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AGENDA

Committee	GOVERNANCE AND AUDIT COMMITTEE
Date and Time of Meeting	TUESDAY, 11 JULY 2023, 1.00 PM
Venue	COMMITTEE ROOM 4 - MULTI LOCATION MEETING
Membership	Gavin McArthur (Chairperson) David Price, Dr. Janet Wademan, Chris Burns, Councillors Ahmed, Carr, Goodway, Lewis, Moultrie, Palmer and Williams

Time approx.

- 1 Appointment of Chairperson and Deputy Chairperson** 1.00 pm
To appoint a Chairperson and Deputy for the municipal year 2023/24.
- 2 Appointment of Committee**
To note that Council on 25 May 2023 appointed the following Members to this Committee:

Independent Members: Gavin McArthur, David Price, Janet Wademan, Chris Burns

Councillors: Saleh Ahmed, Kate Carr, Russell Goodway, Margaret Lewis, Jess Moultrie, Marc Palmer, Joel Williams
- 3 Terms of Reference - attached (Pages 5 - 8)**
- 4 Apologies for Absence**
To receive apologies for absence.
- 5 Declarations of Interest**
To be made at the start of the agenda item in question, in accordance with the Members' Code of Conduct.

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

- 6 Minutes (Pages 9 - 18)**
- To approve as a correct record the Minutes of the meeting held on 21 March 2023.
- 7 Performance Management and Control Environment**
- 7.1** Draft Year-End Annual Well-being (Self-Assessment) Report 2022/23 & Update on the Council's Control Environment (Pages 19 - 126)
Chris Lee and Sarah McGill, Corporate Directors
- 8 Finance** 1.55 pm
- 8.1** Financial Update including Resilience Issues (Pages 127 - 132)
- 8.2** Draft Statement of Accounts 2022/23 (Pages 133 - 346)
- 9 Internal Audit** 2.30 pm
- 9.1** Internal Audit Annual Report 2022/23 (Pages 347 - 382)
- 9.2** Audit and Investigation Team - Progress Update (Pages 383 - 418)
- COMFORT BREAK - 2.50-PM**
- 10 Audit Wales** 2.55 pm
- 10.1** Annual Audit Summary Report (Pages 419 - 428)
- 10.2** Annual Audit Plan 2023 (Pages 429 - 440)
- 10.3** Cardiff and Vale Pension Fund Audit Plan 2023 (Pages 441 - 450)
- 10.4** AW Work Programme and Timetable Update (Pages 451 - 466)
- 11 Governance and Risk Management** 3.25 pm
- 11.1** Governance and Audit Committee Annual Report 2022/23 (Pages 467 - 502)
- 11.2** Governance Senior Management Assurance Statement 2022/23 (Pages 503 - 508)
- 11.3** Corporate Risk Management (Year-End) (Pages 509 - 536)
- 12 Outstanding Actions (Pages 537 - 538)** 3.55 pm
- 13 Correspondence (Pages 539 - 542)**
- 14 Work Programme Update (Pages 543 - 544)**

15 Urgent Items (if any)

16 Date of next meeting

The next meeting is scheduled for 26 September 2023

Davina Fiore

Director Governance & Legal Services

Date: Wednesday, 5 July 2023

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

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Governance and Audit Committee Terms of Reference

Governance

The Governance and Audit Committee is one of the Council's Governance Committees. It discharges the following duties in accordance with its statement of purpose, and reports to full Council.

Statement of Purpose

The committee's purpose is to provide an independent and high-level focus on the adequacy of governance, risk and control arrangements, and the performance assessment of the Council. Its role in ensuring there is sufficient assurance over governance, risk and control gives greater confidence to all those charged with governance that those arrangements are effective. The committee has oversight of both internal and external audit, together with the financial and governance reports, helping to ensure there are adequate arrangements in place for both internal challenge and public accountability.

The committee is to seek assurance that the budgetary control systems (as an internal control) of the council are operating effectively. The scrutiny of spend falls within the remit of the Council's Scrutiny Committees

Governance, Performance, Risk & Control

- To review the Council's corporate governance arrangements against the good governance framework, including the ethical framework, and consider the Code of Corporate Governance
- To review the Council's draft annual Self-Assessment Report, and make any appropriate recommendations for changes.
- To review the Council's draft response to the Panel Performance Assessment Report, and make any appropriate recommendations for changes.
- To review the Council's draft response to any Auditor General's recommendations arising from a 'special inspection' in respect of the Council's performance requirements, and to make any appropriate recommendations for changes.
- To review and assess the authority's ability to handle complaints effectively, and make any associated reports and recommendations.
- To consider the Council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.
- To consider reports on the effectiveness of financial management arrangements, including compliance with CIPFA's Financial Management Code.
- To monitor the effective development and operation of risk management in the Council.
- To monitor progress in addressing risk-related issues reported to the Committee.
- To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.

- To review the assessment of fraud risks and potential harm to the Council from fraud and corruption.
- To monitor the Counter-fraud strategy, actions and resources.
- To review the governance and assurance arrangements for significant partnerships or collaborations.

Financial and governance reporting

Governance reporting

- To review the Annual Governance Statement (AGS) prior to approval and consider whether it properly reflects the risk environment and supporting assurances, including the Audit Manager's internal audit's annual opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and internal control.
- To consider whether the annual evaluation for the AGS fairly concludes that governance arrangements are fit for purpose, supporting the achievement of the authority's objectives.

Financial Reporting

- To monitor the arrangements and preparations for financial reporting to ensure that statutory requirements and professional standards can be met.
- To review the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council.
- To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.
- To seek assurances on the arrangements for the management of the authority's financial affairs.

Treasury Management

- To seek assurances that the Council has complied with the Treasury Management Strategy and Practices by demonstrating effective control of the associated risks and pursuing optimum performance consistent with those risks.
- To review the treasury management policy and procedures to be satisfied that controls are satisfactory.
- To review the treasury risk profile and adequacy of treasury risk management processes.
- To review assurances on treasury management (for example, an internal audit report, external audit or other review).
- To develop awareness and understanding of treasury matters, and to receive regular reports on activities, issues and trends to support the committee's understanding of treasury management activities. *(The committee is not responsible for the regular monitoring of treasury management policies and practices, which are the responsibility of the Cabinet, under the Council's Scheme of Delegations (Section 2, paragraph 10), the approved Treasury Management Policy Statement and the Third Clause of Treasury Management, as set out therein).*

Arrangements for audit and assurance

- To consider the Council's framework of assurance and ensure that it adequately addresses the risk and priorities of the Council.

External Audit

- To consider the external auditor's annual letter, relevant reports, and the report to those charged with governance.
- To consider specific reports as agreed with the external auditors.
- To comment on the scope and depth of external audit work and to ensure it gives value for money.
- To consider commissioning additional work from internal and external audit.
- To advise and make recommendations on the effectiveness of relationships between external and internal audit and other inspector agencies or relevant bodies.
- To provide auditors with free and unfettered access to the Governance and Audit Committee Chair and the opportunity for a private meeting with the Committee.

Internal Audit

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

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

Accountability Arrangements

- To report to Council on the Committee's findings, conclusions and recommendations concerning the adequacy and effectiveness of the governance, risk management and internal control frameworks, financial reporting arrangements and internal and external audit functions.
- To report to Council on an annual basis and to publish an annual report on the Committee's work, its performance in relation to its Terms of Reference, and its effectiveness in meeting its purpose including a conclusion on compliance with the CIPFA Position Statement.
- To raise the profile of probity generally within the Council and to report on matters of concern to the individual Cabinet Member, relevant Scrutiny Committee, Cabinet or to Council as necessary and appropriate.
- To work in synergy with the five Scrutiny Committees of the Council and liaise with other Council Committees as and when appropriate to avoid duplication in work programmes.

Training & Development

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

GOVERNANCE AND AUDIT COMMITTEE

21 MARCH 2023

Present: Hugh Thomas (Chairperson)
Gavin McArthur, David Price, Dr. Janet Wademan,

Councillors Ahmed, Carr, Moultrie, Palmer, Waldron and
Williams

81 : APOLOGIES FOR ABSENCE

Apologies were received from Councillors Goodway and Lewis.

82 : DECLARATIONS OF INTEREST

No declarations of interest were received.

83 : MINUTES

The minutes of the meeting held on 24 January 2023 were approved by the Committee as a correct record and were signed by the Chairperson.

84 : APPOINTMENT OF AN INDEPENDENT MEMBER TO THE GOVERNANCE AND AUDIT COMMITTEE

Members received a report and were asked to consider recommending that Council approve the appointment of an Independent Member to the Committee following a recommendation made by the Appointment Panel held on 13 March 2023.

RESOLVED – That Council be recommended to appoint the Independent Member detailed in Appendix A of the report, subject to receipt of satisfactory references, for an initial 5-year term of office, with the possibility of reappointment for one further 5-year term.

85 : AUDIT AND INVESTIGATION TEAM - PROGRESS UPDATE

The Committee received a progress report providing an update on the work and performance of the Internal Audit and Investigation Teams from the Audit Manager, Chris Pyke. The progress report covered the period from 1 January to 28 February 2023.

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

The Audit Manager stated that the Team's focus continues to be primarily to progress assurance audits from the Audit Plan but also to provide consultation and engagement in high-risk areas and provide assurance on the Council's control environment. The Audit Manager provided the Committee with an update on the restructuring of the Audit Team and the further need to appoint to two vacant Senior Auditor Posts, following the internal promotion of two members of the Internal Audit team.

Members were advised of the progress made against the internal audits that are currently underway and the emerging findings from audits that have concluded during the period.

Members were asked to note that one 'unsatisfactory' audit opinion was received during the period (Central Transport Services), and another issued with an opinion of 'insufficient with major improvement needed' (Directorate Payment Card Industry Data Security Standard Compliance). The Governance and Audit Committee will receive an executive summary report of the findings and actions for improvement for the unsatisfactory audit its next meeting.

A Member noted that at the previous meeting the Director of Education presented a report on the directorate control environment, which revealed that there were a total of 38 outstanding audit recommendations in 12 different schools. Some of those outstanding recommendations pre-dated the 2020/21 audit cycle. The Member asked that, given the large number of outstanding actions and the length of time that the actions have been outstanding, what progress has been made and what dialogue has been held with school governing bodies about the need to close off outstanding actions.

The Audit Manager recognised the position in terms of the outstanding audit recommendations within the Education Directorate. However, there has been no focussed review of those outstanding recommendations since the last meeting. The Audit Manager has attended the Senior Management Team to report on the position against recommendations in all directorates, including Schools, as well as the status of draft reports requiring management response. SMT will receive further reports to provide an update on the position. The Director of Education has engaged with schools with a view to following up on the outstanding actions but it was accepted that there is more work to do in that regard. Members were also advised that consideration can be giving to re-audit schools where longstanding recommendations are outstanding.

It was noted that the Adults, Housing and Communities directorate provided valid reasons why there are outstanding actions, which provided a degree of assurance. . Members requested further assurance be provided by Schools and Lifelong Learning before the next meeting. The Chairperson noted the issues being raised and provided an undertaking to write to the Director of Education highlighting the concerns raised.

Members noted that the Internal Audit Team still has 2 FTE post vacant. Members asked whether the Audit Manager was confident that those posts can be appointed to quickly in order to avoid any further delays to the Audit function. The Audit Manager highlighted the difficulties in appointing to Senior Auditor posts e.g. a tight market.

However, other options were available to manage resources including bolstering the establishment with a CIPFA trainee and contracting out audits to an external organisation.

In response to a question around timing of reports, the Audit Manager confirmed that the reports indicated for delivery are delivered to the draft report stage. Assurance opinions have an evidential basis and they are not expected to change between the draft and final stages. Reports issued at the end of a financial year are expected to be responded to in April and May.

Members asked what proportion of the Council has been tested against the Directorate Payment Card Industry Data Security Standard Compliance (PCI-DSS) standard. The Audit Manager advised governance and systems were tested as a whole, and that five site visits were made to locations where card payments are made. The five site visits resulted in a single finding of non-compliance in one site and relating to one matter in respect of merchant receipts, that has now been addressed. The Committee was advised that the Authority has made significant improvement and has invested in appointing a dedicated officer for PCI-DSS compliance.

Members noted the wide-ranging failures across a number of controls within Central Transport Services and considered that this might suggest a failure of wider management. The Audit Manager was asked to comment on whether an increased risk has been identified within the service in the 2023/24 Audit Plan. Members were advised that responsibility for the portfolio has moved to within the Resources Directorate. New operational management arrangements have been recently put in place and these have been highly effective in identifying and beginning to address control issues. Any 'unsatisfactory' audit will be revisited within 6 months and once the management response is received it is anticipated that the rating will be improved. It was confirmed that the follow-up audit will form part of the 2023/24 Audit Plan.

RESOLVED – That the report be noted.

86 : AUDIT CHARTER AND AUDIT PLAN 2023/24

The Committee received a report providing Members with the Draft Internal Audit Charter for 2023/24 and appendices including draft Governance and Audit Committee Terms of Reference 2023/24.

On 24 January 2023 the Committee received the Draft Internal Audit Charter and Summary Audit Plan 2023/24. Members were asked to consider and provide comments. The Audit Plan was further developed for approval and discussions were also held with senior management in directorates to shape the Plan.

A Member noted that there were a number of audits were planned within the Education and Lifelong Learning Directorate including an audit of Governor Services. Members sought to clarify the objectives of that audit in particular. The Audit Manager stated that the objectives will be clarified following discussions between senior officers and considering any views of the Committee, with the scope of the audit being to establish the effectiveness of assurances provided by Governor

Services for school governance matters. Detailed objectives will follow a preliminary assessment. Members asked whether Governor Services have a role in encouraging schools to close off audit actions and whether one of the objectives of the future audit should focus on that objective. The Audit Manager considered that the proposed Chairperson's letter would seek to establish what the Director of Education sees as the mechanism for managing recommendations. The Committee's earlier request for assurance around those arrangements was also noted.

RESOLVED – That:

- (1) The Audit Strategy be noted;
- (2) the Internal Audit Charter 2023/24 (including the Governance and Audit Committee Terms of Reference 2023/24, ahead of a request for approval by Council;
- (3) the Internal Audit Plan be approved.

87 : PUBLIC SECTOR INTERNAL AUDIT STANDARDS (PSIAS) PEER ASSESSMENT / EXTERNAL QUALITY ASSESSMENT

The Committee received a report providing Members with details of the PSIAS Peer Assessment and an opportunity to discuss the assessment with the assessor. The Chairperson welcomed Andrew Wathan, Chief Auditor of Newport Council and Monmouthshire Council and Dona Palmer, Audit Manager in Newport Council who had undertaken the assessment. Andrew Wathan was invited to present the report.

Members were advised that the external peer assessment has been undertaken during the period November 2022 to February 2023. Both assessors are CIPFA qualified and have extensive internal audit management experience within local government. Andrew Wathan stated that Cardiff had provided comprehensive and thorough evidence pack and the conclusion was that the Cardiff Internal Audit Service is fully compliant with the standards. The assessment reported no partial or non-conformance with the requirements of the PSIAS. The Internal Audit Service of Cardiff Council was assessed as conforming to 304 of the requirements (includes those not applicable).

The Internal Audit Service is assessed as generally conforming with the Standards in all significant areas and operating independently and objectively. One optional action was proposed and this has since been implemented, relating to the communication of the audit scope and objectives along with the risk within audit outputs.

The full assessment was contained within Appendix A of the report.

RESOLVED – That the report be noted.

88 : UPDATE ON ADULTS, HOUSING & COMMUNITIES DIRECTORATE CONTROL ENVIRONMENT

The Committee received a report providing an update on the control environment within the Adults, Housing and Communities directorate.

The report provided an overview of the services within the directorate's remit and its governance arrangements. Members were advised that there are strong performance management arrangements in place including quarterly performance reporting covering key indicators performance (KPIs), corporate plan and directorate delivery plan objectives. Performance is reviewed regularly internally and performance is also monitored quarterly at various Scrutiny Committees. Further monitoring is provided by SMT and directorate assurance meetings. Individual performance is monitored through PPDRs and the directorate has a robust approach to ensuring that PPDRs are undertaken.

The report also provided a summary of the directorate approach to risk management. A number of corporate and directorate risks were identified. Details of internal audit engagement and the directorate responses were also set out in the report, in addition to overviews of the directorate approach to major project and partnership governance, value for money, commissioned services and complaints handling.

The Chairperson welcomed Jane Thomas, Director Adults, Housing and Communities to the meeting. The Director was invited to deliver a brief presentation on the control environment within the Directorate. The Chairperson then opened the debate on this item. The discussion is summarised as follows:

- A Member asked for details of the systems that are in place to identify early indicators of safeguarding issues and how the authority responds once any early indicators are identified. The Director stated that the directorate was only responsible for statutory safeguarding in relation to adults, alongside general corporate safeguarding responsibilities. The directorate seeks to prevent safeguarding issues arising by identify risks at an early stage. Risks that are identified are flagged and are assessed by the Adult Safeguarding Team. The Team will seek to address individual cases and identify any themes arising. The number of referrals being identified is also monitored. The Director meets weekly with the Safeguarding Manager to discuss issues arising and how best to respond as multi-agency responses are often necessary. Members were also advised that Safeguarding training was built into the PDR process.
- The Director was invited to comment further on the issues identified around Deprivation of Liberty Safeguards (DoLs), as detailed in the report. The Director stated that the issue identified in the report was a national issue. However, the Directorate has managed to reduce its backlog considerably. The Service is provided by the Vale of Glamorgan Council on behalf of Cardiff Council and Welsh Government has provided additional resource to ensure that backlogs are addressed. New legislation aimed at clarifying legislation and potentially reducing workloads has been delayed.
- A Members asked whether any third parties were contracted to deliver Independent Living Services and, if so, what risk assessments have been made in relation to the management of any third parties. The Director advised that the Independent Living Service provides the first point of contact for Adult Services.

Independent Living will visit and refer clients to third party organisations as appropriate. Those third parties are not directly commissioned. However, the Independent Living Service also includes Disabled Adaptations. Such works are contracted out and they would be managed under the same frameworks as other housing schemes. Comprehensive processes are in place to manage risk and quality assess those works. The authority does provide some other internally managed services to support Independent Living such as the Joint Equipment Service and day centres.

- A Member commented on the risk register analysis. It was suggested that the directorate risk champion should support a review of the controls recorded in a number of risk areas. The Member also requested target dates and key actions be included within risk registers.
- Members noted the number of outstanding audit recommendations. Members also suggested that a report be made back to the Committee providing a progress update on the implementation of audit recommendations.
- Referring to an external audit recommendation in relation to the completion of violence against women training, Members noted that the percentage of staff completing the training was reducing. The Director was asked to comment. The Director stated that the risk was a corporate risk that sits within the directorate for monitoring purposes. However, individual directorates will be responsible for ensuring that their staff complete the training. Lots of work is being done within the directorate to ensure that their own staff complete training. Efforts are being made corporately to link the requirement to complete mandatory training modules to PPDRs.

RESOLVED – That the report be noted.

89 : ISA 260 AND AUDITED STATEMENT OF ACCOUNTS 2021/22

The Chairperson welcomed Anil Hirani, Operational Manager, Capital, Corporate and Treasury, Sally Ormiston, Group Accountant, and Phil Pugh of Audit Wales to the meeting. The invitees were invited to present a report on the ISA 260, Annual Governance Statement and Audited Statement of Accounts 2021/22.

Members were advised that since the last meeting of the Committee on 19 July 2022 a response to the questions received was circulated to Members in accordance with the actions for that meeting. Following the completion of the audit the revised draft Statement of Accounts and Annual Governance Statement now include any amendments arising from the feedback received from the Committee.

Phil Pugh of Audit Wales provided a summary of the ISA 260 Audit Reports for Cardiff Council and Cardiff Harbour authority. Members were advised that an unqualified audit opinion would be provided for both sets of accounts. There were no uncorrected misstatements in the accounts and the corrections that have been made were set out in the report.

Responding to a question from the Committee, Phil Pugh confirmed that there were no internal control arrangements risks revealed by the various adjustments made to the accounts. The adjustments were mainly of a technical accounting nature including updated valuations.

RESOLVED – That the Committee recommends the 2021/22 Audited Statement of Accounts for Cardiff Council and Cardiff Harbour Authority; the 2021/22 Audit of Accounts Reports (ISA 260) for the Statement of Accounts for Cardiff Council and Cardiff Harbour Authority; and the 2021/22 Annual Governance Statement be considered for approval by Council on 30 March 2023.

90 : FINANCIAL UPDATE INCLUDING RESILIENCE ISSUES

The Corporate Director Resources and Section 151 Officer, Chris Lee, presented a financial update including resilience issues and the financial challenges facing the authority, including the Month 9 position and the budget strategy for 2023/24.

RESOLVED – That the report be noted.

91 : STATEMENT OF ACCOUNTS 2022/23: ACCOUNTING POLICIES AND TIMESCALES

The Chairperson invited Anil Hirani, Operational Manager, Capital, Corporate and Treasury to introduce a report on the Statement of Accounts 2022/23 Accounting Policies and Timescales.

Members were advised that the timetable in the report aims to present a set of accounts to the November 2023 meeting of Council. Members were asked to note that there are no changes made to the draft policies or assumptions that would significantly impact on the reporting of financial performance historically or in the future. However, there were some changes to accounting policies anticipated from CIPFA around valuation of fixed assets. There would also be increased focus around the pension fund in terms of understanding what 'income' is and what is change in valuation of assets.

The report indicated that a number of reviews and changes are being proposed for future years which are likely to impact on the CIPFA Code of Practice and, therefore, to the Council's approach. These include changes in relation to leasing; valuation of property assets; and infrastructure assets. A summary of each of these changes was provided.

Members requested a progress update on the service area response to the administrative implications of the changes to IRFS16 – leasing. The Operational Manager advised that the service have access to a leasing management system. Testing has been undertaken and major leases in terms of property, vehicles and plant equipment have been identified. A view has been taken on assets such as printers and watercoolers and whether their inclusion added value. The next steps will be to discuss the approach with colleagues in Internal Audit and ensure that the resources are in place. CIPFA require that the changes are implemented in 2-years

but the Operational Manager was hopeful that Cardiff could introduce the changes a year earlier than planned.

RESOLVED – That the report be noted.

92 : CORPORATE RISK MANAGEMENT (Q3)

The Corporate Director Resources presented a report on the corporate risk position as at Quarter 3, 2022/23.

Members were asked to note the revised residual risk ratings (both reduced) for financial resilience and the risk for ineffectively managing demand in Childrens Services.

Members suggested that the Performance Management risk mitigation should include some narrative around the performance management framework in place. The Corporate Director Resources accepted the point made.

RESOLVED – That the report be noted.

93 : RECOMMENDATION TRACKER - REPORTS OF EXTERNAL REVIEW BODIES

The Chairperson welcomed Gareth Newell, Head of Performance, to the meeting and invited him to deliver a report providing an overview of progress made in delivering the recommendations made by external regulators.

The Head of Performance considered that introduction of the report had provided additional assurance and ensures that the Council is responding to recommendations received. Members were advised that the report provides the mid-year position and a number of recommendations, therefore, have no RAG rating. However, those ratings and the management responses will be included at year-end.

Officers are working on drafting guidance to be provided to officers setting out agreed standards for responding to any recommendations received. It was anticipated that the guidance will further provide additional assurance.

Members asked whether the requirement that Governance and Audit Committees are expected to consider relevant reports and recommendations from external review bodies was a mandatory requirement. The Head of Performance agreed to clarify the position and provide a response following the Committee.

Responding to a point from the Committee, the Head of Performance also agreed to discuss strengthening a response to a 2018/19 recommendation in relation to Corporate Safeguarding at the next Corporate Safeguarding meeting.

RESOLVED – That the report be noted.

94 : TREASURY MANAGEMENT PRACTICES

The Committee received a report providing Members with the proposed Treasury Management Practices (TMP's) to be applied from April 2023.

Officers confirmed that there were significant controls in place to ensure that appropriate segregation controls are in place to ensure financial transactions can be undertaken safely and securely by members of staff who are working from home. The Council's bank will also have their own controls in place to safeguard against fraud, for example. The Corporate Director Resources stated that as the officer responsible for the cyber security corporate risk there are external assurance requirements that ensure Council networks are secure, including financial transactions.

RESOLVED – That the report be noted.

95 : OUTSTANDING ACTIONS

RESOLVED – That the report be noted.

96 : CORRESPONDENCE

RESOLVED – That report be noted.

97 : WORK PROGRAMME UPDATE

RESOLVED – That the report be noted.

98 : URGENT ITEMS (IF ANY)

No urgent items.

99 : DATE OF NEXT MEETING

The next meeting is scheduled for 11 July (subject to Full Council in May 2023).

100 : CHAIRMAN'S CLOSING REMARKS

To mark the occasion of his retirement and the end of 62 years public service the Chairperson made some closing remarks. The Chairperson expressed his thanks for the courtesy and support extended to him during his period in the Chair from elected member and officers. The Chief Executive attended to provide words of praise and thanks to the Chair, as did the Corporate Director Resources and the Deputy Chairperson. The Chairperson thanked and gave recognition to the senior officers and members he had worked with, to the Committee and the Chairperson wished to record his particular gratitude for the support he received from Chris Pyke, Audit Manager.

101 : CORRESPONDENCE FOLLOWING THE COMMITTEE MEETING

The next meeting is scheduled for 11 July (subject to Full Council in May 2023).

The meeting terminated at 4.00 pm

GOVERNANCE & AUDIT COMMITTEE: 11 July 2023

**DRAFT YEAR-END SELF-ASSESSMENT REPORT 2022/23 &
UPDATE ON THE COUNCIL'S CONTROL ENVIRONMENT****REPORT OF THE CORPORATE DIRECTOR RESOURCES AND
CORPORATE DIRECTOR PEOPLE & COMMUNITIES****AGENDA ITEM: 7.1**

Reason for this Report

1. This report provides the Council's draft Self-Assessment Report 2022/23 and a senior officer 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 receives an annual report on the Council's Control environment for its consideration and assurance. It also receives the draft annual Self-Assessment (Well-being) Report to review and make any relevant recommendations in accordance with its role brought into force through the Local Government and Elections (Wales) Act 2021.
4. The Governance and Audit Committee receives an overview of the non-statutory half-year self-assessment process and outcomes from the Head of Performance and Partnerships at its Committee meeting each year in January.

5. To support the Committee's understanding of the Council's Planning and Performance Framework, a briefing session was held in June 2023, which had the intention of ensuring a sound base-level understanding of the arrangements in place underpinning the report.

Issues

6. The following report has been structured 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 2022/23, contained within **Appendix 1**.

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 on each council 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 are attended by the Cabinet Member for Finance, Modernisation and Performance, the relevant lead Cabinet portfolio holders, relevant Directors and 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 PRAP Scrutiny Committee and allows the Chairperson of each Scrutiny Committee to:
 - 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 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.

13. The Council's Corporate Plan is supported by Directorate Delivery Plans (DDPs). Directorates across the Council play a critical role in enabling the Council to achieve its priorities and DDPs are the key vehicle for doing this. Directorates are responsible for identifying the Well-Being Objectives and associated steps to which they contribute, and for developing milestones which state the actions they will take. Key Performance Indicators must also be identified to measure progress, alongside any risks and auditor

recommendations which must be managed and responded to. DDPs must be written within the context of good resource management, for example, workforce development and financial management and must include an assessment of progress and challenges to identify appropriate priorities. DDPs also contain a range of corporate indicators of performance including:

- a. The Service Commitments which have been identified to deliver the Corporate Plan, as well as any associated service KPIs.
- b. Corporate Health Indicators, including data on staff sickness absence, staff turnover, compliance with mandatory training and the number of agency staff employed.
- c. Links to the Corporate and Directorate Risk Registers which set out the mitigating actions the Directorate have identified in order to address major risks.
- d. Recommendations of External Regulatory Bodies, including the agreed responses to any recommendations or proposals for improvement.
- e. Links to the Scrutiny recommendations which have been accepted by Cabinet and which the Directorate is responsible for progressing.
- f. The requirements of the Welsh Language Standards, Welsh language policy and Equality Objectives
- g. The Corporate Safeguarding actions, specific to the Directorate's business, that have been identified through the Corporate Safeguarding self-assessment process.

14. Performance against the delivery of the Council's Well-being Objectives as set in the Corporate Plan is reported through a strategic self-assessment of performance contained within the Annual Well-being Report. The process for the development of the Annual Well-being Report is set out from paragraph 33 below. Performance improvement and evaluation isn't something that only takes place at the end of the financial year. A mid-year self-evaluation report is also considered by Cabinet drawing on performance information at month 6 and performance is monitored quarterly through updates to the steps and measures in the Corporate Plan, and the areas of risk, budget, audits, consultation, and performance are all considered throughout the year to drive improvement.

15. In Quarter 4 2022/23 [Audit Wales undertook an examination of how Cardiff Council set its Well-being Objectives](#) with a focus on how the Council had applied the sustainable development principle throughout this process. The report, which will be presented to a future Governance and Audit Committee, is included for information as Appendix 2. The examination included reviewing key documents, interviews and workshops with key officers and cabinet members and observing some of the meetings outlined in paragraph 12. The examination concluded that *'the Council has used the sustainable development principle to drive the setting of its well-being objectives including good use of data and a strong collaborative approach.'*

16. No formal recommendations for improvement were made but the report noted that the while the Corporate Plan did include many of the legislative requirements pertaining to a well-being statement, some elements were not covered, namely: how the Council intends to govern itself and its progress towards achieving its Well-being Objectives and it does not set out how the Well-being Objectives will help meet the national Well-being Goals. This will be rectified in the development and publication of the Corporate Plan and setting of Well-being Objectives for 2024/25.

17. In relation to performance reporting the Audit Wales examination concluded that *'the Council has robust arrangements for monitoring its Corporate Plan and wellbeing objectives throughout the year. These include its mid-year and annual self-assessment*

alongside regular progress reports to Cabinet, senior managers and scrutiny committees. These provide regular opportunities to understand progress, identify issues and discuss remedial actions where necessary.'

18. In 2022/23 a corporate level audit of Performance Management gave assurance on the corporate framework for performance management which was considered sound. As set out in the Audit Manager's Quarter 1 report, directorate-level audits of Performance Management have also been completed during Quarter 1 and have provided assurance that robust performance arrangements and systems are in place with effective directorate application of the corporate framework from which only a small number of recommendations have been raised.

Senior Management Assurance

19. The senior management assurance process provides a strong internal challenge 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.

20. Individually as Directors and collectively as a SMT the Senior Management Assurance Statement has been considered through the lens of the significant challenges of the cost-of-living crisis and the legacy impact of the pandemic of rising demand, inflationary pressures and the resulting pressure on service budgets. The Senior Management Assurance Statement (SMAS) is a key piece of evidence which informs the assurance sessions that are held with each Director and the Chief Executive, in conjunction with senior management in Performance and Finance, at mid-year and year-end. These challenge sessions require each directorate to consider the merits of the self-assessment, to identify progress made against action plans, and to identify any areas of concern.

21. Alongside a range of areas where ongoing assurance is required, there remains a need for the Council's Senior Management Team to retain focus on Council finances. The economic context remains challenging, and the Committee will be taken through the position as part of a financial resilience item later in the agenda. The Senior Management Team are continuing to lead on the response to the economic challenges, including:

- Interest rate increases – which affect the cost of borrowing & capital programme affordability, for both the existing programme and new schemes.
- 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.
- 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.

Independent Assurance

22. The Senior Management Team values the independent assurances 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 received provides a level of independent assurance that is used in conjunction with the SMAS returns and the Corporate Risk updates.
23. In the majority of 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 a focus is maintained on the actions necessary for an effective control environment in relation to the area of review.
24. Audit and counter-fraud work has an important and prominent profile in the Council:
- 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. Directors are encouraged 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. Additionally, the Audit Manager provides counter-fraud updates within Senior Management Team meetings, and associated risks, priorities, outcomes and initiatives are discussed.
 - Mandatory fraud awareness training is in place, and awareness and communication campaigns to reinforce the commitment to tackling fraud and safeguarding public resources.
25. The need for prompt action on recommendations is a high priority for the Senior Management Team. 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. The Senior Management Team welcome the insight, comment and recommendations from the Governance and Audit Committee in considering these reports.

Risk Management

26. 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. 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.
27. The Council's 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.

28. The Council continues 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.
29. 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 the Council's 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.
30. 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.
31. 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, it is recognised 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.
32. It is not currently possible to target overall risk reductions for the remaining corporate risk. 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's protective 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 into the city's CONTEST Board, but this is against the backdrop of the UK threat level of 'substantial'.

Self-Assessment Report (Annual Well-being Report)

33. 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, providing an 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?
34. 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.

35. 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 Well-being Report draws on the assessment of a number of year-end performance reports, including:

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

36. 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 chaired by the Chief Executive and attended by 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;
- 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 Cabinet;
- 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.

37. Last year, in response to consideration of the Annual Well-being Report 2021/22 the Governance and Audit Committee made the following recommendations:

i) We recommend that the draft Strategic Assessments under each Well-being Objective are reviewed to:

- a. ensure the overall evaluative conclusions are explicitly recorded,
- b. consider if they provide sufficient emphasis on outcomes.

ii) The Committee recognises the well-structured and comprehensive self-assessment process. However, we recommend the Council considers if the Annual Well-Being Report adequately records conclusions on the extent to which it meets its “performance requirements” namely: -

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

iii) It is considered that the narrative self-assessment within the “Key Successes” sections have an emphasis on input activities, we recommend that for future annual Self-Assessment Reports, that the Council consider whether a stronger focus on outcomes can be applied

38. The Annual Well-being Report for 2021/22 was reviewed and amended before publication in response to recommendations (i) and (ii). The Council has further reflected on all recommendations and strengthened practice in the development of the Annual Well-being Report for 2022/23, with further detail contained in Appendix 3.

39. As set out in paragraph 36 the Annual Well-being Report is considered by the Council’s Scrutiny Performance Panel as part of the self-assessment process. This meeting took place on 26th June 2023. The comments and recommendations made by the Panel, and the Council response to these, is attached as Appendix 4.

Summary Assessment and Strategic Priorities

40. Overall, the draft Annual Well-being Report 2022/23 concludes that the Council considers that it has made good progress across all Well-being Objectives, evidenced by an overall pattern of good performance across Council services and Corporate Plan commitments, the effective, efficient and economical use of resources and the use of its governance infrastructure to secure improvement. However, the report also identifies performance challenges and risks in each Well-being Objective which will require improvement action over the year ahead, and also identifies a small number of cross-cutting strategic challenges which are impacting all services, including:

- **Managing sustained increase in the complexity and scale of demand across Council services:** The fundamental changes in the scale and complexity of service demand post-Covid look likely to be long lasting and are being felt across multiple services. Demand pressures are notable in children’s services, adult social care, education, and in housing and homelessness.

- **Responding to workforce pressures now impacting on all council services:** Over recent years the Council has identified challenges in relation to recruitment and retention of staff in children's social services and adult social care. Whilst these challenges remain, the Council is now facing workforce challenges which are having an impact across all directorates.
- **Continuing to respond to new and fast emerging risks:** In addition to the sustained rise in demand on services, the Council has, alongside its partners, responded to several un-anticipated yet substantial risks and issues during the year including: the cost-of-living and energy crisis and the arrival of a significant number of Ukrainian refugees into Cardiff.
- **Ensuring continued financial resilience:** Despite a more positive than anticipated financial settlement for 2023/24, the Council faces significant immediate and medium-term budgetary challenges including increased and more complex demand and the economic pressures as referred to within paragraph 20.

41. Through the Council's established arrangements to identify and manage service demands, risks, governance and assurance, the Senior Management Team will continue to lead a robust response to Council challenges, priorities and needs. It is our view that the Council has 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

42. As set out in the body of the report, the 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 – i.e., the extent to which:

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

43. A draft of the self-assessment report must be made available to the Governance and Audit Committee. The Governance and Audit Committee must review the draft report and may make recommendations for changes to the conclusions in the draft report.

44. The Self-Assessment Report requires approval by full Council (under the Constitution, Article 4.2(a)). 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.

45. 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.

46. In discharging 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 \(gov.wales\)](https://gov.wales/statutory-guidance)

47. 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

48. That the Committee:

- Review the Council's draft annual Self-Assessment Report 2022/23,
- Make any relevant recommendations for changes to the draft Self-Assessment Report 2022/23, to be submitted via a formal letter from the Committee Chair;
- Review and consider the wider report content represented by the control environment update.

Chris Lee and Sarah McGill
Corporate Directors (Resources and People & Communities)

The following appendices are attached:

1. Draft Year End Well-being (Self-Assessment) Report 2022/23
2. Audit Wales Examination on the Setting of Well-being Objectives in Cardiff Council
3. Governance and Audit Committee Recommendations in response to the Annual Well-being Report 2021/22 and Cardiff Council response
4. Scrutiny Performance Panel letter relating to draft Year End Well-being (Self-Assessment) Report 2022/23 and Council response.

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Annual Well-being Report 2022/23

DRAFT

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

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About This Report

What is the Annual Well-being Report?

The purpose of the Annual Well-being Report is to provide a self-assessment of Council performance in delivering its Well-being Objectives for 2022/23.

These Well-being Objectives, including the steps the Council will take to achieve them, and how performance will be measured, are set out in the Council's Corporate Plan 2022-25:

- Cardiff is a great place to grow up
- Cardiff is a great place to grow older
- Supporting people out of poverty
- Safe, confident and empowered communities
- A capital city that works for Wales
- Cardiff grows in a resilient way
- Modernising and integrating our public services

This Annual Well-being Report is the product of a comprehensive self-assessment process (set out below), and draws on service performance, governance and risk, resources, and other sources of performance information provided for each Well-being Objective. Each chapter of this report provides a strategic assessment by Well-being Objective, along with a summary of successes, challenges, and priorities for the future.

In creating and publishing this report, the Council fulfils its statutory duties in relation to both the Well-being of Future Generations (Wales) Act 2015 and the Local Government and Elections (Wales) Act 2021.

Statutory Requirements

The Annual Well-being Report fulfils the Council's following statutory requirements:

- **The Well-being of Future Generations (Wales) Act 2015** 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. A core element of the Act is the **Sustainable Development Principle** and the **Five Ways of Working**. These are: long-term, prevention, integration, collaboration, and involvement. This report assesses the extent to which the Sustainable Development Principle and the Five Ways of Working have been applied in the delivery of the Council's Well-being Objectives.
- **The Local Government and Elections (Wales) Act 2021** established 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 its "performance requirements" and publish a report

setting out the conclusions of their self-assessments once each financial year. Specifically, the Council must ***review its ability to use its resources economically, efficiently, and effectively.***

This Annual Well-being Report, produced through the self-assessment process outlined below, sets out the Council’s conclusions as to the extent to which it has met the performance requirements (that is, exercising its functions effectively, using its resources economically, efficiently and effectively, and that its governance is effective for securing the above) during the financial year.

Meeting Our Statutory Requirements

A summary of the legislative requirements relating to planning and delivery is set out below.

Act	Planning and Performance Requirement	Compliance Arrangement
Well-being of Future Generations Act	Set and publish Well-being Objectives	Completed through the publication of the Corporate Plan
	Take all reasonable steps to meet those objectives	Completed through the publication of the Corporate Plan
	Publish a statement about Well-being Objectives	Completed through the publication of the Corporate Plan
	Publish an annual report of progress	Completed through the publication of the Annual Well-being Report 2022/23
	Publish its response to any recommendation made by the Future Generations Commissioner for Wales	None received, as yet.
Local Government & Elections Act	Keep performance under review: the extent to which it is exercising its functions effectively; using its resources economically, efficiently and effectively, and; its governance is effective for securing the above.	Completed through the publication of the Annual Well-being Report 2022/23
	Consult on performance: with local people, staff, trade unions and partners	Completed, with reference to key findings included in the Annual Well-being Report 2022/23
	Report on performance: produce a self-assessment report every year, containing assessment of performance (service, finance, governance) and improvement actions identified	Completed through the publication of the Annual Well-being Report 2022/23

	Arrange a panel performance assessment and respond to a panel performance assessment report	To be completed during the 2022-27 local government cycle
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The Council considers that, through the publication of its Well-being Statement, **it has met the relevant statutory duties listed above.**

How is the Annual Well-being Report developed?

The assessment of performance contained within the Annual Well-being Report is developed through a thorough process of self-assessment involving the political and managerial leadership of the Council, drawing from a wide range of sources of performance information.

Sources of Performance Information

Sources of performance information which contribute towards the performance assessment contained within the Annual Well-being Report include:

- **Performance against the Council’s Key Performance Indicators** – The Council’s [Corporate Plan](#) contains a suite of performance indicators which measure progress made in delivering the Well-being Objectives. Where applicable, targets are set against these performance indicators to demonstrate the desired level of achievement. Performance indicators are assigned a RAG status: **Green** where the indicator is on or above target, **Amber** where the result is within 10% of the target, and **Red** where the result is more than 10% from the target.
- **Progress against the steps in each Well-being Objective** – Each Well-being Objective within the Corporate Plan also contains a set of ‘steps’ or actions. Monitoring the progress of these steps provides an understanding of what has been achieved and where further work is required. The Year-End Performance against both the Corporate Plan indicators and steps can be found on the Council’s [Corporate Performance Dashboard](#).
- **Consultation and Engagement** – The Council has a number of established consultation and engagement mechanisms such as the annual Ask Cardiff Citizen Survey, the Budget Consultation, the Child Friendly City Survey as well as other surveys and consultation exercises which take place over the course of a year that provide residents, businesses, and other city stakeholders an opportunity to share their views on a wide range of the Council services. The Council, in collaboration with partners on the Cardiff Public Services Board (PSB), produced a [Consultation Overview Report](#), which was published in February 2023.

In addition, the Council’s [Annual Compliments and Complaints Report](#) provides valuable insight into where Cardiff’s citizens feel the Council needs to improve. The Corporate Plan contains a number of ‘qualitative’ Key Performance Indicators that relate to citizen satisfaction with services, and the findings of the consultation and engagement work

forms an important part of the Council's self-assessment process, policy development and budget setting process.

- **Finance Monitoring** – The Council's [Outturn Report 2021/22](#) serves to inform of the Council's financial position in respect of the year ending 31 March 2023 and its findings contribute to the assessment contained within the Annual Well-being Report.
- **Good Governance** – The Council's Governance Framework comprises the systems, processes, culture and values by which the Council is directed, controlled, and the means through which it accounts to, engages with, and leads the community. The Council's [Annual Governance Statement](#) sets out an assessment of the Council's framework of governance, risk management and internal control.
- **Risk** – Delivering objectives requires frequent management of risks at both operational and strategic levels, particularly in the dynamic external environment in which the Council is operating. The Council's Year End [Risk Report](#), and its Corporate and Directorate Risk Registers, provides an overview of the current risks and the actions in place to mitigate them.
- **Scrutiny Committees and Governance & Audit Committee** – The Council responds to the issues raised and recommendations made by the Committees, which help inform policy development and performance improvement.
- **Inspection Reports** – The Council is subject to a number of inspections from regulatory bodies including Audit Wales, Estyn (Education) and the Care Inspectorate Wales (CIW). Their findings help the Council to assess areas of strong performance, as well as identifying areas that require improvement.

