during the year.
 - Investments held with different institutions as a percentage of the total shows that investments are diversified over a number of organisations and this was a strategy applied where possible during the year.
 - The geographic spread of investments as determined by the country of origin of relevant organisations. All investments are in sterling and countries are rated AA and above as per our approved criteria.
17. Using historic data adjusted for current financial market conditions, the probability of any default is low at circa 0.01% of the investments outstanding, i.e. £21,409
18. All investments held at 31 March 2022 are deemed recoverable. Accordingly, no impairment losses are reflected in the Council's 2021/22 Statement of Accounts arising from the Council's treasury management activities.
19. The overall level of interest receivable from treasury investments totalled £0.307 million in 2021/22. The average returns achieved compared to current industry benchmarks are shown in the table below.

	Return on Investment 2021/2022	
	Benchmark 7day / 3month (%)	Achieved (%)
In-house	0.13 / 0.09	0.16

20. Following a review led by the Bank of England, LIBOR/LIBID benchmark rates were phased out during 2021. For benchmarking purposes, the Sterling Overnight Index Average rate (SONIA) for seven days and 3 months un-compounded is now used, with Council performance exceeding such benchmarks during 2021/22.

21. Investment returns available to the Council were close to zero for much of 2021/22, with an approach of aiming to avoid negative interest rates in place. This was because of low Bank Rate and also with the Bank of England and the Government maintaining various monetary and fiscal measures to supply credit so that banks and public bodies could help businesses to survive the various lockdowns/negative impact on their cashflow. This meant that for most of the year there was much more liquidity in financial markets than there was demand to borrow, with the consequent effect that investment earnings rates remained low. This was until the turn of the year when it was clear that the Bank of England, would need to lift interest rates to combat the effects of growing levels of inflation.
22. The Council continued to take a cautious approach to investing and is also fully appreciative of changes to regulatory requirements for financial institutions in terms of additional capital and liquidity that came about in the aftermath of the financial crisis. These requirements have provided a far stronger basis for financial institutions, with annual stress tests by regulators evidencing how institutions are now far more able to cope with extreme stressed market and economic conditions.

Borrowing and Outturn

23. Borrowing is undertaken to finance the Council's capital programme and manage any short-term cash flow requirements. The main sources of borrowing are identified in the table below.
24. At 31 March 2022, the Council had £855.6 million of external borrowing. This was predominantly fixed interest rate borrowing from the Public Works Loan Board (PWLB) payable on maturity.

31 March 2021			31 March 2022	
£m	Rate (%)		£m	Rate (%)
698.9		Public Works Loan Board	763.1	
51.0		Market (Lender Option Borrower Option)	51.0	
22.5		Welsh Government	23.2	
38.3		Local Authorities and other	18.3	
810.7	4.17	Total External Debt	855.6	4.01

25. It should be noted that there have been a number of recent changes to PWLB lending criteria which now includes a prohibition to deny access to borrowing from the PWLB for any local authority incurring expenditure on 'assets primarily for yield'.
26. All borrowing is in the name of the Council and a single pool of debt is maintained rather than having separate loans for the Housing Revenue Account. Total interest payable on external debt during 2021/22 was £34.1 million of which £13.2 million was payable by the Housing Revenue Account (HRA). In total £44.5 million was set aside from General Fund and HRA revenue budgets in line with the Councils approved policy on prudent provision for debt repayment.

27. Extracts from the borrowing strategy approved by Council in March 2021 are shown below.

The Council's Borrowing Strategy considers all options to meet the long-term aims of:

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

External verses internal borrowing

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

28. During 2021/22, the Council repaid £27.5 million of maturing loans. Borrowing totalling £70 million was taken from the PWLB and interest free loans totalling £2.4 million were received from the Welsh Government in respect of energy efficiency schemes. The overall effect of these transactions during the year was to decrease the average rate on the Council's borrowing to 4.01% at 31 March 2022.
29. Despite borrowing rates being more expensive than investment rates during most of the year, the additional borrowing was taken to mitigate risk and limit the level of internal borrowing. This enabled some fixed long-term borrowing to be locked in at average rates of circa 1.8%. This is prior to the recent rises in borrowing rates resulting from increased inflation and geo-political impacts.
30. As part of its loan portfolio, the Council has six Lender Option Borrower Option (LOBO) loans totalling £51 million. These are where the lender can request a change in the rate of interest payable by the Council on pre-determined dates. The Council at this point has the option to repay the loan, but this option is conditional and would require the lender to ask for an increase in the current rates to trigger such an event. Apart from the option to increase rates these loans are comparable to PWLB and have no other complications such as variation in interest rates or complex terms.
31. Interest rates on the LOBO's held range between 3.81% and 4.35% which are not unreasonable given the council's average rate. Details of the loans are shown in the table below.

32. None of the LOBO's had to be repaid during 2021/22. £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. This is a manageable refinancing risk as LOBO's form a relatively low proportion of the Council's overall borrowing at 5.96%.

£m	Rate	Potential Repayment Date	Option Frequency	Full Term Maturity
6	4.28%	23/05/2022	6 months	21/11/2041
6	4.35%	23/05/2022	6 months	21/11/2041
6	4.06%	23/05/2022	6 months	23/05/2067
6	4.08%	02/09/2022	6 months	23/05/2067
5	4.10%	15/01/2023	5 years	17/01/2078
22	3.81%	21/11/2025	5 years	23/11/2065

33. In accordance with the strategy, the Council is undertaking some internal borrowing which is when it uses temporary cash balances it holds in the short term instead of undertaking external borrowing. The level of internal borrowing is £13 million as at 31 March 2022, and this is confirmed by a comparison of the Council's external level of debt and its Capital Financing Requirement at 31 March 2022 as shown later in this report. The borrowing strategy will continue to look at options to manage the Council's future borrowing requirement using a mix of internal and external borrowing and to secure long term certainty where possible.

Debt Rescheduling

34. No debt rescheduling or early repayment of debt was undertaken during 2021/22. The main obstacle remained the level of premium (penalty) that would be chargeable on early repayment by the PWLB. The premium payable on the balance of PWLB loans at 31 March 2022, which are eligible for early repayment (£763 million), is £380 million. This premium is payable primarily because:-
- Interest rates on loans of equivalent maturities compared to those held are currently lower
 - A penalty rate or lower early repayment rate was introduced by HM Treasury in November 2007, which increased the cost of premiums and reduced flexibility of Local Authorities to make savings. This has been a significant thorn in the ability of local authorities to manage debt more effectively.
35. The Council has previously considered the opportunity for early repayment of LOBO loans but any required premiums payable are unviable. Whilst the cost of premiums can be spread over future years, options for restructuring that have been considered result in an adverse Net Present Value (NPV). Whilst there may have been short terms savings, these were outweighed by potentially longer-term costs and not deemed cost effective.

Compliance with treasury limits and prudential indicators

36. During the financial year the Council operated within the treasury limits and prudential indicators set out in the annual Treasury Management Strategy. The actual outturn is shown in the following paragraphs and compared to the original estimates contained in the 2021/22 Budget Report. Future year's figures are taken from the Budget Report for 2022/23 and will be updated in the Budget Report for 2023/24.

Capital Expenditure

37. The "Prudential Code" requires the Council to estimate the capital expenditure that it plans to incur over the Medium Term. The actual capital expenditure incurred in 2021/22 and estimates of capital expenditure for the current and future years as set out in the Budget Report of March 2022 are as follows:-

Capital Expenditure							
	2021/22 Actual	2021/22 Original Estimate	2022/23 Estimate Month 4	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate
	£m	£m	£m	£m	£m	£m	£m
General Fund	157	158	154	262	212	88	39
Housing Revenue Account	61	86	80	111	106	70	54
Total	218	244	234	373	318	158	93