Self-Assessment Process

The Annual Well-being Report is developed through engagement with directors and a self-evaluation, assurance, and challenge process. The process features enhanced roles for both Scrutiny Committees and the Governance & Audit Committee. This process includes:

- A directorate self-evaluation of service performance, resourcing, and governance challenges and priorities, answering the following questions:
 - What is going well?
 - What are the key risks and challenges facing your services?
 - What are the next steps?
- Performance and budget challenge and assurance sessions convened by the Chief Executive and the Section 151 Officer with each Director considering the findings of their directorate self-assessment;
- A progress and performance session with Cabinet and the Council's Senior Management Team where the Chief Executive provides a strategic assessment of organisational performance.

- Consideration of the draft Annual Well-being Report by:
 - The Performance Panel, convened by the Chair of the Policy Review and Performance Scrutiny Committee, and involving the Chairs of each of the Council's Scrutiny Committees (The letter from the Chair of the Performance Panel, the Panel's recommendations and Cabinet's response are included as Appendices 3a, 3b and 3c of this report.)
 - Governance & Audit Committee (The letter from the Chair of Governance & Audit Committee and the response are attached as Appendices 4a and 4b).
 - Policy Review and Performance Scrutiny Committee (The letter from the Chair of the Policy Review and Performance Scrutiny Committee and the response are attached at Appendices 5a and 5b).
 - Cabinet, having received and responded to the recommendations of each Committee.
 - Council.

Performance improvement and evaluation isn't something that only takes place at the end of the financial year. A mid-year self-evaluation report is considered by Cabinet drawing on performance information at month 6 and performance is monitored quarterly through updates to the steps and measures in the Corporate Plan, and the areas of risk, budget, audits, consultation, and performance are all considered holistically throughout the year to drive improvement.

Overall Assessment

This Annual Well-being Report contains the Council's assessment of performance against the seven Well-being Objectives set out in the Council's Corporate Plan 2022-25.

Overall, the Council considers that it has made good progress across all Well-being Objectives, evidenced by an overall pattern of good performance across the Council services and Corporate Plan commitments, the effective, efficient and economical use of resources and the use of its governance infrastructure to secure improvement. However, the report also identifies performance challenges and risks in each Well-being Objective which will require improvement action over the year ahead, including a small number of cross-cutting strategic challenges which are impacting all services, which are outlined below.

The analysis contained within Annual Well-being Report (and the mid-year performance assessment) form a central component of the setting of Council's priorities and actions for improvement for the year ahead, which are set out in the [Council's Corporate Plan 2023-26](#).

Areas of Progress

Area of progress identified in this report include:

- Education outcomes are positive with attainment above the Welsh average and school inspection results generally positive.
- The Council's strategy of 'shifting the balance of care' is having a demonstrable impact in Children's Services.
- Within Adult Social Services, the care market has been stabilised and pathways out of hospital have been improved through more effective joint working with Cardiff & Vale University Health Board.
- Rough sleeper numbers have been maintained at low levels, with multi-agency wrap around support leading to improved outcomes, and continued progress in the Council's housebuilding programme.
- Continued progress in the city development and major projects despite more challenging market conditions.
- Developing an extensive pipeline of One Planet Cardiff projects - including the District Heat System and securing £100m to deliver the first phase of Cardiff Crossrail.
- Responding effectively to emerging risks and issues including the cost-of-living crisis and the Ukraine refugee crisis.
- Working towards being a Council that reflects and responds to the city's diversity. including accepting all the recommendations of the Race Equality Task Force and receiving recognition as the highest placed Local Authority in the UK Stonewall Index.
- Continued successful operation through hybrid working, with the new way of working informing the development of new core office strategy and workforce strategy, unlocking efficiencies and offering greater flexibility for staff.
- Greater ability for citizens to access Council services via online platforms and improvements to its citizen engagement practice, informing the upcoming Participation Strategy.

Over the past year a focus has been placed on translating the new administration's 'Stronger, Fairer, Greener' priorities into the Council's Planning and Performance Framework, including the development and agreement of a new Corporate Plan and Public Services Board Well-being Plan, which also respond to the strategic and service challenges identified in this report.

Strategic Challenges

The Annual Well-being Report 2022/23 highlights a range of performance challenges, which need to remain the subject of corporate focus over the year ahead:

- **Managing sustained increase in the complexity and scale of demand across Council services:** The fundamental changes in the scale and complexity of service demand post-Covid look likely to be long lasting and are being felt across multiple services. This can be attributed to the lasting impacts of the pandemic, as well as the cost-of-living crisis, which has placed pressure on households across the city – particularly vulnerable individuals and families – with increasing numbers of individuals relying on council services.

Demand challenges are particularly evident in services for children and young people, with children's services facing a significant rise in both the number and complexity of cases. In addition to this, acute workforce supply challenges and a shortage of accommodation places have resulted in serious service and budgetary pressures. In the Education system intermittent attendance and persistent non-attendance represents a significant concern in many parts of the city which will require concerted focus from the Council and school leaders over the year ahead.

Similarly, the adult social care sector continues to face ongoing pressures through rising demand and increasingly complex service requirements. Though the supply of care in Cardiff has improved significantly, unlike in many other local authority areas, the fragility of the care market remains a concern due to an ongoing shortage of care workers. Given the ongoing pressures on the health and social care system, this will continue to be a strategic priority for the Council and its partners in 2023/24.

The number of people who are becoming homeless and the demand for emergency and temporary accommodation has increased substantially, with high waiting lists across all homeless gateways. Around 8,000 people are on now the Council House waiting list and the rental rate in the private rented sector is at unprecedented levels. The shortage of housing of all tenures is creating pressure across many Council Services, and the need to rapidly extend access to housing, through building and securing additional affordable housing, represents a corporate priority.

- **Responding to new risks and issues:** In addition to the sustained rise in demand on services the Council has, alongside its partners, responded to several un-anticipated yet substantial risks and issues during the year. These include the response to the cost-of-living crisis which has disproportionately impacted some of the city's most vulnerable

people and communities, as well as the wider economy. The emergence of the energy crisis brought severe cost pressures that seriously impacted the cost of running Council venues and have had clear implications for the Council's capital programme. The Ukraine refugee crisis also represented an emergent challenge which necessitated the rapid mobilisation of a cross service-area response. In each case, the Council convened an effective response, often involving cross service-area working and collaboration with public service partners, the private sector and the third sectors. Looking ahead, the Council must continue to anticipate and respond, at speed and in partnership, to new risks and issues as they emerge.

- **Workforce pressures now impacting on all council services:** Over recent years the Council has identified challenges in relation to recruitment and retention of staff in children's social services and adult social care. Whilst these challenges remain, the Council is now facing workforce challenges which are having an impact across all directorates. The primary concern relates to the recruitment and retention of appropriately skilled individuals with the Council facing competition from other sectors in attracting professionals, making it difficult to fill key positions. As is the case nationally, workforce challenges are having an impact on the Council's capacity to deliver services, as well as key projects. In response, the Council's new Workforce Strategy (2023-27) sets out an enhanced approach to proactive workforce planning, which includes the further development of a supportive work environment, fostering employee engagement and continuing to develop new, tailored approaches to recruitment and retention in areas where the Council has skills and capacity gaps.
- **Ensuring continued financial resilience:** Despite a more positive than anticipated financial settlement for 2023/24, the Council faces significant immediate and medium-term budgetary challenges. The Budget Update Report presented to Cabinet in July 2023 set out an indicative Revenue budget gap of £36.7 million for 2024/25 and a £119.2 million budget gap across the period of the Medium-Term Financial Plan. These pressures are due to a combination of increased complexity and scale of demand on services (particularly in Children's Services, Adult Social Care, Additional Learning Needs and Homelessness), inflationary pressures driven by employee related costs, the costs of goods and commodities purchased by the Council (such as energy, food and fuel) and the cost of construction, materials and commissioned services. Continued post-pandemic pressures in income recovery in some services also remains an issue. To ensure the Council's ongoing financial resilience, a proactive approach to identifying and implementing savings will continue. This includes a review of all directorate budgets and the identification of baseline efficiencies across all services. Given the wider economic environment characterised by high inflation, rising interest rates and labour and supply chain challenges, a sharp focus will also need to be placed on the Council's capital position and the development of its medium- and longer-term programme.

Well-being Objective 1:

Cardiff is a great place to grow up

Our priorities in 2022/23 were:

- Supporting a child-friendly recovery
- Continuing to deliver the Cardiff 2030 vision for education and learning
- Protecting the wellbeing of vulnerable children, young people, and families

Strategic Assessment

The Council has made good progress against this well-being objective, particularly in relation to the quality of education, overall attainment and in improving the quality of care for children and young people. However, there are a number long-standing and newly emerging challenges which will impact on young people responding to which will require concerted effort from the Council, the city's education system and public service partners.

There has been sustained improvement in the quality and effectiveness of Cardiff's education services. School inspection outcomes are mainly positive and GCSE outcomes for 2022 were higher than 2019 – the last time comparator results were available – with results in Cardiff above the Welsh average. The governance and quality assurance arrangements for monitoring the progress of schools has been improved and the School Organisation Programme (SOP) is responding to the inspection recommendation to ensure strategic oversight of the development of Welsh-medium education. The Council's programme of investment in schools continues to be delivered to ensure learners in Cardiff benefit from high quality learning environment and schools have been effectively supported by the rapid roll-out of a comprehensive digital transformation agenda.

Areas of challenge remain, however. Although inspection outcomes are mainly positive, there are 4 schools in a category of follow-up with 1 school in the statutory category of significant improvement. More must be done to support re-engagement in education following the Covid-19 pandemic, with intermittent attendance and persistent non-attendance below target and representing a significant concern in many parts of the city which will require concerted focus from the Council and school leaders over the year ahead.

Within schools, budget pressures persist despite the prioritisation of funding for delegated school budgets, and despite record levels of investment in the school estate, significant levels of capital funding are still required to maintain safe learning environments. The projected decline in pupil population numbers is a real area of concern given that surplus places translate into significant budgetary pressures. The increasing cost of school transport persists as an ongoing concern whilst the growth in Additional Learning Needs also bring with it both demand and cost pressures. Taken together these pressures will present a significant challenge to the financial resilience of the city's education system and so will be an area of corporate focus for 2023/24.

Within Children's Services, excellent progress has been made in delivering the Children's Services Accommodation strategy, with a number of properties purchased, a significant number of staff employed, and regulatory accreditation secured. These represent important developments in ensuring the sufficiency of placements and supporting the Welsh Government's policy directive of removing profit from the care sector. The challenge in this area, however, remains significant.

Children's Services continue to face high demand and increases in case complexity. This demand pressure is reflected throughout the child's journey, including services to address children's mental health and emotional well-being. At the same time, insufficient placements in a provider dominated accommodation and support market will continue to account for major costs pressures and, in exceptional circumstances, an increasing need to use unregistered placements. The service is also facing challenges with the recruitment of social workers. Whilst an extensive body of work has been undertaken to dampen cost pressures in year, it has accounted for a major budgetary over-spend. Delivering the Children's Services Strategy, preventing demand through shifting the balance of care, will therefore remain a corporate priority going forward.

Other areas of notable improvements include the Youth Justice Service and, though further work is required, the progress made was acknowledged in the August 2022 follow on inspection report by His Majesty's Inspectorate of Probation (HMIP).

A Child Friendly City

Cardiff's ambition to be recognised as a city where all children and young people have an equal chance to thrive and reach their potential is one step closer to realisation as the submission to gain UNICEF Child Friendly City status was completed in September 2022. If successful, Cardiff will be the first city in the UK to gain UNICEF accredited status. The final stage of the UNICEF assessment began in April 2023, and the outcome will be decided by Summer 2023.

Work has continued throughout the year to promote children's rights through workforce development. As part of the Rights Respecting Schools Approach, 70% of schools have now been accredited, up from 63% at the end of 2021/22. While this is a positive improvement, this is just short of the target for 2022/23 of 75% of schools. Of those accredited, 44 schools have achieved Bronze status, 31 have achieved Silver, and 14 have achieved Gold.

The Children's Rights Online Module has been launched for Council staff, with a target completion rate of 85% - in line with other mandatory modules. However, at the end of 2022/23, compliance for the Children's Rights Online Module was only 63%. To address this, the completion of Children's Rights Training has been linked to each staff member's personal review, supported by enhanced data for managers to target compliance within their services.

The Council's Child Friendly Cities Survey was issued in Spring 2022, with 7,660 responses (up from 6,500 on the previous survey). The survey has provided valuable insights into the experiences of children in Cardiff, with a cross-analysis by characteristic, including by age, gender, minority ethnic group, those living in the 'Southern Arc', young carers, and those with a disability. The survey demonstrated that 90% of respondents felt that they are able to 'do their best to learn and progress at school' with 86% of respondents stating that they were aware of their rights.

Delivering the Cardiff 2030 Vision for Education and Learning

Despite the disruption of the pandemic, the Council has demonstrated good progress in the delivery of its 2030 vision for Education.

In May 2023, Estyn recognised the strong corporate and political leadership of education in Cardiff, highlighting assurances that the quality and effectiveness of education services has improved, and noting the strengthened governance around monitoring schools causing concerns. In their assessment, Estyn highlighted several areas of strength, including the reduction in fixed-term exclusions to below pre-pandemic levels, an overall sustained improvement in the quality and effectiveness of services, and the success of the digital transformation agenda. In the [2022 Estyn Report](#), Estyn acknowledged the Council's high level of support provided for asylum seekers and refugees, including the large groups of children arriving from Afghanistan who were hosted and supported in Cardiff prior to their relocation in other parts of Wales.

The new Curriculum for Wales was introduced in 2022 and has now been rolled-out to all primary schools, with secondary schools to begin rollout from September 2023 on a phased transition, up to Year 11 in 2026. Regarding attainment, schools in Cardiff saw good outcomes for pupils across the city. In 2022, pupils sat GCSE exams for the first time since 2019. The 2022 results were higher than 2019, and the results for Cardiff were well above the Welsh average, with 31.9% of pupils achieving an A* or A grade.

In line with the trend over the last four years, the percentage of children securing one of their top school choices has met its target for both primary school and secondary school admissions, at 99.6% and 93.8% respectively.

There is a comprehensive and ambitious digital transformation strategy which is highly regarded by school leaders and is moving forward at pace, as recognised in their assurance work by Estyn. Throughout the year, 35 schools had a complete device refresh, achieving a pupil-to-device ratio across all schools at year-end of 1:0.7 (or 7 devices for every 10 pupils). Processes have also been established to ensure all pupils have broadband access at home, with a central stock of routers ready to be deployed when needed.

The 'Passport to the City' model, which aims to provide extra-curricular opportunities for children and young people across Cardiff, has continued to progress, with 32 schools and youth groups signed up to the programme at Quarter 4, up from 10 schools at Quarter 2, with 6,300 total registrations to date.

Attendance at both primary and secondary schools has decreased year-on-year since 2019. At the end of the 2021/22 academic year, overall attendance for primary schools was 89%, and for secondary schools it was 86%, compared to 95% and 94% respectively prior to the Covid-19 pandemic. Emerging trends in persistent absence (where attendance falls below a 50% threshold) have also been identified following the pandemic, with schools now closely monitoring these patterns, and persistent absence being introduced as a corporate KPI from 2021/22. Persistent absence affected around 1-4% of pupils in the 2021/22 academic year, with the trend more prominent in secondary schools than primary schools.

An increasing trend seen in permanent exclusions has been evident over the last two years since normal operating of schools resumed following the Covid-19 pandemic. This is largely attributed to the residual effect of the pandemic and the impact of successive lockdown periods which in turn resulted in social, emotional, and community issues with children and families which has impacted their behaviour at school. Concerningly, the most common cause of exclusion has been assault directed against other pupils. There has, however, been a 15% decrease in permanent exclusions in the current academic year to date when compared to last year, along with a 40% decrease for the Spring term 2023 when compared with the Spring term 2022. The rate of fixed-term exclusions is also beginning to slow as the academic year progresses, suggesting that, overall, exclusions are on track to return to pre-pandemic levels. Fixed-term exclusions were a particular concern in secondary schools in the 2021/22 academic year, where the fixed-term exclusion rate was almost double its pre-pandemic figure. As with permanent exclusion, the most common cause for fixed-term exclusion was assault and violent behaviour, directed towards both pupils and staff. Work continues as part of the 'Whole School Approach to Emotional and Mental Well-Being'

(WSAEMW) to support learners through support and counselling, which will contribute toward improving both exclusion and attendance rates.

Aligning to the new Additional Learning Needs (ALN) Code, the Education Directorate is working in partnership with the Cardiff & Vale University Health Board (UHB) to ensure that the required provision will be in place, while work to transition from the previous system of 'statements' to the new Individual Development Plans (IDPs) is ongoing. The aim is to have this transition completed by the end of the current academic year, in line with the timescales set by the Welsh Government. There are, however, a number of challenges associated with meeting the growing demand for children with ALN – specifically, being able to forecast and plan for demand in the right areas of the city. In 2022/23, the Council set a target of delivering 290 ALN places, although was only able to deliver 250. Knock-on effects of insufficient capacity include increased costs of out-of-county provision, and increased school transport costs. Moving forward, the immediate priority is ensuring that the right support is provided in the right places, in the first instance extending provision for the Pupil Referral Unit (PRU) and other specialist resource bases around the city.

Recruitment, retention and staff absence remain areas of challenges for schools, particularly the recruitment of catering staff, Welsh speaking teachers and roles within specialist education. Schools have been supported throughout the year by the Education directorate to backfill both teaching and non-teaching vacant posts. Welsh Government grant funding has also enabled the Council to recruit temporary Education Welfare Officers and School Attendance Officers who will start work in summer 2023, increasing the capacity to deliver the Council's 'Back on Track' school attendance campaign.

Though there were some delays to the delivery of the Band B schools programme through the pandemic, work is still underway, with several projects well developed and/or on-site and others planned for the coming year. The new School Organisation Planning and Investment Strategy is due to go to consultation in summer 2023. As part of the above consultation, the Council will be seeking views on a range of key areas including Community-Focused Schools. The delivery of the first Local Development Plan (LDP) schools has also begun, with two primary schools due to start operating in their new buildings from September 2023. Long-term planning and forecasting up to 2026 is also being undertaken in response to the pressure that acute inflation will have on the education capital programme. Due to the potential impact, this issue is recorded and monitored via the Council's Corporate Risk Register. An emerging challenge, highlighted by the 2021 National Census, is the significant drop in birth rates in Cardiff. This will have implications for both planning and school funding.

A significant amount of work has been undertaken throughout the year to maintain and improve the school estate, including a £25 million programme of condition, suitability, and sufficiency works. Further improvements are planned for the coming year, including the Early Years Unit at Moorlands Primary, development options for primary schools in Cathays, and the creation of additional secondary capacity at Eastern High, Radyr Comprehensive, St. Teilo's, St. Illtyd's, Corpus Christi, and Mary Immaculate. Moving into 2023-24, the value of the asset renewal spend on schools will continue to be monitored corporately as a key performance indicator, with a target for the coming year of £22 million, up from this year's

target of £20 million. The key challenge in this area is managing the balance between capital investment in new buildings and repairs to existing buildings, with some sites suffering from ageing infrastructure where funding needs to be spent on essential and emergency repairs.

Schools are also in the process of adapting to meet the capacity requirements of Universal Free School Meals for primary school children. Aligned to the target timescales set by the Welsh Government, Universal Free School meals will roll out to Year 2 pupils from June 2023, and Year 3 and 4 pupils from September 2023 onwards. A substantial programme of capital-funded works is being undertaken to support this change, including making adaptations in schools to accommodate a greater capacity for school-provided food. As mentioned above, the recruitment of catering staff to support this roll out remains a challenge.

Despite the improvement in the financial position for Education, there continues to be significant pressure in some areas, including pay award costs, Home to School Transport, Catering and Out of County Placements. In Home to School Transport, rising costs in fuel and driver supply, combined with the increased number of pupils with Additional Learning Needs requiring transport are the key contributors to the pressures. There are also significant pressures in respect of out of area placements and school catering services, the latter being impacted by price increases for food and transport costs, combined with reduced income from paid school meals.

Protecting the Well-Being of Vulnerable Children, Young People, and Families

Children's Services is moving into 2023-24 with a suite of revised and complimentary strategies, all aligned to the Striving for Excellence in Children's Services Strategy 2023-26. The supporting strategies and frameworks cover areas including workforce, accommodation, commissioning, performance, corporate parenting, trauma, disabilities and additional learning needs, and youth justice. The three key areas of focus underpinning these strategies are place, ensuring there is support within the community, people, developing the permanent workforce, and practice, establishing policies and procedures to promote learning and continuous improvement.

Areas of success for Children's Services include the ongoing development and implementation of a number of strategies, including the Accommodation Strategy, the Corporate Parenting Strategy, and the Recruitment & Retention Strategy. Over the year, developments within the service have been characterised by strong cross-service, multi-disciplinary working, and long-term strategic planning.

The 'Right Place' model for children being looked after and on the edge-of-care was a focus over the course of the year. To deliver the model, a number of sites have been identified across Cardiff, including a main hub site, a site for emergency provision, and a site for skills development to support young people to live independently. Though there have been some delays in implementation, work continues to determine the best resourcing options and role types needed to support the model. Extensive review work has also been undertaken by the Reviewing Hub, which has reviewed over 850 children. Over 200 children were safely stepped down to a lower level of intervention, while the Reunification Team works to assess

and reunify looked after children with their families where it was safe to do so. To support this approach the Quality Assurance Team worked to promote and improve practice standards across Children's Services.

An integrated approach to emotional and mental health support for children and young people has been developed across Council services and in partnership with the Cardiff & Vale UHB. Progress during the year includes the rollout of specialist emotional distress training to partnership staff, and the development of a specification for an accommodation solution to provide suitable placements for children and young people with emotional and mental health support needs. Recruitment has also taken place to appoint specialist psychologists to support children and families through Early Help services. Work has also continued, led by Early Help, to reduce the impact of adverse childhood experiences by developing Thinking Together Conversations training and video guidance for practitioners, and working with third sector partners to ensure that there are clear referral pathways into early intervention and preventative services.

The most significant challenge faced during the year has been the lack of sufficiency of placements for children looked after, resulting in an overspend at year end of £6.6 million. The lack of local supply has resulted in more costly, further afield and unregistered placements. At Quarter 4, the percentage of children looked after in regulated placements in Cardiff was 56%, just below the target of 60%, and the number in regulated placements within a 20-mile radius of Cardiff was 76%, just below the target of 80%. Unregistered placements lack strengthened oversight arrangements and are unlawful under the Regulation and Inspection of Social Care Act 2016. However, Children's Services has been working closely with the Care Inspectorate Wales to support the process to register these homes. The pressures on placement provision have been driven by changes in the market and exacerbated by an increase in complexity of the Children's Services caseload which has resulted in more high-cost placements. Another contributing factor to the placements challenge is the Welsh Government's agenda to eliminate profit from the care sector. This has caused some providers to withdraw from the market, shrinking supply, and driving costs up. Cardiff is also home to most Welsh Independent Fostering Agencies (IFAs), making it more difficult to attract local authority foster carers – although improvements have been achieved in this area. While still below target, at Quarter 4 the number of children looked after by local authority foster carers was at a high of 129, (against a target of 150) with the number of children looked after by external foster carers reduced to 308. Although it is important to note that both types of provision will likely always be needed, this demonstrates a shift away from the historical reliance on external foster carers. However, the reduction in external foster carers could signal an increased reliance on costly residential placements if this trend continues. Though the challenge of placement sufficiency remains in 2023/24, the Accommodation Strategy and the Right Place Model represent a major component of the approach within Children's Services to adapt to the pressures on placements moving forward.

Children's Services have faced ongoing challenges in relation to the recruitment and retention of social workers. This is a national issue affecting local authorities across the country. At Quarter 4, the percentage of permanent social work posts filled by agency staff in Children's Services was 27%, missing the target of 18% and is an increase of 3% from the

position at the end of the previous financial year (24%). In response, a Recruitment & Retention Strategy and Workforce Action Plan have been agreed. The strategy includes plans to attract more social workers to Cardiff through outreach and engagement, a clear induction process for new starters, and promoting the offer of training, mentoring and support from Practice Leads. The Council aims to bring in social work students on placements, and support individuals to complete their social work degrees, while also reaching agreements with recruiting agencies to offer incentives for agency staff to join the workforce on a permanent basis.

When HMIP undertook an inspection of Cardiff's Youth Justice Service (YJS) in 2020¹, it found the service to be 'Inadequate', granting the lowest possible inspection score to the service (0 of 36). Over the following two years an extensive programme of reform and improvement has been led by the service, with the support of the Cardiff Youth Justice Board.. The result of the improvement work is clearly demonstrable in the service area's performance indicators, including the falling re-offending rate (currently standing at 13% against a target of 40%) and the reduction in the number of first-time entrants (11 against a target of 18). Equally, the HMIP inspection report of August 2022² commended the improvements made and the distance the service had travelled since the 2020 inspection. While further areas of improvement were identified through the report's recommendations, some specific areas of work, including planning, implementation, and delivery of out-of-court disposals, and resettlement policy and provision were given 'Good' ratings.

¹ HMIP YJS Report 2020: [An inspection of youth offending services in Cardiff \(justiceinspectorates.gov.uk\)](https://www.justiceinspectorates.gov.uk/hmip-reports-and-inspection-summaries/hmip-yjs-report-2020/)

² HMIP YJS Report 2022: [An inspection of youth offending services in Cardiff \(justiceinspectorates.gov.uk\)](https://www.justiceinspectorates.gov.uk/hmip-reports-and-inspection-summaries/hmip-yjs-report-2022/)

Well-being Objective 2:

Cardiff is a great place to grow older

Our priorities in 2022/23 were:

- Supporting older people to stay active and connected in an age-friendly city
- Supporting older people to live independently at home through strengths-based preventative services
- Working in partnership to deliver high-quality sustainable care and support
- Supporting informal carers and valuing their role
- Ensuring our services meet the needs of the most vulnerable
- Proactively modernising our services

Strategic Assessment

The Council has made good progress against this Well-Being Objective in the context of a national picture where the social care sector faces severe and ongoing pressures through rising demand, increasingly complex service requirements and a shortage of skilled staff.

The supply of care in Cardiff has improved significantly, unlike in many other local authority areas, however the fragility of the care market remains a concern due to an ongoing shortage of care workers. Though good progress has also been made in increasing resilience within the service, through innovative initiatives such as the Cardiff Cares Academy, recruitment and retention of social workers and occupational therapists remains a significant issue, as do the high levels of staff sickness which has resulted in a backlog of assessments. There is also a need to refocus the care market towards the delivery of services for those with higher levels of care and to address the increasing complexity of service user needs. Taken together, these issues are continuing to place severe pressure on an already stretched social care system.

In response the Council has continued to work in close partnership with Cardiff & Vale University Health Board and the care sector to support older people live independently at home for as long as possible and to ensure that people are discharged from hospital as soon as it is safe to do so. Given the pressures on the health and social care system, this will continue to be a strategic priority for the Council and its partners over throughout 2023/24 and beyond.

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

Loneliness and social isolation have a significant impact on the health and wellbeing of older people which is why enabling older people to connect digitally and stay active in the community represented a priority for the Council. In June 2022, Cardiff was accepted into the World Health Organisation's Global Network for Age Friendly Cities and Communities. In consultation with older members of the community, an action plan – with an overall ambition of Cardiff becoming an Age Friendly City – has been developed, including a series of commitments to older people on issues such as housing, transport and participation in valued activities.

The Dementia Friendly Volunteer Programme, which was launched on World Alzheimer's Day, recruits and trains Dementia Friendly Ambassadors to support local shops, businesses, and organisations to work towards becoming Dementia Friendly. Despite a slow start to the year, progress was seen in Quarter 4, with 64 businesses signing up to the Dementia Friendly Pledge, against a target of 40. Additionally, to raise awareness and promote the support available, 2,616 Dementia Friendly City events were held throughout the year, against a target of 600. The percentage of staff completing the Dementia Friendly training module remains low, with only 54% of staff completing the training, against a target of 85%. Moving forward, completing the training will become a mandatory requirement and linked to staff performance reviews.

Other areas of progress include the expansion of the city's Care Hub (Day Centre) activity programme, as well as the widening of age-specific activity provision within Community Hubs. The Rhiwbina Hub has been officially launched as a fit-for-purpose community facility, as well as a Wellbeing Hub at Maelfa. During the year, intergenerational projects have also continued to be delivered across Care Homes with young people – who engage with the Council through Into Work Services – providing older people with one-to-one digital training.

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

Enabling older people to live independently at home improves their sense of wellbeing as well as reducing pressures on the public purse. The Council's preventative services are vital to ensuring that people can remain living at home for longer and, in 2022/23, 96% of the Council's Independent Living Service (ILS) clients reported that they felt able to live independently in their homes following support from ILS. Additionally, Ask Sara, an online self-help tool for citizens, carers and providers, was successfully launched in May 2022 to help identify the solutions needed to support independence.

The Community Occupational Therapy (COT) team offers practical support to enable people to live independently in their own homes for as long as possible through "right sized" support packages. The service is now working on the development of a Trusted Assessor model, a collaboration between Occupational Therapy (OT) and Social Work, to enable the completion of care plans by Occupational Therapists. Following difficulties in the recruitment of Occupational Therapists, a shift to recruiting non-qualified staff has proved

successful with the service now bringing forward proposals for developing its own qualified staff, providing a career path for carers and Occupational Therapist assistants.

The Community Resource Team (CRT), a partnership between Cardiff Council and Cardiff & Vale UHB, was inspected by Care Inspectorate Wales (CIW) during Quarter 1 of 2022/23, with assurance provided that there is good management oversight of the service, as well as compliance with regulatory requirements. Due to recruitment challenges and sickness absence, the number of people accessing support from the community resource team (1493 people against a target of 2000) and the total hours of support provided by the community resource team (35147 hours against a target of 5,000) fell short of the Corporate Plan target. This is also partly attributable to new pathways of care being introduced and the number of ward referrals being received via the Integrated Discharge Hub.

Good work is also evident in relation to the provision of Disabled Facilities Grant (DFG). The means test for eligible adaptations has been removed, leading to a substantial decrease in the average time applicants have to wait for approval. The average waiting time in March 2023 was 12 weeks, compared to 19 weeks in March 2020.

The development and upskilling of the First Point of Contact (FPOC) team is continuing; however, progress has been impacted by high demand, particularly over the winter period. The percentage of new cases dealt with directly at FPOC with no onward referral to Adult Services is also lower than in previous years and below target for the year (63% against a target of 75%). However, the way in which the FPOC Community Contact team and the FPOC Social Work team manage the assessment process has changed, and as a result direct comparisons with previous years' figures is not possible. The measure and target will be amended for 2023/24.

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

In August 2022, Care Inspectorate Wales (CIW) carried out an inspection of the Council's domiciliary care services. The report highlighted that people appear happy with the support they receive, and their physical, mental, and social needs are recognised and supported. The inspection found that services showed commitment to achieving positive outcomes for their service users. The Inspector also described interactions between people and staff as warm and positive, and recognised that staff are familiar with the needs and likes of the individuals they support.

Work is ongoing to develop integrated local Multi-Disciplinary Teams (MDTs) that prevent hospital admission and facilitate hospital discharge. The Independent Living Service (ILS) now forms part of MDTs covering South West, North, South East and East Cardiff. A visiting officer attends all MDTs within these clusters and supports the non-medical needs of patients. In addition, an intermediate care work stream under the @home programme has been established to expand and deliver additional cluster MDTs. Despite good progress at the start of the year, proposals to develop an MDT locality hub in the North West of Cardiff have been put on hold due to the planned location, St. Isan, sustaining substantial flood damage during Quarter 3. The escalating demand caused by winter pressures and the need

to focus on hospital discharge has further impacted delivery, meaning that the pilot will need be progressed during the 2023/24 financial year.

The new Integrated Discharge Hub (IDH), with a hospital-based MDT, is now up and running in the University Hospital of Wales (UHW), with a focus on enabling the safe and timely discharge of citizens back to settings in the community. A new 'Discharge 2 Reassess' (D2RA) pathway was implemented in November 2022 which has supported 51 patients to leave hospital with domiciliary care, with 38 having their package of care right-sized. The average time from triage to D2RA is 72 hours which has reduced the length of stay by a minimum of 13 days. Two partnership reviews have been undertaken on the IDH triage process, and moving forward, further improvements to enhance outcomes for patients have been identified.

Welsh Government has recognised the complexity of the hospital discharge process and reporting on delayed transfers of care have been suspended nationally while new indicators are developed. Therefore, limited overall information is available for 2022/23. Good progress has been made locally in the detailed monitoring of hospital discharge; there are no substantial delays caused by people waiting for care. On average between 40 and 50 discharges with care are facilitated each week. A set of IDH performance indicators detailing pathway, time in triage, time to discharge and outcome pathways are being developed with IT and Care First leads to measure the success of pathways out of hospitals.

Cardiff has participated in national discussions on the potential development of Micro-Enterprises for Personal Assistant roles, which would help increase care capacity in the city. Following a comprehensive options analysis, the Council partnered with Community Catalysts CIC to develop a network of Micro-Enterprises in Cardiff. The project will increase the amount of choice and level of care personalisation for service users and offer improved working conditions for those providing care and support.

During the first half of the year, a pilot of the "Trusted Partner" model – which enables commissioned providers to adapt care to meet individual needs – became operational across the care sector. More sophisticated contractual arrangements are being put into place which allow a more graduated approach to care management at the judgement of providers, although more work is needed to ensure optimal cost effectiveness and flexibility.

The workforce challenge within the sector in Wales has been compounded by the need for all domiciliary care staff and care home staff to formally register with Social Care Wales. Concerns remain that this may impact recruitment and retention in a sector already facing acute workforce challenges. To mitigate this risk, the Council is actively promoting social care as a positive career choice, working with providers to grow the workforce and implementing the Real Living Wage (RLW) for care workers in Cardiff. The Cardiff Cares Academy continues to grow and evolve, with additional measures established to support carer recruitment. Progress has been encouraging, resulting in good job outcomes for those who participate in the scheme.

Older persons housing

The Council is committed to delivering modern, fit for purpose older persons housing that supports independent living. The Addison House development, which will deliver 44 care-ready apartments in Rumney, is progressing well and is expected to open in November 2023. In March 2023, a contract was entered into for the development of 44 apartments for older people on Bute Street. In addition, a contractor has been chosen for the development of 35 older person apartments on the site of Canton Community Hall. It is anticipated that work will commence during Quarter 1 of 2023/24.

The construction market continues to present challenges with supply shortages and rising material prices resulting in cost inflation and delays. Progress on the development of 101 care-ready apartments at the Maelfa and St. Mellons, for example, has been impacted as a result of the appointed contractor falling into administration. Alternative options to ensure the sites are re-started are being considered.

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Well-being Objective 3:

Supporting people out of poverty

Our priorities in 2022/23 were:

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

Strategic Assessment

The cost-of-living crisis is having an impact on many households with inflationary pressures making essential day-to-day items more expensive. During 2022/23, 5,989 customers were helped with Covid-related and Universal Credit financial support, almost exactly double the number expected at the start of the year. Coming so soon after the Covid-19 pandemic, this crisis has compounded the pressures that many people face and deepened existing inequalities.

In response, the Council has established an enhanced programme of advice and support for citizens, supported by a communications and engagement campaign. Despite seeing a very significant increase in demand the Council's Advice Services and Into Work services are continuing to be delivered effectively, supporting citizens to access funding, advice and routes into employment and training. Concerns remain however regarding the volume of demand and the scale of challenges individuals and households face, and the lasting impact this could have through deepening already significant inequalities in the city.

The number of rough sleepers remains far lower than the pre-pandemic position with the multi-agency preventative approach to supporting people off the streets and into a sustainable home continuing to have an impact.

The number of people who are becoming homeless and the demand for emergency and temporary accommodation has increased substantially, with high waiting lists across all homeless gateways. The demand challenges have necessitated the use of hotels for families to provide interim accommodation for those at risk of homelessness; over 100 families are currently being housed in hotels. Around 8,000 people are on now the Council House waiting list and the rental rate in the private rented sector is at unprecedented levels. The shortage of housing of all tenures is causing intense pressure across many Council Services, and the need to rapidly extend access to housing is a corporate priority (see Well-being Objective 4).

Responding to the Cost-of-Living Crisis

The Council committed to supporting households affected by the cost-of-living crisis. This included an enhanced programme of advice and support, and, despite effective delivery, all support services experienced unprecedented levels of demand. Around £21m of additional weekly benefit were identified for clients of the Money Advice team during the year, far exceeding the target of £14.5m. Similarly, over 1,440 tenancies were saved through the rent arrears pathway, a support scheme open to all tenants regardless of their tenure or income type. The Hubs and libraries provided warm welcome spaces from October, supporting almost 12,000 people during the winter months. Youth Services also offered a warm space with hot food and drink to young people at seven centres and pop-up tents during the colder months. The Cost-of-Living Discretionary Support Scheme, which ended on 31st March 2023, supported 15,388 receive payments totalling over £2.1m.

To ensure it remained well positioned to respond to the Cost-of-Living crisis, a Taskforce was established to identify the priorities for those affected and a wide-reaching publicity campaign was undertaken to promote the support on offer with designated cost-of-living information stations placed in every Hub across the city.

Moving forward, the Council is seeking to work with Welsh Government to ensure that any new financial support schemes are designed through a consultative process. As demand continues to increase, Advice Services will be constantly reviewed to ensure that there are adequate resources to support all residents who need help and bids for external funding will continue to be made as and when it becomes available. Council tenants who accessed the Cost-of-Living Discretionary Support Scheme will be offered further support, if needed, ahead of winter 2023 to ensure they are not at risk of falling back into debt. The rent arrears pathway will continue to be promoted, using the most appropriate financial support to prevent homelessness.

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

The Council continues to do all it can to support residents into work, education or training. 4,227 Council posts have been filled through placements from Cardiff Works, the Council's in-house recruitment agency. The Council also provides numerous opportunities for apprentices and trainees in a range of services – 173 placements took place during 2022/23 and 65 new placements were created. The number of new apprentice and trainee placements created is lower than expected due to significant in-year financial challenges across the Council, which resulted in a need to restrict the creation and advertisement of posts.

The number of people who received into work advice through the Employment Gateway is 77,102, exceeding the target of 51,000. Additionally, at least 1,115 clients have been supported into employment having received tailored support through the Gateway. 347 employers have been assisted by the Into Work team which has again exceeded the target set of 275 for the financial year.

The Job Club has expanded their provision by providing additional sessions in RISE (the Council's specialist support service for victims of violence against women, domestic abuse and sexual violence), Job Centres, Grange Pavilion and the Ukrainian Welcome Centre. Tailored into work programmes have been also delivered for specific groups such as young people not in education, employment or training, and care-experienced young people.

In response to recommendations made by the Race Equality Taskforce, the Into Work Advice Service delivered a significant programme of outreach and engagement events, specifically targeting Cardiff's ethnic minority communities. This has included events such as an Emergency Services Event in Grangetown and a Butetown Careers Fair last July, which attracted over 200 attendees. Community champions have also been appointed to disseminate information, promote events and opportunities to ethnic minority jobseekers. The service also developed new training resources to respond to the specific employability support needs of some ethnic minority jobseekers who the service supports, such as recent arrivals to the UK who need to prepare for entry to the UK labour market. The access and visibility of Cardiff Works for ethnic minority groups has also been improved through actions such as community-based engagement, including attending schools with a high percentage of children from an ethnic minority background to engage families and the wider school community. Around 41% of those using Into Work services are from an ethnic minority background, while around 46% of Cardiff Works clients are from an ethnic minority background.

Cardiff Works Ready also began operating in 2022/23. The team provide training and mentoring to people in our communities who are looking for work in the Council. This helps the Council to be more representative of the communities we serve. In the first year of the programme over 130 people were supported by mentors, with over 50% achieving a positive outcome through completing role specific training, successfully passing the Cardiff Works assessment and securing a Cardiff Works placement.

The Into Work Service was successful in a bid to the Department for Work and Pensions to deliver a three-year local supported employment programme supporting individuals with learning difficulties and autism.

The Onsite Construction Academy provide training and work experience for individuals wanting to join the construction industry, and once training is completed, connect job seekers with employers to offer employment and apprenticeship opportunities across south-east Wales. In 2022/23, 124 unemployed people have become site-ready with the help of the Academy, with 31 site-ready individuals sustaining employment or apprenticeships for over 12 weeks.

During 2022/23, 5,989 customers were supported and assisted with their claims for Universal Credit. This is well above the target of 3,000 set but understandable given the economic pressures. The impact of Welfare Reform continues to be regarded as a risk to the Council. The migration of ongoing Housing Benefit claims to Universal Credit has been delayed again. There are currently no plans for the migration to start until 2024.

Continuing our Living Wage City ambition

Continued progress has been made in Cardiff's Living Wage work, with the city's status as a Living Wage City renewed for the next three years. Forty more Cardiff organisations have become accredited Living Wage employers in the past year, including the city's 100th private sector organisation, and by the end of March 2023, there were 199 accredited Real Living Wage employers in total. Just over 66,000 people are employed by accredited Living Wage employers in the city and almost 11,000 of them received a pay rise as a result of the accreditation. Cardiff has the lowest percentage of jobs which pay below the Living Wage in Wales (11.6% of all jobs; 24,000) and is amongst the lowest of the Core Cities. Recognising this progress, the Council's Real Living Wage initiative won the 2022 Local Government Chronicle award for Best Public/Private Partnership. Cardiff University has calculated that an additional £50m has gone into the Cardiff economy since 2012 as a result of employees being uplifted to the real Living Wage.

One of the key procurement objectives identified in the new Socially Responsible Procurement Strategy 2022-27 approved by Cabinet in October is "Improving Fair Work and Safeguarding practices adopted by suppliers", which includes payment of the Real Living Wage. The Cardiff Living Wage City Steering Group has set new targets for 300 accredited Living Wage employers in Cardiff, employing 95,000 staff of whom 13,900 have seen their pay uplifted to the Real Living Wage. These targets are to be achieved by November 2025.

Embedding our new approach to tackling homelessness

The Council's primary focus remains in providing timely support at an early stage so that people are prevented from becoming homeless in the first instance. Homelessness was successfully prevented for 79% of households where the Council had a duty to help. Prevention services have been moved into Community Hubs across the city so that residents can receive straightforward access to help, whilst also linking up with the wider support available in our hubs from teams such as Money Advice and the Into Work Advice Service. Prevention services will be expanded again in 2024 to increase accessibility whether people want to interact with the Council online, over the phone, in community settings or through a home visit.

Despite good levels of homeless prevention, there are increasing numbers of households becoming homeless and requiring temporary and permanent rehousing. Over 60 single people are seeking emergency accommodation every night. There are high waiting lists across all homeless gateways; 73 people are waiting to enter the Young Persons Gateway.

The significant demand challenges have necessitated the use of hotels for families to provide interim accommodation for those at risk of homelessness; over 100 families are currently being housed in hotels. Plans are already in place to reduce the use of hotels and increase temporary accommodation capacity such as increasing the number of home purchases made by the Council.

During autumn and winter 2022, around 190 new demountable modular homes were installed on the former Gasworks site in Grangetown with the Council's partner developer, Wates, to rapidly provide short-term warm, safe and secure accommodation for homeless families. There are plans in place to further expand the Gasworks site by an additional 154 units during 2023. Once the long-term development scheme for the site has been through the design and planning process, the homes can be relocated to other sites elsewhere meaning that the Council can make use of what would otherwise be an empty site.

The Single Assessment Centre supports single people with complex needs, including rough sleepers. Multi-agency services are provided on site including health inclusion services, together with good-quality self-contained accommodation. The Centre provides the homeless individual with a period of stability, and the right professional support to fully understand their ongoing support needs. In 2022/23, 779 presentations were made to the Assessment Centre with 246 individuals completing a Wellbeing Assessment.

A review on the effectiveness of the Single Assessment Centre on the cycle of homelessness was undertaken during 2022/23. On the whole, the service has been a success and gains have been made in breaking the cycle of homelessness for many clients. There have, however, been challenges associated with the demand for services and issues with a lack of move-on accommodation. There is potential for further expansion of the service which may require a search for a larger building in the future.

Due to the increasing challenges in finding move-on accommodation for single homeless people, two 'managed blocks' schemes have been developed totalling 111 flats. These are fully self-contained flats that allow people to move on from homeless accommodation with on-site support staff. More blocks are planned in the future to meet the demand. Whilst there has been some progress in introducing women-only provision in existing schemes and an expansion of the core and cluster model of housing for people with learning disabilities, more is needed. Therefore, work has commenced to scope and develop bespoke housing and support solutions, including identifying suitable sites for a woman-only schemes and the development of a capital build strategy based on current and future demand for specialist housing. Work is also planned to engage with members of the LGBTQ+ community to better understand how we can develop a more responsive and inclusive housing response.

Spending long periods in temporary accommodation is unsettling for families and can affect children's education, the Council is therefore committed to help deliver the Welsh Government's vision of rapid re-housing. Work is ongoing with partners to reduce the time spent in temporary accommodation, supporting individuals and families into permanent accommodation as quickly as possible. A high proportion of social housing properties are allocated to homeless clients; since April 2022, 74% of allocations for 'general needs' properties (excluding management lets / lets to immediate priority) have been made to homeless clients which has helped alleviate some of the pressure on temporary accommodation. However, to truly deliver the rapid re-housing vision, the city will need to significantly increase the supply of affordable housing, while the Council has ambitious new build plans, far more affordable homes need to be delivered than are currently planned if this goal is to be achieved.

Ending rough sleeping

Rough sleeping remains at historically low levels within Cardiff, far below the levels seen before the pandemic. The average numbers ranged between 11 and 16 for the first three quarters of the financial year before a spike in Quarter 4 increased the average to 26. Council teams continue to engage with every rough sleeper and are there to provide help and support whenever the person is ready to accept it.

As a result of the relatively low numbers of rough sleepers in Cardiff, the number of rough sleepers supported into accommodation was below target in 2022/23, with a year-end figure of 92 against a target of 160. Due to the complex need of many of those seeking accommodation, supporting rough sleepers can often prove demanding, with the numbers supported into accommodation representing excellent multi agency working. To support clients with higher needs into permanent housing as quickly as possible, the Housing First scheme has been expanded. This scheme offers direct placement into Council, Housing Association and private rented sector tenancies with intensive wraparound support. It gives people who have experienced homelessness and have complex needs a stable home from which to rebuild their lives. There are currently three Housing First schemes in Cardiff, two operated by the Council, one for rough sleepers and one for prison leavers. A further scheme is operated by the Salvation Army. Housing First is very successful, with 94% of clients who have utilised the service having broken the cycle of homelessness.

The work to transform Adams Court in Adamsdown into a new supported accommodation unit was completed in January 2023. Delivered in partnership with United Welsh Housing Association the accommodation is now able to offer 103 self-contained one-bed flats for single homeless people with complex needs. In addition to the flats, work has been undertaken to provide medical facilities, spaces for diversionary activities, multi-purpose rooms and a counselling room.

A review on the effectiveness of the Single Assessment Centre on the cycle of homelessness has been undertaken. On the whole, the service has been a success and gains have been made in breaking the cycle of homelessness for many clients. It is now an established service with health inclusion services being widely accessed. There have, however, been challenges associated with the demand for services and issues with a lack of move-on and further work is needed here. There is potential for further expansion of the services on site which may require a search for a larger building in future years.

Well-being Objective 4:

Safe, confident and empowered communities

Our priorities for 2022/23 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

Cardiff is a safe city with a strong sense of belonging and pride within communities. There are, however, substantial differences in people's experiences of Cardiff depending on where they live. Respondents to Ask Cardiff 2022 living in the least deprived areas of the city were notably more satisfied with their local community as a place to live than those in the most deprived areas – with the former twice as likely to describe themselves as 'very satisfied' than the latter (22.7% compared with 11.9% respectively).

The Council is therefore continuing to invest in all our communities, with a focus on those living in the city's most deprived areas. Initiatives completed over the course of the year include the first Health & Well-being Hub opened in Llanedeyrn in July 2022, the refurbishment and creation of a new Community Well-being Hub in Rhiwbina, the £5million transformation of Tudor Street is complete and a new 3G sport pitch in Splott. The Council continues to invest in new affordable homes, with 843 now delivered over the past five years and a further 362 new homes currently being built on site. The Council's updated development programme commits to building 4,000 new homes by 2030.

The pressure on the housing market, especially the cost and lack of availability of homes in the private rented sector, is causing significant demand and cost pressures in housing and homelessness services (see Well-being Objective 3) and across numerous council services, including social services, advice services and refugee and asylum seeker support. Waiting lists to enter temporary accommodation have doubled over the past year and hotels are now being used as temporary accommodation for some families. A programme of immediate actions has been put in place, including additional support packages to support those at risk of becoming homeless and for those struggling to pay their rent or mortgage. The Council is using all available levers to make more homes available and affordable, through bringing empty homes back into use, managing the Leasing Scheme Wales and building new properties. Collectively, these initiatives are having an impact, but such is the scale of the demand they will not enable the Council to meet the demand. Given the scale of the challenge and the cross-service and cross-city impacts of the issue, this is likely to remain a strategic priority for the Council for the remainder of 2023 and beyond.

Over the course of the spring and summer 2022, the Council led a city-wide response to the Ukraine refugee crisis, 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, meant that demand pressures were felt across the public service system. It is anticipated that this will be the case for a number of years to come and so this area will continue to be a priority for the Council and its partners in 2023/24.

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Delivering affordable homes

The Council continues to do everything in its power to maximise the amount of affordable, energy-efficient and low-carbon housing in the city. Cardiff Living, the Council's house-building programme, is recognised as an innovative development programme identified as good practice by the Welsh Government. The partnership approach has reduced delivery risk and improved the speed taken to get projects on site. The programme has also unified the standard of the council homes and homes built for sale by adopting a 'tenure blind' approach. Over the past five years, 843 new Council homes have been built against a target of 1,000 by December 2022. This is slower than anticipated due to the difficulties facing the construction industry as a whole which have resulted in delays in tendering for contractors and the completion of schemes. When schemes are on site, contractors are also struggling with material price increases and a shortage of labour as well as delays with the supply of materials. Despite the challenges, this remains the largest Council home building scheme in Wales and one of the most ambitious in the UK.

The programme continues to be commended for its innovative and environmentally friendly approach, winning awards for the Aspen Grove net zero, carbon-ready development in Rumney at the RESI Residential Property Awards and for the Crofts Street development in Cathays, which won the Modern Methods of Construction Award at the Constructing Excellence in Wales Awards 2022. The housing development programme also delivers wider benefits to the city and to the Cardiff Capital Region. With an estimated Capital investment of over £950 million, the programme provides significant social value and local investment by supporting local supply chains and contractors, as well as developing training and employment opportunities over the longer-term.

In November 2022, a proposal to implement a second housing partnership was approved to enable new housing developments to be delivered at scale and at pace with the aim of building at least 4,000 new homes overall, including the delivery for rent or sale to keyworkers. Another option the Council is exploring aims to address the issue of overcrowding in Council housing stock. The Council has undertaken a pilot where innovative solutions have been carried out to create more rooms for families, such as extending existing properties where possible, converting the loft space or fixing a modular unit in the garden. If the pilot proves successful, this will be rolled out further. Work is also planned to provide more support to those who wish to downsize to release family housing and to help tenants to resolve their housing need through promoting and supporting mutual exchanges.

Bringing empty homes back into use is another way to increase the available housing stock. 91 properties were returned to use or new units created as a result of work carried out by Shared Regulatory Services (SRS) during 2022/23. The Welsh Government has approved the Council's Empty Homes Action Plan, which identifies empty properties in the city for targeted action. This will enable the Council to draw down funding to indemnify the service against the financial risk involved in taking appropriate legal action to help bring these properties back into use.

In addition, significant resources continue to be invested in the new Landlord Enquiry Tenant Support (LETS). The team manage the Leasing Scheme Wales, a Welsh Government

initiative which aims to increase access to, and the affordability of, renting privately in Wales. The scheme allows landlords to lease their properties to the Council for five years and to claim up to £5,000 for repair works to the property. The Council has secured 22 properties as a result of this scheme during 2022/23 with a further 10 properties undergoing works/ pending agreement for lease which will be occupied in the 2023/24 financial year.

There are currently around 8,000 households on the waiting list for a Council or Housing Association property in the city and on average over 400 new applications to join the list are received each month. During 2022/23, 1,528 properties were let in total. Rent levels in the private rented sector are at an unprecedented level with only a small proportion within the Local Housing Allowance (LHA) rate, the maximum amount that can be claimed in benefit. Tenants need to make up any shortfall from their other income and this is putting the option of renting privately out of reach for many. In a sample of the market taken during Quarter 2, 98% of properties were being let at least £100 per month above the LHA and the average shortfall across all property types is £318 per month. The inability to secure housing is therefore impacting outcomes for individuals and families, creating major delivery challenges and impacting on budgets across Council services. Taken together, this points to the critical and urgent need to fully leverage all policy options to deliver further affordable housing.

Investing in communities

During 2022/23 over 4.5 million people visited the Council's Hubs and libraries, either in person or virtually, and 97% of customers agreed that the Hub or library had met their requirements, surpassing the target set. Rhiwbina Community Wellbeing Hub welcomed customers back in January 2023. Funding from Welsh Government's Integrated Care Fund, Integration and Rebalancing Care Fund, and the Museums, Archives and Libraries Division enabled the building to be fully refurbished and transformed into a fit-for-purpose community facility that will support the co-location of library services with new advice, housing and social care services.

The first of its kind in the city, the new Health & Wellbeing Hub @ Maelfa opened in July. Delivered in partnership with Cardiff & Vale UHB and Llanedeyrn Health Centre, this new Hub approach enhances existing services already available by integrating a range of specialised health clinics providing a 'one-stop approach' to the health and wellbeing of our residents. Plans for a second Wellbeing Hub in Ely and Caerau are being progressed and options for new Hubs on strategic planning sites will be explored. Plans for a Youth Hub in the city centre are also progressing with a preferred option due to be agreed in the autumn of 2023.

As part of the investment in the South Riverside Business Corridor, Tudor Street has been regenerated to appeal as a shopping destination for both local residents and the wider community. The £5 million scheme has delivered improvements to the public realm, business environment, transport infrastructure and the shopfronts of 30 business premises. Work has now moved onto Cowbridge Road East in Riverside. The Neighbourhood Regeneration Team held a series of engagement sessions with residents and traders during

March 2022 where over 130 people provided feedback, and thoughts and ideas for improvements. Neighbourhood Renewal Schemes for a 3G pitch at Splott Park and for improvements to Old St Mellons village centre were completed in March 2023. Two estate regeneration schemes at Pennsylvania and Lincoln Court in Llanedeyrn have also been completed. The percentage of residents satisfied with completed regeneration projects has decreased to 79% – this was primarily due to one neighbourhood renewal scheme receiving a low satisfaction rating. Work has been undertaken to try to understand the reasons for this and use the lessons learnt on subsequent schemes.

Following the devastating fire at Grenfell Tower, the Council reviewed fire safety in all its high-rise blocks and decided to replace the cladding on blocks which had it. Although the cladding was not the same as that used at Grenfell and had met all safety requirements when it was installed, it no longer met today's more stringent fire safety standards. Re-cladding work at Lydstep flats, which began in March 2021, is progressing well and is expected to be completed in the autumn of 2023. Project consultants for the re-cladding work at Nelson House and Loudoun House in Butetown are due to be appointed in May 2023; procurement for a scheme contractor can then commence.

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

Recruitment of staff remains an ongoing issue in Adult Services. Work has begun on a refresh of the Social Worker Cardiff website to improve Adult Services' presence and a Social Worker recruitment film has been produced to support recruitment activity. An increased market supplement for qualified staff has been agreed and this has been increased for 2023/24. Job adverts have been reviewed and work undertaken to refresh and improve them. Positive feedback has been received from attendees at job fairs regarding Adult Services' presence and the recruitment materials have been made available to prospective candidates. Work has also been undertaken to develop the workforce strategy for 2023/24.

Following the publication of best practice by the Welsh Government, a new Corporate Safeguarding Policy 2022-25 was published in December 2022, which sets out the arrangements in place across all Council services to safeguard and protect children and adults. To ensure high levels of staff awareness of safeguarding risks and response a focus has been placed on raised training levels, with 84% of Council staff now having completed safeguarding awareness training, up from 65% at Quarter 4 2021/22, with 97% of elected members also having completed training.

The pressures on mental health services have continued during the year, in line with the ongoing pressures on health and social care services generally. Work to develop a non-emergency response service is progressing with the University Health Board; this service will provide support to people with lower-level mental health issues and reduce demand on the system. Work is also underway to understand issues relating to the availability of mental health hospital beds and the Council will continue to work with colleagues in Health to address this.

Health inequalities are present across Cardiff, particularly when comparing northern areas of the city to more deprived areas, such as Cardiff's 'Southern Arc'. In 2020/21 the Cardiff Director of Public Health's report on health inequities identified a small number of priorities for action as the city emerged from the pandemic, including: childhood obesity; vaccine uptake among children, and health screenings (particular for bowel cancer). In response the Amplifying Prevention Delivery Group has been established under the auspices of the Cardiff Public Services Board. This group oversees the planning and delivery of additional targeted interventions across the priorities identified above. These have included:

- **Childhood Immunisation:** Development of new materials and communication campaign on childhood immunisation in a range of community languages; Test Trace Protect contact tracers utilised to contact families missing vaccinations, with demonstrable impact on uptake.
- **Bowel Cancer:** The bowel cancer screening project working with Cancer Research UK, Public Health Wales, the Welsh Interpretation and Translation Service (WITS), and the Council's Film Unit has been completed. Bowel cancer screening information videos have been translated into Urdu, Arabic, Somali and Bengali. The videos have been made available on GP screens within the South of the city and within Community Hubs on new digital screens which are being installed. Community Health Connect YouTube channels have also been set up to host the videos. Promotional materials outlining the project include QR codes to support easy access for customers to the language of their choice. The videos have also been made available to Public Health Wales who will include them on their website, and to Cancer Research UK who are able to access and utilise the videos.
- **Childhood Obesity:** Mapping of high fat, sugar and salt advertising sites across Cardiff, with a focus on those in proximity to schools and hospitals, and revision of bus stop advertising contract in Cardiff aligned to healthier advertising principles.

Creating safe and inclusive communities

Cardiff is a safe place to live. Crime has fallen over the last 20 years and it has the second lowest crime rate of comparable cities in England and Wales. Although recorded crime continues to fall, perceptions of crime and safety amongst citizens remains a concern. In the Council's Ask Cardiff Survey in 2022, only 21% of citizens agreed that local public services are successfully dealing with anti-social behaviour and crime in their local area. Respondents reported feeling least safe when travelling or walking in the city centre after dark and those living in the most deprived areas of the city were more likely to feel unsafe compared to those living in the least deprived.

In response, the Council has worked with partners to expand a targeted multi-agency problem-solving approach to localised complex anti-social behaviour (ASB) hotspots. This approach involves working in collaboration with public sector partners, such as South Wales Police, third sector organisations, community groups, and local businesses to identify and address local issues. Successful project work with partners has taken place in locations such as Lydstep Flats and Park in Gabalfa where a year of problem-solving focus in the area resulted in a sustained reduction in youth anti-social behaviour. This is evidenced by a reduction from 101 youth-related ASB incidents to just 22 incidents measured over two six-

month periods in 2021 and 2022. Interventions are also underway in Clifton Street in Adamsdown which, to date, has led to a significant decrease in public order, harassment, anti-social behaviour and theft incidents. Measurements over two six-month periods in 2021 and 2022 show a decrease in both ASB reports (20 compared to 65) and crime incidents (55 from 158) in the targeted area. Following the successful Safer Streets Fund bid for £750,000 in July 2022, planned initiatives with partners to tackle crime and anti-social behaviour, and to improve women's safety have been taking place in the city centre and some residential areas of Cathays where eight CCTV cameras have been installed. Looking forward to 2023/24, the Community Safety Partnership has an evidence-led work programme which includes indicators of success that have been developed specifically to measure the effectiveness of local interventions.

Following the successful Safer Streets Fund bid for £750,000 in July 2022, planned initiatives with partners to tackle crime and anti-social behaviour, and to improve women's safety have been taking place in the city centre and some residential areas of Cathays where eight CCTV cameras have been installed.

Over the course of the spring and summer, the Council led a city-wide response to the Ukraine refugee crisis, ensuring that 1,000 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, meant that demand pressures were felt across the public service system. A dedicated in-house team was quickly established to support the Ukraine response, including a move-on team to deliver transition to long-term housing arrangements. 120 Ukrainians have been supported into training by the Into Work Advice Service, 14 have signed up with Cardiff Works and 26 are accessing volunteering opportunities. Housing support workers have been continuing to support Ukrainian families with a total of 32 families moved into private rented sector properties at the end of March 2023. The Council has also continued to support refugees arriving under the Afghan resettlement scheme and through other routes. Over the course of 2022/23 this area has been one of rapidly increasing demand which has required concerted partnership action, one whose impact will be felt across multiple services, and which is likely to remain a strategic priority for the Council over the years ahead.

The Council has continued to work with partners and communities to tackle the threat of extremism, with the Home Office recognising that Cardiff Council's Prevent Programme is exceeding the requirements of the Prevent Duty in most areas, with strengths identified in partnership working, training and community engagement.

A new regional Violence Against Women, Domestic Abuse and Sexual Violence (VAWDASV) Strategy for Cardiff and the Vale of Glamorgan was approved by Cabinet in May 2023, with significant progress being made in relation to levels of staff training and awareness. 84% of staff have now completed the Level 1 online module of the National Training Framework up from 51% at year-end 2021/22. The percentage of referrals regarding high-risk abuse victims where contact has been attempted by the specialist services within one calendar day of receiving the referral has increased from 78% to 84% over the past year but remains below the 90% target.

In December 2022, the Cabinet responded to the final report of the Race Equality Taskforce, accepting all recommendations and updating on progress made across the five priority areas identified: Employment & Representative Workforce; Education and Young People; Citizens Voice; Health; and Criminal Justice. The Council has established robust monitoring and oversight arrangements, which will update on progress before the end of 2023/24. As part of this approach the Race Equality Taskforce will be invited to reconvene to consider and report back on progress made by the Council and its partners. Areas of immediate progress include:

- Enhanced outreach and engagement with the city's ethnic minority communities, by the Council's Into Work team, to improve access to Cardiff Works (see Well-being Objective 3)
- The launch of a pilot leadership development programme for Council employee networks focussed on increasing the diversity of our future managers and senior managers (see Well-being Objective 7)
- Increasing the visibility of Black and Ethnic Minority role models through sponsoring the Annual Betty Campbell Monument Lecture.

Monitoring of the agreed actions will be undertaken in line with the Council's Planning and Performance Framework with the Taskforce invited to reconvene to assess progress in 2023/24.

Promoting the Welsh language

Work continues to achieve the vision of Cardiff being a truly bilingual capital city, where the Welsh language is embedded in the fabric of everyday life. The number of Welsh speakers in Cardiff has increased over the last ten years. The 2021 Census showed that the number of people who could speak, read and write Welsh has increased by almost a quarter – 23.0% or over 6,500 people – which is the largest numerical and percentage increase across all Welsh Local Authorities.

The Council remains committed to making the organisation an increasingly bilingual workplace and remains on track to achieve a 20% increase in the number of staff with Welsh language skills by 2026/27 – currently 20.6% of staff report having some skills in the language. The number of staff attending Welsh courses has seen the biggest single-year increase with over 500 staff receiving training during 2022/23, although this is slightly below the increase required to meet the five-year target of a 50% increase.

Education is a crucial driver in growing the number of Welsh speakers in the city. The Council's 10-year Welsh in Education Strategic Plan was presented to the Welsh Government for approval in December 2022. This Plan sets out a series of ambitious commitments to build on the progress achieved to date which will ensure that every child in the city can receive a Welsh language education; that the number receiving a Welsh language education will increase; and that, through the significant use of Welsh in English-medium education, all children will feel confident speaking Welsh. Construction work also started on Ysgol Gynradd Groes-wen Primary School in October 2022. This is the first dual-stream school in Cardiff; a school with one form of entry for Welsh-medium education and

one form of entry for dual-language education in English and Welsh. The new school will admit its first pupils in September 2023.

Other work with young people includes a new partnership called CFTi (CF 'you') to engage young people and develop Welsh language services with young people. The partnership is made up of the Council's Youth Service, Urdd Gobaith Cymru and Menter Caerdydd and is supporting new youth officers to work across each of the three Welsh-medium secondary schools in the city. In March 2023, a new Welsh youth club started for pupils in school years 7, 8 and 9, and the new Bilingual Cardiff Youth Forum for 11–18-year-olds also held their first meeting in the Old Library.

Working together to support a healthier and more active population

The new Physical Activity & Sport Strategy 2022-27, *Move More Cardiff*, was launched at an event in June at the SWALEC Stadium with over 100 key partners and stakeholders. Developed in partnership with Cardiff Metropolitan University, Cardiff & Vale UHB and Public Health Wales, with the work being led by Sport Cardiff, the strategy will aim to reduce sedentary behaviour and make being active the norm. Good progress was made in accessing available data sources to benchmark current physical activity levels in the city and the team worked closely with Cardiff Third Sector Council to develop the most effective way to engage with communities. It was agreed at the start of 2023 to continue developing the model in the two pilot areas (Llanrumney and Riverside) for a further 12 months to effectively measure the impact and grow the sustainable model with key partners. Grant funding of £1.2m was also awarded by Sport Wales during 2022/23 to deliver sports and physical activity programmes through schools, clubs and voluntary organisations in Cardiff, with specific targeted work planned for women and girls, Black, Asian and Minority Ethnic communities, and some of the most deprived areas of the city. The Council will also work with others to ensure that arrangements for the Regional Sports Partnership will have a positive impact on grassroots provision and development opportunities.

Easy access to green spaces is vital to improving people's wellbeing, both physical and mental. More respondents to the Ask Cardiff survey 2022 were satisfied with the parks and open spaces in their neighbourhood than any other neighbourhood amenity (74%) with 33.1% of respondents reporting that they were very satisfied. The number of hours volunteers spent working in the city's green spaces returned to pre-Covid levels for the first time during 2022/23. Volunteers carried out 19,385 hours of work in the city's parks and green spaces in the last 12 months – 274 hours more than were carried out in 2019/20 prior to the pandemic. The Council recognises the value of such engagement and as a consequence, policy revenue growth funding was allocated in this area in 2022/23 to meet the increasing demand and interest that emerged during and after the Covid-19 pandemic.

16 Council parks and green spaces in the city received the prestigious Green Flag this year, meeting the target set, including Hendre Lake Park in Trowbridge which received the award for the first time. In November, the Council's team at Bute Park won the Team of the Year award at the UK Green Flag 'Best of the Best' Awards managed by Keep Britain Tidy. Grow Cardiff's 'Grow Well' project also won the Best Health Initiative award for the positive impact that their therapeutic community gardening has made on the health and wellbeing

of local individuals. Parc Tredelerch in Rumney has been identified as the new submission for Green Flag status in 2023 alongside all parks which already have the status. Work by Welsh Water is also almost complete on the Llanishen Reservoir site; both the site and new visitor centre are due to open in summer 2023.

During 2022/23, the Coed Caerdydd tree planting programme saw over 30,000 trees planted, with activity taking place in all wards across the city. The contribution from the volunteer workforce has been significant, resulting in over 1,300 hours worked. In addition, 88 public, 35 community group and 29 school events have been held during the year. Recognising the Council's commitment to tree management and development, Cardiff has been designated as a 'Tree City of the World' by the Arbor Day Foundation. Cardiff now joins 19 other cities/areas within the UK and 119 other cities/areas worldwide to hold this status. The designation opens up further opportunities for collaboration and development with other cities/areas in the UK and worldwide.

To mobilise a National Park City (NPC) movement for Cardiff, a management committee was elected in spring 2022. The committee has made a formal application for NPC Cardiff to be registered as a charity and is awaiting the outcome of that application. The National Park City Foundation is incorporating the emerging Cardiff movement in a National Heritage Lottery-funded bid, along with NPC Glasgow for the purposes of securing resources to mobilise.

The number of visits to Council leisure centres during the year has continued to show an improvement. While not yet at pre-Covid levels, the number of visits per 1,000 population increased to 6,315 in 2022/23 from 5,008 in 2021/22. Despite significant budget pressures, the Council has remained committed to keeping all its leisure centres open and to retaining and enhancing the level of service. Following a review of the Leisure Services Contract with GLL, the social enterprise which has the contract to operate eight Council leisure centres, a number of variations to improve the financial performance of the contract were agreed by Cabinet in October 2022. This included an agreement in principle to upgrade the energy infrastructure at each leisure centre to provide lower cost renewable energy. The Leisure Services Follow-up Review published by Audit Wales in October 2022 noted that there was a "a clear leisure vision for the city supported by a five-year strategy" and that the Council has strengthened its governance and oversight arrangements of the GLL contract.

Well-being Objective 5:

A capital city that works for Wales

Our priorities for 2022/23 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

Building on the close partnership with the private sector, the Council continues to make good progress supporting the city's economy through the delivery of business support, a cultural and events programme, and a portfolio of regeneration activity. The economic conditions are challenging, impacting on business confidence and investment and on the delivery of the Council and partner's regeneration and development projects.

Cardiff's economy remains the driver of employment growth in Wales and is strong performer compared to other UK Core Cities. Unemployment in the city, whilst just above the Welsh average, is decreasing, with only two core cities, Edinburgh and Bristol, performing better than Cardiff (based on the latest figures from 2022). In addition, the Gross Value Added (GVA) per head of population is increasing, and whilst consistently the highest in Wales, is also higher than most core cities, with only Edinburgh, Manchester, Glasgow and Bristol ahead of Cardiff (based on the latest figures from 2021). To drive up productivity, a focus on delivering more, and better jobs continues, with the Council playing an active role in creating and safeguarding 1,375 jobs during the year, well above target.

Work continues in taking forward the Council's portfolio of major projects, including Central Square, Central Quay, Canal Quarter, the Indoor Arena, Atlantic Wharf, and the International Sports Village. The Council's capital programme has, however, been exposed to risk from significant cost inflation, particularly in the price of construction materials and labour, and increase in lead times caused by availability issues resulting in delays to some project delivery timelines.

The city centre economy has rebounded; footfall has recovered to just under pre-pandemic levels with figures at almost 43m for the year, and live and cultural events, as well as the music scene, have returned. The focus on rebuilding the city's event and cultural offer continues, ensuring that the impact of its creative and cultural assets is maximised, though income recovery at Council venues remains a challenge. The cost-of-living crisis is impacting local businesses, with energy costs, staff shortages and reduced consumer confidence representing major challenges. As ever, the Council will continue to work alongside the city's private sector organisations to develop a co-ordinated response.

Leading the economic recovery in Wales

Cardiff has worked alongside the Cardiff Capital Region (CCR) to develop a Regional Investment Plan for the Shared Prosperity Fund (SPF), the UK Government's new regional development funding programme. The regional allocation was confirmed in January 2023, with Cardiff being allocated £42 million over two and a half years from the Shared Prosperity Fund, which is funding a range of local business support, transport, skills and community safety initiatives. An initial amount of £3.34m has been claimed for 2022/23.

In addition, Cardiff Council secured £50m funding from the UK Government Levelling Up Fund for the Cardiff Crossrail Phase 1 Metro link between the city centre and Cardiff Bay. This project will be match funded by a £50m Welsh Government grant, meaning that a total of £100m has been secured for the implementation of Cardiff Crossrail Phase 1.

The Council has continued to work with neighbouring local authorities through the Cardiff Capital Region (CCR) on a range of economic development and investment initiatives and on strategic transport and planning. Cardiff has played an active role in the development of the CCR since its inception and the Council has been recipient of support from both the City Deal and SPF, including direct investment in life sciences, fintech and the creative industries. The city is also benefiting from established funding schemes such as the Housing Investment Fund, the CCR Graduate Scheme, and the Metro Plus scheme. In addition, the project is also supporting the redevelopment of Central Station as part of the Metro Central scheme. Over the year ahead the Council will continue to work closely with the CCR as it transitions to a Corporate Joint Committee model.

Leading a recovery programme for the City Centre and Bay

The regeneration of city centre as a location for business and investment has continued successfully. Cardiff's city centre footfall has recovered well this year, with figures approaching pre-pandemic levels (42.95m in 2022/23 compared to 44.86m in 2019).

Progress on the Central Quay development continues at pace. During the year, planning permission has been secured for Phase 1 Residential consisting of 715 homes. Detailed discussions have taken place with the Welsh Government, Rightacres and Transport for Wales (TfW) in order to reach an agreement to deliver the Multi Storey Car Park (MSCP) with terms being negotiated during Quarter 4. The delivery of the MSCP will be a key milestone that will unlock the remaining areas of the site for development.

The Council has also engaged constructively with developers to advocate high quality office units within redevelopment proposals, particularly the opportunities afforded by ground level space. The amount of office space committed to over the two-year rolling period of the target, at just under 250,000 ft², is slightly below the target of 300,000 ft². The impact of construction cost inflation is likely to impact in the short-term in terms of levels of development, however, the office market remains buoyant in Cardiff, with the latest Savills Cardiff Occupational Office Data citing, "total take-up in Quarter 1 was 78,000ft². Take-up

was spread across 26 completed transactions which was the largest number of completed Quarter 1 transactions since 2019 and 24% above the five-year average for the market.”

As part of the City Centre Recovery Action Plan, the Council continues to engage with businesses on issues such as return to work strategies and the cost-of-living crisis. Moving forward, the Council will share best practices amongst businesses in the city centre, as well as explore the establishment of new retail models – involving charities and community businesses – to further raise footfall levels. Furthermore, progress is being made in terms of ensuring that the city centre is cleaner, safer and better maintained, with the city centre management team effectively co-ordinating activity with public and private sector partners, supported by a £0.5 million allocation via the Shared Prosperity Fund.

Work has progressed on the Full Business Case for the Metro Central Programme, including signing of the legal Co-operation Agreement between Transport for Wales and Cardiff Capital Region in Quarter 3. The Full Business Case has a target date of May 2024 for completion. Work associated with station improvements are progressing including master planning of the south side of Cardiff Central train station.

The opening of the Dock Feeder canal on Churchill Way represented an important milestone in the creation of the new Canal Quarter, though design issues and product lead-in times have added time on to the construction, with the scheme now forecast to open to the public in late summer 2023.

The multi-purpose Indoor Arena has continued to progress with the Council aiming to enter a Development Funding Agreement (DFA) this year, following Cabinet approval. Due to the economic conditions the project has been impacted by a significant increase in construction costs, leading to the need for a comprehensive review and amended designs which have resulted in a delay in entering the Development Funding Agreement (DFA).

Good progress has been made on the next phase of the International Sports Village, including the acquisition of land and the Ice Arena from Greenbank in December 2022. A report will be presented to Cabinet in July 2023 to approve the final disposal strategy and infrastructure investment.

The Council continues to champion the protection and revitalisation of historic culture and buildings in the Bay, including future development opportunities for the Coal Exchange and the erection of a statue to celebrate the lives of Cardiff Bay Rugby Code Breakers.

As with all projects within the Council’s capital programme, cost inflation, particularly construction materials and labour, have represented a key risk that has needed to be proactively managed over the course of the year. In addition, volatility of the construction market in terms of the availability of labour and materials has also posed a major threat. Despite these challenges, the Council is working to ensure that sufficient capacity and resource is allocated to projects to ensure that delays are minimised.

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

The Council continues to support the development of small business infrastructure, helping Tramshed Tech during the first half of the year to expand its co-working space in the city centre through the Transforming Towns scheme. This will provide additional space for knowledge-based businesses in Cardiff, helping to provide a platform for some of the most innovative new enterprises in the city to succeed. The Council is also working with a major company in digital media to repurpose secondary office space in Callaghan Square and will create up to 500 jobs. More recently, The Council has been working with FinTech Wales on a new incubator and start-up space in the city centre for FinTech businesses, with plans for further workshop space in the east of the city being developed.

Overall, performance has been encouraging on the number of new jobs created and safeguarded where the Council has played an active role, with 1,375 new and safeguarded jobs against an annual target of 1,000.

Work continues to support the growth of creative enterprises in the city, including support for the new Media.Cymru Strength in Places project, a £50m collaboration advancing research and development in Cardiff's creative and media industries.

The Council has been working with the owners of the Science Park Campus at Coryton to attract investment to the location and in support of their planning application. In addition, the Council is working alongside the Welsh Government, NHS Wales and the Cardiff Capital Region on the attraction of investment into biosimilars to the region.

The planning application for the Cardiff Parkway development has also been called in by Welsh Government, causing a delay to projected delivery timescales. The Council is supporting the proposal by identifying Council owned land that can potentially provide mitigation for the lost Site of Special Scientific Interest (SSSI). A Statement of Case, prepared by Council officers in consultation with legal advisers, was submitted to Planning Environment Decisions Wales (PEDW) in April 2023, with an inquiry date set for July 2023.

Progress on the Smart City Roadmap has been limited, with extensive cross-departmental scoping work required. The Council aims to adopt the new Smart City Roadmap by March 2024. The roadmap will act as a catalyst for collaboration, innovative thinking, better designed services and will allow the city to exploit advances in technology.

Supporting the recovery of the cultural sector and major events programme

The cultural sector was particularly impacted by the pandemic with venues having to close their doors and Cardiff's major events programme suspended. The city has worked hard to rebuild its event and cultural offer, maximising the impact of its creative and cultural assets. Throughout the year, the Council has supported the city's Music Board, and during Quarter 4 funding was successfully secured from the Shared Prosperity Fund to support the delivery of the Cardiff Music Strategy.

The continued impact of Covid-19 on the hospitality sector remains apparent which, alongside skills shortages, is impacting the availability of staff to support shows and projects. Customer numbers and business confidence in this sector have not returned to the levels seen pre-pandemic. Additionally, the cost-of-living crisis has reduced the amount of disposable income many have to spend on events and culture. The impact of this can be seen in a decrease in attendance at Council venues, with 539,998 attendees compared to 587,757 during 2021/22 (direct comparisons with previous years' figures is not possible due to the transfer of certain venues to third parties). At the end of the year, Culture, Venues and Events reported a final outturn deficit of £1.232m. This is made up largely of income shortfalls at Cardiff Castle, City Hall and County Hall Functions, Catering and St David's Hall. Larger functions that have a longer lead in time have not all re-materialised at City Hall. In addition, retained box office income at St David's Hall is lower than expected due to the late cancellation of some shows. At Cardiff Castle, paid admission visitor numbers were down by 36% from 277,000 to 178,000 compared to 2019/20. Increasing attendees and income generation across the service at Cardiff Castle, City Hall, and Cardiff International White Water Rafting Centre remains a key priority moving into the new financial year.

In Quarter 3, Cabinet agreed in principle to the transfer of St. David's Hall to a private operator. A further report will be presented to Cabinet in July 2023 to determine the future operation of the venue. The Council is also in the process of developing a bid to be a host city for the 2028 UEFA European Football Championship, which will be submitted to UEFA in 2023/24. This represents a significant opportunity to put Cardiff on the sporting global stage.

Following the launch of the Welsh Government's National Events Strategy over the summer, the Council will begin developing its own Events Strategy to be informed by the Welsh Government's approach. To ensure alignment with the national strategy and action plan, this action is being carried over to next year. Alongside this, a strategic outline business case for an annual international music festival in the city has been submitted to the Welsh Government and work with partners will be taken forward. It is hoped that the event will be held during 2023, with a view to becoming a firm fixture on the city's events calendar.

Well-being Objective 6

Cardiff Grows in a Resilient Way

Our priorities in 2022/23 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

Significant progress has been made in delivering the One Planet Cardiff Strategy with demonstrable reduction in the Council's carbon footprint though reaching the goal of being a Carbon Neutral Council and city by 2030 remains challenging.

At a city level, Cardiff has the second highest CO₂ emissions per capita out of the UK's Core Cities, with emissions from transport and homes making up the majority of the city's carbon footprint. In response, the Council is taking forward a series of transport, renewable energy, housing retrofit and flood mitigation projects with partners which have made good progress over the course of the year. As with all capital projects, they are subject to a range of pressures, including delays due to the availability of materials and cost inflation pressures. Coastal defence projects have been particularly impacted, with costs increasing by over 75% against original estimates.

Nonetheless, at a Council level, a 13% reduction was seen in direct operational CO₂ emissions between 2019/20 and 2021/22, largely due to reduced electricity consumption. Additionally, improvements have been seen in air quality across the city, with data collected in 2021 from monitoring stations across Cardiff showing compliance with all 'limit values' for pollutants³, and monitoring of Castle Street showing continued compliance with legal air quality limits.

Whilst recycling performance is showing a positive, upward trajectory, the annual figure for 2022/23 of 61.57% (unverified) is still below the 64% target and much work remains if the Council is to meet the 70% target by the end of the 2024/25 financial year. A new Recycling Strategy 2022-25 was approved by Cabinet in September 2022, which outlines a programme

³ This is the latest available data. The results will have been impacted by the Covid-19 restrictions, which were in place in the first part of 2021.

of change which the Council will undertake to meet statutory recycling targets going forward.

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Delivering One Planet Cardiff

The Council published its strategic response to the climate emergency – the One Planet Cardiff Strategy and Action Plan – in October 2021. Since then, significant progress has been made by the Council and its partners in identifying the key high impact priorities for action, developing a robust programme for change, and starting to make tangible carbon reduction improvements.

In December 2022, the Council published the first annual Operational Carbon Analysis. Excluding ‘indirect’ emissions (associated with procurement), the analysis revealed a reduction in the Council’s direct operational emissions from 26,118 tonnes to 22,695 tonnes between 2019/20 and 2021/22⁴. This represents a 13% reduction, with the majority achieved through reduced electricity consumption. Nonetheless, whilst the Council has reduced its direct operational emissions, carbon emission associated with procurement remains the biggest and most challenging source of emissions. Progress has also been made in establishing more robust methodologies to model the impacts of carbon reduction activities. The methodology used for assessing carbon needs further development, however, and this is a recognised national issue.

Throughout the year, key decarbonisation projects have continued to be progressed. Work to deliver the Cardiff Heat Network, which will provide low-carbon heat for a range of building in Cardiff Bay, is now underway and work has started inside customer buildings. In year delays, largely due to supply chain issues, have resulted in an additional six months being added to the completion date. Nonetheless, these issues are manageable, with no immediate cost implications. Uncertainties are arising, however, regarding the detailed design of the Network, particularly interfaces with linked Council projects, such as the Indoor Arena. Scenario planning has been undertaken to assess potential impacts for the project’s approved Business Plan.

Additionally, the Council’s Housing Energy Efficiency Retrofit programme has been impacted by limited staff resource and difficulties recruiting. This has necessitated project prioritisation and targeted deployment of workforce capabilities given the limited staff resource currently available.

A delivery options analysis has been completed for other large-scale renewable energy projects on Council land and a detailed implementation programme has been developed for two potential schemes which has the potential to generate almost 25MW of clean, renewable power for the city.

Furthermore, due to a combination of budgetary and resource challenges, as well as supply chain issues across the sector affecting the procurement of Electric Vehicles (EVs), the

⁴ **Please note:** This is based on the original carbon reporting methodology utilised in the published One Planet Cardiff Strategy. Since publication, the Welsh Government carbon reporting framework has been amended, shifting the focus to ‘activity’ based reporting. The changed methodology means that direct comparison between the current reporting year and the Council’s published baseline is difficult. [Please see here](#) for an analysis based on the new methodology.

Council did not meet its annual target of 100 EVs in 2022/23; 60 vehicles were secured by year end.

Overall, climate change remains an area of significant public concern, with 81.4% of respondents to the 2022 Ask Cardiff survey expressing concern about the Climate Emergency. Many of the initial 'quick win' options to reduce Carbon have already been realised and it is recognised that a carbon gap needs to be closed if the Council is to achieve net zero by 2030. Key challenges moving forward include large-scale, estate-wide refit and insulation, the removal of fossil fuels from heating systems, and the need to increase renewable electricity supplies in line with growing electric heat demands. All interventions are likely to represent capital intensive projects at a time when the Council's medium-term budget outlook remains challenging.

Air Quality

Improving air quality is a key priority for the city, with air quality targets committed to in the Council's 10-year transport and One Planet Cardiff strategies. In 2018, the Council received a legal direction from the Welsh Government to ensure that air pollution levels in Cardiff – specifically Nitrogen Dioxide – were below the EU limit value⁵. In response, the Council undertook a detailed analysis of air pollution levels across the city, which identified Castle Street, one of the most significant and focal streets in the city centre, as the sole non-compliant street.

Following detailed assessment, including a Clean Air Feasibility Study, a package of measures to improve air quality in the city centre – and on Castle Street specifically – were agreed and published in a Clean Air Plan for Cardiff. The measures identified included a range of transport improvement schemes that, if successfully implemented, would improve air quality and ensure compliance with legal limits in the shortest possible time.

The Covid-19 pandemic effectively fast-tracked implementation – with a series of interim transport measures implemented in the city centre, to ensure safe public access and ultimately support recovery, replicating proposed schemes in the Clean Air Plan. As expected – given the national lockdowns resulting in subsequent reductions in traffic volumes – data collected in 2020 showed compliance with legal limits across all monitored stations. Compliance has continued each year since, with significant improvements, particularly on Castle Street. An annual average of 33.8µg/m³ was recorded on the street in 2022, whilst data collected between January and March 2023 indicates continued compliance, with a projected annual average of 33µg/m³ for 2023.

In order for the Council to identify a permanent transport scheme to ensure that long-term compliance is maintained on Castle Street, further detailed transportation and air quality modelling - using post-Covid data - has been undertaken for the area and the surrounding network. The results have ultimately led to the decision that the road is kept open for

⁵ The legal limit of Nitrogen Dioxide is set as an annual average of 40µg/m³.

general traffic as part of an overall approach to improve air quality and enabling traffic to flow into and out of the city centre.