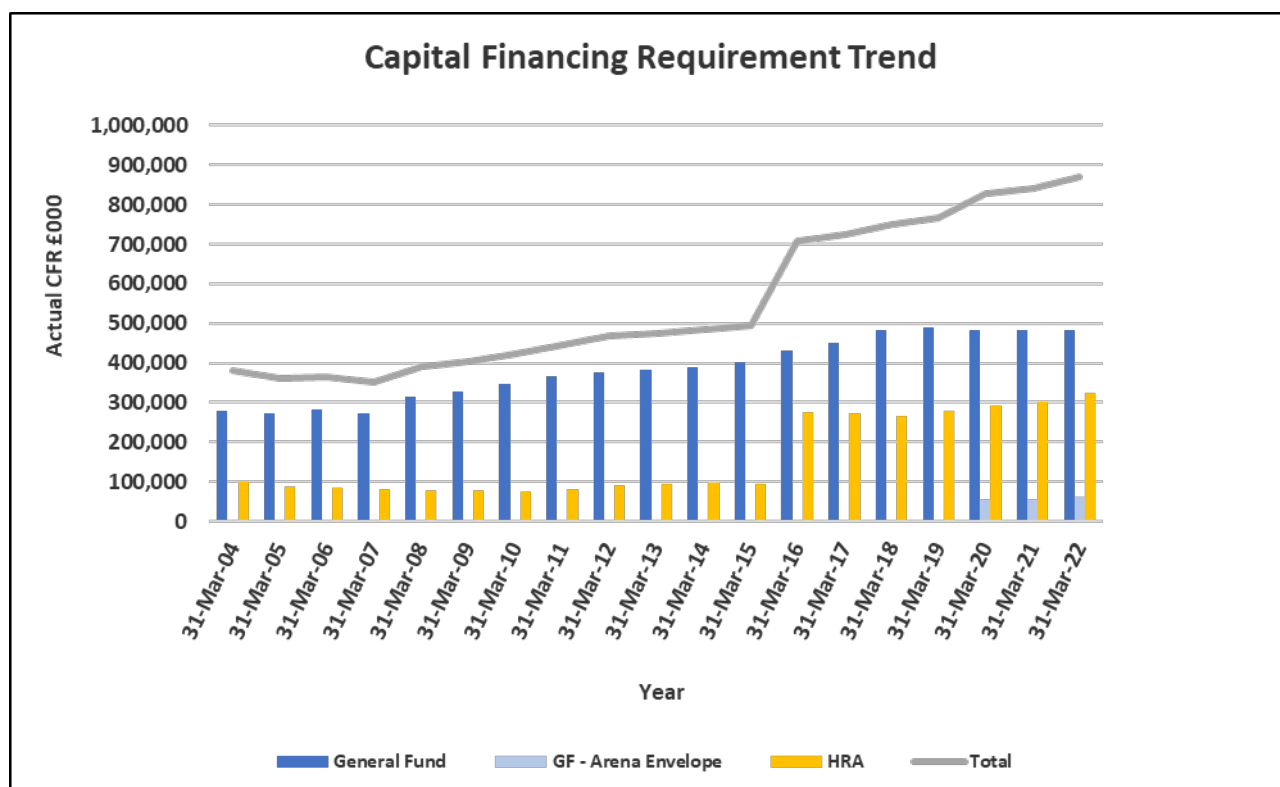
Capital Financing Requirement (CFR) – The Borrowing Requirement (Excluding Landfill Provision)

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

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

39. The chart below shows the trend in the CFR including the Housing Revenue Account. The latter includes the £187 million payment made from the HRA to HM Treasury to exit the subsidy system in 2015/16. With future expenditure commitments, primarily those assumed to pay for themselves from future income or savings such as the indoor arena, new affordable housing, City Deal and the 21st century school's financial model, the CFR

is forecast to increase in future years, with forecasts to be updated as part of the budget report for 2023/24.