To ensure city-wide compliance continues, air quality monitors have been installed across the city, to better identify pollution trends, allowing further interventions to reduce pollution to be identified. Recognising that transport remains the predominant source of pollution across the city, and there are no safe levels of air pollution, developing an effective public transport system to offer a viable alternative to Car travel represents a major priority. To accelerate the transition to sustainable travel and deliver the mass public transport system commensurate with a front ranking European capital the Council has announced it will consider a range of road payment schemes. These may include road user payments; congestion zones; clean air zones; and workplace parking charges. Such schemes will be assessed on their ability to deliver long-term improvements to levels of air quality across the city. This work will be progressed in consultation with the public, to ensure that any form of potential payment is fair and equitable, with a commitment to minimising the charging impacts on residents, the most economically disadvantaged, and regular users of the city and region.

Transforming Cardiff's public transport and active travel systems

Road traffic emissions is one of the biggest contributing factors to climate change, as well as air pollution. In response, the Council's transport vision sets out a transformative programme of investment in public transport and active travel. Progress over the past year has included securing £50 million of Levelling Up Funding from the UK Government for the Phase 1 section of Cardiff Crossrail from Cardiff Central to Cardiff Bay, which has been match funded by the Welsh Government. Work associated with station improvements is developing, including the master planning of the south side of the Cardiff Central train station, and the outcome of the Welsh Government Road Review Panel has enabled the Eastern Corridor study work to progress. Additionally, the transport scheme at Central Square is now complete, as well as the WelTAG study 1 for the Northern Bus Corridor. A number of cycleways have also been delivered, including the Cross City Centre and Bay pop up cycle lanes and cycleway 1 to the University Hospital of Wales. Improvements are also complete for the cycleway at Tudor Street and approximately 120 schools now have bike fleets.

Several schemes have already been subject to delays, with timescales for delivery revised. This includes the Crossrail, City Centre East Phase 1, and Castle Street, as well as the delivery of new stations. Robust programme governance has therefore been established to ensure continued progress, including the ongoing preparation of study work, business cases and funding bids with key partners. The Council's two 'Healthy Streets' projects have been particularly impacted by capacity and capability issues. As a result, the schemes have been reprofiled and will be progressed in an adapted format.

The decision by the Welsh Government to end Bus Emergency Scheme (BES) funding in Wales in July 2023 has emerged as a significant risk which, unless mitigated, will result in a gap in bus service provision across the city where operators do not expect routes to be commercially viable. In response, the Council is working with partners to facilitate a

transition to a new bus network and undertaking a broader programme of work to help ensure the sustainability of municipal bus companies moving forward.

A delay in the publishing of the Intelligent Transport System (ITS) Strategy consultation, which closed in January 2023, has resulted in the timescale for preparation of the final Strategy to be under review. Improvements through ITS initiatives are continuing to be progressed; however, this is subject to funding.

The delivery of strategic transport projects is often dependent upon successful partnership working with the Welsh and UK Governments, as well as successfully securing external funding. The levels of structural transport funding currently provided on an annual basis is approximately only 10-15% of the levels required to deliver the step change in train, tram, bus and cycle network quality required to deliver the city-wide low carbon and healthy transport environment envisioned. Without substantial levels of infrastructure support – beyond that already made available – the Council will find it challenging to meet its modal shift targets.

To progress the programme of strategic transport projects and improvements at pace and scale, a step change is required that can only be achieved by developing a new source of long-term infrastructure funding. To achieve the substantial levels of funding required, as highlighted, the Council has resolved to consider a range of road payment schemes moving forward.

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

A key ambition of the city is the delivery of new, high-quality, well-designed and well-connected communities. Since the Local Development Plan (LDP) was adopted in 2016, over 6,000 new homes – including 1,500 new affordable homes - have been delivered and 8,000 new jobs created. Furthermore, the LDP has facilitated sustainable transport and active travel across the city and protected the Green Wedge from inappropriate development.

Over the past year, delivery of Local Development Plan (LDP) strategic sites has continued through the completion of planning applications and the implementation of new homes, facilities, and essential infrastructure, in line with good master-planning and placemaking principles. Coinciding with this, a full review of the LDP continues to be progressed, as the Council works to develop a replacement LDP, which will help shape development in Cardiff to 2036. Whilst significant work has been undertaken, preparation of the Preferred Strategy, and subsequently consultation on the Preferred Strategy has been delayed from January to June 2023. This is to allow the full consideration of the latest evidence relating to housing need based on the revised populations figures following the release of the 2021 Census and the updated Local Housing Market Assessment. Looking ahead, a revised timetable for the review of the LDP has been agreed and published, with an aim for adoption in November 2025. The revised timescale will enable the Council to fully consider how the Plan can effectively deliver corporate priorities and respond to both the Council's declared climate and nature emergencies.

There has been a drop in the percentage of householder planning applications determined within agreed time periods; the year end position was 77.69% against a target of 85%. A number of contributing factors account for the drop in performance, which include staff vacancies and unprecedented workload demands. New technology is being deployed which will assist Officers with the timely completion of applications.

The review of the Biodiversity and Resilience of Ecosystems Duty (BRED) Forward Plan, which the Council is required to produce under Section 6 of the Environment (Wales) Act 2016, has been delayed until 2023 due to difficulties in resourcing a suitably qualified ecologist. A Principal Ecologist is now in post and will be working with the Green Infrastructure Officer Group and the One Planet Cardiff Team to develop the BRED Forward Plan, which is anticipated to be updated by September 2023 and presented to Cabinet in November 2023. Protecting biodiversity and resilience of ecosystems remains a key priority for the Council and its partners, with the preferred strategy moving forward focusing on ensuring all developments achieve a net gain in biodiversity, and that they have a minimal impact on Cardiff's environmental assets. For example, the strategically important ridge to the north of the M4 will be protected and continue to form a highly important green backdrop to the city along with other areas of countryside around the city. Importantly, open spaces and river valleys within the urban area are protected. In total, well in excess of 5,500 hectares of countryside and strategic river valleys running through the urban area will be protected from development.

Flooding and coastal erosion

The intergovernmental panel on Climate Change (IPCC), within its sixth assessment report (2023), stated that the risk related to sea level rise is expected to significantly increase by the end of the century in the absence of any major protection or adaptation efforts. Cardiff Council's shoreline management plan dictates a 'hold the line' scenario is required, and the city's new coastal defences will provide an increased level of protection to over a thousand homes. The Council has also set out a comprehensive flood defence programme which has included initiatives such as Greener Grangetown and a range of other Sustainable Urban Drainage schemes. As well as mitigating and adapting to extreme weather incidents, this is helping to reduce power demands otherwise placed on the sewage system and bring enhanced biodiversity opportunities to Cardiff's urban areas.

In terms of coastal defence improvements in Cardiff East, whilst a decision was taken to not move forward with the east side of the scheme, a reduced scheme went out to tender in Quarter 3 of 2022/23, with a successful assessment process leading to a contractor being selected. Subject to Welsh Government approval of the Full Business Case, construction is expected to commence in 2023/24. Progression of this project has been subject to a range of pressures, which means that the commitment to complete the coastal defence improvements by 2024 is unlikely to be met. This is due to factors including delays associated with Covid-19, a cost increase of over 75% against original estimates and capacity challenges within the Flood Risk Management Team.

Pressures have also resulted in delays in developing the Sustainable Water, Flood and Drainage Strategy for Cardiff, as required by the Flood and Water Management Act (2010)

and the Flood Risk Regulations (2009) respectively. Limited staff resource in the Council's Flood Risk Management Team – compounded by recruitment issues due to a shortage of expertise in the current labour market – means that the timescale for completion of the strategy has been extended to March 2024. The first stage of consultation on the strategy has been undertaken and the results will be analysed in Quarter 1 of 2023/24.

Furthermore, work is ongoing to progress the Strategic Flood Consequences Assessment for the region. The Welsh Government originally asked all local authorities to complete their assessments by November 2022; however, it was agreed by the region's Local Planning Authorities that the assessment be delayed to ensure that it is informed by new Flood Risk guidance that is due to be issued shortly by the Welsh Government.

Making Cardiff a world-leading recycling city

The Council has implemented a major programme of reform to its waste and collection services to improve the efficiency and resilience of the service. This has included transitioning to a 4-day collection model, which has reduced the amount of time waste is on the streets and eliminating the disruption previously caused by bank holidays. In September 2022, the Council published a new Recycling Strategy 2022-25 setting out a programme of reform to achieve the statutory recycling targets. This has included the expansion of a new kerbside-sort recycling scheme, to improve the quality of the recycling collected from residents' homes.

Recycling performance fluctuates throughout the year as the tonnage of waste collected varies monthly. On an annual basis, however, recycling performance is showing a positive upward trajectory, indicating that the programme of reform is beginning to impact. Nonetheless, the annual figure for 2022/23 of 61.57% (unverified) remains below the target and further work is needed to meet the 70% target by the end of the 2024/25 financial year. Failure to meet statutory targets can result in fiscal penalties being issued by the Welsh Government; however, the improved recycling performance means the potential fiscal penalty has reduced from £2M to £750k. The Council remains in regular dialogue with the Welsh Government and the Waste and Resources Action Programme (WRAP) as it works towards achieving the 70% recycling target in 2024/25 and the new Recycling Strategy represents a significant step towards the Welsh Government blueprint for recycling in Wales. Furthermore, communication of the programme of reform remains a crucial aspect of this work - only around one in three (35.5%⁶) currently feel that the Council does enough to inform residents about how and what to recycle, and therefore work is needed to improve this.

Recycling and Neighbourhood Services reported a net overspend of £2.213 million at 2022/23 outturn; this was attributed to an increase in costs in relation to staffing and vehicles, with the position partly mitigated by the retention of a proportion of the surplus generated in the Trade Waste Service.

⁶ Source: Ask Cardiff 2022

Moving forward, a focus will be placed on delivering the programme of recycling and re-use improvements detailed within the Recycling Strategy. This includes expanding segregated recycling to households – excluding flats and HMOs – using reusable sacks and caddies to reduce the need for single use plastic bags, reviewing the expansion of kerbside collection services to cover items currently not collected at the kerbside, as well as reviewing approaches to reduce residual waste. Supporting this work will be a communication and information campaign, designed to support residents to understand the changes they will need to make, and the reasons for them.

Street Cleanliness

Work is ongoing, in partnership, to improve street cleanliness in Cardiff, with increases in overall cleanliness recorded over the past year. Aligned to a programme of service reform and to improve street cleanliness in Cardiff, Love Where You Live 'Blitz' teams have been deployed across the city, specifically targeting problem areas – including Cathays, Plasnewydd, Splott and the Southern Arc - resulting in higher standards of cleanliness.

Year-end results show that 92.98% of highways land inspected by the Land Authority was of a high or acceptable standard of cleanliness in 2022/23. Nonetheless, two fifths (39.8%) of respondents to the Ask Cardiff survey reported that the cleanliness in their local area had declined over the last year, compared with just 3.4% who felt it had improved⁷. Additionally, the Council was below target in 2022/23, in terms of the number of wards in Cardiff where 90% of the highways land inspected was of a high or acceptable standard. At year end, 21 out of 29 wards passed the 90% threshold, although the target was for all wards to be above 90%. The number of Environmental Street Scene Legal Enforcement Actions was also below target at year end, with 10,118 actions against a target of 12,500.

⁷ Source: Ask Cardiff 2022

Well-being Objective 7

Modernising & Integrating our Public Services

Our priorities in 2022/23 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 leaner and greener 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 the Council better talks to and listens to the city that it serves

Strategic Assessment

The Council considers that the services and arrangements in place to support the modernisation and integration of Council services are sound, with good progress made in relation to digital services and the use of technology, supporting staff wellbeing and maintaining the approach to Hybrid Working. However, the Council is facing a number of cross-cutting challenges, notably in relation to financial resilience and workforce, which will need to be the subject of corporate focus over the year ahead.

Despite a more positive than anticipated financial settlement for 2023/24, the Council faces significant immediate and medium-term budgetary challenge due to a combination increased complexity and scale of demand on services, energy pricing, pay pressures and the impact of the cost-of-living crisis and continued post-pandemic pressures in income recovery. To continue to ensure the Council's ongoing financial resilience, a proactive approach to identifying and implementing savings will continue. This includes the review and challenge of all directorate budgets and to require baseline efficiencies from all services. Given the wider economic environment including high inflation, rising interest rates and labour and supply chain challenges a sharp focus will need to be placed on the Council's capital position.

The Council faces several workforce challenges. Difficulty recruiting and retaining staff – ensuring sufficient capacity and appropriate skills – is particularly acute in Children's Services and in Adult Social Care, but it is also having an impact across all directorates and is impacting the delivery of all Well-being Objectives. Discrete initiatives are in place to respond at a service level and through the new the Council's new Workforce Strategy (2023-2027) approved in spring 2023. This will remain a strategic risk for the Council over the course of 2023/24.

Reviewing the planning and delivery framework

Following the Local Government Elections the Council agreed a new policy statement in July 2022 - Stronger, Fairer, Greener – which set out the Administration’s priorities for the next five years. These policy priorities were translated into deliverable organisational objectives as part of the Corporate Planning process for 2023-26. This ensured that the Administration’s priorities were embedded in the Council’s planning and delivery framework in an approach that was consistent with all the performance requirements set out by both the Well-being of Future Generations (Wales) Act and the Local Government and Elections (Wales) Act. Audit Wales observed this process and concluded that “the Council has used the Sustainable Development Principle to drive the setting of its Well-Being Objectives including good use of data and a strong collaborative approach”. Audit Wales also concluded during the year that the Council had [*“made good progress in putting in place arrangements to meet the requirements of the Local Government and Elections \(Wales\) Act”*](#)

The Council has also worked with public service partners on the development of the [Local Well-being Plan](#), the Cardiff Public Services Board’s strategy for the next five years, which identifies priorities that fundamentally require joint working between public services. This has included undertaking a review of partnership governance and delivery arrangements to ensure that the complex statutory partnership arrangements in place are aligned behind the delivery of the Well-being Plan, reporting to the Public Services Board.

Audit Wales observed the Council’s process for setting Well-being Objectives for 2023/24, assessing the extent to which Cardiff Council applied the Sustainable Development Principle when setting their Well-Being Objectives. Audit Wales concluded that [*“the Council has used the sustainable development principle to drive the setting of its well-being objectives including good use of data and a strong collaborative approach.”*](#) In relation to performance reporting the examination concluded that *‘the Council has robust arrangements for monitoring its Corporate Plan and wellbeing objectives throughout the year.’* Furthermore, a corporate level internal audit of Performance Management gave assurance on the corporate framework for performance management which was considered sound.

Each year the Council publishes its Annual Governance Statement which considers the systems and processes by which the Council is controlled and identifies any improvement action considered appropriate. The latest Governance Statement will include the judgement of the Governance and Audit Committee who had, in 2021/22, agreed that the Council has sound internal controls and governance arrangements in place, with the areas of concern built into the Committee’s work programme. An Action Plan responding to any significant governance issues identified within the Annual Governance Statement is overseen by the Council’s Senior Management Team (SMT) and is formally reviewed and updated on a bi-annual basis. Three actions were identified as areas of focus for governance improvement during 2022/23, which related to:

- Extending and deepening the areas of SMT investigation in respect to compliance, risk and outcomes

- Extending the assurance on the quality of performance reviews through evidence gathering at Directorate level
- Embedding assurance that the Council is acting in accordance with the Five ways of Working into the Council's assurance framework.

Corporate practice has been strengthened in relation to each of these areas of action to the extent that these actions can be closed as completed. Looking forward to 2023/24 Action Plan, it is anticipated that additional arrangements will be established to allow officers responsible for corporate systems and processes to engage directly with directorate management teams on specific areas of practice where governance arrangements may need to be improved or extended. This is particularly relevant in the context of a constantly evolving and increasingly complex delivery environment, as has been outlined throughout this Well-Being Report.

Financial resilience

[The Council's arrangements to manage its financial position are generally sound](#) but it is facing significant cost pressures, which will continue to test its financial resilience.

A budget gap of £23 million was identified for the 2023/24 financial year. Following a period of extensive public consultation which received over 6,000 responses, significant levels of savings – through back-office efficiencies, as well as changes to frontline services - have been identified and agreed in order to close the gap.

Despite a more positive than anticipated financial settlement for 2023/24, the Council faces significant immediate and medium-term budgetary challenges. The Budget Update Report presented to Cabinet in July 2023 provided updated the position, setting out an indicative budget gap of £36.7 million for 2024/25 and £119.2 million across the period of the Medium- Term Financial Plan.

The increased complexity and scale of demand on services particularly in Children's Services, Adult Social Care, Additional Learning Needs and Homelessness are leading to budgetary pressures. The pressures within Children's Services are the most significant and can be attributed to placement costs for the authority's children looked after cohort. Sustained demand pressures and price increases resulted in costs exceeding budget, reflecting the complexity of need and the limited spaces available in the residential market. More broadly inflationary pressures are placing upward pressure on pay awards, the costs of goods and commodities purchased by the Council (such as energy, food and fuel) as well as the cost of construction, materials and commissioned services. Continued post-pandemic pressures in income recovery in some services also remains an issue. To ensure the Council's ongoing financial resilience, a proactive approach to identifying and implementing savings will continue. This includes the review and challenge of all directorate budgets and to require baseline efficiencies from all services.

A sharp focus will need to be placed on the capital position, where there are also significant cost pressures due to supply chain cost increases, demand for investment to maintain condition, and capital receipt assumptions. The Capital Programme proposed for 2023/24 is based on known commitments, as well as new commitments outlined in the Stronger, Fairer, Greener policy programme. Implementation of capital schemes will need to be subject to enhanced governance to ensure delivery and robust business cases continues to be essential.

Building the Council's digital agenda

The Council continues to explore and apply the opportunities offered by technology to deliver services more efficiently, manage demand pressures and reduce cost. The ability for citizens to access Council services via online platforms has continued to expand.

Developments this year include the ability for citizens to report graffiti and check digital parking permits via the Council's website, Chatbot and CardiffGov App. Increasing numbers of citizens are making the shift to digital as a result, with over 74,000 people registered to the CardiffGov App, exceeding the target of 69,700.

Despite there being a year-on-year increase in the number of customer contacts to the Council using digital channels, performance was slightly below target in 2022/23. This is due to changes to services using digital channels, as well as a stabilising of demand following a peak in 2020 as a result of the pandemic.

Looking ahead, as the Council increasingly leverages technology and digital solutions to support service delivery, a focus will be placed on Robotic Process Automation (RPA) – utilising automation technologies to undertake back-office, repetitive tasks. The Council will also continue to expand the services available on online platforms to shift demand to lower cost channels. To support this, a focus will be placed on enabling residents to make the shift to digital and reviewing customer services to ensure that customer support arrangements operate effectively as the Council continues the transition to a hybrid working model.

While striving to make the most of the opportunities that new and emerging technologies provide, the Council remains cognisant of the associated risks regarding cyber security. The Council uses the National Cyber Security Centre's framework to continually assess our cyber security maturity level, and liaises with cyber security agencies, to implement both proactive measures to prevent attacks, and reactive measures to minimise the impact of potential incidents and manage the aftermath. In September 2022 the Council achieved Gold-Level assurance through the Cyber Security IASME Accreditation.

Delivering leaner and greener Council buildings

Cardiff Council's estate, both operational and leased, is considerable. The Council owns and manages over 750 properties, with a current value of £1.6 billion. Given the extent of the Council's estate, managing, operating and maintaining it is challenging, particularly as the overall quality of the estate means that a number of properties require repair. Recognising these challenges, and to bring increased efficiency to the way in which the estate is

managed, in July 2018, the Council commenced implementation of a Corporate Landlord Programme.

The Corporate Landlord model, which centralises all estate-related responsibility – including budgets, decision-making and activities – within a central team, continues to progress well. This model ensures property assets are maintained and managed in accordance with corporate strategic priorities and standards. Moving forward, further developments will be progressed under the Corporate Landlord function. This includes the provision of additional property management support to service areas in order to progress continued estate management and planned preventative maintenance programmes. Additionally, a Job Management System will be implemented for Building Services, to improve the management and maintenance of Council building assets.

Aligned to this work, over the past several years, work has been ongoing to reduce the size of the estate to manage the rise in operational costs, as well as to mitigate the growing maintenance backlog. This work has been furthered by the adoption of a Hybrid Working Model following the pandemic, which has changed the nature of future space requirements and layouts, with less office space required moving forward. New touchdown spaces have been created, including flexible workspaces, meeting rooms with hybrid facilities and online desk booking systems in County Hall. Alongside this, work has been undertaken to support improved efficiency and service delivery in the estate, with 100% of programmed Priority 1 asset works, those defined as requiring immediate attention (including statutory obligation remedial works) commissioned in 2022/23.

The Council recognises that the built environment comprises a significant proportion of its carbon footprint and a target has been set to achieve a net zero built environment by 2030. It is likely that carbon reduction targets will shortly become a legal obligation as the emerging new Building Regulations (2025) will impose a requirement on carbon, meaning that buildings will be required to demonstrate compliance. As a result, any work that the Council undertakes in relation to its core office estate moving forward will need to meet or exceed these requirements. Progress over the past year has included the establishment of an Environment Carbon Reduction Board to strengthen oversight of progress. A Built Environment Carbon Reduction Plan is under development which will detail next steps and resource requirements.

The delivery of capital receipts also remains a critical objective of the Council's Property Strategy and the 2022/23 Annual Property Plan, approved in September 2022, set a target of £5.5 million. The target was not achieved due to a delay in the completion of two large internal appropriation transactions, which have been carried over to the 2023/24 financial year.

In 2023/24, a Core Office Strategy will be considered which sets out the long-term estate requirements, responding to changing requirements of services, the need to reduce costs, provide accommodation that meets the needs of modern working practices and to reduce the Council's carbon footprint.

In Q4 Audit Wales undertook a combined review of Workforce and Assets, focussed on how the Council strategically plans to use its assets and workforce, how it monitors their use and how it reviews and evaluates the effectiveness of its arrangements. In relation to Asset Management their summary findings, published in their [Springing Forward report](#), were that *'the Council has made good progress in delivering its property strategy and has the necessary governance arrangements underpinned by improved performance data, but its approach lacks a focus on service user and longer term needs.'*

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

The Council faces a number of workforce challenges, including ensuring sufficient capacity, appropriate skills and in recruiting and retaining staff, particularly given the level of competition for some professions. This challenge is particularly acute in Children's Services and in Adult Social Care, but it is also having an impact across all directorates and Well-being Objectives.

To more effectively support employees and address these challenges, the Council has published a new Workforce Strategy (2023-27). The strategy sets a strengthened approach to supporting high performance, enabling a flexible, skilled, engaged and diverse workforce, as well as meeting future workforce needs. This includes ensuring that the Council has processes in place to recruit and retain talented individuals in a competitive market, as well as supporting Directorates to create pathways into their harder to fill roles.

Another workforce challenge faced by the Council relates to managing sickness absence; end of year results shows that 12.0 working days/ shifts – per full-time equivalent (FTE) Local Authority employee – were lost to sickness absence in 2022/23. This is against a target of 9.5. Covid-19 has continued to contribute to increased sickness absence, with the result dropping to 10.57 if Covid sicknesses are removed. Sickness absence is not uniform across the Council, however, with rates particularly high in Street Scene and Adult Services. A targeted approach is being utilised to improve performance, particularly through the provision of support to managers on dealing with complex long-term absence cases.

To support staff wellbeing work is ongoing to ensure that all employees, wherever they are based, have access to support services and are able to take part in associated activities including sessions on improving wellbeing and mental health and stress awareness. In Quarter 3 of 2022/23, an assessment undertaken by Public Health commended the work of the Council in relation to supporting staff health and wellbeing.

The Council is committed to becoming an organisation that reflects and responds to the diversity of the communities it serves. In responding to the recommendations of the Race Equality Task Force to create a more representative workforce the Council has launched a pilot leadership development course for staff from groups under-represented in leadership roles. A senior manager mentorship programme is also under-development, with roll out scheduled for early 2023/24.

In February 2023, the Council achieved the highest-ranking for any local authority in Wales and the UK in the 2023 Stonewall Workplace Equality Index, including a commendation for the local authority's LGBT+ Employee Equality Network. Three accolades were awarded as a result: Stonewall Gold Award Employer; Top 100 Stonewall Employer; and Stonewall Highly Commended.

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

The Council spends over £600 million a year procuring a diverse range of goods, services and works from over 8,000 suppliers and contractors. As well as achieving good value for public money spent on these goods, services, and works, the Council is committed to ensuring it has robust procurement systems in place. The Council's Senior Management Team continue to receive regular updates on procurement spend and compliance, including issues such as off-contract spend. The Council has also strengthened its contract management performance reporting arrangements over the year. The UK Procurement Act is expected to receive Royal assent in late summer 2023 and this will introduce further requirements around transparency across the procurement cycle and reporting of procurement spend.

The size and scale of the Council's spend affords opportunities to leverage wider social and environmental gain, with a particular focus placed on decarbonisation, fair work, delivering community benefits and maximising opportunities for local businesses and communities through Council contracts. In October 2022, the Council published a new Socially Responsible Procurement Strategy (2022-2027), setting out key procurement priorities and the changes that will be made to improve the management of external spend.

A key priority relates to ensuring that the Council's procurement programme fully supports the aim of being carbon neutral by 2030 as over 80% of the Council's carbon footprint is in its supply chain. A review of the Carbon Reduction Plans of key suppliers has been completed and a pilot is currently being developed, aimed at challenging specifiers to reduce carbon across the duration of contracts. A significant limitation remains, however, in terms of the methodology used for assessing the carbon emissions associated with procurement. As a national issue, the Council is working with the Welsh Government to improve the analysis framework. It is also acknowledged that not all of the Council's suppliers – especially smaller, independent and local suppliers – will be able to move to low carbon solutions at pace and consideration is needed as to how the Council's purchasing activities can support the transitions needed moving forward.

Another key objective of the strategy is to make procurement spend more accessible to local small business and the third sector. Year end results show satisfactory performance, with the percentage of overall Council spend within Cardiff-based organisations 51.62% against a target of 52%, and the percentage of overall spend within Cardiff Capital Region-based organisations 65.61% against a target of 66%. A detailed spend analysis has been undertaken to identify opportunities to further increase local spend, with a detailed project plan to drive this forward. This analysis is being used by the Council and its partners to identify opportunities to increase local spend moving forward.

Good progress is also being made in relation to increasing community benefits and social value delivered by suppliers, particularly in expanding community benefits into contracts beyond construction. The Council is one of the leading Welsh Council's in terms of delivering community benefits through its contracts. The Council uses the Social Value Portal system to capture contractor's commitments and to monitor/manage their delivery over the period of the contract. As a result, the Quarter 4 position highlights that there are currently 33 'live' contracts which include social value commitments and will deliver over £7.6 million of social value. Nonetheless, whilst progress is being made, year-end results show that the percentage of new contracts (above £250,000) which include social value commitments is behind target (13.6% against a target of 20%). A Social Value Delivery Group has therefore been established to develop the Council's approach to maximising social value commitments and ensuring delivery. This includes adopting a consistent approach to securing and managing the delivery of community benefits and social value, which is understood by the Council and its contractors.

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

The Council values the contribution of local people in prioritising, shaping, and evaluating the services that they and their families rely upon. A high response rate continues to be seen for the Council's regular, city-wide surveys: the 2022 Ask Cardiff Survey received almost 4,000 responses, whilst the 2023/24 Budget Consultation received almost 6,000 responses and the 2022 Child Friendly City Survey received 7,600 responses. In terms of the Budget Consultation, Cardiff received more responses than all other Welsh local authorities, as well as the highest response among the UK Core Cities. To support this work and strengthen citizen voice, the Council and its partners have produced – and will continue to produce annually – a [Consultation Overview Report](#), which summarises the key findings from consultation and engagement exercises undertaken over the course of the past year, as well as highlights specific issues raised by key demographic groups.

Nonetheless, whilst the Council receives a high response rate to its core surveys, just under one in four (22.6%⁸) agree that they are able to have their say on local issues or how the Council services are run in their community. The Council is currently in the process of developing a new citizen Participation Strategy, which will set out actions to drive improvement in each of the areas identified and further encourage local people to participate in the decision-making process. To inform the development of the Participation Strategy a comprehensive exercise undertaken to identify areas of improvement identified several areas, including the need to ensure that: good practice – in terms of consultation and engagement – is applied robustly across service areas; 'citizen voice' features more consistently across the Council's performance framework; and consultation feedback is consistently provided to survey respondents. As part of the exercise, a demographic profile of respondents to core Council surveys was also created. This work identified that a lower response rate is evident for the following groups: lower socio-economic wards, particularly

⁸ Source: [Ask Cardiff 2022](#)

the Southern Arc of Cardiff; older people (+75 years old); children and young people; ethnic minority communities; and people who identify as disabled.

A particular focus will therefore be placed on engaging and involving hard-to-reach groups. Stakeholder engagement has been completed – including direct engagement with individuals and organisations who can offer insight and guidance on how to strengthen consultation practices with under-represented groups – and draft actions developed. A draft of the Strategy will be published for public consultation in the summer of 2023.

As highlighted by the [2022 Ask Cardiff survey](#), citizen satisfaction with Council services was below target in 2022 (at 47.8% compared to a target of 70%). The 2022 result was a slight increase from the 2021 result (of 47.3%) but around 20% lower than the 2020 figure. This result is consistent with the fall in satisfaction with public services in Cardiff (which dropped from 72.7% in 2020 to 52.1% in 2022). Analysis of satisfaction with individual services shows satisfaction is highest for parks and open spaces (74%), street lighting (66.2%) and Libraries/ Hubs (64.4%), whilst dissatisfaction is highest for pavement maintenance (59.8%), road maintenance (54.2%) and frequency of vandalism and graffiti (53.3%).

In 2021/22, a total of 3,633 complaints were recorded, which was a 43.2% increase from the previous year, when 2,537 complaints were recorded. The highest number of complaints were received by waste collections (2,089). This increasing trend in overall complaints was seen in public services across Wales, with the Public Services Ombudsman for Wales publishing the following statement, *“It is likely that complaints to my office, and public services in general, were suppressed during the pandemic, and we are now starting to see the expected ‘rebound’ effect.”*

Data on complaints for 2022/23 points towards an improved position. A key indicator as to how satisfied complainants are with the standard of investigation, as well as the fairness of outcomes, is the number of complainants that escalate their complaint to the Public Services Ombudsman for Wales. There was a decline in complaints received in 2022/23, with only 142 received. This is a decrease from 182 in 2021/22. The Ombudsman has stated that, given the population size of Cardiff, 0.39 complaints are being received per 1,000 residents. In comparison to Wales’ two other large local authorities, Swansea receives 0.39 complaints per 1,000 residents, whilst Rhondda Cynon Taf receives 0.23 complaints per 1,000 residents.

Adult Services, Children Services, Education, Environment, Finance, Planning and Rent Smart Wales have all seen a decline in the number of complaints received by the Ombudsman (from 2021/22). The only increases have been to Benefits and Roads, however, this is only a slight increase – of 1-2% - which is minimal compared to other local authorities.

Furthermore, of the 142 complains received by the Ombudsman, 50% were closed after initial consideration; 21% were considered premature to consider and referred back to the Council; and 16% involved intervention – however, all achieved early resolution. There were no investigations in 2022/23. The Council also keeps a record of compliments received, which is helpful in terms of understanding good practice and sharing learning across the Council. In 2021/22, a total of 1,487 compliments were recorded, which was a 22.2% decrease from the previous year.

Well-being Objective Setting Examination – Cardiff Council

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

This document is also available in Welsh.

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Background: Our examinations of the setting of well-being objectives

- 1 The Well-being of Future Generations (Wales) Act 2015 (the Act) places a 'well-being duty' on 48 public bodies. The duty requires those bodies to set and publish 'well-being objectives' that are designed to maximise their contribution to achieving each of the Act's seven national well-being goals.¹ They must also take all reasonable steps, in exercising their functions, to meet those objectives.
- 2 The Auditor General must carry out examinations to assess the extent to which public bodies have acted in accordance with the sustainable development principle when setting their well-being objectives.² We are carrying out a rolling programme of these examinations, up to early 2025.³
- 3 To do something in accordance with the sustainable development principle means acting 'in a manner which seeks to ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs'. To achieve this, a public body must take account of the five ways of working: long term, integration, involvement, collaboration, and prevention.⁴
- 4 We designed an assessment framework to enable us to assess the extent to which public bodies have applied the sustainable development principle when setting their well-being objectives. **Appendix 1** sets out further information on our approach, including a set of 'positive indicators' that illustrate what good could look like.
- 5 In designing our approach, we considered what we could reasonably expect from public bodies at this point in time. Public bodies should now be familiar with the sustainable development principle and ways of working and be seeking to apply them in a meaningful way. At the same time, we appreciate that public bodies are still developing their experience in applying the sustainable development principle when setting well-being objectives. Therefore, the examinations include consideration of how public bodies are applying their learning and how they can improve in future.

¹ The seven national well-being goals are; a prosperous Wales, a resilient Wales, a healthier Wales, a more equal Wales, a Wales of cohesive communities, a Wales of vibrant culture and thriving Welsh language, and a globally responsible Wales.

² Section 15 (1) (a) Well-being of Future Generations (Wales) Act 2015

³ The Auditor General must carry out examinations over the period set out in the Act, which begins one year before a Senedd election and ends one year and one day before the following Senedd election.

⁴ Section 5 Well-being of Future Generations (Wales) Act 2015

Carrying out our examination at Cardiff Council

- 6 The aim of this examination was to:
 - explain how the Council applied the sustainable development principle throughout in the process of setting its well-being objectives;
 - provide assurance on the extent that the Council applied the sustainable development principle when setting its well-being objectives; and
 - identify opportunities for the Council to further embed the sustainable development principle when setting well-being objectives in future.
- 7 We set out to answer the question ‘to what extent has the Council acted in accordance with the sustainable development principle when setting its new well-being objectives’. We did this by exploring the following questions:
 - Was the process the Council put in place to set its well-being objectives underpinned by the sustainable development principle?
 - Has the Council considered how it will make sure it can deliver its well-being objectives in line with the sustainable development principle?
 - Has the Council put in place arrangements to monitor progress and improve how it applies the sustainable development principle when setting its well-being objectives?
- 8 We delivered this examination in March 2023.
- 9 We gathered our evidence in the following ways:
 - reviewing key documents;
 - meeting observations;
 - running two workshops with key officers involved with setting the well-being objectives; and
 - carrying out a small number of interviews.

How and when Cardiff Council set its well-being objectives

- 10 The Council and Cardiff Public Services Board (PSB) adopted shared well-being objectives. The Council commenced work on setting the steps to support the well-being objectives during 2022. The Council published its well-being objectives and supporting steps in March 2023. **Exhibit 1** sets out those well-being objectives.
- 11 The Council published its well-being objectives as part of its Corporate Plan 2023-2026 and the Corporate Plan 2023-26 can be viewed on Cardiff Council’s [website](#).
- 12 Under the Act, public bodies must have a well-being statement. This does not need to be a separate document and can be included within a public body’s corporate plan (or equivalent). Cardiff Council’s Corporate Plan 2023-26 also acts as the Council’s wellbeing statement and while the Council includes many of the legislative requirements pertaining to a wellbeing statement within its Corporate

Plan, there are elements not covered. These are: how the Council intends to govern itself and its progress towards achieving its well-being objectives and it does not set out how the wellbeing objectives will help meet the national wellbeing goals.

Exhibit 1: Cardiff Council well-being objectives 2023-26

Cardiff is a Great Place to Grow Up
Cardiff is a Great Place to Grow Older
Supporting People out of Poverty
Safe, Confident and Empowered Communities
A Capital City that Works for Wales
One Planet Cardiff
Modernising and Integrating our Public Services

What we found

The Council has used the sustainable development principle to drive the setting of its well-being objectives including good use of data and a strong collaborative approach

Findings

- 13 The Council and PSB shared well-being objectives demonstrate a sense of collective ownership and partnership approach to deliver the benefits for the city. Partners need to collaborate to successfully deliver the objectives.
- 14 The well-being objectives are designed to improve Cardiff in the longer term. The Council has set out steps that focus on the short and long term to help deliver the well-being objectives.

- 15 The Council's use of data to understand current needs, future trends and risks is a strength. The Council has used an extensive range of data to support the setting of wellbeing objectives and the steps.
- 16 The Council has made considerable effort to engage the public and involve the diversity of the population and is continuing to strengthen its arrangements. By reviewing the citizen responses following its public engagement, the Council is aware there are five groups of the population that are not engaging to the same extent as other population groups. The Council is putting in place plans to encourage greater engagement with these groups.
- 17 We found that the Council adopted a strong cross organisational and collaborative approach to determine the steps and actions it will take to help deliver the well-being objectives. Having learnt from setting previous wellbeing objectives, the Council has strengthened links between the directorates and the corporate policy team. They now meet regularly to discuss the well-being objectives and steps. The directorates value the support provided by the corporate policy team. There are clear expectations and channels of communication.
- 18 We observed good use of internal challenge sessions with officers and Cabinet members to explore each wellbeing objective in detail. Scrutiny committee chairs have also played an active role in scrutinising and developing the Corporate Plan.
- 19 In terms of arrangements to support the delivery of the well-being objectives in the short to medium term, the Council has identified capital expenditure and additional revenue for projects, programmes and initiatives. This includes investment in areas intended to have a preventative benefit, such as shifting the balance of care in Children's Services and Independent Living in Adults Service.
- 20 The Council hasn't determined resources to support delivery over the longer term, but it has set out the key challenges and considerations in its medium-term financial plan 2024-25 to 2027-28. Given the wider financial challenges and the long-term nature of the objectives, it will be important for the Council to determine the resources needed to support the well-being objectives over the longer term. Without this, there is a risk that the well-being objectives will not be fully achieved.
- 21 The Council has also developed Directorate Delivery Plans to support the delivery of its Corporate Plan and well-being objectives. The Council intends to strengthen these plans for 2023-24. Each service will be required to include key sources of citizen intelligence to demonstrate how involvement and engagement with service users and the wider public are influencing directorate actions and priorities.
- 22 The well-being objectives reflect the collective ambitions of public services in Cardiff. In terms of monitoring arrangements, the Council and the PSB use the same outcome indicators to measure progress towards achieving the objectives. There is a live city-wide performance dashboard which can be continuously updated by partners with their performance. Thereby, enabling partners to monitor their collective progress. The Council has also supplemented these measures with Council specific ones supporting each step and well-being Objective. The internal

challenge sessions gave robust challenge to the validity and robustness of the performance indicators.

- 23 The Council has robust arrangements for monitoring its Corporate Plan and well-being objectives throughout the year. These include its mid-year and annual self-assessment alongside regular progress reports to Cabinet, senior managers and scrutiny committees. These provide regular opportunities to understand progress, identify issues and discuss remedial actions where necessary.
- 24 Overall, it was evident that the Council has learnt from setting its previous well-being objectives. It had identified areas where it could further strengthen its arrangements and is taking action to address these. This includes improving how it involves a greater diversity of the population and strengthening its directorate delivery plans.

Appendix 1

Key questions and what we looked for

The table below sets out the question we sought to answer in carrying out this examination, along with some sub-questions to guide our evidence gathering. It also includes some 'positive indicators' that have been tailored to this examination, adapted from those we have previously used to inform our sustainable development principle examinations. This list is not a checklist, but rather an illustrative set of characteristics that describe what good could look like.

To what extent has the body acted in accordance with the sustainable development principle when setting its new well-being objectives?	
Planning: Was the process the body put in place to set its well-being objectives underpinned by the sustainable development principle?	
	Positive indicators

To what extent has the body acted in accordance with the sustainable development principle when setting its new well-being objectives?

Has the body used data and other intelligence to understand need, risks and opportunities and how they might change over time?

- The Council has a clear and balanced assessment of progress against previous well-being objectives that has been used to inform the body's understanding of the 'as is'/ short-term need.
- The Council has set well-being objectives based on a good understanding of current and future need, risk and opportunities, including analysis of future trends. This is likely to be drawn from a range of local and national sources, such as:
 - Public Services Boards' well-being assessments
 - Regional Partnership Boards' population assessments
 - The results of local involvement/ consultation exercises
 - Service monitoring and complaints
 - Future Trends report
 - Natural Resources Wales' State of Natural Resources Report (SoNaRR) for Wales and Area Based Assessments
- The Council has sought to understand the root causes of problems so that it can address negative cycles and intergenerational challenges through its well-being objectives.

Has the Council involved others in developing its well-being objectives?

- The Council uses the results of involvement to help select its well-being objectives. That involvement – whether primary, secondary or a combination – reflects the full diversity of the population.
- Involvement reflects good practice and advice from the Future Generations Commissioner.

To what extent has the body acted in accordance with the sustainable development principle when setting its new well-being objectives?

<p>Has the Council considered how the objectives can improve well-being and have a broad impact?</p>	<ul style="list-style-type: none"> • The well-being objectives have been designed to improve well-being in the broadest sense and make a contribution across the seven national well-being goals. • The well-being objectives have been designed to reflect and capitalise on the connections between different areas of work. • There is a well-developed understanding of how the well-being objectives impact on/ relate to what other public bodies are trying to achieve and opportunities to work together.
<p>Has the Council designed the objectives to deliver longer-term benefits, balanced with meeting short-term needs?</p>	<ul style="list-style-type: none"> • The Council has set objectives that are sufficiently ambitious and have been designed to drive activity across the organisation. • The objectives are designed to meet short and longer-term need. Where objectives are set over a short to medium timeframe, they are set in the context of longer-term considerations or ambitions.
<p>Resourcing and delivery: Has the Council considered how it will make sure it can deliver its well-being objectives in line with the sustainable development principle?</p>	
<p>Has the Council considered how it can resource the well-being objectives?</p>	<ul style="list-style-type: none"> • Resources have been allocated to ensure the objectives can be delivered over the short and medium-term, but the Council has also considered longer-term resources, risks and/or how it can resource longer-term objectives.

To what extent has the body acted in accordance with the sustainable development principle when setting its new well-being objectives?	
	<ul style="list-style-type: none"> The Council has allocated resources to deliver preventative benefits, where these are described in its well-being objectives.
Has the Council considered how it can work with others to deliver their objectives?	<ul style="list-style-type: none"> The Council is drawing on its knowledge of partners objectives/ activity, its relationships and collaborative arrangements to make sure it can deliver on cross-cutting ambitions.
Monitor and review: Has the Council put in place arrangements to monitor progress and improve how it applies the sustainable development principle when setting its well-being objectives?	
Has the Council developed appropriate measures and monitoring arrangements?	<ul style="list-style-type: none"> Performance measures are designed to reflect the sustainable development principle, e.g., by focusing on outcomes that cut across departmental/ organisational boundaries and deliver multiple (including preventative) benefits over the longer term. There is a 'golden thread' that will allow the Council to clearly and transparently report on progress to meeting the objectives.
Is the Council seeking to learn from and improve how it has applied the sustainable	<ul style="list-style-type: none"> The Council shows self-awareness and a commitment to improving how it applies the sustainable development principle so that it can do so in a meaningful and impactful way.

To what extent has the body acted in accordance with the sustainable development principle when setting its new well-being objectives?

development principle to setting its well-being objectives?

- The Council has learnt from setting previous well-being objectives and from applying the sustainable development principle more generally and has improved the process for setting its new well-being objectives.
- The Council has or plans to reflect on how it has applied the sustainable development principle in this round of setting well-being objectives.



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Appendix 3: Governance and Audit Committee Recommendations in response to the Annual Well-being Report 2021/22 and Cardiff Council response

Recommendation	Date Raised	Management Response
<p>1. We recommend that the draft Strategic Assessments under each Wellbeing Objective are reviewed to: -</p> <ul style="list-style-type: none"> a. ensure the overall evaluative conclusions are explicitly recorded, b. consider if they provide sufficient emphasis on outcomes. 	10.10.22	<p>The Strategic Assessment section of each Wellbeing Objective in the Annual Wellbeing Report 2021/22 was reviewed following Committee and amended to provide a stronger evaluative assessment of performance.</p> <p>In the development of the Annual Wellbeing Report for 2022/23 the Council has endeavoured to ensure that the strategic assessments provide an evaluative assessment of the progress and risks in each Wellbeing Objective, with additional detail provided on performance against outcome indicators as part of the narrative update.</p>
<p>2. The Committee recognises the well-structured and comprehensive self-assessment process. However, we recommend the Council considers if the Annual Well-Being Report adequately records conclusions on the extent to which it meets its “performance requirements” namely: -</p> <ul style="list-style-type: none"> a. It is exercising its functions effectively, b. It is using its resources economically, efficiently and effectively, c. Its governance is effective for securing the above 	10.10.22	<p>In response to the Committee’s recommendation the Council clarified in the Annual Wellbeing Report 2021/22 that it considers that the self-assessment process and the Annual Well-being Report ensures that Council is meeting the statutory performance requirements.</p> <p>In June 2023 the Council facilitated a workshop for Committee members on the Planning and Performance Framework which included information on how the Council is responding to the new statutory performance requirements contained in the Local Government and Elections and the requirements of the Wellbeing of Future Generations Act.</p> <p>The Annual Wellbeing Report 2022/23 includes a new section which sets out the statutory requirements, the Council’s performance arrangements and an overview of the performance and concludes that the Council has, through the publication of its Well-being Report, met these statutory duties.</p>
<p>3. It is considered that the narrative self-assessment within the “Key Successes” sections have an emphasis on input activities, we recommend that for future annual Self-Assessment Reports, that the Council consider whether a stronger focus on outcomes can be applied.</p>	10.10.22	<p>The Council has reviewed and amended the structure of the document following feedback to make it more readable. As a result, the ‘Key Successes’ section under each Wellbeing Objective has now been removed, with the progress, challenges and risks and next steps for each ‘sub-heading’ or issue considered as a single narrative update. In effect, the structure change to the document allows specific issues to be considered in the round and ensure that the performance assessment is less fragmented. In doing so, the Council has sought to ensure an appropriate balance between input, output and outcomes is presented and the Committee’s feedback is welcomed on both this specific issue and the overall structure of the report.</p>

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Date: 30 June 2023

Councillor Huw Thomas, Leader
Councillor Chris Weaver,
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Dear Huw & Chris,

Scrutiny Performance Panel 26 June 2023: End of Year 2022/23

Please find attached a record of the observations and comments made by all five Scrutiny Chairs at our recent informal meeting to consider the Annual Well-being Report 2022/23 and end-of year assessment.

Thank you for attending in person, this was a most useful discussion. We offer our feedback to inform your final draft report, and I look forward to pre-decision scrutiny of the final report at the July meeting of PRAP.

Yours sincerely,

**COUNCILLOR JOEL WILLIAMS
CHAIR, POLICY REVIEW AND PERFORMANCE SCRUTINY COMMITTEE**

cc Councillor Lee Bridgeman, Chair, CYP Scrutiny Committee
Councillor Owen Jones, Chair, Environment Scrutiny Committee
Councillor Rhys Taylor, Chair, CASSC Scrutiny Committee
Councillor Peter Wong, Chair, Economy & Culture Scrutiny Committee
Chris Lee, Corporate Director, Resources
Sarah McGill, Corporate Director, People & Communities
Gareth Newell, Head of Performance & Partnerships
Dylan Owen, Operational Manager Policy & Improvement
Mike Tate, Assistant Director Education & Lifelong Learning
Suzanne Scarlett, Partnerships & Performance Manager
Mr Gavin McArthur, Chair, Governance & Audit Committee.
Chris Pyke, OM Governance & Audit

Annual Well-being Report 2022/23

Scrutiny comments and observations for further consideration

REF/PAGE	Comment / Observation
GENERAL	<i>Cross Cutting Issues</i>
	<p>Structure of the document</p> <p>The Panel consider there is scope to improve the public understanding of Council performance by improving the Annual Well-being Report's accessibility to citizens.</p> <p>Whilst we acknowledge the full report is produced for the reassurance of Cabinet, politicians and the Senior Management Team, we recommend an easy read Executive Summary that contains the key strategic issues/challenges as listed in the Cabinet report.</p>
	<p>Workforce Recruitment & Retention</p> <p>Workforce recruitment and retention is clearly stated as a strategic risk in the report, which is supported by evidence across the 5 scrutiny committees over the year. The report also states that the Council needs to ensure it has processes in place to recruit and retain talented individuals in a competitive market and we note:</p> <ul style="list-style-type: none"> • Corporately the Workforce Strategy cites the opportunities presented by Hybrid Working to attract staff; • Recognition of the need to understand the skills gap; • Across Directorates there are different strategies to deal with recruitment and retention dependant on the issues faced; • Initiatives to 'grow our own,' provide staff with opportunities to become qualified social workers, and visits to universities across the UK to attract staff to Cardiff; • Public sector pay is an issue and there are also national pay differentials. <p>Given the above Chairs consider it is vital to measure staff turnover and understand why staff leave the organisation through exit interviews. We note these are not uniform across all Directorates and look forward to receiving more information.</p> <p>Services of particular concern are:</p> <ul style="list-style-type: none"> • Transport – how will the Council ensure sufficient capacity to deliver big scale projects to support its ambitious Crossrail transport scheme? • Social care – the report is missing a forward look at new ways of working and the numbers of social workers required. How will the Council seek to influence universities, to keep pace with the number of vacancies in social care?

	<p>Chairs are therefore seeking assurance that going forward there are clearly stated actions to deal with the recruitment and retention risks highlighted in the report.</p>
	<p>Race Equality Task Force</p> <p>The report references the Race Equality Task Force but gives no details of progress on implementing its recommendations to date. As the recommendations have been available since March 2022, Chairs are keen to ensure any progress made is reflected in the report.</p> <p>We therefore welcome the Leader’s acceptance that the good news stories of progress being made in addressing the recommendations of the Task Force should be reflected in this Annual Well-being Report.</p> <p>We also note the recommendations of the Race Equality Taskforce have been incorporated in this year’s Corporate Plan and look forward to the validation of mainstreamed progress, planned for review later this year.</p>
WBO1	<i>Cardiff is a great place to grow up</i>
	The Annual Well-being Report reflects the work undertaken by CYPSC during 2022/23
	<p>Unregistered Places for Children Looked After</p> <p>The Annual Well-being Report highlights a range of major challenges around lack of sufficiency of placements for Children Looked After and that “unregistered” places are being used, but there is not much detail in terms of “looking ahead” in addressing the resulting risk to the council; how demand will be met; how regulated places will be increased; and how targets will be met.</p> <p>Whilst it is acknowledged that the Corporate Plan sets out the Council’s commitment in relation to this in the current year, some narrative on linking the challenges set out in the Well-being report to how those will be addressed going forward would be welcomed, stating implicitly the roles that the Accommodation Strategy; Right Place Model; and initiatives such as the “My Things Matter” campaign are playing in this area.</p> <p>Issues around the role of (and potential risks posed by) CiW were also addressed, and responses were noted, particularly in relation to working with other local authorities and WLGA in working with CiW to change the narrative and approach in this area.</p>

	<p>School Attendance</p> <p>The Annual Wellbeing Report clearly sets out that school attendance has decreased year on year, and there is a commitment to monitor patterns, including persistent absence. Views on what the targets are; whether these would be met; the main reasons for absence; and what interventions and support are in place were sought.</p> <p>Responses relating to initiatives in place to increase attendance; issues relating to repeated and persistent absence; monitoring attendance; support around the school and individual pupils and their families; and increased clusters approach were welcomed and noted and will be explored further at the meeting of the Children & Young People Scrutiny Committee on the 4th July 2023. Further comments, views and observations will be submitted to Cabinet following the meeting.</p>
WBO2	<i>Cardiff is a great place to grow older</i>
	<p>Access to mental health services</p> <p>At a recent work programming planning meeting, the CASSC committee were briefed on significant challenges and pressures around access and availability of mental health support. Chairs queried why there was no reference to this in the Annual Well-being Report.</p> <p>Although it is noted the report covers the 2022/23 financial year, and that this issue emerged recently, Members remain concerned that this issue has been developing during 2022/23. We request additional consideration as to whether this issue emerged during 2022/23 and if so, we recommend an assessment of the issue is incorporated in the report, particularly around the forthcoming work planned to understand the scale of the problem; our work with health colleagues; and any known potential next steps.</p>
Appendix 1, page 17/18/19	<p>Hospital discharge</p> <p>Chairs note the report provides insight and assessment on work undertaken during the year to facilitate hospital patient discharge, however, feel the narrative gives no indication of the pressures /challenges faced during 2022/23. We also note the report confirms this issue will be a strategic issue for 2023/24 and are aware the service area is working on a suite of KPI's to ensure effective, clear monitoring of this issue going forward.</p> <p>Although the development of these KPI's is welcomed and will assist the council's assessment of this topic, in their current absence, we recommend the narrative is reviewed to provide greater insight into the situation in 2022/23. For example, numbers of people waiting for discharge, average time taken, and reference to the forthcoming actions to monitor performance.</p>

WBO3	<i>Supporting people out of poverty</i>
Appendix 1, page 24/25	<p>Homelessness</p> <p>Chairs confirmed the detail included in the Annual Well-being Report on the pressure and work to address homelessness is captured in line with the severity of the situation and aligns with CASSC’s knowledge.</p> <p>However, we feel greater detail is required in the report on the opportunities for development, particularly around provision for single homeless people.</p> <p>In April 2023 it was confirmed to CASSC there are gaps in specific accommodation offered in the city, such as women- only provision, for those with learning disabilities and the LGBTQ+ community, and work is underway on addressing these gaps.</p> <p>We consider that this acknowledgement of the gaps in provision, and the service areas’ work to address it was in evidence in 2022/23 and so recommend it is referenced in the report.</p>
	<p>Employment Services</p> <p>Chairs welcomed the Leader’s acceptance that the progress being made in addressing the recommendations of the Race Equality Task Force should be reflected in this Annual Well Being Report (as noted above), and in addition that specifically the progress on employment services should feature under WBO3.</p>
	<p>Health Inequalities</p> <p>Chairs requested that the report includes a reference to the Council’s actions to address inequalities in health across the City’s Southern Arc, particularly in relation to children. We note that Public Health Wales has a well-developed programme, but we would like to see a reference to Council activity in the report.</p>
WBO4	<i>Safe, confident and empowered communities</i>
	The report reflects the findings of the Economy & Culture Scrutiny Committee, particularly around parks, allotments and leisure centres.
Appendix 1, page 32	<p>Working together to support a healthier and more active population</p> <p>Chairs queried whether this section should refer to Regional Sports Partnerships and their potential impact on grassroots sport provision in Cardiff. We welcome the Leader’s offer to explore further with the service area.</p>
Appendix 1, page	<p>Community Safety</p> <p>Chairs noted that the KPI around citizen satisfaction with how local bodies</p>

30 / 32	<p>deal with ASB & Crime in their area has been disappointing for some time. Chairs consider the narrative in the Annual Well-being Report linked to this performance issue is of a high-level, strategic style. We feel it should be reviewed to ensure it is understood and provides assurance to the lay reader.</p> <p>Chairs would like the narrative to stress the work ongoing around 'community led' approaches to improving citizen satisfaction, and current/forthcoming work around this, such as the actions outlined in the P&P DDP around progressing community-led approaches.</p>
WBO5	<i>A capital city that works for Wales</i>
	The main issues are really well articulated, particularly around the impact of cost inflation on major projects.
	<p>City Deal/ Corporate Joint Committee (CJC)</p> <p>Chairs highlighted that there is scant reference to the work of the City Deal/ CJC and the impact it has on Cardiff. We consider that this report would be an opportunity to raise the profile of the City Deal/ CJC and its work, increasing its transparency. We note the Leader's agreement that the report be modified to include reference to the work of the City Deal/ CJC that has a specific impact on Cardiff.</p>
WBO6	<i>Cardiff grows in a resilient way</i>
	<p>General</p> <p>Overall, the chapter is honest and well balanced, however, many of the paragraphs have caveats suggesting issues going forward.</p>
	<p>Biodiversity</p> <p>The report mentions that the Biodiversity & Resilience of Ecosystems Duty (BRED) report will be written, however, as the Council declared a Nature Emergency in 2021 and we understand that the One Planet Cardiff strategy is purely about 'carbon reduction' and does not include any work/projects in relation to nature and biodiversity, this appears to be missing from the report.</p> <p>Concern was noted as the Council only has one Ecologist and previously the Environmental Committee has recommended the employment of an additional post as the one role was taken up significantly by 'planning' work rather than proactive work to protect and increase the city's biodiversity.</p>
	<p>Recycling</p> <p>Concern was noted about the ability of the Council to meet the Welsh Government (WG) recycling target of 70% by 2025 with the current, 2022/23 unverified result being 61.57%. The Leader reassured the meeting that the actions in the Recycling Strategy for Cardiff were being implemented which he believed would enable the Council to meet WG requirements.</p>

WBO7	<i>Modernising and integrating our public services</i>
	<p>Capital Programme</p> <p>Chairs expressed concern about the increasing cost of borrowing, enquiring what assessments had been undertaken to reign in the cost of the Capital Programme. Specifically, will this mean capital funded projects are under threat?</p> <p>We are reassured that the total programme is affordable and operational limits still have headroom, however, note there is a sharper focus on reporting pressures, there will continue to be a re-examination of priorities and increasing challenge of invest to save business cases.</p>
KPI 7.19	<p>Customer Satisfaction</p> <p>There has been a marginal improvement in customer satisfaction levels since the last Annual Report, but at 48% it fell short of the 70% target. We note the view that there has been a narrative shift on social media that signals a new baseline in customer expectation and the Council is not alone is experiencing lower levels of customer satisfaction with public sector organisations.</p> <p>We acknowledge that the Council's performance is measured on both frontline services and projects that can benefit Cardiff on a global stage, such as the Principality Stadium.</p> <p>Given that the majority of customers are happy with schools in Cardiff, we recommend a media campaign that enhances/re-enforces public understanding that the provision of schools is a Council responsibility.</p>
	<p>Priority 1 works</p> <p>The delivery of capital receipts is a critical objective of the Council's Property Strategy and the 2022/23 Annual Property Plan set a target of £5.5 million that was not achieved.</p> <p>Chairs noted you expect the next Annual Property Plan (2023/24) to address what the Council is doing to mitigate the shortfall and we will monitor as part of our 2023/24 work programme.</p>

Annual Well-being Report 2022/23

Response to Scrutiny comments and observations for further consideration

The recommendations, requests and observations of the Performance Panel have been welcomed. The responses have been grouped into four categories (below), depending on the nature of the Panel's comments, with a response or explanatory note included as necessary.

- Recommendation Accepted
- Recommendation Partially Accepted
- Recommendation Not Accepted
- Observation Noted

REF/PAGE	Comment / Observation	Proposed Response
GENERAL	<i>Cross Cutting Issues</i>	
	<p>Structure of the document</p> <p>The Panel consider there is scope to improve the public understanding of Council performance by improving the Annual Well-being Report's accessibility to citizens.</p> <p>Whilst we acknowledge the full report is produced for the reassurance of Cabinet, politicians and the Senior Management Team, we recommend an easy read Executive Summary that contains the key strategic issues/challenges as listed in the Cabinet report.</p>	<p>Recommendation accepted.</p> <p>An executive summary has been included in the introductory section, under the heading 'Overall Assessment'. This includes a broad summary of the key areas of progress and strategic challenges.</p> <p>As the Committee noted, this document must satisfy a number of legislative requirements and is presented to a range of different stakeholders. Therefore, although written in plain language, the report, by necessity, deals with complex issues – to do otherwise would not constitute a detailed and balanced strategic assessment.</p>
	Workforce Recruitment & Retention	Observation noted.

	<p>Workforce recruitment and retention is clearly stated as a strategic risk in the report, which is supported by evidence across the 5 scrutiny committees over the year. The report also states that the Council needs to ensure it has processes in place to recruit and retain talented individuals in a competitive market and we note:</p> <ul style="list-style-type: none"> • Corporately the Workforce Strategy cites the opportunities presented by Hybrid Working to attract staff; • Recognition of the need to understand the skills gap; • Across Directorates there are different strategies to deal with recruitment and retention dependant on the issues faced; • Initiatives to ‘grow our own,’ provide staff with opportunities to become qualified social workers, and visits to universities across the UK to attract staff to Cardiff; • Public sector pay is an issue and there are also national pay differentials. <p>Given the above Chairs consider it is vital to measure staff turnover and understand why staff leave the organisation through exit interviews. We note these are not uniform across all Directorates and look forward to receiving more information.</p> <p>Services of particular concern are:</p> <ul style="list-style-type: none"> • Transport – how will the Council ensure sufficient capacity to deliver big scale projects to support its ambitious Crossrail transport scheme? • Social care – the report is missing a forward look at new ways of working and the numbers of social workers required. How will the Council seek to influence universities, to keep pace with the number of vacancies in social care? 	<p>The Executive Summary provided identifies workforce pressures as one of the strategic areas requiring corporate focus over the year ahead.</p> <p>The Council’s Corporate Plan also contains a commitment to support a highly-skilled and productive workforce with the wellbeing of staff at its core, with actions including implementing the workforce strategy 2023-27.</p> <p>The Corporate Plan also contains workforce development actions in areas of identified risk, including:</p> <ul style="list-style-type: none"> - Recruitment and retention of teachers and school staff - Implement the Children’s Services Workforce Action Plan to secure a primarily permanent workforce. - Supporting the social care workforce in the round and putting in place a comprehensive Workforce Development Plan and taking a grow your own approach to improving recruitment and retention of social workers and occupational therapists. <p>Further information can be made available to Scrutiny committees in relation to other areas of pressure, on exit interview and turnover data as part of any future consideration of these issues.</p>
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	Chairs are therefore seeking assurance that going forward there are clearly stated actions to deal with the recruitment and retention risks highlighted in the report.	
	<p>Race Equality Task Force</p> <p>The report references the Race Equality Task Force but gives no details of progress on implementing its recommendations to date. As the recommendations have been available since March 2022, Chairs are keen to ensure any progress made is reflected in the report.</p> <p>We therefore welcome the Leader’s acceptance that the good news stories of progress being made in addressing the recommendations of the Task Force should be reflected in this Annual Well-being Report.</p> <p>We also note the recommendations of the Race Equality Taskforce have been incorporated in this year’s Corporate Plan and look forward to the validation of mainstreamed progress, planned for review later this year.</p>	<p>Observation noted.</p> <p>Additional detail has been added to the report under both Well-being Objectives 3, 4 and 7, giving an update on progress to date against some of the recommendations from the Taskforce.</p>
WBO1	<i>Cardiff is a great place to grow up</i>	
	The Annual Well-being Report reflects the work undertaken by CYPSC during 2022/23	
	<p>Unregistered Places for Children Looked After</p> <p>The Annual Well-being Report highlights a range of major challenges around lack of sufficiency of placements for Children Looked After and that “unregistered” places are being used, but there is not much detail in terms of “looking ahead” in addressing the resulting risk to the council; how demand will be met; how regulated places will be increased; and how targets will be met.</p>	<p>Observation noted.</p> <p>The report includes references to the Accommodation Strategy and Right Place Model and further detail of their importance in future planning has been included, in the section “Protecting the Well-Being of Vulnerable Children”;</p> <p><i>“Though the challenge of placement sufficiency remains in</i></p>

	<p>Whilst it is acknowledged that the Corporate Plan sets out the Council's commitment in relation to this in the current year, some narrative on linking the challenges set out in the Well-being report to how those will be addressed going forward would be welcomed, stating implicitly the roles that the Accommodation Strategy; Right Place Model; and initiatives such as the "My Things Matter" campaign are playing in this area.</p> <p>Issues around the role of (and potential risks posed by) CiW were also addressed, and responses were noted, particularly in relation to working with other local authorities and WLGA in working with CiW to change the narrative and approach in this area.</p>	<p><i>2023/24, the Accommodation Strategy and the Right Place Model represent a major component of the approach within Children's Services to adapt to the pressures on placements moving forward."</i></p>
	<p>School Attendance</p> <p>The Annual Wellbeing Report clearly sets out that school attendance has decreased year on year, and there is a commitment to monitor patterns, including persistent absence. Views on what the targets are; whether these would be met; the main reasons for absence; and what interventions and support are in place were sought.</p> <p>Responses relating to initiatives in place to increase attendance; issues relating to repeated and persistent absence; monitoring attendance; support around the school and individual pupils and their families; and increased clusters approach were welcomed and noted and will be explored further at the meeting of the Children & Young People Scrutiny Committee on the 4th July 2023. Further comments, views and observations will be submitted to Cabinet following the meeting.</p>	<p>Observation noted.</p>
WBO2	<p><i>Cardiff is a great place to grow older</i></p>	
	<p>Access to mental health services</p> <p>At a recent work programming planning meeting, the CASSC</p>	<p>Recommendation accepted.</p>

	<p>committee were briefed on significant challenges and pressures around access and availability of mental health support. Chairs queried why there was no reference to this in the Annual Well-being Report.</p> <p>Although it is noted the report covers the 2022/23 financial year, and that this issue emerged recently, Members remain concerned that this issue has been developing during 2022/23. We request additional consideration as to whether this issue emerged during 2022/23 and if so, we recommend an assessment of the issue is incorporated in the report, particularly around the forthcoming work planned to understand the scale of the problem; our work with health colleagues; and any known potential next steps.</p>	<p>An extended narrative relating to the emerging pressures on access to mental health services has been included under Well-being Objective 4 in the section “Ensuring children and adults are protected from risk of harm and abuse”:</p> <p><i>“The pressures on mental health services have continued during the year, in line with the ongoing pressures on health and social care services generally. Work to develop a non-emergency response service is progressing with the University Health Board; this service will provide support to people with lower-level mental health issues and reduce demand on the system. Work is also underway to understand issues relating to the availability of mental health hospital beds and the Council will continue to work with colleagues in Health to address this.”</i></p>
<p>Appendix 1, page 17/18/19</p>	<p>Hospital discharge</p> <p>Chairs note the report provides insight and assessment on work undertaken during the year to facilitate hospital patient discharge, however, feel the narrative gives no indication of the pressures /challenges faced during 2022/23. We also note the report confirms this issue will be a strategic issue for 2023/24 and are aware the service area is working on a suite of KPI’s to ensure effective, clear monitoring of this issue going forward.</p> <p>Although the development of these KPI’s is welcomed and will assist the council’s assessment of this topic, in their current absence, we recommend the narrative is reviewed to provide greater insight into the situation in 2022/23. For example, numbers of people waiting for discharge, average time taken, and reference to the forthcoming actions to monitor performance.</p>	<p>Recommendation accepted.</p> <p>The narrative has been expanded in the section “Working in partnership to deliver high-quality sustainable care and support” detailing the work undertaken to improve both hospital discharge with care and the collection and monitoring of performance data.</p> <p>A detailed briefing on this topic will be brought to the Community & Adult Services Scrutiny Committee later in July and the Committee will be afforded an opportunity to monitor the introduction of the new national and local performance indicators.</p>

WBO3	<i>Supporting people out of poverty</i>	
Appendix 1, page 24/25	<p>Homelessness Chairs confirmed the detail included in the Annual Well-being Report on the pressure and work to address homelessness is captured in line with the severity of the situation and aligns with CASSC’s knowledge.</p> <p>However, we feel greater detail is required in the report on the opportunities for development, particularly around provision for single homeless people.</p> <p>In April 2023 it was confirmed to CASSC there are gaps in specific accommodation offered in the city, such as women- only provision, for those with learning disabilities and the LGBTQ+ community, and work is underway on addressing these gaps.</p> <p>We consider that this acknowledgement of the gaps in provision, and the service areas’ work to address it was in evidence in 2022/23 and so recommend it is referenced in the report.</p>	<p>Recommendation accepted.</p> <p>A narrative assessment has been added to the section “Embedding our new approach to tackling homelessness” regarding the provision of accommodation for single homeless people and the work already done to introduce women-only provision in existing schemes. This references further plans to develop a new bespoke women-only scheme, an expansion of housing for people with learning disabilities and work to understand the needs of the LGBTQ+ community with regards to housing.</p>
	<p>Employment Services</p> <p>Chairs welcomed the Leader’s acceptance that the progress being made in addressing the recommendations of the Race Equality Task Force should be reflected in this Annual Well Being Report (as noted above), and in addition that specifically the progress on employment services should feature under WBO3.</p>	<p>Observation noted.</p> <p>For “Supporting those most impacted by the economic crisis into work, education or training”, the performance narrative has been expanded to include the Council’s response to the Taskforce’s recommendations relating to the Into Work Advice Service and Cardiff Works.</p>
	<p>Health Inequalities</p> <p>Chairs requested that the report includes a reference to the Council’s actions to address inequalities in health across the City’s Southern Arc, particularly in relation to children. We note that Public Health Wales</p>	<p>Observation noted.</p> <p>The Council has worked closely with Public Health Wales, and other partners, to promote public health through the Amplifying Prevention Programme. The focus of the work is to</p>

	has a well-developed programme, but we would like to see a reference to Council activity in the report.	enhance preventative activities with communities and demographic groups where there is clear inequity within health outcomes. Working with Public Health colleagues, Cardiff & Vale UHB and the Vale of Glamorgan Council, areas of focus have included vaccination uptake for children, bowel screening and promoting healthy eating and active lifestyles. Much of the focus of the work has involved communities in the Southern Arc of Cardiff. Examples are included in Wellbeing Objective 4.
WBO4	<i>Safe, confident and empowered communities</i>	
	The report reflects the findings of the Economy & Culture Scrutiny Committee, particularly around parks, allotments and leisure centres.	
Appendix 1, page 32	<p>Working together to support a healthier and more active population</p> <p>Chairs queried whether this section should refer to Regional Sports Partnerships and their potential impact on grassroots sport provision in Cardiff. We welcome the Leader’s offer to explore further with the service area.</p>	<p>Observation noted.</p> <p>The Regional Sports Partnership which, moving forward, will be responsible for provision in Cardiff has yet to be established. Recognising the need to monitor the impact of the new arrangements, the Well-being Report sets out a commitment to “ensure that arrangements for the Regional Sports Partnership... have a positive impact on grassroots provision and development opportunities.”.</p>
Appendix 1, page 30 / 32	<p>Community Safety</p> <p>Chairs noted that the KPI around citizen satisfaction with how local bodies deal with ASB & Crime in their area has been disappointing for some time.</p> <p>Chairs consider the narrative in the Annual Well-being Report linked to this performance issue is of a high-level, strategic style. We feel it should be reviewed to ensure it is understood and provides assurance to the lay reader.</p>	<p>Observation noted.</p> <p>The wording has been amended in the section “Creating safe and inclusive communities” to simplify the language and explain in more detail the nature of the delivery model. Examples are also included of community safety projects undertaken during the year, with case studies detailing the impact achieved and the positive outcomes delivered for specific parts of the city.</p>

	Chairs would like the narrative to stress the work ongoing around 'community led' approaches to improving citizen satisfaction, and current/forthcoming work around this, such as the actions outlined in the P&P DDP around progressing community-led approaches.	
WBO5	<i>A capital city that works for Wales</i>	
	The main issues are really well articulated, particularly around the impact of cost inflation on major projects.	
	<p>City Deal/ Corporate Joint Committee (CJC)</p> <p>Chairs highlighted that there is scant reference to the work of the City Deal/ CJC and the impact it has on Cardiff. We consider that this report would be an opportunity to raise the profile of the City Deal/ CJC and its work, increasing its transparency. We note the Leader's agreement that the report be modified to include reference to the work of the City Deal/ CJC that has a specific impact on Cardiff.</p>	<p>Observation noted.</p> <p>The Well-being Report now includes details on the governance arrangements for the Corporate Joint Committee and links to the Committee's progress report. A summary assessment is included in the section of the report under the "Leading the economic recovery in Wales" section.</p>
WBO6	<i>Cardiff grows in a resilient way</i>	
	<p>General</p> <p>Overall, the chapter is honest and well balanced, however, many of the paragraphs have caveats suggesting issues going forward.</p>	
	<p>Biodiversity</p> <p>The report mentions that the Biodiversity & Resilience of Ecosystems Duty (BRED) report will be written, however, as the Council declared a Nature Emergency in 2021 and we understand that the One Planet Cardiff strategy is purely about 'carbon reduction' and does not include any work/projects in relation to nature and biodiversity, this appears to be missing from the report.</p> <p>Concern was noted as the Council only has one Ecologist and previously the Environmental Committee has recommended the</p>	<p>Observation noted.</p> <p>The report now includes an assessment outlining the progress and challenges relating to biodiversity, expanding on the performance narrative already included under the "Putting sustainability and well-being at the heart of the city's growth" section.</p>

	employment of an additional post as the one role was taken up significantly by 'planning' work rather than proactive work to protect and increase the city's biodiversity.	
	<p>Recycling</p> <p>Concern was noted about the ability of the Council to meet the Welsh Government (WG) recycling target of 70% by 2025 with the current, 2022/23 unverified result being 61.57%. The Leader reassured the meeting that the actions in the Recycling Strategy for Cardiff were being implemented which he believed would enable the Council to meet WG requirements.</p>	Observation noted.
WBO7	<i>Modernising and integrating our public services</i>	
	<p>Capital Programme</p> <p>Chairs expressed concern about the increasing cost of borrowing, enquiring what assessments had been undertaken to reign in the cost of the Capital Programme. Specifically, will this mean capital funded projects are under threat?</p> <p>We are reassured that the total programme is affordable and operational limits still have headroom, however, note there is a sharper focus on reporting pressures, there will continue to be a re-examination of priorities and increasing challenge of invest to save business cases.</p>	Observation noted.
KPI 7.19	<p>Customer Satisfaction</p> <p>There has been a marginal improvement in customer satisfaction levels since the last Annual Report, but at 48% it fell short of the 70% target. We note the view that there has been a narrative shift on social media that signals a new baseline in customer expectation and</p>	<p>Recommendation partially accepted.</p> <p>Cardiff Council already undertakes extensive work promoting the great work of schools throughout the year.</p> <p>A question within the Ask Cardiff resident satisfaction survey</p>

	<p>the Council is not alone is experiencing lower levels of customer satisfaction with public sector organisations.</p> <p>We acknowledge that the Council’s performance is measured on both frontline services and projects that can benefit Cardiff on a global stage, such as the Principality Stadium.</p> <p>Given that the majority of customers are happy with schools in Cardiff, we recommend a media campaign that enhances/re-enforces public understanding that the provision of schools is a Council responsibility.</p>	<p>relating specifically to satisfaction with schools in Cardiff will be explored.</p>
	<p>Priority 1 works</p> <p>The delivery of capital receipts is a critical objective of the Council’s Property Strategy and the 2022/23 Annual Property Plan set a target of £5.5 million that was not achieved.</p> <p>Chairs noted you expect the next Annual Property Plan (2023/24) to address what the Council is doing to mitigate the shortfall and we will monitor as part of our 2023/24 work programme.</p>	<p>Observation noted.</p> <p>The Annual Property Plan 2023/24 will be considered by Cabinet in July 2023.</p>

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Financial Update Governance & Audit Committee 11th July 2023



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- Outturn Position 2022/23
- Budget Strategy Work 2024/25 and the MTFP
- Further work planned over the summer
 - 2023/24 Monitoring
 - 2024/25 Budget Strategy

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Outturn Position 2022/23 –

Revenue



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Directorate	(£000)
Corporate Management	(7,850)
Economic Development:	
Economic Development	1,063
Recycling & Neighbourhood	2,213
Education & Lifelong Learning	3,501
People & Communities:	
Housing, & Communities	(2,904)
Performance & Partnerships	(527)
Adult Services	(1,531)
Children's Services	6,596
Planning, Transport & Environment	0
Resources:	
Governance & Legal Services	669
Resources	(766)
Total Directorate Position	464
Capital Financing	(3,289)
General Contingency	(2,000)
Summary Revenue Account / Council Tax / Discretionary Rate Relief	4,825
Total Net Council Position	0

Reported To Cabinet
22nd June 2023

Month 9 position was
an overspend of
£3.040M

Outturn Position 2022/23 – Capital



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- Expenditure of £216.208 million was incurred across a range of services with £76.352 million of this in relation to Public Housing (HRA)
- General Fund Expenditure was £139.856 million, with a variance of £101.522 million against the initial programme assumptions. These variances related primarily to major highways and transport schemes, Arena and School Organisation Plan.
- Report also noted the year end position of capital receipts and Treasury Mgt Activity



Budget Strategy Work 2024/25 and the MTFP



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- Report due to be discussed at Cabinet 13th July 2023
- An updated budget gap and MTFP, updated for :
 - Inflationary impacts
 - Workforce updates
 - Commissioned Services updates
 - Demand assumptions
 - Income and funding assumptions
- Report also draws in any issues from Outturn 2022/23
- Includes emerging Pressures and risks
- Capital Programme Development / update provided
- Financial Resilience Considerations included



Further Work Planned

- Budget monitoring processes in 23/24 – report to Cabinet on Month 4 in the autumn
- Processes in place to continue to review financial risks
 - Monitoring reports
 - One to one Director meetings
 - In year delivery of mitigations if required
- Detailed work in the summer / autumn to consider budget requirements in respect of 2024/25 including:
 - Budget efficiency proposals
 - Income Proposals
 - Options for Service Change

Business case work,
engagement activity etc... all
to be planned and delivered



GOVERNANCE AND AUDIT COMMITTEE:

11 July 2023

DRAFT STATEMENT OF ACCOUNTS 2022/23

REPORT OF CORPORATE DIRECTOR RESOURCES

AGENDA ITEM: 8.2

Reason for this Report

The Governance and Audit Committee terms of reference set out the responsibility for reviewing the financial statements prepared by the authority and to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council.

CIPFA Audit Committee Guidance (2022) sets out the details of core knowledge and application of knowledge.

Core knowledge required	How the Governance and Audit Committee member is able to apply the knowledge
Awareness of the financial statements required and the principles followed to produced them	Reviewing the financial statements prior to publication, asking questions. Reviewing both external and internal audit recommendations relating to financial management and controls. Receiving the external audit report and opinion on the financial audit.
An understanding of good financial management practice as set out in the CIPFA (Financial Management (FM) Code) and the level of compliance with it	The audit committee should consider compliance with the Financial Management Code and the role of the Chief Financial Officer (CFO) and how this is met when reviewing the Annual Governance Statement (AGS).
Knowledge of how the organisation meets the requirements of the role of the CFO as required by The Role of the Chief Financial Officer in Local Government (CIPFA, 2016)	The audit committee should consider compliance with the FM Code and the role of the CFO and how this is met when reviewing the AGS.
An overview of the principal financial risks the authority faces	Reviewing reports on risk

This report has been prepared to provide Governance and Audit Committee Members with an opportunity to review and provide comments on the draft 2022/23 Statement of Accounts of:

- Cardiff Council including Cardiff Harbour Authority and Trust Funds
- Cardiff and the Vale of Glamorgan Pension Fund

The accounts were signed by the Responsible Finance Officer on 16 June 2023 and are attached in Appendix 1 and Appendix 2 of this report).

Background

The Statement of Accounts are complex and must meet a number of requirements. They are prepared in accordance with a Code of Practice developed by the Chartered Institute of Public Finance and Accountancy (CIPFA), legislative and Companies Act requirements where relevant.

Preparation and publication of the Statement of Accounts:

- is a statutory requirement
- aims to provide a true and fair view of the Council's financial position
- provides accountability – electors, tax and rent payers, pensioners, those charged with governance, funders, employees etc.
- allows comparison / benchmarking across organisations
- allows comparison across financial years
- allows for consolidation for Whole of Government Accounts
- allows interested parties to review and raise questions to Council and its auditor

Issues

At its meeting on 21 March 2023, the Committee received an introductory report on the financial statements for this year, including proposed timescales, draft accounting policies and changes in the 2022/23 Code of Practice.

The draft accounts were provided to Audit Wales on 16 June in preparation for the audit of accounts. These will also be the subject of a public inspection period from 19 July to 15 August 2023. A date of 6 September 2023 has been set for the external auditor to be available to answer questions from any local government elector or their representative for the area to which the accounts relate. The timescale for completion of the audit, consideration by Council and publication of the final accounts is expected to be November.

Attached for information, in Appendix 3, is a document introducing the contents and governance process involved in preparing the Council's financial statements.

Committee have previously been provided with a document prepared by CIPFA – Understanding Local Authority Financial Statements (Appendix 4) which may be useful information to members of the Committee to support their role.

It is recognised that these are complex documents and to support members in undertaking their scrutiny role, Governance and Audit Committee members have been provided with the opportunity of an extended period of time to review and comment on the statements.

Reason for Recommendations

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

Legal Implications

No direct legal implications as a result of this report.

Financial Implications

No Direct Financial Implications arise from this report

Recommendations

Governance & Audit Committee are requested to note:

- the 2022/23 draft Statement of Accounts and highlight any queries and comments.
- the audited Statements and the Audit of Accounts (ISA260) reports for 2022/23 will, prior to being presented to Council, be reviewed by this Committee.

CHRISTOPHER LEE
CORPORATE DIRECTOR RESOURCES
11 JULY 2023

The following Appendices are attached:

Appendix 1 – Unaudited Draft Statement of Accounts 2022/23 – Cardiff Council including Cardiff Harbour Authority and Trust Funds

Appendix 2 – Unaudited Draft Statement of Accounts 2022/23 Cardiff and Vale of Glamorgan Pension Fund

Appendix 3 – Introduction to Financial Statements

Appendix 4 – Understanding Local Authority Financial Statements (CIPFA – 2016)

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Draft Statement of Accounts 2022/23

The County Council of the City and County of Cardiff



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Narrative Report by Council's Statutory Finance Officer



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TECACH
GWYRDDACH

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Introduction

This report presents the 2022/23 Statement of Accounts for the County Council of the City and County of Cardiff (the Council). It sets out our financial performance for the past year and is prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23.

Our City

Cardiff is the Capital City of Wales, covering an area of 140 square kilometres. It has a population of 360,000 living in approximately 163,000 homes. It is an economic, cultural and political capital city. A city of strong and safe communities, great schools and universities, creative, talented, and welcoming people.

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

Stronger, Fairer, Greener

'Stronger Fairer Greener' are the key policy themes that will underpin the Council's work over the next few years.

- A stronger city, with an economy creating and sustaining well-paid jobs, with an education system that helps our young people reach their potential, with good, affordable housing in safe, confident and empowered communities, all supported by well resourced, efficient public services.
- A fairer city, where the opportunities of living in Cardiff can be enjoyed by everyone, whatever their background, where those suffering the effects of poverty are protected and supported, where a fair day's work receives a fair day's pay, and where every citizen is valued and feels valued.
- A greener city which, through our One Planet Cardiff programme, takes a lead on responding to the climate emergency, which celebrates and nurtures biodiversity, with high-quality open spaces within easy reach for rest and play which are connected by convenient, accessible, safe sustainable transport options.

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

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

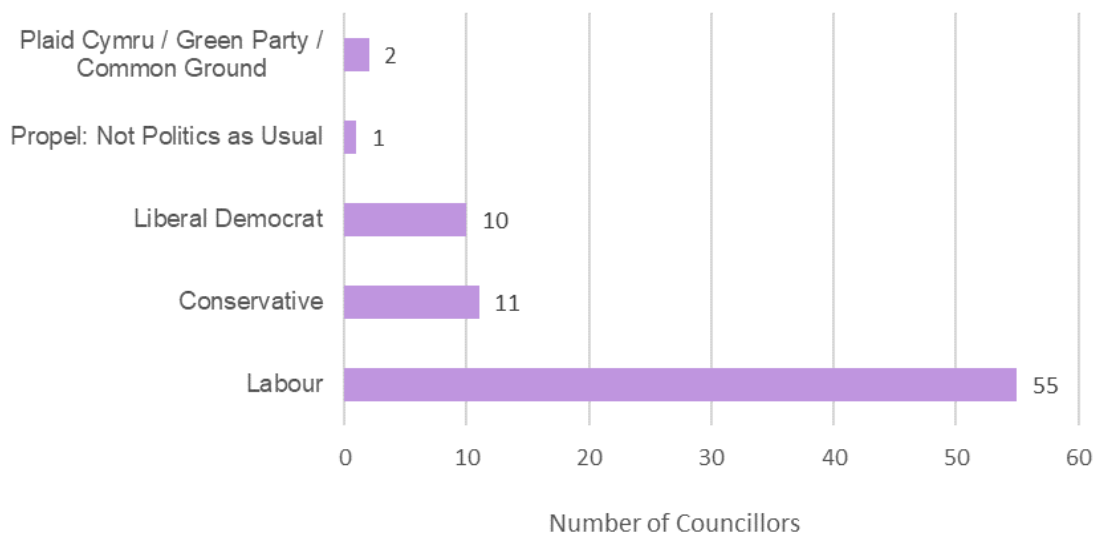
In the wider context of delivering these objectives, the financial climate remains challenging and in the medium term, the amount of funding available for 'non-statutory' services will make their continued delivery very challenging. This will form the backdrop to public service delivery as the Council responds to the realities of an uncertain geopolitical and post pandemic world to deliver its agenda for the city.

Further information can be found using this link **Stronger Fairer Greener ([cardiff.gov.uk](https://www.cardiff.gov.uk))**

Our Democracy

The Council has 79 elected Councillors who represent the people of Cardiff and set the overall policy and budget framework.

Cardiff Councillors - Political Party Representation



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

The role of Cabinet is to:

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

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

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

Regulatory and other committees support delivery of Council services. Council has given the Governance and Audit Committee the responsibility for the review of the Financial Statements for the Council. This is prior to full Council's consideration of the external audit opinion and approval of the financial statements. The Council's Management Team is led by Chief Executive Paul Orders and includes Corporate Directors, Directors and Assistant Directors, including the statutory officers (Monitoring Officer and Section 151 Officer). They are responsible for:

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

Our Services and the way we work

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

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

Our Performance

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

Both the Annual Well-being Report and the Mid-Year Self-Assessment draws on a number of sources of intelligence to make judgements about the Council’s performance, including performance against Corporate Plan Commitments, budget monitoring, risk management as well as the judgements of external regulators. The report is formally considered by the Council’s Senior Management Team and Cabinet as well as the Council’s wider political governance, which includes the Policy Review and Performance Committee and the Governance and Audit Committee. The Annual Wellbeing report for 2022/23 will be considered by Cabinet and Council in July 2023.