40. The CFR as at 01 April 2021 was £841 million. The actual CFR as at 31 March 2022, estimates for current and future years (estimated in the March 2022 budget) are shown in the table below and exclude non cash backed provisions in relation to Landfill after care provision:-

Capital Financing Requirement (Excludes landfill provision)							
	2021/22 Actual £m	2021/22 Original Estimate £m	2022/23 Estimate Month 4 £m	2023/24 Estimate £m	2024/25 Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m
General Fund	482	517	539	621	642	648	640
General Fund (Arena Affordability Envelope)	62	67	60	198	246	242	238
Housing Revenue Account	325	362	346	438	505	534	556
Total CFR	869	946	945	1,257	1,393	1,424	1,434
External Debt	856						
Over / (Under) Borrowing	(13)						

41. By comparing the CFR at 31 March 2022 (£869 million) and the level of external debt at the same point in time (£856 million), it can be seen that the Council is internally borrowed.i.e. it is using some internal cash balances to finance its capital expenditure as at 31 March 2022 (£30 million at 31 March 2021).

Actual External Debt

42. The Code requires the Council to indicate its actual external debt at 31 March 2022 for information purposes. This was £856 million as shown in the earlier paragraphs.

Affordable Borrowing Limit

43. The Council has a statutory duty under section 3 of the Local Government Act 2003 and supporting regulations to determine and keep under review how much it can afford to borrow and to enter into credit arrangements (the “Affordable Borrowing Limit”). This cannot be breached without Council approval. Council must have regard to the Prudential Code when setting this limit which is intended to ensure that total capital investment remains within sustainable limits and that the impact upon future council tax/rent levels is affordable.
44. During 2021/22 the Council remained within the authorised limit of £1,472 million set for that year.

Operational Boundary

45. The operational boundary is the estimated level of external borrowing set at the start of the year and is subject to the level and timing of borrowing decisions during the year. The actual level of borrowing can therefore be below or above this initial estimate, but what cannot be breached is the affordable borrowing limit mentioned above. The boundary was estimated to be £946 million at 31 March 2022, to match the forecast for the CFR when setting the 2021/22 budget in March 2021.

Maturity Structure of Fixed Rate Borrowing

46. The maturity structure remains within the limits below approved as part of the 2021/22 strategy below. These limits are set to avoid having large amounts of debt maturing in a short space of time, thus being exposed to significant liquidity risk and interest rate risk.

	31-Mar-21		Upper limit	31-Mar-22			
	Loans to Maturity			Loans to Maturity		Loans if LOBO's Paid Early	
	%	£m		%	£m	%	£m
Under 12 months	3.33	27.0	10	2.66	22.8	6.05	51.8
12 months and within 24 months	2.80	22.7	10	0.53	4.5	0.52	4.5
24 months and within 5 years	1.65	13.4	15	2.13	18.2	4.70	40.2
5 years and within 10 years	8.18	66.3	20	8.95	76.6	8.96	76.6
10 years and within 20 years	21.62	175.3	30	20.40	174.5	18.99	162.5
20 years and within 30 years	20.97	170.0	35	20.66	176.8	20.66	176.8

30 years and within 40 years	26.24	212.7	35	25.47	217.9	25.47	217.9
40 years and within 50 years	14.59	118.3	35	18.62	159.3	14.65	125.3
50 years and within 60 years	0.62	5.0	15	0.58	5.0	0	0

47. The maturity profile of the Council's borrowing as at 31 March 2022 is also shown in a chart in **Annexe D**. In the medium to long term, efforts will be made to restructure loans maturing in 2056/57 and to review LOBO maturities in order to reduce refinancing risk. Benchmarking previously undertaken has demonstrated that the Council's maturity profile is not inconsistent with other local authorities where information is available.

Ratio of financing costs to net revenue stream

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

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

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

Ratio of financing costs to Net Revenue Stream							
	2021/22 Original Estimate %	2021/22 Actual %	2022/23 Estimate %	2023/24 Estimate %	2024/25 Estimate %	2025/26 Estimate %	2026/27 Estimate %
General Fund – Net Capital Financing Budget	4.68	4.72	4.58	4.69	4.71	4.70	4.90
General Fund – Gross Capital Financing Budget	7.27	7.27	6.90	7.50	8.22	8.39	8.44
HRA	33.93	32.36	32.16	33.36	36.23	38.49	37.72

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

51. Accordingly, an additional local indicator has to date been calculated for the general fund to support decision making and is shown in the table below for the period up to 2026/27.