Link to be inserted following Council consideration

Our Governance, Risks and Financial Outlook

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

Link to be inserted following Council consideration

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



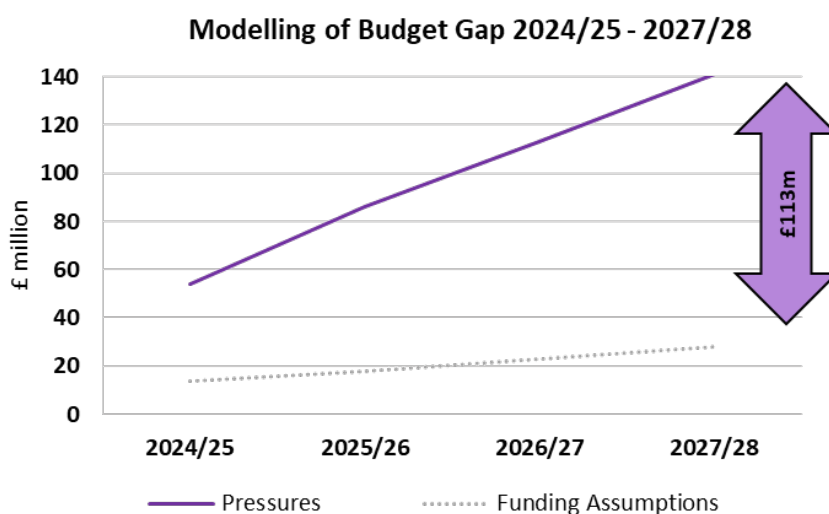
The CIPFA Financial Management (FM) Code, has been adopted by the Council since 2021/22, with a goal to improve the financial resilience of organisations by embedding enhanced standards of financial management. Inevitably, the impact of wider geopolitical and economic factors continued to test that financial resilience in 2022/23 and the medium term. Further details of the Council's approach to compliance with the FM Code will be covered in the AGS identifying both progress during the year as well as future planned actions with associated timescales.

The Council's risk management regime supports the identification, assessment, reporting and management of risks in directorate, corporate, programme and project activities. It involves quarterly risk assessments to support the timely identification and escalation of the Council's most critical risks to Senior Management Team for ownership, review and reporting. Over the course of the year, many risks have been progressed and appropriately mitigated through the above mechanisms. At 31 March 2023, there are eight corporate risks at a 'red' residual risk status i.e. major or significant consequence is likely without further mitigation.

Recycling Performance
Failure to deliver recycling performance to meet statutory recycling performance targets within waste directive. On 26 November, the final validated 2019-20 Local Authority Recovery Target (LART) showed Cardiff achieved a recycling performance of 58.14% compared to the target of 64%.
Ensuring Access
Failure to meet our statutory requirements to provide education to all learners of statutory school age, in particular those with Additional Learning Needs associated with Emotional Health and Wellbeing. Associated safeguarding risks due to vulnerable children not being at school, financial risks due to escalating costs of placements and reputational risk to the Council, evidenced by increasing volume of complaints.
Air Quality
Air quality in Cardiff does not meet statutory requirements set by legislation and continues to have a detrimental impact on health for residents and visitors to Cardiff.
City Security
Major security-related incident in 'crowded places' as a result of international or domestic terrorism.
Climate Change – Biodiversity, Energy Security, Extreme Weather and Flooding
Cardiff is not able to manage the effects of climate change and energy security due to lack of future proofing for key (social and civil) infrastructure and business development.
Coastal Erosion
Breach of current defences resulting in widespread flooding (current defences are ad hoc and are in a very poor condition)
Increase in Demand (Children's Services)
Failure to effectively manage and respond to increasing demand resulting in increase in number of children requiring services and financial pressures this presents.
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.

Budget Gap is the term used to describe the difference between the funding the Council expects to receive, and the estimated cost of continuing to deliver services at the current level. Put simply, the gap is a result of funding failing to keep pace with demand, inflation and other financial pressures. Despite a 9% increase in what the Council received from the Welsh Government Local Government Settlement in 2022/23, a budget gap of £113 million between 2024/25 and 2027/28 was forecast as part of the medium-term financial plan approved in March 2023. This continues to be updated as part of emerging information.



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

A range of options were considered in order to address budget gaps in 2022/23 and future years including continuing to review and challenge all directorate budgets for efficiency savings such as staffing, premises costs, external spend, income generation and grant maximisation; service change savings which have an impact on existing service levels; maximising opportunities for digital transformation and to work across directorates and in partnership with other organisations; and considering the level at which it is affordable to continue to subsidise services of a more discretionary nature.

Looking ahead, with increased levels of risk to the delivery of savings targets and demand likely to remain unpredictable as a result of uncertainty, financial resilience risk will need to be managed and monitored closely to ensure financial sustainability. Significant capital expenditure investment is proposed in areas such as new schools; to address the condition of existing assets used in service delivery; to develop new council housing; economic regeneration and for sustainable travel schemes. The five-year investment plan potentially requires a significant increase in borrowing to pay for investment, the cost implications of which will need to be reviewed as a consequence of increased interest rates on financial models supporting projects and in developing business cases.

Inflation impacts on the Council as a result of pay awards, the energy crisis and wider cost of living challenges are factors requiring ongoing review. This impacts on areas such as utilities, commissioned social care, transport, fuel, the cost of capital projects as well as repair and maintenance costs of assets used in delivering services.

Further details of the Council's budget for 2023/24 and Medium Term are available on the Council's website [Budget Proposals 2023/2024](#) and include the key documents below:

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

Financial Performance 2022/23

The Council's budget for 2022/23 was approved in March 2022. The budget was set against a backdrop of financial uncertainty, significant challenges in funding services, increasing demand for our services, further savings targets to be made and a 1.9% Council Tax increase. A net revenue budget of £743.736 million was approved for 2022/23 as well as a Medium Term Financial Plan based on a rolling four-year period from 2023/24 to 2026/27, ensuring that resources are aligned to outcomes in the Corporate Plan.

Revenue Expenditure and Funding

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

Directorate	Net Expenditure Budget	Net Expenditure Outturn	Variance (Under)/Over
	£000	£000	£000
Corporate Management	37,546	29,696	(7,850)
Economic Development	10,104	11,167	1,063
Economic Development - Recycling and Neighbourhood Services	37,224	39,437	2,213
Education & Lifelong Learning	310,413	313,914	3,501
People & Communities - Communities and Housing	48,986	46,082	(2,904)
People & Communities -Performance and Partnerships	3,491	2,964	(527)
People & Communities - Social Services - Children's	81,689	88,285	6,596
People & Communities - Social Services - Adults	133,760	132,229	(1,531)
Planning, Transport and Environment	8,196	8,196	0
Resources - Governance and Legal Services	6,950	7,619	669
Resources	16,964	16,198	(766)
Directorate Outturn Subtotal	695,323	695,787	464
Capital Financing	34,309	31,020	(3,289)
General Contingency	2,000	0	(2,000)
Summary Revenue Account inc. Council Tax collection and NDR refunds and Discretionary Relief	12,114	16,939	4,825

Total Council Outturn	743,746	743,746	0
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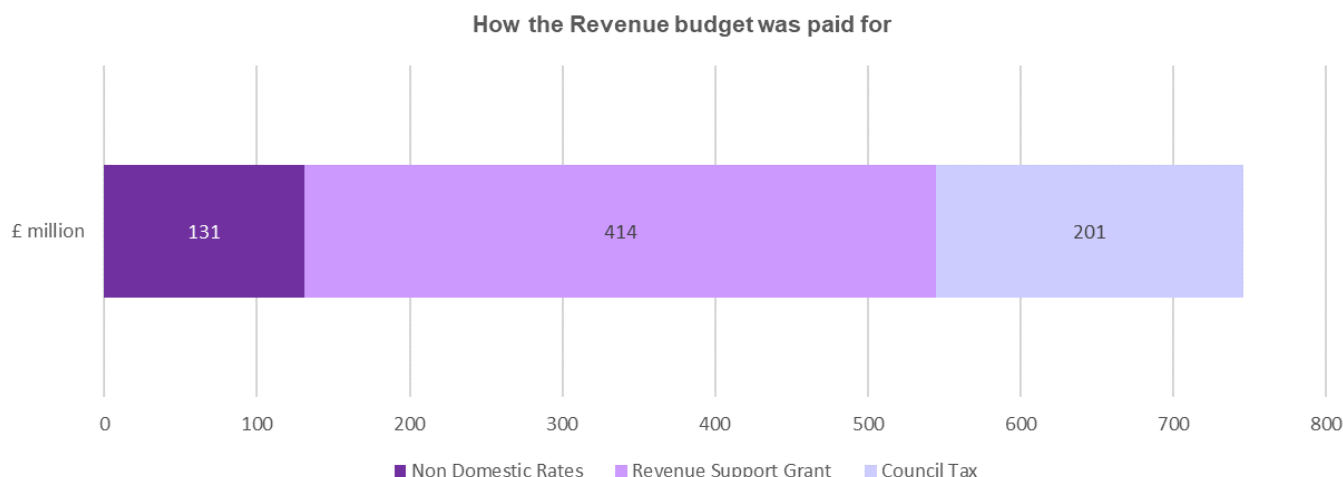
The Council contained its spending within the £743.746 million budget approved for the year, after transfers to and from earmarked reserves. The directorate position reflected a net overspend of £464,000 and overspends against the Summary Revenue Account were offset by the general contingency and capital financing budget as well as a better than anticipated position on Council Tax collection. The overall position improved throughout the year, largely due to release of contingencies, reduction in spending and the receipt of additional external grant funding. This also allowed a further increase in non- schools Earmarked Reserves, which will support the Council in the financial challenges arising from increasing demand and cost inflation.

Non-Domestic Rates (NDR) are collected by the Council for Welsh Government based on the value of buildings used in business or for non-domestic purposes and a rate is set annually. The net NDR collectable by Cardiff for 2022/23 totalled £197.199 million of which Cardiff received £131.182 million after redistribution by Welsh Government. The in-year collection rate was 93.51% (95.11% in 2021/22).

All Wales collection statistics can be found using this link [**Non-domestic rates \(gov.wales\)**](#)

Revenue Support Grant of £413.544 million from Welsh Government was received in the year. Council Tax collected by the Council includes precepts for the police and community councils and where applicable was passed onto the relevant bodies. Council Tax income retained by the Council of £201.458 million funds just over a quarter of the Council’s net expenditure. The in-year collection rate was 96.18% (96.00% in 2021/22).

All Wales collection statistics can be found using this link [**Council Tax \(gov.wales\)**](#)



Housing Revenue Account (HRA)

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

- The council has 13,853 dwellings as at 31 March 2023.
- The average weekly net rent for 2022/23 was £113.07.
- Income including rent and charges for services totalled £94.991 million.

- Revenue expenditure included £30.076 million on repairs and maintenance, £37.029 million on supervision and management and £29.102 million on capital financing costs, including interest, provision for the repayment of debt and towards capital expenditure.

The Housing Revenue Account reported a balanced position for 2022/23 after a transfer to earmarked reserves of £1.883 million. Factors resulting in the surplus included a reduced spend on repairs and maintenance, underspend on void property repairs, lower capital financing costs reflecting the timing of capital investment and delays in recruitment of staff.

Capital Expenditure and Funding by the Council

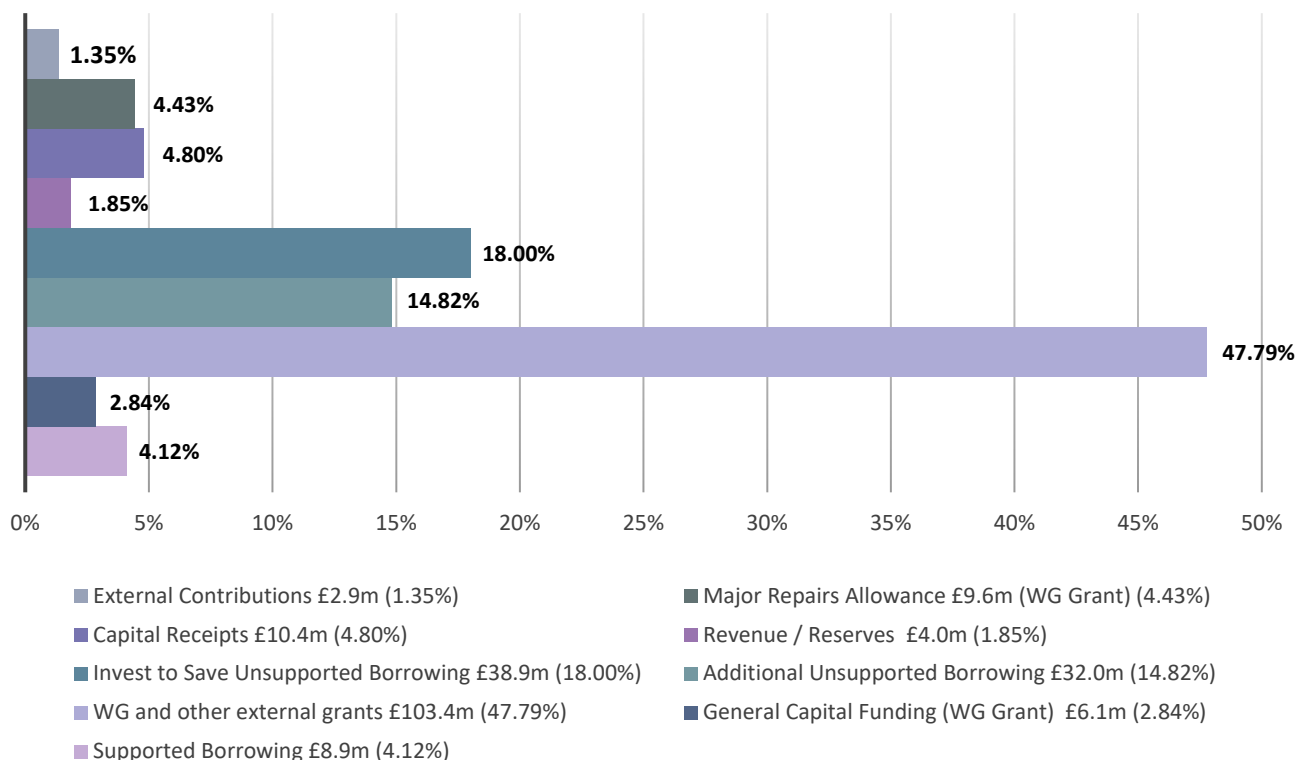
Capital investment forms a large part of our spending. The Council has an ambitious capital programme to deliver projects that are fundamental to the Council achieving its aspirations and to re-shape how we deliver our services. Capital spending during the year totalled £216.2 million.

Schemes	Detail	£m
Business and City Development	Town Centre Loans; acquisition of regeneration sites at international sports village, Indoor Arena enabling land acquisitions and Llanrumney sports complex grant.	13.3
Parks, Leisure and Venues	Parks play areas, open space and infrastructure; Leisure and venues buildings maintenance; Roath Park dam scheme design, Pentwyn Leisure Centre Design and Harbour asset renewal.	4.5
Education & Lifelong Learning	21st Century schools Band B including new Fitzalan High School construction. investment in the condition and suitability of school buildings and ICT.	61.0
Neighbourhood Regeneration and Private Housing	Disabled adaptation grants, allowing people to live independently in their homes; environmental and shop front improvements at Tudor Street, Rhiwbina Hub estate environmental improvements, Splott Park 3G Pitch and neighbourhood regeneration schemes, acquisition of property on Cowbridge Road West for Youth Hub options.	12.1
Highways & Transportation	Road and footpath resurfacing; LED lighting in residential areas; Coastal erosion and flood mitigation; public transport and road safety improvements; cycling strategy implementation; investment in active travel and safe routes in communities; city centre air quality measures including Wood Street and Canal Quarter.	32.8
Corporate, Technology and Vehicles	Works to relinquish leased buildings; Modernising ICT; Replacement vehicle fleet including electric refuse collection vehicles and charging points.	7.7
Energy Projects and Sustainability	Energy retrofit of buildings and contribution to Cardiff Heat Network.	4.6
Public Housing	Disabled adaptations; estate regeneration; investment in existing stock condition; acquisition of land and existing dwellings from the private market; construction of new dwellings.	76.3

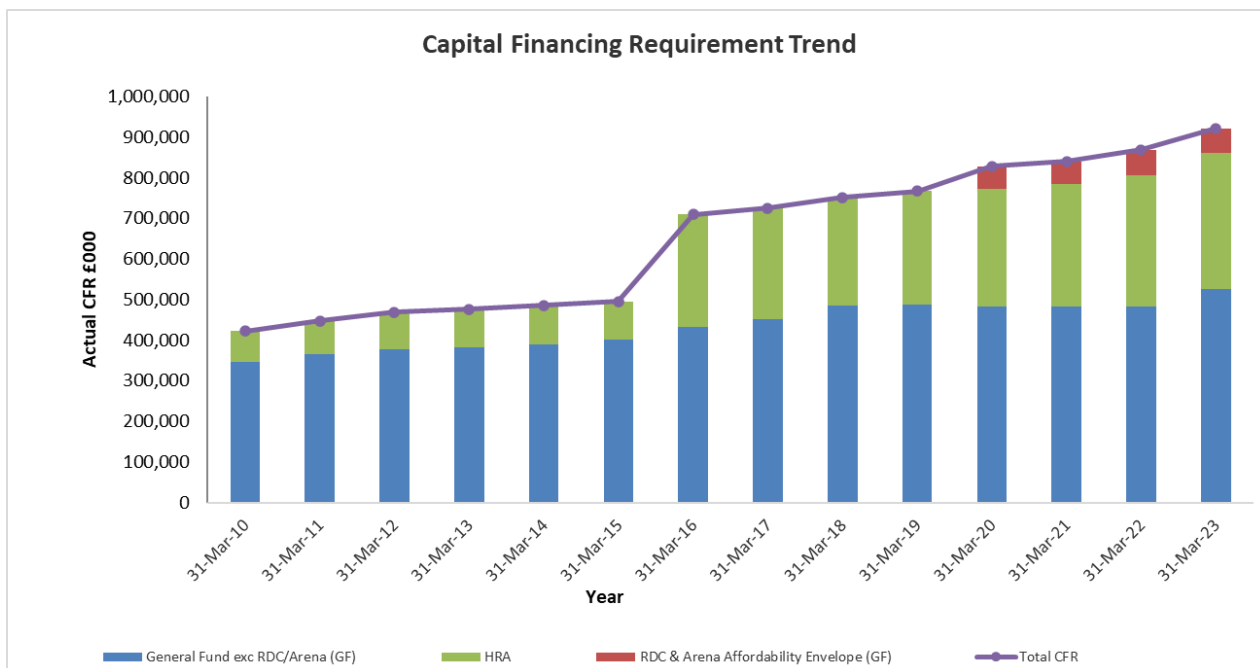
Other	Recycling depot infrastructure, Bereavement, Property and Asset Management, Investment Property Strategy.	3.9
Total		216.2

The Capital Programme was financed from a combination of increasing borrowing commitments (£79.9 million) and from grants, contributions, revenue budgets and sale of assets (£136.3 million). Borrowing and any associated interest costs must ultimately be repaid in a prudent way from existing and future income. An analysis of the sources of capital funding for the year is shown in the following chart:

Funding of Capital Expenditure

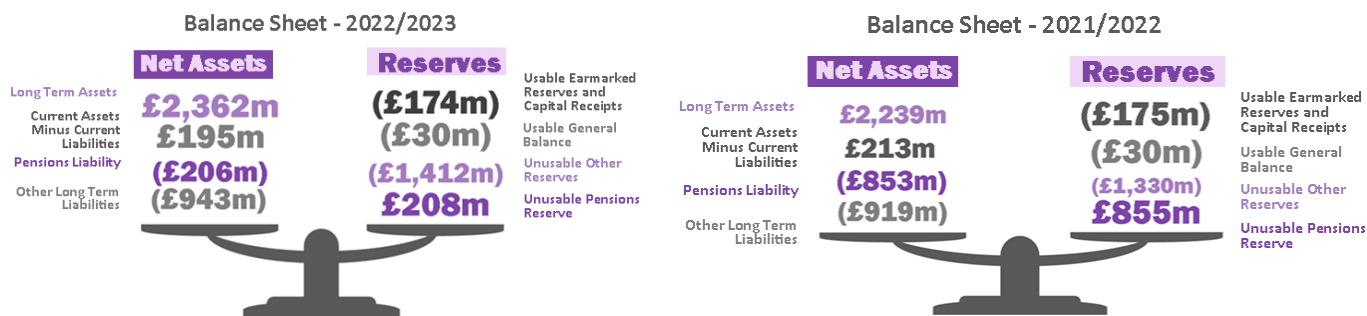


Capital expenditure incurred historically by borrowing, but yet to be paid for from future revenue or capital income is termed the Capital Financing Requirement (CFR). The historic trend is shown in the next chart.



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

Financial Position



Property, Plant, Equipment and Other Non-Current Assets

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

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

- capital receipts from the disposal of property assets and similar income was £10.234 million
- as part of the Council’s rolling programme, revaluations took place during the year for investment properties, heritage assets including antiquarian books for the first time and surplus assets. This is part of a shortened cycle of revaluations rather than the 5 year period recommended in guidance

for valuations which are required solely for accounting purposes. This supports us to ensure the values recorded in the accounts reflect the significant numbers of assumptions, variables and market conditions, where relevant, that impact on such data over a reasonable and planned time frame.

Financial Assets and Liabilities

Treasury Investment and borrowing activities were undertaken in accordance with regulatory requirements and the Council's Treasury Management Strategy for 2022/23. Investments for treasury management purposes and cash is £156.901million at 31 March 2023 and is primarily represented by temporary cash balances deposited with financial institutions. The average rate of interest earned for the year was 1.74%.

The Council borrows money to manage its daily cash flows and to pay for capital expenditure. In accordance with the Treasury Management Strategy, borrowing is undertaken to manage the capital financing requirement. The net change in external borrowing during the year was a decrease of £482,000. Note 15 of the accounts provides further information on the Council's financial assets and liabilities and the nature and extent of risks involved.

In order to combat inflation, the Bank of England Bank Rate increased from 0.75% at the start of the year to 4.25% by the year end. The Council sources the majority of its borrowing needs from the Public Works Loan Board and borrowing interest rates have risen significantly as a result of the economic background in the UK, future inflation forecasts and wider factors such as the overall level of national debt. Whilst this has little financial impact on the Council in the very short term given that all the Council's external borrowing is at fixed interest rates, it will impact on future borrowing that the Council will need to undertake to meet commitments, if rates remain elevated.

Provisions

The Council sets aside money for liabilities or losses which are likely to be incurred, but where the exact amount and timing of payment may be uncertain. This includes insurance claims received as well as for landfill aftercare. During 2022/23, total provisions decreased by £1.187 million to £27.815 million. Details of the movement of individual provisions are shown in note 21 of the accounts.

Pensions Liabilities

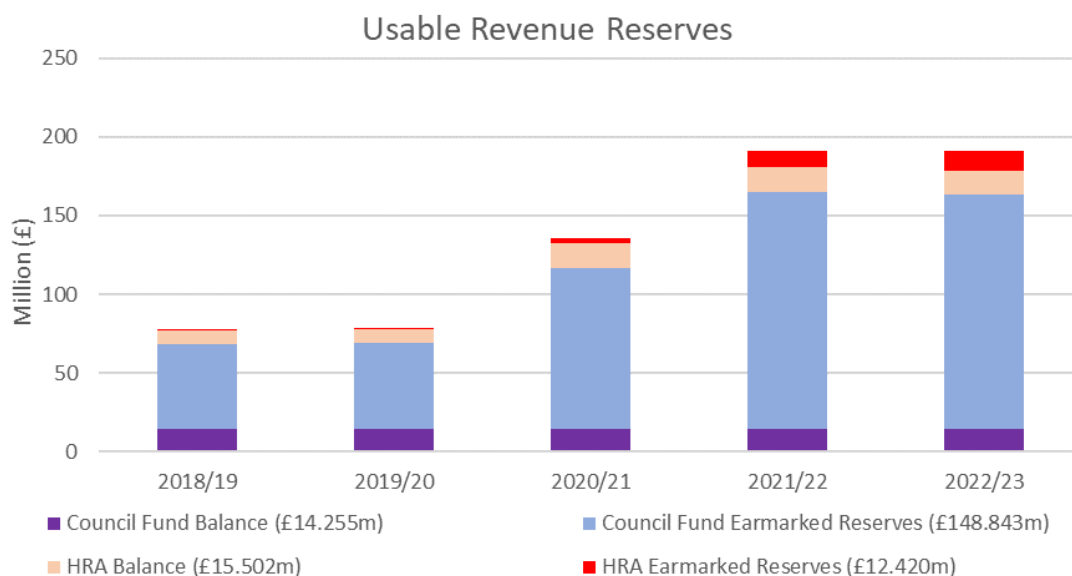
The Council's participation in all pension schemes is shown in note 13 of the accounts:

- The cost to the Council during the year for pension liabilities is £53.183 million.
- The Council's future liability in respect of pension benefits payable, compared to assets held, is £205.809 million at 31 March 2023. This is based on the latest actuarial assumptions, resulting in a decrease of £647.196 million from 2021/22. The assumptions are detailed in Note 13.2 -Table entitled Basis for estimating Assets and Liabilities, with the main factor being changes in forecast interest rates.

- The Local Government Pension Scheme is revalued every three years, with the fund’s assets at 31 March 2022 deemed to cover 98% of future liabilities. A 14 year recovery plan is in place in order to meet the shortfall.

Balances and Reserves

Balances and Reserves are sums of money put aside for specific policy purposes or for general contingencies and cash flow management. The use of reserves, creation of new reserves and assessment of their sufficiency also considers risks to financial resilience. The council has been in a position in recent years to be able to increase the level of earmarked reserves to improve the Council’s overall level of financial resilience. This is shown in the chart below along with the values for 31 March 2023. Earmarked revenue and other usable reserves are detailed in note 25 of the accounts whilst unusable reserves are shown in note 26.



Financial Statements

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

The core statements are:

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

The supplementary statements are:

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

Conclusions

I am grateful for the work of the finance team in supporting directorates and for all officers who facilitate the transparency of our financial transactions set out in these statements. The Governance and Audit Committee and Audit Wales also have a key role in the challenge and independent review of these statements. These accounts are not just prepared to meet compliance with requirements but are an important source of information on the council's financial position and performance. Preparing these statements will be more challenging in future years due to the ambitious change agenda, additional accounting and reporting requirements and consequential audit impacts.

This year was set against continuing uncertainty and risk arising from the post pandemic recovery, increases in costs and geo-political issues. Despite in year pressures, the Council was able to remain within its net revenue budget set for 2022/23. Demand for all Council services continues to increase with significant inflationary impacts on the Council as well as residents of the city during a cost of living crisis. These pressures represent a significant challenge to the Council's ambitious agenda. A challenge which requires difficult choices to be made and a focus on working with our partners to deliver key priorities in order to remain financially sustainable and able to support the most vulnerable into the medium and longer term.

Christopher Lee
Corporate Director Resources and Section 151 Officer



Statement of Responsibilities for the Financial Statements



CRYFACH
TECACH
GWYRDDACH

STRONGER
FAIRER
GREENER



The Council's responsibilities

The Council is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In 2022/23 that officer was Christopher Lee, Corporate Director Resources who holds the statutory post of Section 151 Officer;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- approve the statement of accounts.

Councillor Bablin Molik
Lord Mayor

Date:

The Corporate Director Resources responsibilities

The Corporate Director Resources is responsible for the preparation of the Council's financial statements in accordance with proper practices as set out in the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (the Code).

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

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

The Corporate Director Resources has also:

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

The Corporate Director Resources Certificate

The financial statements for the Council give a true and fair view of its income and expenditure for the financial year 2022/23 and financial position of the Council at 31 March 2023.



Christopher Lee
Corporate Director Resources

Date: 16 June -2023

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

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Accounting Policies, Critical Judgements and Assumptions



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Accounting policies used when formulating the accounts

The Statement of Accounts summarises the Council's income and expenditure for the year ended 31 March 2023 and its financial position at that date. The accounts are prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (the Code).

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

1. Accounting Standards issued but not yet adopted

International Financial Reporting Standard 16 – Leases was adopted in the 2022/23 Code. Following a consultation with local authorities and auditors, the timescale for required adoption has been pushed back to the financial year beginning 1 April 2024 or earlier if deemed possible. IFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for most leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

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

2. Accruals of Income and Expenditure

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

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

3. *Assets Held for Sale*

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

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

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

4. *Cash and Cash Equivalents*

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

5. *Contingent Assets and Liabilities*

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

6. *Deferred Liabilities*

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

7. *Disposals and Capital Receipts*

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

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

8. *Employee Benefits*

Benefits Payable during Employment

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

Termination Benefits

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

Post-Employment Benefits

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

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

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

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

Defined Contribution Schemes

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

Defined Benefit Schemes

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

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

- quoted and unitised securities – current bid price
- unquoted securities – professional estimate
- property – market value.

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

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

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

9. *Financial Assets*

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

There are three main classes of financial assets measured at:

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

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

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

Financial Assets Measured at Amortised Cost

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

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

Expected Credit Loss Model

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

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

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

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

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

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

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

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

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

Fair Value Measurement of Financial Assets

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

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

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

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

10. *Financial Liabilities*

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

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

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

11. *Grants and Contributions*

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

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

Revenue

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

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

Capital

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

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

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

12. *Heritage Assets*

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

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

The unique nature of heritage assets makes reliable valuations complex. These difficulties are recognised by the Code and therefore many individual assets are not recorded in the accounts, but additional narrative disclosures are made about the nature and scale of such assets within the notes to the accounts. A valuation is undertaken every 3 years by an external expert for insurance purposes. A valuation of paintings, artefacts, civic regalia and antiquarian books took place during 2022/23.

13. *Intangible Non-Current Assets*

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

The assets are amortised to the relevant service line over the economic life of the investment initially set between 3-7 years, and reversed in the Movement in Reserves Statement via transfer to the Capital Adjustment Account. Once intangible assets are fully amortised, they are reviewed in terms of materiality and if necessary, disposed of with the carrying value removed from the asset register.

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

14. *Interests in Companies and Other Entities*

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

15. Inventories

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

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

16. Investment Property

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

Investment properties are measured at fair value, based on the market value that would be received to sell an asset in an orderly transaction between market participants at the measurement date, reflecting the asset's highest and best use. A valuation is completed every year, the most recent of which was undertaken by Jones Lang LaSalle in 2022/23.

Investment properties are not depreciated. Gains and losses on revaluation and disposal in addition to rentals received are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. However, revaluation and disposal gains and losses are not permitted to have an impact on the Council Fund Balance and are therefore reversed out of the Council Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account.

17. Joint Committees

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

18. Leases

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

The Council as Lessee

Finance Leases

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

Operating Leases

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

*The Council as Lessor***Finance Leases**

The Council does not recognise any leases of this type.

Operating Leases

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

19. Local Authority Maintained Schools

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

20. Property, Plant, Equipment

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

Recognition

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

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

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

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

Measurement

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

Asset Type	Measurement	Valuation Frequency	Last Valuation	Surveyor for Last Valuation	Next Valuation	Depreciation*
Assets under Construction	Depreciated Historical Cost	n/a	n/a	n/a	n/a	n/a
Community Assets	Depreciated Historical Cost	n/a	n/a	n/a	n/a	n/a
Council Dwellings	Existing Use Value for Social Housing	Every 2 years	2021/22	Savills	2023/24	Land: n/a Buildings: 50 years
Infrastructure	Depreciated Historical Cost	n/a	n/a	n/a	n/a	7-120 years**
Other Operational Land & Buildings	Existing Use Value or Depreciated Replacement Cost if specialist nature without market-based evidence	Every 3 years	2021/22	Cooke & Arkwright	2024/25	Land: n/a Buildings: 1-100 years
School Assets	Detailed Depreciated Replacement Cost (Modern Equivalent Asset)	Every 3 years	2021/22	Cooke & Arkwright	2024/25	Land: n/a Buildings: 2-50 years
Surplus Assets	Fair Value	Every year	2021/22	Jones Lang LaSalle	2022/23	n/a
Vehicles, Plant, Furniture & Equipment	Depreciated Historical Cost	n/a	n/a	n/a	n/a	5-20 years

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

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

Revaluations

Council dwellings, other land and buildings including schools, are required to be valued periodically. The valuations consider not only cost variables but a number of other essential variables such as condition and changes in use. Asset valuations take place with an effective date at 1 April or 31 March where a full professional valuation of a full class of assets indicates that there may be a material change at the final balance sheet position.

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

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

Revaluations of the Council's property assets are undertaken on a minimum three yearly rolling programme basis, or where there is a major refurbishment of an asset, a new valuation will be sought in the year of completion and a revision is made to the useful life. It should be noted that revaluation movements are an accounting exercise only and do not impact on the financial performance of the Council, including where such assets are continued to be intended to be held for service delivery purposes.

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

Impairment and Downward Revaluation

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

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

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

Component Accounting

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

These factors are:

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

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

21. Provisions

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

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

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

23. Reserves

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

24. Value Added Tax (VAT)

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

Critical Judgements and Assumptions

Critical judgements in applying accounting policies

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

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

- there remains a degree of uncertainty about future levels of income and expenditure for the Council and its subsidiaries. However, the Council has determined that this uncertainty is not an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision.
- in 2014/15, CIPFA clarified the requirements for recognising schools property on Council Balance sheets. This highlighted the need for there to be 'control' of assets, with a key criteria for recognition being legal ownership. The Council includes Voluntary Aided, Voluntary Controlled and Foundation

schools in its balance sheet only if it owns the land and/or can accordingly direct the use of the assets. In most cases these are owned by religious bodies, the trustees or governing body of the school.

Assumptions made about the future and other sources of estimation uncertainty

The Statement of Accounts contains figures that are based on assumptions or estimates about the future or that are otherwise uncertain. Whilst these take into account historical experience, current trends, professional guidance and other relevant factors, actual results could be different. The main items in the Council’s Balance Sheet at 31 March 2023 for which there is a risk of adjustment in future financial years are:

Item	Uncertainty	Effect if Actual Results Differ from Assumptions
Valuation, where required of Property, Plant and Equipment assets, Heritage assets and Investment properties Page 172	Valuation of property interests involves assessment of a number of variables such as market conditions, useful life, cost of reconstruction, assessment of condition, use of discount factors for social housing etc. Valuations are undertaken by qualified Chartered Surveyors, or experts in the relevant field, in accordance with the Practice Statements and Guidance notes set out in the Royal Institution of Chartered Surveyors (RICS) Valuation Standards (The Red Book) and any other relevant guidance. The Council’s approach to undertaking valuations on a more frequent basis than the minimum 5 year period required by the CIPFA Code ensure that changes in all variables impacting on a valuation are captured as soon as possible in the next full and professional valuation.	Any changes to valuations and any associated depreciation charges to services for non-current assets are required to be reversed out in the accounts, so this will not have an impact on Council Tax or rents.
Financial Instrument assets	These are reviewed annually for significant impairment using data such as historic risk of default and other reviews of recoverability. For financial assets not quoted on a recognised exchange or where it is difficult to provide accounting valuations e.g. valuations of the Council’s shareholding in Cardiff City Transport Services Ltd. The fair value is deemed to be Net Worth.	Any change in the fair value of Cardiff City Transport Services Ltd has no impact on the level of Council Tax as changes are reflected by a corresponding amendment in the Financial Instrument Revaluation Reserve.
Provisions	The Council makes a number of provisions for liabilities that it may face where a reasonable estimate of value can be made at the balance sheet date. In most cases these are subject to legal claims, such as those for insurance. Provisions relating to landfill sites are subject to a high level of estimation primarily given the length of period over which they are to be considered. Professional internal and external advice is used to determine the need and value of provisions.	The outcomes of assumptions will have an impact on the Outturn in future years, however due to the uncertain nature of these events, are difficult to quantify
Arrears	The Authority is owed for items such as sundry debtors, Council Tax, Non Domestic Rates (NDR) and rents. After taking into account trends in past collection experience and other relevant changes which may impact on collectability a level of impairment or provision for expected credit losses is assumed. It is not certain however that this impairment allowance would be sufficient as the Council cannot assess with certainty which debts will be collected or not.	Improvements in collection will improve future reported Outturn position, however where customers are finding it difficult to pay this will require increases in the level of provisions currently set aside.

Item	Uncertainty	Effect if Actual Results Differ from Assumptions
	<p>The current economic situation has made the estimation of debt impairment more difficult as there is more uncertainty about the economic viability of debtors and hence their ability to settle their debts which may or may not be sufficient.</p>	
Pensions Liability	<p>Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, inflation, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. This also includes market volatility caused by geo-political and macro-economic factors.</p> <p>Professional actuaries are engaged to provide the Council with expert advice about the assumptions to be applied.</p>	<p>It is difficult to measure the effects on the net pension liability of changes in individual assumptions, as they can result in multiple variations to the figure. A sensitivity analysis is provided in Note 13.</p>



Core Financial Statements and Notes to the Financial Statements



STRONGER
FAIRER
GREENER



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

2021/22				2022/23			
Gross Expenditure	Gross Income	Net Expenditure		Note	Gross Expenditure	Gross Income	Net Expenditure
£000	£000	£000			£000	£000	£000
30,048	(26,007)	4,041	Corporate Management		11,097	(2,892)	8,205
104,625	(45,208)	59,417	Economic Development		115,700	(40,273)	75,427
437,111	(111,419)	325,692	Education & Lifelong Learning		472,786	(106,644)	366,142
9,633	(2,015)	7,618	Governance & Legal Services		9,951	(652)	9,299
9,314	(5,959)	3,355	Harbour Authority		10,036	(6,862)	3,174
236,580	(178,996)	57,584	Housing & Communities		236,270	(181,024)	55,246
96,295	(92,571)	3,724	Housing Revenue Account		82,510	(94,991)	(12,481)
10,097	(6,793)	3,304	Performance & Partnerships		17,700	(13,944)	3,756
76,295	(44,360)	31,935	Planning, Transport & Environment		79,509	(45,521)	33,988
45,573	(25,730)	19,843	Resources		44,838	(23,425)	21,413
172,719	(52,256)	120,463	Social Services - Adults		169,440	(31,023)	138,417
100,358	(25,175)	75,183	Social Services - Children's		116,351	(21,390)	94,961
259	(4,484)	(4,225)	Summary Revenue Account		2,062	(952)	1,110
1,328,907	(620,973)	707,934	Net Cost of Services		1,368,250	(569,593)	798,657
42,523	0	42,523	Police & Crime Commissioner for South Wales	3	45,047	0	45,047
458	0	458	Community Council Precepts		495	0	495
18,632	0	18,632	Levies & Contributions		19,040	0	19,040
719	(1,965)	(1,246)	(Gain)/loss on sale of non-current assets		2,150	(4,622)	(2,472)
62,332	(1,965)	60,367	Other Operating Expenditure		66,732	(4,622)	62,110
34,108	0	34,108	Interest Payable on debt	15	34,175	0	34,175
22,180	0	22,180	Interest on net defined benefit liability/(asset)	13	22,304	0	22,304
0	(388)	(388)	Interest & Investment Income	15	0	(3,218)	(3,218)
30,453	(12,658)	17,795	Income & Expenditure in relation to Investment Properties and changes in their fair value	14	14,743	(20,815)	(6,072)
0	0	0	Movement in Financial Instruments		0	(63)	(63)
86,741	(13,046)	73,695	Financing & Investment Income & Expenditure		71,222	(24,096)	47,126
0	(127,032)	(127,032)	Recognised Capital Grants & Contributions	24	0	(108,350)	(108,350)
0	(373,452)	(373,452)	Revenue Support Grant		0	(413,544)	(413,544)
0	(121,062)	(121,062)	Non-Domestic Rates	6	0	(131,182)	(131,182)
3,081	(240,341)	(237,260)	Council Tax Income	5	1,520	(248,520)	(247,000)
0	(6,022)	(6,022)	Donated Inventories		1,273	0	1,273

2021/22				2022/23				
Gross Expenditure	Gross Income	Net Expenditure		Note	Gross Expenditure	Gross Income	Net Expenditure	
£000	£000	£000			£000	£000	£000	
116	0	116	Corporation Tax (CCRCO)		0	0	0	
3,197	(867,909)	(864,712)	Taxation & Non-Specific Grant Income		2,793	(901,596)	(898,803)	
1,481,177	(1,503,893)	(22,716)	(Surplus)/Deficit on Provision of Services		1,508,997	(1,499,907)	9,090	
		(46,288)	Revaluation Gains	26			(10,673)	
		13,671	Revaluation Losses					543
		581	Impairment losses on non-current assets charged to the Revaluation Reserve					0
		(3,475)	(Surplus)/Deficit on Financial Instrument Revaluation Reserve					(961)
		(307,373)	Actuarial (gains)/losses on pension assets/liabilities	13			(726,020)	
		(342,884)	Other Comprehensive Income & Expenditure				(737,111)	
		(365,600)	Total Comprehensive Income & Expenditure				(728,021)	

The 2021/22 breakdown of the Net Cost of Services has been amended to take account of the changes in structure in 2022/23.

Movement in Reserves

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

	Council Fund Balance	Council Fund Earmarked Reserves	HRA Balance	HRA Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Council Reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2021 carried forward	14,255	102,504	15,502	3,700	8,673	0	144,634	170,251	314,885
Movement in Reserves during 2021/22									
Surplus or (deficit) on the provision of Services	8,283	0	14,433	0	0	0	22,716	0	22,716
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	342,884	342,884
Total Comprehensive Income and Expenditure	8,283	0	14,433	0	0	0	22,716	342,884	365,600
Adjustments between accounting basis & funding basis under regulations (note 1)	40,225	0	(7,546)	0	(1,833)	6,972	37,818	(37,818)	0
Net Increase/(Decrease) before Transfers to/(from) Earmarked Reserves	48,508	0	6,887	0	(1,833)	6,972	60,534	305,066	365,600
Transfers to/(from) Earmarked Reserves	(48,508)	48,508	(6,887)	6,887	0	0	0	0	0
Increase/(Decrease) in 2021/22	0	48,508	0	6,887	(1,833)	6,972	53,562	305,066	365,600
Balance at 31 March 2022 carried forward	14,255	151,012	15,502	10,587	6,840	6,972	198,196	475,317	680,485
Movement in Reserves during 2022/23									
Surplus or (deficit) on the provision of Services	(57,258)	0	48,168	0	0	0	(9,090)	0	(9,090)
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	737,111	737,111
Total Comprehensive Income and Expenditure	(57,258)	0	48,168	0	0	0	(9,090)	737,111	728,021
Adjustments between accounting basis & funding basis under regulations (note 1)	55,089	0	(46,335)	0	(476)	0	8,278	(8,278)	0
Net Increase/(Decrease) before Transfers to/(from) Earmarked Reserves	(2,169)	0	1,833	0	(476)	0	(812)	728,833	728,021
Transfers to/(from) Earmarked Reserves (note 25)	2,169	(2,169)	(1,833)	1,833	0	0	0	0	0
Increase/(Decrease) in 2022/23	0	(2,169)	0	1,833	(476)	0	(812)	728,833	728,021
Balance at 31 March 2023 carried forward	14,255	148,843	15,502	12,420	6,364	6,972	204,356	1,204,150	1,408,506

Balance Sheet

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

31 March 2022 £000		Note	31 March 2023 £000
1,992,202	Property, Plant & Equipment incl Infrastructure Assets	14	2,096,606
58,849	Heritage Assets		67,955
150,718	Investment Properties		159,341
1,135	Intangible assets including AUC		1,098
24,749	Long-term Investments	15	25,561
10,906	Long-term Debtors		11,729
2,238,559	Total Long-Term Assets		2,362,290
210,105	Short-term Investments	15	97,624
0	Assets Held for Sale	16	4,000
11,684	Inventories		10,439
184,300	Short-term Debtors	17	187,473
23,751	Cash and Cash Equivalents	18	59,277
429,840	Total Current Assets		358,813
(31,311)	Short-term Borrowing	15	(12,850)
(175,845)	Short-term Creditors	19	(141,560)
(1,035)	Pension Strain	22	(1,737)
(4,544)	Provisions	21	(3,419)
(3,640)	Deferred Liabilities	23	(3,985)
(216,375)	Total Current Liabilities		(163,551)
(832,819)	Long-term Borrowing	15	(850,720)
(24,458)	Provisions	21	(24,396)
(9,621)	Deferred Liabilities	23	(10,010)
(16,521)	Revenue Grants Receipts in Advance	24	(9,592)
(11,431)	Capital Grants Receipts in Advance		(24,058)
(22,388)	Capital Contributions Receipts in Advance		(23,967)
(1,296)	Pension Strain	22	(494)
(853,005)	Net Pensions Liability	13	(205,809)
(1,771,539)	Total Long-Term Liabilities		(1,149,046)
680,485	NET ASSETS		1,408,506
	Financed by:		
14,255	Council Fund Balance	25	14,255
151,012	Council Fund Earmarked Reserves		148,843
15,502	Housing Revenue Account Balance		15,502
10,587	Housing Revenue Account Earmarked Reserves		12,420
6,840	Capital Receipts Reserve		6,364
6,972	Capital Grants Unapplied		6,972
205,168	Usable Reserves		
345,822	Revaluation Reserve	26	353,906
977,282	Capital Adjustment Account		1,055,914
5,003	Deferred Capital Receipts		66
10,366	Financial Instruments Revaluation Reserve		11,327
(855,336)	Pensions Reserve		(208,040)
(17,054)	Accumulated Absences Adjustment Account		(16,984)
9,234	Donated Inventories Account		7,961
475,317	Unusable Reserves		1,204,150
680,485	TOTAL RESERVES		1,408,506

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

2021/22 £000		Note	2022/23 £000
(22,716)	Net (surplus)/deficit on the provision of services		9,090
(231,213)	Adjustments to net surplus or deficit on the provision of services for non-cash movements	28	(122,054)
129,979	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities		597
(123,950)	Net cash flows from operating activities		(112,367)
191,372	Purchase of property, plant and equipment, investment property and intangible assets		194,139
117,750	Purchase of short-term and long-term Investments		18,461
2,133	Other investing activities		(14,588)
(2,649)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets		(9,851)
(126,516)	Capital Grants and Contributions		(122,556)
182,090	Net cash flows from investing activities		65,605
(72,479)	Cash receipts from short-term and long-term borrowing		(22,287)
(2,495)	Other financing activities		10,753
27,533	Repayments of short-term and long-term borrowing		22,770
(47,441)	Net cash flows from financing activities		11,236
10,699	Net (increase)/decrease in cash and cash equivalents		(35,526)
34,450	Cash and cash equivalents at the beginning of the reporting period		23,751
23,751	Cash and cash equivalents at the end of the reporting period	18	59,277

Notes to the Financial Statements

1. Adjustments between Accounting Basis and Funding Basis under Regulation

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

Usable Reserves 2021/22					Movement in Unusable Reserves	Adjustments between Accounting and Funding Basis	Usable Reserves 2022/23				Movement in Unusable Reserves
Council Fund Balance	Housing Revenue Account	Capital Receipts Reserves	Unapplied Capital Grants				Council Fund Balance	Housing Revenue Account	Capital Receipts Reserves	Unapplied Capital Grants	
£000	£000	£000	£000	£000		£000	£000	£000	£000	£000	
						Adjustments to Revenue Resources					
						Amounts by which the income and expenditure included in the CIES are different from revenue for the year calculated in accordance with statutory requirements					
71,980	5,356	0	0	(77,336)		Pension costs (transferred to/from the Pensions Reserve)	73,443	5,281	0	0	(78,724)
(338)	(290)	0	0	628		Officer remuneration (transferred to the accumulated absence Reserve)	129	(199)	0	0	70
53,417	11,345	0	0	(64,762)		Charges for depreciation and impairment of Non-Current assets	59,290	13,603	0	0	(72,893)
44,806	24,114	0	0	(68,920)		Revaluation losses of Non-Current Assets	958	667	0	0	(1,625)
(23,804)	(1,407)	0	0	25,211		Reverse previous impairment on revaluation	(30)	(935)	0	0	965
842	86	0	0	(928)		Amortisation of Intangible Assets	604	0	0	0	(604)
26,694	(62)	0	0	(26,632)		Movements in the market value of Investment Properties	1,866	0	0	0	(1,866)
0	0	0	0	0		Movement in the value of Assets Held for Sale	0	0	0	0	0
(89,508)	(30,552)	0	0	120,060		Capital grants and contributions applied	(60,733)	(47,617)	0	0	108,350
(6,972)	0	0	6,972	0		Capital grants unapplied	0	0	0	0	0
2,662	31	0	0	(2,693)		Revenue expenditure funded from capital under statute	8,407	0	0	0	(8,407)
(6,022)	0	0	0	6,022		Transfer to Donated Inventories	1,273	0	0	0	(1,273)

Usable Reserves 2021/22					Movement in Unusable Reserves	Adjustments between Accounting and Funding Basis	Usable Reserves 2022/23				Movement in Unusable Reserves
Council Fund Balance	Housing Revenue Account	Capital Receipts Reserves	Unapplied Capital Grants				Council Fund Balance	Housing Revenue Account	Capital Receipts Reserves	Unapplied Capital Grants	
£000	£000	£000	£000	£000		£000	£000	£000	£000	£000	
25	0	0	0	(25)	Movement of Financial Instruments	3	0	47	0	(50)	
(494)	(753)	1,966	0	(719)	Amount of Non-Current Assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income & Expenditure Statement	(938)	(1,532)	4,621	0	(2,151)	
73,288	7,868	1,966	6,972	(90,094)	Total adjustments to Revenue Resources	84,272	(30,732)	4,668	0	(58,208)	
					Adjustments between Revenue and Capital Resources						
(31,523)	(13,015)	0	0	44,538	Statutory provision for the financing of capital investment	(27,928)	(12,566)	0	0	40,494	
(1,540)	(2,400)	0	0	3,940	Capital expenditure charged against the Council Fund and HRA balances	(958)	(3,037)	0	0	3,995	
0	0	0	0	0	Credit for disposal costs that qualify to be met from the resulting capital receipts	0	0	0	0	0	
0	0	(17)	0	17	Capital receipts set aside for the repayment of debt	0	0	0	0	0	
(33,063)	(15,415)	(17)	0	48,495	Total adjustments between Revenue and Capital resources	(28,886)	(15,603)	0	0	44,489	
					Adjustments to Capital resources						
0	0	0	0	0	Transfers to the Capital Receipts Reserve upon receipt of cash	(231)	0	231	0	0	
0	0	0	0	0	Transfers to /from the Deferred Capital Receipts Reserve in relation to gain/loss on disposal	(66)	0	5,003	0	(4,937)	
0	0	(3,781)	0	3,781	Use of the Capital Receipts Reserves to finance new capital expenditure	0	0	(10,378)	0	10,378	
0	0	(3,781)	0	3,781	Total adjustments to Capital resources	(297)	0	(5,144)	0	5,441	
40,225	(7,547)	(1,832)	6,972	(37,818)	Total Adjustments	55,089	(46,335)	(476)	0	(8,278)	

2. Expenditure and Funding Analysis

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

2021/22			Directorate	2022/23		
Net Expenditure Charged to CF and HRA	Adjustments between accounting & funding basis	Net expenditure CIES		Net Expenditure Charged to CF and HRA (outturn)	Adjustments between accounting & funding basis (see note 2.1)	Net expenditure CIES (Net Cost of Services)
£000	£000	£000		£000	£000	£000
26,429	(22,388)	4,041	Corporate Management	29,696	(21,491)	8,205
38,787	20,630	59,417	Economic Development	50,604	24,823	75,427
297,868	27,824	325,692	Education & Lifelong Learning	313,914	52,228	366,142
6,514	1,104	7,618	Governance & Legal Services	7,619	1,680	9,299
0	3,355	3,355	Harbour Authority	0	3,174	3,174
47,560	10,024	57,584	Housing & Communities	46,082	9,164	55,246
0	3,724	3,724	Housing Revenue Account	0	(12,481)	(12,481)
2,882	422	3,304	Performance & Partnerships	2,964	792	3,756
5,976	25,959	31,935	Planning Transport & Environment	8,196	25,792	33,988
15,186	4,657	19,843	Resources	16,198	5,215	21,413
120,741	(278)	120,463	Social Services - Adults	132,229	6,188	138,417
71,189	3,994	75,183	Social Services - Children's	88,285	6,676	94,961
49,120	(53,345)	(4,225)	Summary Revenue Account	47,959	(46,849)	1,110
682,252	25,682	707,934	Net Cost of Services	743,746	54,911	798,657
(636,441)	(94,209)	(730,650)	Other income and expenditure	(696,187)	(93,380)	(789,567)
45,811	(68,527)	(22,716)	(Surplus)/Deficit on Provision of Services	47,559	(38,469)	9,090
	Council Fund	HRA Balance			Council Fund	HRA Balance
	(14,255)	(15,502)	Opening Balance as at 1 April		(14,255)	(15,502)
	0	0	Surplus/(Deficit)		0	0
	(14,255)	(15,502)	Closing Balance as at 31 March		(14,255)	(15,502)

The 2021/22 breakdown of the Net Cost of Services has been amended to take account of the changes in structure in 2022/23

2.1 Note to the Expenditure and Funding Analysis

The adjustments between Accounting and Funding basis are analysed further in the following table with further explanation provided below the table.

2021/22				Directorate	2022/23			
Adjustments for capital purposes (a)	Net change for Pensions Adjustments (b)	Other Adjustments (c)	Total Adjustments		Adjustments for capital purposes (a)	Net change for Pensions Adjustments (b)	Other Adjustments (c)	Total Adjustments
£000	£000	£000	£000		£000	£000	£000	£000
396	890	(23,674)	(22,388)	Corporate Management	21	586	(22,098)	(21,491)
18,339	7,363	(5,072)	20,630	Economic Development	20,141	8,066	(3,384)	24,823
32,346	15,982	(20,504)	27,824	Education & Lifelong Learning	25,525	15,915	10,788	52,228
0	958	146	1,104	Governance & Legal Services	34	982	664	1,680
2,826	500	29	3,355	Harbour Authority	2,764	465	(55)	3,174
5,153	6,043	(1,172)	10,024	Housing & Communities	1,632	6,255	1,277	9,164
31,771	5,356	(33,403)	3,724	Housing Revenue Account	10,299	5,281	(28,061)	(12,481)
0	641	(219)	422	Performance & Partnerships	0	809	(17)	792
20,862	3,492	1,605	25,959	Planning, Transport & Environment	22,769	3,491	(468)	25,792
2,701	4,140	(2,184)	4,657	Resources	2,561	4,998	(2,344)	5,215
(263)	5,230	(5,245)	(278)	Social Services - Adults	639	4,796	753	6,188
1,228	4,536	(1,770)	3,994	Social Services - Children's	136	4,777	1,763	6,676
101	9	(53,455)	(53,345)	Summary Revenue Account	0	0	(46,849)	(46,849)
115,460	55,140	(144,918)	25,682	Net Cost of Services	86,521	56,421	(88,031)	54,911
(110,483)	22,180	(5,906)	(94,209)	Other income and expenditure from the Expenditure & Funding Analysis	(116,957)	22,304	1,273	(93,380)
4,977	77,320	(150,824)	(68,527)	(Surplus)/Deficit on Provision of Services	(30,436)	78,725	(86,758)	(38,469)

The 2021/22 breakdown of the Net Cost of Services has been amended to take account of the changes in structure in 2022/23

(a) Adjustments for capital purposes – this column adds in depreciation, impairment and revaluation gains and losses in the net cost of services line and:

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

(b) Net change for the removal of pension contributions and the addition of the IAS19 Employee Benefits pension related expenditure and income:

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

(c) Other adjustments between the amounts debited/credited to the CIES and amounts payable/receivable to be recognised under statute:

- **for net cost of services** – the accrual made for the cost of holiday/leave entitlements earned by employees but not taken before the year end which employees can carry forward into the next financial year. These are required to be included within the Net Cost of Services under GAAP, however, are not chargeable to the Council Fund.
- **for financing and investment income and expenditure** – the other differences column recognises adjustments to the Council Fund for the timing differences of premiums and discounts.
- For taxation and non-specific grant income - the difference between what is chargeable under statute for council tax and NDR that was forecast to be received at the start of the year, and the income recognised under GAAP. This is a timing difference as any difference is brought forward in the surpluses or deficits on the collection fund.

2.2. Expenditure and Income Analysed by Nature

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

2021/22 £000		2022/23 £000
599,145	Employee benefits expenses	648,215
689,422	Other service expenses	671,634
65,717	Depreciation, amortisation & impairment	73,498
30,453	Expenditure in relation to investment properties & changes in their fair value	14,743
34,108	Interest payments	34,175
61,613	Precepts & levies	64,582
719	Loss on sale of non-current assets	2,150
1,481,177	Total Expenditure	1,508,997
(231,877)	Fees, charges & other service income	(230,234)
(12,658)	Income in relation to investment properties & changes in their fair value	(20,815)
(388)	Interest and investment income	(3,218)
(361,403)	Income from Council Tax and Non-Domestic Rates	(379,702)
(895,602)	Grants and contributions	(861,316)
(1,965)	Gain on sale of non-current assets	(4,622)
(1,503,893)	Total Income	(1,499,907)
(22,716)	(Surplus)/Deficit on the Provision of Services	9,090

3. Precepts and Levies

2021/22 £000		2022/23 £000
	Precepts	
42,523	Police and Crime Commissioner for South Wales	45,047
	Community Councils:	
51	- Lisvane	61
175	- Pentyrch	185
126	- Radyr & Morganstown	131
34	- St Fagans	42
49	- Old St Mellons	51
23	- Tongwynlais	25
42,981	Total Precepts	45,542
	Levies & Contributions	
18,374	South Wales Fire and Rescue Service	18,776
139	Natural Resources Wales	139
114	Cardiff Port Health Authority	120
5	Newport Port Health Authority	5
18,632	Total Levies and Contributions	19,040

4. Participation in Joint Committees

During 2022/23 the Council was lead Authority for three Joint Committees and a member authority of three others. The table below shows the revenue contributions made to these Committees. The Statement of Accounts for each Joint Committee will be available on the lead authority's website following approval.

2021/22 £000	Committee	Purpose	Lead Authority	2022/23 £000
275	Cardiff Capital Region City Deal (CCRCD)	To co-ordinate and discharge Councils' obligations in relation to the City Deal	Cardiff Council	289
1,293	Central South Consortium Joint Education Service	To provide a regional approach to improvement in schools	Rhondda Cynon Taf Council	1,327
243	Glamorgan Archives	Management and administration of the Glamorgan Records Office	Cardiff Council	265
27	Prosiect Gwyrdd	To manage residual waste treatment	Cardiff Council	27
699	Regional Adoption Service	To share best practice, develop and improve adoption services	Vale of Glamorgan Council	778
4,722	Shared Regulatory Service	To provide environmental health services	Vale of Glamorgan Council	5,162
7,259	Total			7,848

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

Any capital contributions to CCRCD in respect to the Wider Investment Fund would be included in the core financial statements but not shown in the table above. No capital contribution was made in 2022/23 (£0 for 2021/22).

5. Council Tax

Council Tax income derives from charges raised according to the value of residential properties, which have been classified into nine valuation bands, estimating 1 April 2003 values for this specific purpose. Charges are calculated by taking the amount of income required for the Council and the Police and Crime Commissioner for the forthcoming year and dividing this amount by the Council Tax base. The Council Tax base is the number of properties in each band adjusted to a proportion to convert the number to a band D equivalent, totaled across all bands and adjusted for discounts. Cardiff's Council Tax base for tax-setting purposes for 2022/23 was 149,107 (147,794 for 2021/22).

The amounts for a band D property in Cardiff during 2022/23 were as follows:

2021/22 £	Band D Council Tax:	2022/23 £
1,310	Cardiff Council	1,335
288	Police and Crime Commissioner for South Wales	302
1,598	Total	1,637

The above amount (£1,637) is multiplied by the proportion specified for the particular band (see following table) to give the individual amount due. Community Council precepts are then added in each of the six Community Council areas.

Analysis of property bandings

Band	A*	A	B	C	D	E	F	G	H	I	Totals
Multiplier	5/9	6/9	7/9	8/9	1	11/9	13/9	15/9	18/9	21/9	
No of Band D equivalent dwellings	4	2,051	12,671	24,600	30,959	30,348	26,942	15,476	5,181	3,096	151,328
Apply Collection rate										98.50%	149,058
Plus Class O (Ministry of Defence) dwellings											49
Council Tax Base											149,107

Analysis of the net proceeds from Council Tax:

2021/22 £000		2022/23 £000
(240,341)	Council Tax collectable	(248,520)
3,081	Impairment for non-payment of Council Tax	1,520
(237,260)	Net proceeds	(247,000)
	Represented by:	
42,981	Precepts	45,542
194,279	Council Tax attributable to the Council	201,458

The cumulative impairment for non-payment of Council Tax held at the 31 March 2023 is £10.388 million (£10.422 million at 31 March 2022).

Council Tax that is past due but not impaired:

31 March 2022 £000		31 March 2023 £000
4,876	Debts less than one year	5,636
1,920	Debts between two and 5 years	2,164
117	Debts over five years	127
6,913	Total Council Tax due but not impaired	7,927

6. Non-Domestic Rates (NDR)

The Welsh Government specifies an amount for the rate (53.5p in 2022/22 and 53.5p in 2021/22) and, subject to the effects of transitory arrangements, local businesses pay rates calculated by multiplying their rateable value by that amount. The Council is responsible for collecting rates due from ratepayers in its areas but pays the proceeds into the NDR pool administered by the Welsh Government. The sums collected are redistributed back to Councils on the basis of a fixed amount per head of population. The rateable value was £451.288 million for 2022/23 (£457.565 million 2021/22). An analysis of the net proceeds from non-domestic rates is shown below:

2021/22 £000		2022/23 £000
198,777	Non-Domestic Rates collectable	197,199
(933)	Cost of collection allowance	(938)
3,685	Impairment for non-payment	1,952
201,529	Payment into national pool	198,213
(121,062)	Redistribution from national pool	(131,182)

7. Agency Income and Expenditure

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

Welsh Government

- Non-Domestic Rates collection - a net debtor of £8.440 million at 31 March 2023 (£2.022 million creditor at 31 March 2022) is included in the balance sheet which represents the amount paid over to Welsh Government exceeds the amount collected from ratepayers.
- Houses into Homes Loans - provide loans to bring back unused properties into homes. At 31 March 2023 the Welsh Government had provided £2.173 million of funding, of which £201,000 is outstanding as loans provided. The balance available for new loans was £1.771 million (£1.652 million at 31 March 2022).
- Home Improvement loans – provide loans for home improvements. At 31 March 2023 the Welsh Government had provided £1.624 million of funding, of which £1.055 million is outstanding as loans provided leaving a balance available for new loans of £569,000.
- Covid-19 Business Grants - the Council distributed grants to eligible business on behalf of the Welsh Government totaling £32,000 in 2022/23 (£18.908 million in 2021/22)
- Other Welsh Government Covid-19 grants and financial support – there have also been a number of grants or areas of financial support that local authorities have been asked to administer on the Welsh Government’s behalf because they have the local knowledge and ability to put in place systems quickly to make payments. At 31 March 2023 Welsh Government had provided £22.107 million for this support.

South Wales Trunk Road Agency

The total reimbursement received by the Council was £333,000 in 2022/23 (£265,000 in 2021/22).

FOR Cardiff

This is a partnership between the local business community and the Council to form a Business Improvement District in a defined area within the city centre. A levy is charged on all business rate payers of all relevant businesses in addition to their business rates bill. This is used to develop projects benefitting the local area. Further information is available on their website <https://www.forcardiff.com>. The Council collects the income and pays this over to FOR Cardiff. This totaled £2.190 million in 2022/23 (£1.457 million in 2021/22).

Prosiect Gwyrdd

The Council is responsible for the payments to Viridor to provide waste treatment in relation to residual waste. The Council made payments of £10.055 million in 2022/23 (£10.198 million in 2021/22) on behalf of all the partners.

8. Remuneration

8.1 The ratio of the remuneration of the Chief Executive to the median remuneration of all the body's employees. The multiple between the median full time equivalent earnings and the Chief Executive in 2022/23 was 1:6 (1:7 in 2021/22). The median full time equivalent earnings for 2022/23 was £31,176 (£28,572 in 2021/22). These figures include staff directly employed by the governing bodies of schools including a Voluntary-Controlled and a Foundation school and several Voluntary-Aided schools, as well as those employed by the Council.

8.2 The number of employees, whose remuneration is over £60,000 per annum within bands of £5,000 is shown in table below. It includes all employees who are full time, full year equivalent of part time staff and those working part of the year and excludes any staff paid via agency.

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

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

Number of Employees		Remuneration band	Number of Employees	
2021/22			2022/23	
Non Schools	Schools	£	Non Schools	Schools
12	63	60,000-64,999	59	91
14	46	65,000-69,999	18	56
21	49	70,000-74,999	36	53
1	25	75,000-79,999	7	26
0	8	80,000-84,999	2	24
0	7	85,000-89,999	2	8
10	1	90,000-94,999	10	7
0	7	95,000-99,999	0	4
0	4	100,000-104,999	0	3

Number of Employees		Remuneration band £	Number of Employees	
2021/22			2022/23	
Non Schools	Schools		Non Schools	Schools
1	4	105,000-109,999	1	2
0	1	110,000-114,999	0	5
0	1	115,000-119,999	0	2
0	0	120,000-124,999	0	1
0	0	125,000-129,999	0	1
6	1	130,000-134,999	6	0
0	0	135,000-139,999	0	0
2	3	140,000-144,999	0	1
0	0	145,000-149,999	2	0
0	0	150,000-154,999	0	2
0	0	155,000-159,999	0	1
0	1	160,000-164,999	0	0
0	0	165,000-169,999	0	0
0	1	170,000-174,999	0	1
0	0	175,000-179,999	0	0
0	0	180,000-184,999	0	1
1	0	185,000-189,999	0	0
0	0	190,000-194,999	1	0
68	222	Total	144	289

The increase in the number of employees above £60,000 is due to increases in pay but no increase to the banding threshold since inception. The number of redundancy/compensation payments on exit has increased in 2022/23 compared to 2021/22.

8.3 Shown in the tables below are remuneration details of those defined as senior employees:

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

Remuneration also includes the cost of any additional contributions that the Council is required to make to the Pension Fund in respect of the individuals who are leaving the Council i.e., Enhancement of Retirement Benefits (Pension Strain costs). No bonuses have been paid during 2022/23 (£1,470 in 2021/22).

Post title	Note	Year	Salary, fees & allowances received £	Taxable benefits £	Compensation for loss of employment			Employers pension contribution (20.7% of salary) £	Total remuneration including pension contributions £	Explanatory notes
					Received via payroll (taxable) £	Received via payroll (non-taxable) £	Enhancement of Retirement Benefits £			
Chief Executive - Paul Orders	(a)	2022/23	190,091	0	0	0	0	39,349	229,440	
		2021/22	188,166	0	0	0	0	38,950	227,116	
Corporate Director Resources & Section 151 Officer		2022/23	145,816	0	0	0	0	30,184	176,000	
		2021/22	143,891	0	0	0	0	29,785	173,676	
Corporate Director People & Communities		2022/23	145,816	0	0	0	0	30,184	176,000	
		2021/22	143,891	0	0	0	0	29,785	173,676	
Director Planning, Transport & Environment		2022/23	134,747	0	0	0	0	27,893	162,640	
		2021/22	132,822	0	0	0	0	27,494	160,316	
Director Economic Development		2022/23	134,747	0	0	0	0	27,893	162,640	
		2021/22	132,822	0	0	0	0	27,494	160,316	
		2022/23	134,747	0	0	0	0	27,893	162,640	

Post title	Note	Year	Salary, fees & allowances received £	Taxable benefits £	Compensation for loss of employment			Employers pension contribution (20.7% of salary) £	Total remuneration including pension contributions £	Explanatory notes
					Received via payroll (taxable) £	Received via payroll (non-taxable) £	Enhancement of Retirement Benefits £			
Director Education & Lifelong Learning		2021/22	132,822	0	0	0	0	27,494	160,316	
Director Governance & Legal Services & Monitoring Officer		2022/23	134,747	0	0	0	0	27,893	162,640	
		2021/22	132,822	0	0	0	0	27,494	160,316	
Director Children's Services	(b)	2022/23	134,747	0	0	0	0	27,893	162,640	
		2021/22	133,557	0	0	0	0	27,646	161,203	
Director Adults Housing & Communities Services		2022/23	134,747	0	0	0	0	27,893	162,640	
		2021/22	132,822	0	0	0	0	27,494	160,316	
Chief Digital Officer		2022/23	108,553	0	0	0	0	22,471	131,024	
		2021/22	106,628	0	0	0	0	22,072	128,700	
Assistant Director Adult Services	(b)	2022/23	0	0	0	0	0	0	0	Left the Council 05/04/2021.
		2021/22	1,971	0	0	0	0	408	2,379	
Assistant Director County Estates		2022/23	92,245	0	0	0	0	19,095	111,340	
		2021/22	90,320	0	0	0	0	18,696	109,016	
Assistant Director Education & Lifelong Learning		2022/23	92,245	0	0	0	0	19,095	111,340	
		2021/22	90,320	0	0	0	0	18,696	109,016	
Assistant Director Housing & Communities		2022/23	92,245	0	0	0	0	19,095	111,340	Commenced 12/07/2021.
		2021/22	65,069	0	0	0	0	13,469	78,539	
Assistant Director Street Scene		2022/23	92,245	0	0	0	0	19,095	111,340	
		2021/22	90,320	0	0	0	0	18,696	109,016	
		2022/23	92,245	0	0	0	0	19,095	111,340	

Post title	Note	Year	Salary, fees & allowances received £	Taxable benefits £	Compensation for loss of employment			Employers pension contribution (20.7% of salary) £	Total remuneration including pension contributions £	Explanatory notes
					Received via payroll (taxable) £	Received via payroll (non-taxable) £	Enhancement of Retirement Benefits £			
Programme Director - Schools Organisation Programme		2021/22	90,320	0	0	0	0	18,696	109,016	
Chief Human Resources Officer		2022/23	92,245	0	0	0	0	19,095	111,340	
		2021/22	90,320	0	0	0	0	18,696	109,016	
Head of Finance		2022/23	92,245	0	0	0	0	19,095	111,340	
		2021/22	90,320	0	0	0	0	18,696	109,016	
Head of Performance & Partnerships		2022/23	92,245	0	0	0	0	19,095	111,340	
		2021/22	90,320	0	0	0	0	18,696	109,016	

(a) In addition to the remuneration fees detailed in the table above, the Chief Executive is the Council's nominated Returning Officer. Any fees payable in relation to this role have been waived.

(b) Includes bonus payment of £735, received in 2021/22 but relates to 2020/21 as part of the Welsh Government Financial Recognition for Social Care Worker Scheme.

8.4 Exit Packages

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

Schools 2022/23				Exit package cost band (including special payments)	Non-schools 2022/23			
Number of compulsory redundancies *	Number of other departures agreed	Total number of exit packages by cost band	Total cost of exit packages in each band £		Number of compulsory redundancies *	Number of other departures agreed	Total number of exit packages by cost band	Total cost of exit packages in each band £
3	14	17	118,984	0 - 20,000	3	25	28	290,912
0	1	1	20,208	20,001 – 40,000	1	25	26	663,606
0	1	1	48,038	40,001 – 60,000	0	15	15	750,886
0	1	1	63,156	60,001 – 80,000	0	22	22	1,559,846
0	1	1	93,327	80,001 – 100,000	0	6	6	529,085
0	0	0	0	100,001 – 150,000	0	7	7	776,965
0	0	0	0	150,001 – 200,000	0	4	4	685,160
3	18	21	343,713	Total	4	104	108	5,256,460

Schools 2021/22				Exit package cost band (including special payments)	Non-schools 2021/22			
Number of compulsory redundancies *	Number of other departures agreed	Total number of exit packages by cost band	Total cost of exit packages in each band £		Number of compulsory redundancies *	Number of other departures agreed	Total number of exit packages by cost band	Total cost of exit packages in each band £
10	14	24	148,585	0 - 20,000	5	39	44	418,025
1	6	7	170,513	20,001 – 40,000	1	16	17	478,341
0	1	1	42,445	40,001 – 60,000	0	3	3	154,645
0	0	0	0	60,001 – 80,000	0	2	2	153,951
0	0	0	0	80,001 – 100,000	0	2	2	165,771
0	0	0	0	100,001 – 150,000	0	0	0	0
0	0	0	0	150,001 – 200,000	0	0	0	0
11	21	32	361,543	Total	6	62	68	1,370,733

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

8.5 Members Allowances

The total amount of Members' Allowances (including basic and special responsibility) paid in 2022/23 was £1.616 million (£1.385 million in 2021/22). As required by the Code, this figure includes all remuneration paid to members including basic and special allowances, care allowances and directly reimbursed expenses.

9. Health Act 1999 Pooled Funds and Similar Arrangements

The Cardiff and Vale Joint Equipment Store (JES) is a Section 33 partnership agreement between Cardiff and Vale of Glamorgan local authorities and the Cardiff and Vale University Health Board for the provision of an integrated community equipment service serving the combined Cardiff and Vale region. The original agreement came into effect on 1 January 2012. The transactions are included in the Social Services - Adults line of the Comprehensive Income and Expenditure Statement.

Under regulation 19(1) of the Partnership Arrangements (Wales) Regulations 2015, a pooled budget arrangement has been agreed between Cardiff and Vale local authorities and the Cardiff and Vale University Health Board in relation to the provision of care home accommodation for older people. The arrangement came into effect on 1st April 2018. The Cardiff Council transactions are included in the Social Services - Adults line of the Comprehensive Income and Expenditure statement.

Income and expenditure for these pooled budget arrangements for the year ending 31 March 2023 are as follows:

2021/22 £000			2022/23 £000	
Joint Equipment	Care Homes for older people		Joint Equipment	Care Homes for older people
		Expenditure		
1,689	0	Equipment	2,058	0
487	0	Contribution to Overheads	487	0
0	64,046	Care Home costs	0	63,331
2,176	64,046	Total Expenditure	2,545	63,331
		Funding		
(1,376)	(24,549)	Cardiff and Vale University Health Board	(1,573)	(25,572)
(663)	(23,744)	Cardiff Council	(606)	(25,699)
(347)	(15,753)	Vale of Glamorgan Council	(366)	(12,060)
(2,386)	(64,046)	Total Funding	(2,545)	(63,331)
(210)	0	(Surplus)/Deficit transferred to Reserve	0	0

10. Related Parties

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

Central Government has effective control over the general operations of the Council. It is responsible for providing the statutory framework, within which the Council operates, providing the majority of its funding in the form of grants and prescribing the terms of many of the transactions that the Council has with other parties. For 2022/23 financial transactions with the Welsh Government totaled £10.329 million of expenditure and approximately £319.761 million of income. At the year-end, in addition to financial instruments (Note 15) and expenditure incurred as an agent for Welsh Government (Note 7), no money was owed to Welsh Government and £786,000 was owed from Welsh Government.

Members of the Council have direct control over the Council's financial and operating policies. The total members' allowances paid in 2022/23 is shown in note 8. Members' interests in other organisations have been identified by an inspection of the Members' and Officers' Declaration of Interest Register. This is available on the Councils Website Your Councilors': Cardiff Council (modern.gov.co.uk) The Code of Conduct for Members of Local Authorities in Wales specifies Members have 28 days to register any changes to declared interests. Democratic Services remind Members of this requirements on a regular basis. This process is relied upon for the related parties notes as all Members are required to comply with the Code of conduct. Within this process, the length of time between declarations being updated by Members is not an indication that they have not complied but instead an indication that no changes have been made since they were last updated.

The following transactions relating to elected members took place during the year, with associated balances due to or from the Authority at the year end. The relevant members did not take part in any discussion or decision relating to any grants received.

2021/22				Related Party	Related Party Relationship	Transaction details	2022/23			
Transactions		Balances					Transactions		Balances	
Amounts paid by the Authority	Amounts received by the Authority	Amounts owed by the Authority	Amounts owed to the Authority				Amounts paid by the Authority	Amounts received by the Authority	Amounts owed by the Authority	Amounts owed to the Authority
£000							£000			
25	(15)	0	0	Cardiff Cycle Workshop Ltd	Family Member is Chair of Trustees	Payments are primarily for Bike Clinics and purchase of refurbished bikes. Income is mainly ground rent	0	0	0	0
949	(8)	0	0	Cartref Care Homes	Trustee	Primarily Residential Care	200	0	0	0
214	0	1	0	Cathays and Central Youth & Community Project	Trustee	Day Care	0	0	0	0
0	0	0	0	Cathays Community Centre	Director	Day Care	185	0	0	0
38	(1)	0	(1)	Cylch Meithrin Pwll Coch	Trustee	Childcare	44	0	0	0
1,149	(91)	11	(45)	Huggard	Member of Management Committee	Primarily Supporting people	1,905	(215)	0	0
24	(3)	0	0	Llanrumney Hall Community Trust Ltd	Trustee	Primarily Trade Refuse	0	0	0	0
0	0	0	0	Llanrumney Phoenix Boxing Club	Trustee	Training Courses	33	0	0	0
21	(4)	0	0	Safer Wales	Chief Executive Officer	Grant for Domestic Abuse support	64	0	0	0
60	0	0	0	Seren in the Community CIO	Trustee	Primarily Childrens Play Grant	14	0	0	0
137	(90)	0	(2)	Wales and the West Housing Association	Family Member is Chief Executive	Payment relates to supporting individuals in relation to alarm subsidy	152	(207)	27	(119)
2,618	(212)	12	(48)	Total transactions			2,597	(422)	27	(119)

Officer's emoluments are shown in note 8. In 2022/23, for organisations in which Senior Officers had an interest there were no goods or services commissioned (£0 in 2021/22). For goods and services provided, there was no income in 2022/23 (£51,000 in 2021/22).

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

Precepts and Levies collected on behalf of other organisations and an analysis of amounts levied on the Council by other bodies can be found in note 3 to the Core Financial Statements. Separate to the precept, the Council made payments of £73,000 to Police and Crime Commissioner for South Wales during 2022/23 (£123,000 in 2021/22).

11. External Audit Costs

2021/22 £000		2022/23 £000
401	Fees payable to Audit Wales for external audit services	456
69	Fees payable to Audit Wales for the certification of grant claims	75
14	Fees payable to Audit Wales for other financial audit work	16
484	Total	547

12. Leasing

Council as Lessee

Operating leases

Operating leases exist in respect of properties, vehicles and other items of equipment. The following sums were charged to revenue in 2022/23

2021/22 £000		2022/23 £000
1,357	Property leases	1,520
2,130	Other leases	1,728
3,487		3,248

The Council was committed at 31 March 2023 to making payments of £12.531 million under operating leases (£12.995 million at 31 March 2022) comprising the following elements:

31 March 2022			31 March 2023	
Property Leases £000	Other Leases £000		Property Leases £000	Other Leases £000
		Minimum lease payments		
1,122	1,864	Not later than one year	287	2,447
1,028	2,052	Later than one year but not later than five years	936	2,137
6,897	32	Later than five years	6,702	22
9,047	3,948		7,925	4,606

Finance Leases

There were no finance leases recognised at 31 March 2023 (none in 2021/22) and there are currently no future obligations under finance leases.

Council as Lessor

Operating Leases

Operating leases exist in respect of land and buildings and the Council received revenue of £9.139 million in 2022/23 (£8.939 million in 2021/22)

The Council was committed as at 31 March 2023 to receiving income of £472.566 million (£476.917 million as at 31 March 2022) under operating leases for Land & Buildings comprising the following elements:

31 March 2022 £000	Minimum Income	31 March 2023 £000
8,687	Not later than one year	8,154
28,467	Later than one year and not later than five years	28,560
439,763	Later than five years	435,852
476,917		472,566

Finance Leases

There were no finance leases recognised at 31 March 2023 (none in 2021/22).

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

13. Pensions

Participation in Pension Schemes

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

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

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

13.1 Teachers' Pension Scheme

Unless they opt out, teachers employed by the Council are members of the Teachers' Pension Scheme, administered by the Teacher's Pension Agency on behalf of the Department for Education. It is a defined benefit scheme and although it is unfunded, it is a notional fund as a basis for calculating the employer's contribution rate. However, it is not possible for the Council to identify its share of the underlying liabilities of the scheme attributable to its own employees and so for the purposes of the Statement of Accounts it is accounted for on the same basis as a defined contribution scheme, i.e. the cost charged to Net Cost of Services in the year is the cost of the Council's contributions to the scheme.

In 2022/23 the Council paid £33.870 million in respect of teachers' pension costs, which represents 23.7% of teachers' pensionable pay for 2022/23 (£32.252 million representing 23.7% of teachers' pensionable pay for 2021/22). In addition, the Council is responsible for the costs of any additional benefits awarded on early retirement outside of the Teachers' scheme. These benefits are fully accrued in the pension's liability for unfunded liabilities.

13.2 Local Government Pension Scheme

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

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

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

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

Transactions relating to retirement benefits

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

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

2021/22				2022/23		
Funded scheme	Unfunded liabilities	Total		Funded scheme	Unfunded liabilities	Total
£000	£000	£000	£000	£000	£000	
			Comprehensive Income and Expenditure Statement (CIES)			
			Net Cost of Services			
104,900	0	104,900	Current service cost	108,573	0	108,573
1,470	0	1,470	Past service costs	1,130	0	1,130
			Financing & investment income and expenditure			
21,260	910	22,170	Interest on net defined benefit liability/(asset)	21,320	980	22,300
127,630	910	128,540	Net charge to CIES	131,023	980	132,003
			Remeasurement of the net defined liability comprising			
(124,670)	0	(124,670)	Returns on plan assets excluding amounts included in net interest	63,503	0	63,503
(160,590)	(1,210)	(161,800)	Actuarial (gains)/losses arising from changes in financial assumptions	(926,800)	(5,780)	(932,580)
(24,350)	(560)	(24,910)	Actuarial (gains)/losses arising from changes in demographic assumptions	(5,200)	(650)	(5,850)
7,570	(3,210)	4,360	Other experience and Actuarial adjustments	145,267	3,290	148,557
(302,040)	(4,980)	(307,020)	Total remeasurements recognised in Other Comprehensive Income	(723,230)	(3,140)	(726,370)
(174,410)	(4,070)	(178,480)	Total charged to CIES	(592,207)	(2,160)	(594,367)

2021/22				2022/23		
Funded scheme £000	Unfunded liabilities £000	Total £000		Funded scheme £000	Unfunded liabilities £000	Total £000
			Movement in Reserves Statement			
(127,630)	(910)	(128,540)	Reversal of net charges made for retirement benefits in accordance with IAS19	(131,023)	(980)	(132,003)
			Actual amount charged against Council Tax in respect of pensions for the year			
45,850	0	45,850	Employers contributions payable to the scheme	50,353	0	50,353
0	2,790	2,790	Payments in respect of unfunded pensions liabilities *	0	2,830	2,830
45,850	2,790	48,640	Total	50,353	2,830	53,183

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

The net pension liability reported in the accounts includes a potential liability related to the McCloud judgement. The approach to this element of the valuation by the Pension Fund actuary, Aon, is consistent with the recommended approach.

Reconciliation of Funded Status to Balance Sheet

31 March 2022				31 March 2023		
Funded scheme £000	Unfunded liabilities £000	Total £000		Funded scheme £000	Unfunded liabilities £000	Total £000
(2,476,000)	(44,720)	(2,520,720)	Opening present value of liabilities	(2,412,110)	(37,860)	(2,449,970)
(104,900)	0	(104,900)	Current service cost	(108,573)	0	(108,573)
(51,540)	(910)	(52,450)	Interest cost	(64,520)	(980)	(65,500)
(13,410)	0	(13,410)	Contributions by participants	(15,030)	0	(15,030)
177,330	4,980	182,310	Remeasurements in Other Comprehensive Income (OCI)	786,733	3,140	789,873
57,880	2,790	60,670	Net benefits paid out *	61,550	2,830	64,380
(1,470)	0	(1,470)	Past service cost	(1,130)	0	(1,130)
(2,412,110)	(37,860)	(2,449,970)	Closing present value of liabilities	(1,753,080)	(32,870)	(1,785,950)
1,440,850	0	1,440,850	Opening fair value of assets	1,597,220	0	1,597,220
30,280	0	30,280	Interest income	43,200	0	43,200
124,710	0	124,710	Remeasurement gains/(losses)	(63,503)	0	(63,503)
45,850	2,790	48,640	Contributions by employer	50,353	2,830	53,183
13,410	0	13,410	Contributions by participants	15,030	0	15,030
(57,880)	(2,790)	(60,670)	Net benefits paid out *	(61,550)	(2,830)	(64,380)
1,597,220	0	1,597,220	Closing fair value of assets	1,580,750	0	1,580,750
(814,890)	(37,860)	(852,750)	Net pension asset/(liability)	(172,330)	(32,870)	(205,200)

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

It is important to note that this is a snapshot of the position as at 31 March 2023. The Pension Fund is a defined benefit scheme, which means that members' benefits are not linked to stock market performance. The Pension Fund is a long-term investor and members can be assured that contributions are reviewed as part of the triennial valuation.

There has been a significant decrease in the pension liability at 31 March 2023 as compared to the previous year. This is primarily due to the change in interest rates which impacts the discount rate used in the actuarial assumptions as shown in the table below which sets out the basis for estimating assets and liabilities.

Contributions for year ending 31 March 2024

Local Government Scheme - employer's regular contributions to the Fund for the accounting period ending 31 March 2024 are estimated to be £50.550 million. Additional contributions may also become due in respect of any employer discretions to enhance members' benefits in the Fund over the next accounting period.

Unfunded liabilities - in the accounting period ending 31 March 2024 the Council expects to pay £3.261 million directly to beneficiaries.