These indicators show capital financing costs of the Council as a percentage of its controllable budget, excluding treasury investment income:

Capital Financing Costs as percentage of Controllable Budget									
	2011/12	2021/22	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	Difference
	Actual	Original Estimate	Actual	Estimate	Estimate	Estimate	Estimate	Estimate	11/12-26/27
	%	%	%	%	%	%	%	%	%
Net	13.47	11.00	11.20	9.83	10.14	10.19	10.21	10.68	(20.71)
Gross	15.17	17.02	17.14	14.73	16.11	17.66	18.12	18.34	20.90

52. An increasing percentage indicates that a greater proportion of the controllable budget is required for capital financing costs which are committed in the long term. The requirement to meet these additional costs can only come from future savings or from increases in Council Tax. An increasing ratio limits the scope for additional borrowing in future years and reduces the Council's overall flexibility when making decisions on the allocation of its revenue resources. The percentages consider the impact on the controllable base budget of the level of savings having to be found in 2022/23 and over the medium term as set out in the budget report for 2022/23. They are based on future assumptions in respect to Aggregate External Financing, council tax income and housing rents at a point in time, so are extremely variable as an indicator.

Principal Invested for over 364 days

53. An upper limit for principal invested over 364 days was set at £100 million and this was not breached during the year, primarily due to the strategy adopted of minimising the period for which investments were made during 2021/22

Resilience of the Treasury Management Function

54. The Treasury function performs a key role including ensuring that sufficient funds are available to meet the Council's financial commitments and is often the payment mechanism of last resort. The Section 151 Officer and Head of Finance are responsible for ensuring that Treasury Management activities are resourced with relevant skills and experience, consistent with the complexity and size of the activity undertaken. The requirements to meet high standards, accuracy and governance requirements are significant for a small specialist team. An internal audit report during the year found no issues of significant concern for the function. Contingency plans in terms of access to bank and systems were trialled and implemented early (pre the national lockdown in March 2020), with continued review of systems, controls and opportunities to improve resilience such as use of mobile banking applications and making effective use of software capability for reporting to be considered.
55. Treasury Management activities continue to be the subject of regulatory change with the requirements of the 2021 Code updates required to be implemented in future updates to the Strategy. This and some of the other issues and challenges outlined below continue to test skills and resilience, something that will need to continue to be monitored closely by the S151 Officer.

Treasury Management issues for 2022/23 and future years

56. Whilst this report is primarily backward looking in relation to Treasury Activities for 2021/22, some key issues for 2022/23 are:
- The balance of internal borrowing and timing of external borrowing to pay for the Council's longer term need to borrow in light of increasing interest rates.
 - Ongoing financial market uncertainty.
 - Inclusion of Environmental, Social and Governance (ESG) issues within Treasury Management Practices.
 - Ensuring compliance with HM Treasury revised lending policies and processes aimed to prevent borrowing undertaken to fund investment purely for financial gain. It should be noted that any such expenditure would preclude any borrowing from the PWLB.
 - A requirement for the Council to adopt a debt liability benchmark treasury indicator.
 - Review of knowledge and skills register for individuals involved in the Treasury management function.
 - Updating the Treasury Management Strategy for the 2023/24 budget in line with any updates to the Capital Investment Programme forecasts and scheme delivery including the impact of major regeneration projects.
57. In accordance with the Council's Treasury Management Policy, Council will receive a further update on Treasury Management issues as part of the 2022/23 Mid-Year Treasury Management report in November 2022.

Christopher Lee

Corporate Director Resources
27 September 2022

The following Annexes are attached:-

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

Annexe B – Investments at 31 March 2022

Annexe C – Investment charts at 31 March 2022

Annexe D – Maturity analysis of debt as at 31 March 2022

Annexe E – Glossary of Treasury Management terms

Mae'r dudalen hon yn wag yn fwriadol

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

Council's treasury management Policy / Activities

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

Four Clauses of Treasury Management

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

Mae'r dudalen hon yn wag yn fwriadol

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

Mae'r ddogfen yn gyfyngedig

Mae'r dudalen hon yn wag yn fwriadol

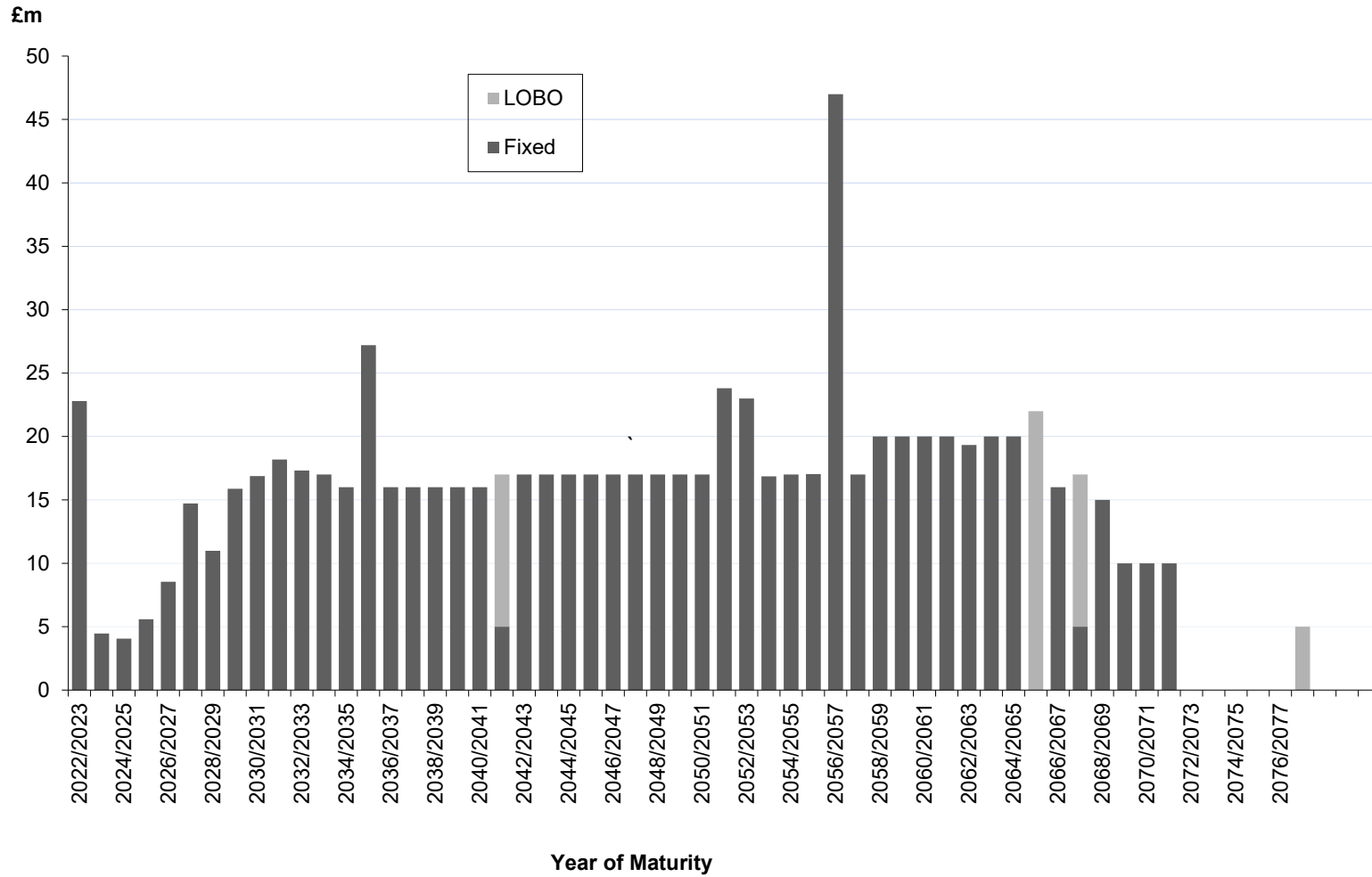
Yn rhinwedd paragraff (au) 14, 21 Rhan (nau) 4 a 5 o Atodlen 12A
o Ddeddf Llywodraeth Leol 1972.

Mae'r ddogfen yn gyfyngedig

Mae'r dudalen hon yn wag yn fwriadol

Annexe D – Maturity Profile of Debt at 31 March 2022

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Mae'r dudalen hon yn wag yn fwriadol

Annexe E – Glossary of Treasury Management Terms

Bank Rate

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

Bonds

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

Borrowing

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

Capital Expenditure

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

Capital Financing Requirement (CFR)

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

Capital Market

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

Capital Programme

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

Certificates of Deposits (CDs)

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

Chartered Institute of Public Finance & Accountancy (CIPFA)

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

Collective Investment Scheme Structures

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

Corporate Bonds

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

Counterparty

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

Counterparty / Credit Risk

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

Credit Criteria

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

Credit Default Swaps

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

Credit Rating

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

Debt Management Account Deposit Facility (DMADF)

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

Debt Restructuring

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

Diversification of Investments

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

Duration (Maturity)

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

External Borrowing

22. Money borrowed from outside of the Council.

Financial Instrument

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

Fitch Credit Ratings

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

Fixed Rate

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

Floating Rate Notes

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

Fraud / Error Risk

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

Housing Revenue Account (HRA)

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

Interest Rate Risk

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

Internal Borrowing

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

Investments

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

Lender Option Borrower Option Loans (LOBOs)

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

Liquidity

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

Market Loans

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

Medium Term Financial Plan

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

Markets in Financial Instruments Directive (MiFID)

36. EU legislation that regulates firms who provide financial instrument services. MiFID was applied in the UK from November 2007 but was revised with changes taking effect from 3 January 2018 (MiFID II).
37. The aim is to ensure financial institutions undertake more extensive checks on their client's suitability for investment products. Organisations undertaking investments will be either classified as 'retail' or 'professional'.
38. MiFID II requires all Local Authorities to be initially treated as "retail clients" unless they "opt up" to a "professional client". The assumption being that retail clients require a greater level of due diligence and support for investment decision making. Financial

institutions will owe a greater duty of care to retail clients, however, they will have no greater financial protection than professional clients.

Minimum Revenue Provision (MRP)

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

Money Market

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

Money Market Funds

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

Net Asset Value (NAV)

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

Pooling

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

Prudential Code for Capital Finance

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

Public Works Loans Board (PWLB)

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

Refinancing Risk

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

Regulatory Risk

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

Ring Fencing

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

Security

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

Sovereign Credit Ratings

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

Sterling

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

Term Deposits

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

Treasury Management

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

Treasury Bills

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

UK Government Gilts

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

Variable Rate

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

Yield

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

Mae'r dudalen hon yn wag yn fwriadol

(Updated following meeting held on 19 July 2022)

Minute No. /Agenda No.	Actions	Timeline	Action Owner
Finance (Budget)			
Governance & Risk Management			
Audit Wales (AW)			
23.03.21	Audit Wales to provide an account of how their time was applied as part of future Annual Audit Plan reports.	Completed 19.07.22	PP
19.07.22	Finance and Democratic services to provide an initial position statement in respect to progress in making improvements in process and the risk identified in the Audit Wales Audit Plan for the Council in relation to related parties' disclosure requirements.		
Internal Audit			
Treasury Management			
Operational Items			
23.03.21	Committee to be provided, in due course, with information on the preparation for 'IFRS 16 – Leases' for the Statement of Accounts 2022/23.		AH
02.04.19	Once disciplinary procedures have concluded within the Waste Management Service, Audit Committee to be informed of the terms of reference and approach for delivering the associated Post Investigation Review.	Interim confidential assurance briefing paper circulated 3.06.2021	CL / CP
AW Tracker/Other Studies			
26.01.21	The external audit recommendation tracker to be expanded for future reports to Audit Committee, to include 'accountability / reporting to' arrangements, in respect of relevant Committees or Boards.	Completed 19.07.22	GN
Performance			
19.07.22	Audit Manager to liaise with the Chair and Vice Chair and to arrange a report on Social Services and Education Complaints handling arrangements.		CP
19.07.22	Committee to be provided with the suite of complaints handling KPIs once approved by the Halo Board.		IB
Work Programme			
Outstanding Actions			
Correspondence			
Scrutiny Engagement / Letters			

Mae'r dudalen hon yn wag yn fwriadol

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
16 September 2022

Children and Young People Scrutiny Committee

No correspondence issued since the July Committee update.

Community and Adult Services Scrutiny Committee

Committee Date	Agenda Item No.	Item Background Papers	Correspondence Following Committee Meeting
Monday 18 th July 2022	Agenda Item 6 Minute No. 6	Adults, Housing & Communities 2021/22 Quarter 4 Performance Reports	Link to Correspondence (pages 3-6)
	Agenda Item 7 Minute No. 7	Directorate Delivery Plans 2022/23	Link to Correspondence (pages 6-9)

Economy and Culture Scrutiny Committee

Committee Date	Agenda Item No.	Item Background Papers	Correspondence Following Committee Meeting
Monday 11 th July 2022	Agenda item 4 Minute No. 14	Shared Prosperity Fund (SPF)	Link to Correspondence (pages 3-5)
	Agenda item 5 Minute No. 15	Pre-decision scrutiny of a report to Cabinet titled 'Atlantic Wharf Regeneration Update'	Link to Correspondence (pages 7-9)

Environmental Scrutiny Committee

Committee Date	Agenda Item No.	Item Background Papers	Correspondence Following Committee Meeting
Thursday 7 th July 2022	Agenda item 4 Minute No. 12	Directorate Delivery Plan for the PTE Directorate to Cllr De'Ath Directorate Delivery Plan for the PTE Directorate to Cllr Wild	Link to Correspondence (pages 3-5) Link to Correspondence (pages 7-9)

Policy Review and Performance Scrutiny Committee

Committee Date	Agenda Item No.	Item Background Papers	Correspondence Following Committee Meeting
Wednesday 13 th July 2022	Agenda item 6 Minute No. 6	Delivering a Stronger Fairer Greener Cardiff	Link to Correspondence (pages 3-6)
	Agenda item 7 Minute No. 7	Budget Strategy 2023/24	Link to Correspondence (pages 7-10)

1. Current Work Programme 2022/23:

Area	Tuesday 19.07.22 (2pm)	Tuesday 27.09.22 (4.30pm)	Tuesday 15.11.22 (2pm)	Tuesday 24.01.23 (4:30pm)	Tuesday 21.03.23 (2pm)	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 Update	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)		Chief Executive – Update on the Council's Control Environment	TBC – Deborah Driffield - Update on Children's Services Directorate Control Environment	TBC – Directorate Control Environment Update	TBC – Directorate Control Environment Update	TBC - Chief Executive – Update on the Council's Control Environment

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Item Agenda 11

2. Matters to be addressed outside of formal Committee meetings during 2022/23:

Governance and Audit Committee <ul style="list-style-type: none"> Annual self-assessment workshop (24.01.23) Training and development sessions. 	General <ul style="list-style-type: none"> Correspondence, publications and reports for information purposes Time sensitive consultation. 	Director / Senior Officer Assurance <ul style="list-style-type: none"> Use of letters, correspondence, and video / telephone meetings as necessary.
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* & ** Timing of item subject to completion of external audit

Mae'r dudalen hon yn wag yn fwiadol