Basis for estimating assets and liabilities

The LGPS principal assumptions used by the independent qualified actuaries in updating the full March 2022 valuation figures as at 31 March 2023, for IAS19 purposes, are shown in the following table:

31 March 2022	Assumptions	31 March 2023
	Longevity at 45 for current pensioners (years)	
23.2	Men	23.2
26.0	Women	25.8
	Longevity at 65 for current pensioners (years)	
22.1	Men	22.6
24.6	Women	24.7
	Rates	
3.0%	Rate of inflation - Consumer Price Index (CPI)	2.7%
4.0%	Rate of general increase in salaries	3.7%
3.0%	Rate of increase to pensions in payment	2.7%
3.0%	Rate of increase to deferred pensions	2.7%
2.7%	Discount rate for scheme liabilities	4.7%

Asset Allocation

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

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

31 March 2022				31 March 2023		
Quoted %	Unquoted %	Total %	Assets	Quoted %	Unquoted %	Total %
63.8	3.7	67.5	Equities	63.4	4.5	67.9
6.9	0.0	6.9	Property	7.2	0.0	7.2
9.2	0.0	9.2	Government Bonds	8.8	0.0	8.8
8.4	0.0	8.4	Corporate Bonds	7.6	0.0	7.6
5.7	0.0	5.7	Multi Asset Credit	5.3	0.0	5.3
2.3	0.0	2.3	Cash	3.2	0.0	3.2
96.3	3.7	100.0	Total	95.5	4.5	100.0

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

	31 March 2019	31 March 2020	31 March 2021	31 March 2022	31 March 2023
	£000	£000	£000	£000	£000
Fair value of assets	1,317,980	1,183,130	1,440,850	1,597,220	1,580,750
Present value of funded liabilities	(1,931,978)	(1,974,720)	(2,476,000)	(2,412,110)	(1,753,080)
Present value of unfunded liabilities	(48,720)	(44,120)	(44,720)	(37,860)	(32,870)
Surplus/(deficit)	(662,718)	(835,710)	(1,079,870)	(852,750)	(205,200)

Sensitivity Analysis of Present Value of Funded Liabilities

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

Funded defined benefit obligation £205,200,000	+0.1% p.a		-0.1% p.a	
Change in assumptions on present value of the funded defined benefit obligations	£000	% Increase / Decrease to Defined Benefit Obligation		£000
Adjustment to discount rate	1,723,280	-1.7%	1.7%	1,782,880
Adjustment to salary increase rate	1,756,590	0.2%	-0.2%	1,749,570
Adjustment to pension increase rate	1,779,380	1.5%	-1.5%	1,726,780
	-1 year		1 year	
Adjustment to mortality rate	1,800,410	2.7%	-2.7%	1,705,750

13.3 Cardiff Bus Pension Schemes

In March 2021 the Council entered into a Flexible Apportionment Arrangement (FAA) in respect of the Cardiff City Transport Services Limited (Cardiff Bus) Pension Scheme. Under this arrangement, the company ceased to be the employer of the scheme and the Council became the Scheme's principal employer and the sole statutory employer of the scheme. The scheme relates to two defined benefit funded pension schemes

administered by Trustees under a Deed and closed to any new entrants and future accrual. Assets held are invested in third party professionally managed funds. The level of contributions made to the schemes and the cost of contributions included in the financial statements are based on the recommendations of independent actuaries and will be updated as part of the next triennial valuation as at 31 March 2024. The transfer also includes a defined contribution scheme which carries a guaranteed minimum return for its members, which is also closed to new members.

Reconciliation of Funded Status to Balance Sheet

31 March 2022 £000	Cardiff Bus Defined Contribution Pension Scheme	31 March 2023 £000
(13,138)	Opening present value of liabilities	(12,980)
(242)	Interest cost	(342)
(468)	Remeasurement (gains)/losses	4,768
868	Net benefits paid out	363
(12,980)	Closing present value of liabilities	(8,191)
11,891	Opening fair value of assets	10,925
218	Interest income	286
(316)	Remeasurement gains/(losses)	(3,204)
(868)	Net benefits paid out	(363)
10,925	Closing fair value of assets	7,644
(2,055)	Net pension asset/(liability)	(547)

31 March 2022 £000	Cardiff Bus Defined Benefit Pension Scheme	31 March 2023 £000
(40,045)	Opening present value of liabilities	(38,142)
(751)	Interest cost	(1,012)
1,596	Remeasurement (gains)/losses	10,310
1,058	Net benefits paid out	1,323
(38,142)	Closing present value of liabilities	(27,521)
40,694	Opening fair value of assets	39,942
765	Interest income	1,064
(459)	Remeasurement gains/(losses)	(12,224)
(1,058)	Net benefits paid out	(1,323)
39,942	Closing fair value of assets	27,459
1,800	Net pension asset/(liability)	(62)

31 March 2022 %	Cardiff Bus Defined Benefit Pension Scheme Assets	31 March 2023 %
0.0	Equities	19.7
24.3	Diversified Growth Funds	19.5
21.7	Cash & Liability Driven Investments	12.4
54.0	Bonds	48.4
100.0	Total	100.0

14. Non-Current Assets

Property, Plant and Equipment	Council Dwellings	Other Land & Buildings	Vehicles, Plant & Equipment	Community Assets	Surplus Assets	P, P & E under construction	Total Property, Plant & Equipment
Movements in Cost or Values	£000	£000	£000	£000	£000	£000	£000
1 April 2021	630,782	851,257	49,430	19,897	74,686	66,854	1,692,906
Additions	28,529	27,589	16,678	727	8,928	56,727	139,178
Revaluations Increases/(Decreases) recognised in the RR*	11,734	4,629	0	0	(839)	0	15,524
Revaluations Increases/(Decreases) recognised in the SDPS**	(30,337)	(50,081)	0	(96)	(5,459)	0	(85,973)
Impairment Losses/Reversals to RR	0	(541)	0	0	(40)	0	(581)
Impairment Losses/Reversals to SDPS	600	(1,374)	0	0	(560)	(36)	(1,370)
Derecognition - Disposals	0	(781)	(3,451)	0	0	(36)	(4,268)
Reclassified (to)/from Held for Sale	0	0	0	0	395	0	395
Other Reclassifications - Transfers	12,292	6,592	2,280	3,048	(803)	(34,289)	(10,880)
31 March 2022	653,600	837,290	64,937	23,576	76,308	89,220	1,744,931
Additions	30,458	28,746	6,887	1,704	240	86,647	154,682
Revaluations Increases/(Decreases) recognised in the RR	846	0	0	0	377	0	1,223
Revaluations Increases/(Decreases) recognised in the SDPS	0	0	0	0	(660)	0	(660)
Impairment Losses/Reversals to RR	0	0	0	0	0	0	0
Impairment Losses/Reversals to SDPS	(1,362)	(1)	0	0	(3,786)	(13)	(5,162)
Derecognition - Disposals	0	(1)	(5,248)	0	(3,450)	(13)	(8,712)
Reclassified (to)/from Held for Sale	0	0	0	0	(4,000)	0	(4,000)
Other Reclassifications - Transfers	15,276	(784)	636	168	1,743	(20,417)	(3,378)
31 March 2023	698,818	865,250	67,212	25,448	66,772	155,424	1,878,924
Movements in Depreciation/Impairment							
1 April 2021	9,325	50,112	20,962	0	0	0	80,399
Depreciation Charge	9,534	22,841	8,317	0	0	0	40,692
Depreciation written out on Impairment	0	0	0	0	0	0	0
Depreciation written out to the RR	0	(17,093)	0	0	0	0	(17,093)
Depreciation written out to the SDPS	(9,324)	(32,939)	0	0	0	0	(42,263)
Derecognition - Disposals	0	(781)	(3,440)	0	0	(36)	(4,257)
Reclassifications - Transfers	600	0	0	0	(600)	0	0
31 March 2022	10,135	22,140	25,839	0	(600)	(36)	57,478
Depreciation Charge	10,439	25,179	8,497	0	0	0	44,115
Depreciation written out on Impairment	0	0	0	0	0	0	0
Depreciation written out to the RR	0	0	0	0	(21)	0	(21)
Depreciation written out to the SDPS	0	0	0	0	0	0	0
Derecognition - Disposals	0	(1)	(5,248)	0	(3,450)	(13)	(8,712)
Reclassifications - Transfers	0	(24)	0	0	24	0	0
31 March 2023	20,574	47,294	29,088	0	(4,047)	(49)	92,860
Net Book Value							
At 31 March 2022	643,465	815,150	39,098	23,576	76,908	89,256	1,687,453
At 31 March 2023	678,244	817,956	38,124	25,448	70,819	155,473	1,786,064

*RR Revaluation Reserve

**SDPS Surplus or Deficit on Provision of Services

2021/22	Net Book Value	2022/23
304,749	Infrastructure Assets	310,542
1,687,453	Other PPE Assets	1,786,064
1,992,202	Total PPE Assets	2,096,606

In accordance with the Temporary Relief offered by the update to the Code on infrastructure assets this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position to the users of the financial statements.

As detailed in the revised guidance applicable to all authorities, the authority has chosen not to disclose this information as the previously reported practices and resultant information deficits mean that gross cost and accumulated depreciation are not measured accurately and would not provide the basis for the users of the financial statements to take economic or other decisions relating to infrastructure assets.

The authority has determined in accordance with Regulation 24L Wales of the Local Authorities (Capital Finance and Accounting) (Wales) Regulations 2003 (as amended) that the carrying amounts to be derecognised for infrastructure assets when there is replacement expenditure, is nil.

The Infrastructure Assets Net Book Value is as follows:

2021/22 £000		2022/23 £000
285,682	Net Book Value at 1 April	304,749
33,063	Additions	27,637
(22,701)	Depreciation	(23,614)
8,705	Other movements in cost (Reclassification)	1,770
304,749	Net Book Value at 31 March	310,542

Heritage Assets

2021/22 £000		2022/23 £000
58,682	Balance at 1 April	58,849
167	Additions	219
0	Revaluation increases/(decreases) to RR	8,887
58,849	Balance at 31 March	67,955

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

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

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

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

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

Paintings, artefacts, civic regalia and antiquarian books - the Council has a collection of paintings, artefacts, civic regalia and antiquarian books much of which is related to local interest. The main items in terms of number and value are collections are at Cardiff Castle reflecting its historic significance and interpretation for visitors. Other items held at public buildings have been accumulated over a number of years. Paintings, artifacts and Civic regalia are included in the balance sheet at £42.379 million and were valued by Mr. A.N. Schoon, Antiques and Fine Art Valuer in 2022/23. Antiquarian books were valued for the first time for inclusion in the Accounts, by Bernard Quaritch Ltd. at £9.101 million in 2022/23.

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

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

Investment Properties

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

2021/22 £000		2022/23 £000
156,238	Balance at 1 April	150,718
17,180	Additions	11,242
(12)	Impairment	0
(50)	Disposals	(2,150)
0	Reclassified (to)/from Held for Sale	0
2,175	Other Reclassifications	1,397
0	Revaluation increases/(decreases) to RR*	0
(24,813)	Revaluation increases/(decreases) to SDPS**	(1,866)
150,718	Balance at 31 March	159,341

* Revaluation Reserve

** Surplus/Deficit on Provision of Services

The following items have been accounted for within Financing and Investment in the Comprehensive Income and Expenditure Statement:

2021/22 £000		2022/23 £000
(10,318)	Rental income from investment property	(12,066)
3,273	Direct operating expenses arising from investment property	4,128
(7,045)	(Surplus)/Deficit on Investment Properties	(7,938)

Intangible Assets

Movements in intangible assets during 2022/23 are summarised as follows:

2021/22 £000		2022/23 £000
	Cost or Valuation	
4,418	Balance at 1 April	4,740
352	Additions	359
0	Reclassifications -Transfers	209
(30)	Derecognition - Disposals	(2,134)
4,740	Balance at 31 March	3,174
	Amortisation	
2,707	Balance at 1 April	3,605
928	Amortisation	604
(30)	Derecognition - Disposals	(2,133)
3,605	Balance at 31 March	2,076
	Net Book Value:	
1,135	Balance at 31 March	1,098

Capital Expenditure and Capital Financing

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

2021/22 £000		2022/23 £000
858,757	Opening Capital Financing Requirement*	885,949
	Capital Expenditure:	
172,241	Property, Plant and Equipment incl Infrastructure Assets	182,319
167	Heritage Assets	219
137	Assets Held for Sale	0
17,180	Investment Properties	11,242
352	Intangible Assets	359
7,751	Loans/Equity	449
19,306	Expenditure on REFCUS	21,620
	Sources of Finance:	
(3,781)	Capital Receipts	(10,378)
(136,674)	Government grants and other contributions	(121,564)
(3,940)	Direct revenue contributions and reserves	(3,995)
(45,547)	Prudent revenue and capital provision for loan repayment	(40,825)
0	Amendment for previous manual adjustments**	10,688
885,949	Closing Capital Financing Requirement*	936,083
	Explanation of movements in year:	
0	Amendment for previous manual adjustments**	10,688
2,437	Increase/(Decrease) in underlying need to borrow (supported by government financial assistance)	2,414
24,755	Increase/(Decrease) in underlying need to borrow (unsupported by government financial assistance)	37,033
27,192	Increase in Capital Financing Requirement	50,135

*This includes a notional amount in respect of Landfill provision of 2022/23 £15.309 million and 2021/22 £16.329 million for landfill restoration and after care. Where future cost estimates are reviewed, this results in either an increase or decrease in the provision.

**adjustment to reverse historic manual adjustments to the CFR note that should not have had an impact on the Council's CFR balance. This includes adjustments made re CCRCD and notional VAT transactions. The correcting amendments align this disclosure note to the balance of the CFR as calculated in accordance with the balance sheet.

Prudent Revenue Provision

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

Depreciation, impairment charges and finance lease charges included in the Comprehensive Income and Expenditure Statement are accounting charges. These are reversed and replaced by the prudent revenue

provision via an appropriation to/from the Capital Adjustment Account in the Movement in Reserves Statement.

2021/22		2022/23
£000		£000
31,523	Council Fund provision	27,928
13,015	Housing Revenue Account provision	12,566
44,538	Prudent revenue provision	40,494

Revenue Expenditure funded from Capital under Statute (REFCUS)

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

2021/22		2022/23
£000		£000
	Expenditure:	
5,117	Housing Improvement Grants	6,303
9,837	Buildings not owned by Cardiff Council	8,836
4,352	Grants awarded (not Housing Grants)	0
0	Repayment of Grant	6,481
19,306	Charged to Income and Expenditure Statement	21,620
	Funded by:	
(16,613)	Grants and Contributions	(13,213)
(2,693)	Borrowing, Receipts and other Capital Resources	(8,407)
(19,306)		(21,620)

Significant Capital Expenditure contractual commitments

At 31 March 2023, the significant capital expenditure commitments scheduled for completion in 2022/23 and future years is shown below (£117.758 million 2021/22):

Capital Scheme	£000
Fairwater Campus Enabling Works	22,747
New Build Housing - Bute Street Community Living	14,460
New Build Housing - Leckwith Road Community Living	13,300
Moorland Primary School	5,977
Arena Pre-Contract Service Agreement	5,000
Cardiff Living Housing - Eastern High	4,804
Fitzalan High School	4,704
Cardiff Living Housing - Brookfield Drive	4,498
City Centre East Transport & Canal Public Realm Works	3,429
Pentyrch Primary School Extension and Nursery	2,646
New Build Housing - Iorwerth Jones Centre	2,445
Lydstep Flats Recladding	1,840

Capital Scheme	£000
Allensbank Roof Replacement Scheme	1,749
Gladstone Primary School Roof Replacement Scheme	1,329
Transport Interchange South Entrance Highway Scheme	1,205
Oak House Refurbishment	1,045
Fairwater Campus Professional Services	815
New Build Housing - Wakehurst Place	765
LED Residential Street Lighting	607
County Hall Alarm Receiving Centre (ARC) and Telecare	593
A4119 Bus Corridor Improvements	579
Cardiff Living Housing - Howardian	535
Total	95,072

15. Financial Instruments

Financial Instrument Balances

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

31 March 2022				31 March 2023		
Long Term	Short Term	Total		Long Term	Short Term	Total
£000	£000	£000		£000	£000	£000
			Financial assets at amortised cost:			
0	210,012	210,012	Investments - Principal	0	97,112	97,112
0	93	93	Investments - Accrued Interest	0	512	512
0	23,718	23,718	Cash & Cash Equivalents	0	59,197	59,197
0	33	33	Cash & Cash Equivalents - Accrued Interest	0	80	80
0	233,856	233,856	Total Investments at Amortised Cost Included in Investments	0	156,901	156,901
24,749	0	24,749	Total Investments at Fair Value through Other Comprehensive Income	25,561	0	25,561
2,103	449	2,552	Loans	1,336	1,339	2,675
8,803	183,851	192,654	Other Debtors	10,393	186,134	196,527
10,906	184,300	195,206	Total Debtors	11,729	187,473	199,202
35,655	418,156	453,811	Total Financial Assets	37,290	344,374	381,664
			Financial liabilities at amortised cost:			
(832,819)	(22,802)	(855,621)	Loans - Principal	(850,720)	(4,419)	(855,139)
0	(8,509)	(8,509)	Loans - Accrued Interest	0	(8,431)	(8,431)
(832,819)	(31,311)	(864,130)	Total Borrowings	(850,720)	(12,850)	(863,570)

Investments at amortised cost include:

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

Investments at Fair Value through Other Comprehensive Income include:

- the Council's 100% shareholding in Cardiff City Transport Services Limited. The Council's shareholding is not listed on any quoted market, however accounting rules require a fair value to be estimated. The valuation estimate is based on the net worth of the company as per its draft set of financial accounts (Level 3). The valuation can fluctuate dependent on the company's performance, technical accounting adjustments and economic climate and so any accounting valuation should be used with caution. Any change in value is offset by a corresponding movement to the 'Financial Instruments Revaluation Reserve'; hence there is no impact on Council Tax payable. During 2021/22, the Board of Cardiff Bus authorised the issue of additional shares and the Council agreed the acquisition of these shares at a value of £6.6 million as part of the implementation of a financial support package. No further shares have been issued during 2022/23. The fair value of the investment at 31 March 2023 is estimated to be £25.026 million (£24.046 million in 2021/22)
- various minority equity holdings in companies are included either at cost or at quoted prices where available.

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

Debtors include:

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

Liabilities at Amortised Cost include:

- external borrowing undertaken to fund capital expenditure and short term cash flow requirements. It includes Lender Option Borrower Option Loans (LOBO) which allow the lender to change the rate of interest at specified periods, allowing the Council to either accept the new rate or repay the loan before the contractual maturity date. The date of maturity for such instruments is assumed to be the contractual period to maturity rather than the next date that the lender could request a change in the rate. Where possible and viable, opportunities for early repayment are considered. The carrying amounts below also include accrued interest payable at 31 March 2023 Interest payable for 2022/23 is £8.431 million (£8.509 million in 2021/22).

31 March 2022			Valuation Method - Level	31 March 2023	
Carrying amount £000	Fair value £000			Carrying amount £000	Fair value £000
(770,882)	(983,511)	Public Works Loan Board Loans (PWLB)	Level 2	(767,521)	(715,282)
(51,632)	(70,297)	Lender Option Borrower Option Loans	Level 2	(51,637)	(46,624)
(23,281)	(17,828)	Welsh Government	Level 2	(44,399)	(32,594)
(18,335)	(18,316)	Local Authorities and Other Loans	Level 2	(13)	(13)
(864,130)	(1,089,952)	Financial Liabilities		(863,570)	(794,513)

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

Fair value calculations use the following assumptions:

- for PWLB debt, the transfer or fair value shown in the table is based on new borrowing rates from the PWLB for equivalent loans at 31 March 2023. An exit price fair value of £816.065 million is also calculated using early repayment discount rates which are lower than equivalent loan rates. The Council has no contractual obligation to pay these penalty costs and would not incur any additional cost if the loans run to their planned maturity date
- for other market debt and investments, the discount rate used is the rate available for an instrument with the same terms from a comparable lender
- no early repayment or impairment is recognised.

Financial Instrument Gains/Losses

The following table shows the gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to Financial Instruments. It includes interest payable on borrowing, amounts receivable on investments, gains on disposal of investments and also movements from estimating changes in value of investments at fair value.

Financial Liabilities	Financial Assets				Financial Liabilities	Financial Assets		
	Measured at Amortised Cost	Amortised Cost	Investments at Fair Value through Other Comprehensive Income			Total	Measured at Amortised Cost	Amortised Cost
2021-22				2022-23				
£000				£000				
34,108	0	0	34,108	Interest Payable & Similar Charges	34,175	0	0	34,175
0	(381)	0	(381)	Interest and Investment Income	0	(2,961)	0	(2,961)
0	0	(98)	(98)	(Gain)/loss arising on Disposal/ Derecognition of Financial Assets	0	0	(63)	(63)
0	0	(3,382)	(3,382)	(Gain)/loss arising on Revaluation or Disposal of Financial Assets	0	0	(961)	(961)
34,108	(381)	(3,480)	30,247	Net (gain)/loss for the year	34,175	(2,961)	(1,024)	30,190

Nature and Extent of Risks arising from Financial Instruments

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

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

Credit Risk

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

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

31 March 2022 £000	Likelihood of Default	31 March 2023 £000
	<p>Deposits are placed with banks and building societies that have Fitch minimum criteria of F1 (i.e. highest credit quality), local authorities or Debt Management Account Deposit Facility (DMADF). Lending is restricted to a maximum amount and duration for each financial institution, also taking into account the extent of public ownership and sovereign rating.</p> <p>A risk of non-recoverability applies to all of the Council's deposits, requiring rigorous monitoring of credit risk and credit criteria. The Council uses treasury management advisors who assist in this process. Using historic data adjusted for current financial market conditions and based on the level of counterparty exposure at 31 March 2023, the expected credit loss calculated on a historic risk of default basis is 0.004% or £3,139. This is minimal, so no provision for expected credit loss is recognised. The value of deposits will fluctuate daily as a result of the timing of many transactions. The decrease of £76.955 million from 31 March 2022 is primarily as a result of lower working capital. There are also capital expenditure outflows in the year to be paid for by borrowing in future years of £55 million.</p>	
233,856	Deposits- Banks, Building Societies, Local Authorities, DMADF	156,901
	Repayments are recovered directly from employees pay and indemnity insurance is a condition of the loan. Default experience is minimal.	
282	Car Loans	198
	Includes loans to SME's and Town Centre regeneration. Where there is deemed to be a risk of non-repayment a provision for impairment is considered.	
2,269	Loans to External bodies	2,478
	The Council does not generally allow credit for customers and provision is made for non-payment based on the age profile of outstanding debt, adjusted for large invoices known to have been settled after the balance sheet date and any other material factors that could affect the sum collectable. Other debt such as grant income due from government bodies and year-end accruals of income is considered to be 100% collectable and impairment for non-payment is not considered necessary. The impairment for bad debt in 2022/23 was based on the adjusted age profile disclosed as following:	
17,123	Less than one year	27,119
1,456	1-2 years	1,724
614	2-3 years	788
337	3-4 years	467
166	4-5 years	336
497	Over 5 years	533
20,193	Customers	30,967
256,600	Total	190,544

Liquidity and Refinancing Risk

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

31 March 2022 £000	Loans Outstanding	31 March 2023 £000
763,077	Public Works Loans Board	759,727
51,000	Market Lender Option Borrower Option (LOBO)	51,000
23,281	Welsh Government	44,399
18,263	Local Authorities and Other Loans	13
855,621	Total	855,139
22,803	Under 12 months	4,419
4,459	12 months and within 24 months	4,358
18,187	24 months and within 5 years	29,550
76,638	5 years and within 10 years	100,365
174,522	10 years and within 20 years	174,434
176,800	20 years and within 30 years	182,800
217,888	30 years and within 40 years	214,213
159,324	40 years and within 50 years	140,000
5,000	50 years and within 60 years	5,000
855,621	Total	855,139

Currently, £24 million of the LOBO loans are subject to the lender having the right to change the rate of interest payable during the next financial year. The Council has the right to refuse the change, triggering early repayment and the need to re-finance. Details are shown in the following table:

£m	Potential Repayment Date	Option Frequency	Full Term Maturity
6	22/05/2023	6 months	21/11/2041
6	22/05/2023	6 months	21/11/2041
6	22/05/2023	6 months	23/05/2067
6	01/09/2023	6 months	23/05/2067
22	21/11/2025	5 years	23/11/2065
5	17/01/2028	5 years	17/01/2078

Interest Rate Risk

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

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

To give an indication of the Council's sensitivity to interest rate change, the table below indicates the estimated impact on the Comprehensive Income and Expenditure Statement had interest rates during 2022/23 been on average 1% higher with all other variables held constant.

Interest Rate Risk Income and Expenditure Account	£000
Increase in interest payable on borrowings	94
Increase in interest receivable on investments	(1,188)
Impact on Income and Expenditure Account	(1,094)
Increase in interest transferred to other balances and accounts	372
Net (Income)/ Expenditure	(722)

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

Changes in Fair Value	£000
Change in Fair Value of fixed rate investments	0
Change in Fair Value of fixed rate borrowings	(96,729)

Foreign exchange risk

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

Price Risk

This is the possibility of the Council having financial gains or losses from movements in prices of financial instruments. Whilst the Council's approved Treasury Management policy allows investments in financial instruments such as bank certificates of deposit and Government bonds, the Council invests primarily in instruments where the sum returned on maturity is the same as the initial amount invested. For service investment purposes, the Council has equity holdings of £21,000 (£41,000 in 2021/22) which are quoted on a recognised stock exchange at 31 March 2023

The Council's 100% shareholding in Cardiff City Transport Services Ltd is not quoted on a recognised exchange and thus not subject to gains or losses from market price movements. A general shift of 5% in the fair value (positive or negative) would result in a £1.251 million gain or loss being recognised in the Movement in Reserves Statement in terms of valuations for accounts purposes only.

16. Assets Held for Sale

31 March 2022 £000		31 March 2023 £000
918	Balance at 1 April	0
137	Additions	0
(660)	De-recognition	0
0	Impairment	0
(395)	Reclassified to/(from) Held for Sale	4,000
0	Balance at 31 March	4,000

17. Short Term Debtors

31 March 2022 £000		31 March 2023 £000
108,295	Central Government Bodies	119,195
15,954	Other Local Authorities & NHS Bodies	17,577
60,051	Other Entities & Individuals including Public Corporations	50,701
184,300	Total Short Term Debtors	187,473

18. Cash and Cash Equivalents

31 March 2022 £000		31 March 2023 £000
148	Cash	158
6,432	Bank (including cheque book schools)	(5,177)
17,171	Short-term deposit with banks & building societies	64,296
23,751	Total Cash and Cash Equivalents	59,277

19. Short Term Creditors

31 March 2022 £000		31 March 2023 £000
(55,691)	Central Government Bodies	(28,264)
(10,204)	Other Local Authorities & NHS Bodies	(15,805)
(109,950)	Other Entities & Individuals including Public Corporations	(97,491)
(175,845)	Total Short Term Creditors	(141,560)

20. Interests in Other Companies and Other Organisations

The Council has five wholly owned subsidiary companies. The interest in Cardiff City Transport Services Ltd is consolidated to form the Council's group accounts which are shown later in these Statements. The interests in the other four organisations are considered immaterial in terms of the turnover and the net assets of the group and have therefore been excluded from consolidation in 2022/23. The Council does not depend upon these four organisations for statutory service provision, and it is not considered that they expose the Council to a material level of commercial risk.

Cardiff City Transport Services Limited. (Cardiff Bus)

Company number 02001229 Incorporated 1986

Cardiff Bus was set up in accordance with the provisions of the Transport Act 1985 to operate the Council's municipal bus operation.

During the year, the company continued to address a number of challenges in common with the entire public transport industry. This included patronage below pre-covid levels impacting on income, fuel and wage increases, labour shortages and transport changes in the city. The Bus Emergency Grant Scheme support, which commenced during the pandemic, continued during 2022/23 and is expected to do so for a further year subject to Welsh Government confirmation of approach.

The Council agreed in October 2020 to implement a range measures to address risks to financial viability, allowing the company to implement a turnaround plan to build a more sustainable financial and operational future. The Council became the statutory employer of the Cardiff Bus Pension Scheme on 3 March 2021 and injected equity of £13.6 million between 2020/21 and 2021/22.

The company's draft operating results are summarised below:

31 March 2022 £000		31 March 2023 £000
(36,892)	Turnover and other income	(38,830)
32,811	Operating and other expenditure	37,851
(4,081)	Net (Profit)/Loss before Taxation	(979)
696	Taxation	0
(3,385)	(Profit)/Loss after Taxation	(979)

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

31 March 2022 £000		31 March 2023 £000
26,262	Bus and other operating assets	23,753
15,144	Current Assets	14,163
(6,460)	Less Current Liabilities	(3,601)
	Creditors: Amounts falling due after more than one year	
(10,900)	Provisions & Long term liabilities	(9,289)
24,046	Total Assets less Liabilities	25,026
	Represented by:	
18,218	Share Capital	18,218
1,957	Retained Earnings	2,915
3,871	Revaluation Reserve	3,893
24,046	Net Worth	25,026

During 2022/23 the Council made payments totaling £8.234 million to Cardiff City Transport Services Ltd (£17.408 million in 2021/22), of which £7.498 million related to concessionary fares payments (£9.617 million in 2021/22). The Council also received income of £782,000 (£1.850 million in 2021/22).

At year-end, there is a balance due to Cardiff City Transport Services Ltd of £26,000 (£58,000 at March 2022) and a balance due of £198,000 from Cardiff City Transport Services Ltd (£210,000 at March 2022).

The company's auditors are Kilsby Williams.

Cardiff Business Technology Centre Limited (CBTC)

Company number 02074331 Incorporated 1986

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

31 March 2022 £000		31 March 2023 £000
18	Net (Profit)/Loss before Taxation	74
(7)	Less: Taxation	(7)
11	(Profit)/Loss after Taxation	67

31 March 2022 £000		31 March 2023 £000
755	Total assets less current liabilities	680
(29)	Provision for taxation	(22)
0	Pension Liability	(340)
726	Total Assets less Liabilities	318
	Represented by:	
402	Retained Profit	364
0	Pension Reserve	(340)
324	Revaluation Reserve	294
726	Net Worth	318

During 2022/23 the Council made payments of £380,000 to CBTC (£284,000 in 2021/22) and received no income (£0 in 2021/22) from CBTC. At year end, there is no balance due to or from CBTC Limited. (£0 at 31 March 2022)

The company's auditors are Gerald Thomas.

Atebion Solutions Limited

Company number 10411758 Incorporated 2016

Atebion Solutions aims to deliver procurement and commercial services to the public sector. In addition to undertaking Atebion Solutions work the Council's Procurement Team are now delivering the procurement service for Monmouthshire, Torfaen and Vale of Glamorgan Councils and also managing 3 regional frameworks. In common with the wider public procurement sector, challenges of recruitment and employee retention are impacting on the capacity to take on additional work. In light of this, the Atebion Board and Shareholder Representative have agreed that Atebion Solutions should adopt Dormant Company status in 2023/24. The company has the financial assets to meet all financial liabilities in full.

The company's draft operating results are summarised below:

31 March 2022 £000		31 March 2023 £000
(16)	Net (Profit)/Loss before Taxation	(8)
3	Less: Taxation	0
(13)	(Profit)/Loss after Taxation	(8)

31 March 2022 £000		31 March 2023 £000
43	Total assets less current liabilities	30
(4)	Creditors: falling due after more than one year	0
39	Total Assets less Liabilities	30
	Represented by:	
39	Retained Profit	30
39	Net Worth	30

During 2022/23, the Council made no payments (£0 in 2021/22) to Atebion Solutions Ltd and received income of £32,000 (£79,000 in 2021/22) from Atebion Solutions Ltd. At year end, there is no balance due to Atebion Solutions Ltd (£0 at 31 March 2022) and a balance due of £23,000 from Atebion Solutions Ltd (£69,000 at 31 March 2022).

The company's auditors are Azets.

Cardiff Heat Network Limited

Company number 13199235 Incorporated 2021

Cardiff Heat Network aims to develop and then run a sustainable heat network across the city which will supply heat to buildings agreed to be connected to the network. A two-year period of construction works commenced in January 2022 in respect of the Phase 1 scope, with first live heat supplies expected to be delivered from early summer 2024. Negotiations continued to take place during the year with customers of the energy to ensure sufficient take up to allow the business case assumptions for the network to be met. These targets and assumptions continue to be reviewed.

The company's draft operating results are summarised below:

31 March 2022 £000		31 March 2023 £000
15	Net (Profit)/Loss before Taxation	26
0	Less: Taxation	0
15	(Profit)/Loss after Taxation	26

31 March 2022 £000		31 March 2023 £000
(15)	Total assets less current liabilities	(40)
0	Creditors: falling due after more than one year	0
0	Total Assets less Liabilities	(40)
	Represented by:	
(15)	Retained Profit	(40)
(15)	Net Worth	(40)

During 2022/23, the Council made grant payments of £4.178 million (£2.450 million in 2021/22) to Cardiff Heat Network Ltd and received £16,000 (£0 in 2021/22) from Cardiff Heat Network Ltd. At year end, there is no balance due to or from Cardiff Heat Network Ltd. (£0 at 31 March 2022)

The company's auditors are Azets.

Cardiff Waste Limited

Company number 02664172 Incorporated 1991

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

21. Provisions

	Balance 31 March 2022	Utilised/ Released in year	Transfers to Provisions	Balance 31 March 2023	Not later than one year	Later than one year
	£000	£000	£000	£000	£000	£000
Insurance & MMI Scheme	(10,180)	4,324	(3,922)	(9,778)	(1,955)	(7,823)
Ferry Road Landfill	(7,547)	1,256	0	(6,291)	(222)	(6,069)
Lamby Way Landfill	(9,762)	428	0	(9,334)	(431)	(8,903)
Cardiff Capital Region City Deal	(586)	0	0	(586)	0	(586)
Other	(927)	1,004	(1,903)	(1,826)	(811)	(1,015)
Total	(29,002)	7,012	(5,825)	(27,815)	(3,419)	(24,396)

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

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

Landfill aftercare reflects the financial obligations to address restoration and aftercare for Lamby Way and Ferry Road sites in accordance with initial permits for the disposal of waste. These obligations can stretch for over 60 years with potentially significant but uncertain capital and revenue expenditure. The level of provision is reviewed periodically with the next review to take place in 2023/24.

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

Other – includes £1.394 million for Adults Services provisions plus various smaller provisions.

22. Pension Strain

In addition to the costs of redundancy payments made to leavers, in some cases the Council also incurs costs relating to pension strain which it is required to pay over to the Pension Fund when individuals leave via the Severance Scheme. This applies only to leavers who are members of the Local Government Pension Scheme and aged 55-59 at the date they leave employment with the Council. The pension strain cost to the Council

is the amount it has to pay over to the Pension Fund to compensate for the lost pension contributions for these staff.

The Council has the option to pay the amounts due in respect of pension strain over a 5 year period in order to spread the impact of these costs. The following table shows the level of pension strain in the balance sheet.

31 March 2022 £000	Pension Strain	31 March 2023 £000
(1,035)	Pension Strain due within 1 year	(1,737)
(1,296)	Pension Strain due later than 1 year	(494)
(2,331)	Total Pension Strain	(2,231)

23. Deferred Liabilities

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

	Balance 31 March 2022 £000	Utilised/ Released in year £000	Transfers to Deferred Liabilities £000	Balance 31 March 2023 £000	Not later than one year £000	Later than one year £000
Commuted Maintenance Sums	(7,992)	937	(1,173)	(8,228)	(685)	(7,543)
Rent Smart Wales Income in Advance	(5,269)	3,341	(3,839)	(5,767)	(3,300)	(2,467)
Total Deferred Liabilities	(13,261)	4,278	(5,012)	(13,995)	(3,985)	(10,010)

24. Grant Income

The Council credited the following grants and contributions to the Comprehensive Income and Expenditure Statement in 2022/23

2021/22 £000		2022/23 £000
	Grants and contributions credited to the CIES	
(373,452)	Revenue Support Grant	(413,544)
(121,062)	Non-Domestic Rates	(131,182)
(124,743)	Capital Grants	(105,472)
(2,289)	Developers' Contributions	(2,878)
(621,546)	Total	(653,076)
	Credited to Services (Revenue Grants & Contributions)	
(365,870)	Central Government Bodies	(305,692)
(24,691)	Other Local Authorities & NHS Bodies	(27,664)
(4,557)	Other Entities and Individuals including Public Corporations	(7,428)
(395,118)	Total	(340,784)

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

31 March 2022 £000	Revenue Grants and Contributions Receipts in Advance	31 March 2023 £000
(15,560)	Central Government Bodies	(8,490)
0	Other Local Authorities & NHS Bodies	0
(961)	Other Entities and Individuals including Public Corporations	(1,102)
(16,521)	Total	(9,592)

31 March 2022 £000	Capital Grants Receipts in Advance	31 March 2023 £000
(11,431)	Central Government Bodies	(24,058)
0	Other Local Authorities & NHS Bodies	0
0	Other Entities and Individuals including Public Corporations	0
(11,431)	Total	(24,058)

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

31 March 2022 £000	Capital Contributions Receipts in Advance	31 March 2023 £000
(22,155)	Balance as at 1 April	(22,388)
(3,589)	Contributions received during the year	(4,563)
3,314	Contributions applied to expenditure during the year	2,910
42	Reclassification	74
(22,388)	Balance as at 31 March	(23,967)

25. Usable Reserves

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

25.1 Council Fund and HRA Balances

	Balance	Contributions		Balance
	31 March 2022 £000	From Revenue £000	To Revenue £000	31 March 2023 £000
COUNCIL FUND AND HRA BALANCES				
Council Fund Balance	14,255	0	0	14,255
Housing Revenue Account Balance	15,502	0	0	15,502
Total Council Fund and HRA Balances	29,757	0	0	29,757

25.2 Earmarked Reserves

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

	Balance	Contributions		Balance	Purpose of the Reserve / To fund:
	31 March 2022 £000	From Revenue £000	To Revenue £000	31 March 2023 £000	
SCHOOLS BALANCES					
Schools Reserves	33,370	1,792	(13,712)	21,450	The net position on individual school balances, comprising surpluses, deficits and the overall deficit on the Mutual Supply Fund
Cathays – Maintenance of Playing Field	3	0	0	3	To maintain path alongside Cathays High School
Primary/Special Schools Repairs	1,122	268	(139)	1,251	The overall balance held on the mutual scheme for repairs to school buildings
	34,495	2,060	(13,851)	22,704	
SCHOOLS RESERVES					
Out of School Childcare	85	13	(22)	76	Surplus balances from each school operating an out of school childcare scheme. These can be drawn upon by each school to balance their in-year financial position
Schools Catering	990	0	(990)	0	Schools Catering Service, including kitchen improvements and cashless transaction system
Schools Formula Funding	3,548	184	(1,064)	2,668	Unplanned and unforeseen expenditure incurred by or on behalf of the delegated schools budgets
Schools ICT Infrastructure	171	0	0	171	Cyclical replacement of Schools ICT in order to ensure equipment and infrastructure is current and avoid obsolescence
Schools Organisational Plan	2,935	10,934	(10,236)	3,633	Manage the cash flow implications of the Schools Organisational Plan financial model
	7,729	11,131	(12,312)	6,548	
OTHER COUNCIL RESERVES					
Adults Social Care	3,415	800	(808)	3,407	Service specific pressures and to enhance financial resilience
Apprenticeships and Trainees	619	445	(151)	913	Corporate Apprentice Scheme
Bereavement Services	152	794	(912)	34	Planned programme of refurbishment and improvement
Building Control Regulations	196	0	(20)	176	Smooth effects of future deficits within ring fenced building control account
Bute Park Match Funding	73	0	(22)	51	Match funding for grant funded initiatives in relation to Bute Park, as per Heritage Lottery Fund agreement
Capital Business Case Development	900	1,000	(331)	1,569	Development of capital business cases
Cardiff Academy Training	78	0	(28)	50	Support initiatives undertaken in connection with the Academy
Cardiff Capital Region City Deal	201	0	(29)	172	Council's contribution to the Joint Cabinet for the Cardiff Capital Region City Deal
Cardiff Dogs Home Legacy	382	41	(160)	263	Donations left to Cardiff Dogs Home to be used for improvements to the home

	Balance	Contributions		Balance	Purpose of the Reserve / To fund:
	31 March 2022 £000	From Revenue £000	To Revenue £000	31 March 2023 £000	
Cardiff Enterprise Zone	2,240	1,557	0	3,797	Cardiff Enterprise Zone in future years
Central Market Works	185	0	(29)	156	Works at Cardiff Central Market and as potential match funding for external grants bids
Central Transport Service	1,096	768	(420)	1,444	Central transport vehicle service
Children's Services	4,841	0	(1,593)	3,248	Enhance resilience
City Events	1,000	0	0	1,000	City events that contribute to the economy
City Wide Management and Initiatives	3,012	0	(591)	2,421	City wide management and initiatives including supporting marketing and infrastructure
Community Based Services Transition	105	0	0	105	Better integration of community facilities across the public sector
Community Initiatives	1,767	299	0	2,066	Initiatives arising from the legacy of the Community First Programme
Connect to Cardiff Refurbishment	10	0	0	10	Expansion due to new and changing regulations
Corporate Events and Cultural Services*	2,919	2,048	(110)	4,857	Feasibility studies and costs of major events and to offset future pressures arising from fluctuations in income within Venues and Cultural Services
Corporate Landlord Function	636	0	(131)	505	Corporate landlord functions across the Council in order to provide a cohesive and commercial operating model
Corporate Recovery Risk	4,250	0	0	4,250	Mitigate risk of transition post pandemic
Cost of Living Support	2,194	0	(2,194)	0	Welsh Government discretionary grant for cost of living support
Council Tax Reduction Scheme pressures	4,153	2,000	(2,000)	4,153	Medium term increases in Council Tax Reduction Scheme expenditure
Demand Pressures	4,652	2,750	0	7,402	Financial resilience to help manage demand volatility and uncertainty
Digital Transformation	2,942	0	(457)	2,485	New ways of working
Discretionary Rate Relief	100	0	0	100	Non-Domestic Rates due diligence
Emergency Management, Safeguarding and Prevent	139	0	0	139	Preventative measures in relation to safeguarding, the Prevent agenda and emergency management
Employee Changes	8,413	3,000	(766)	10,647	Costs associated with voluntary redundancy and other employee costs in future years
Empty Homes and Housing Needs	1,223	484	(133)	1,574	Housing needs including activities relating to investing in empty homes and bringing them back in use
Energy Conservation (One Planet Cardiff)	1,245	100	(48)	1,297	Energy conservation initiatives
Energy Market Volatility	1,336	0	0	1,336	Expected fluctuations in the cost of energy
Family Guarantor	339	0	0	339	Transfer of families from temporary accommodation into permanent homes
Flatholm	7	0	0	7	Initiatives, repairs and renewals
Fraud Detection	44	0	0	44	Supplement staffing and other costs associated with fraud detection
Governance and Legal Services	140	0	0	140	Future Governance & Legal Services initiatives, including projects in connection with ICT upgrades

	Balance	Contributions		Balance	Purpose of the Reserve / To fund:
	31 March 2022 £000	From Revenue £000	To Revenue £000	31 March 2023 £000	
Harbour Authority Project and Contingency Fund	104	26	0	130	Improvement and enhancement of infrastructure, assets, activities or services in or around Cardiff Bay
Highways Section 278	264	0	(60)	204	Highway investment
Homelessness	2,241	0	(335)	1,906	Increases in homelessness pressures
Housing Support	734	0	0	734	Improve sustainability by maintaining the independence of people in their own homes
ICT Holding Account	716	0	(89)	627	Future business process improvement initiatives and other future ICT initiatives
Insole Court*	74	39	0	113	Council building repair liabilities in line with lease terms
Inspectorate Support	1,108	0	0	1,108	Consultancy for inspections and regulatory environment
Insurance	7,919	269	0	8,188	Protect from future potential insurance claims
Invest to Save	261	0	0	261	Used in connection with revenue invest to save schemes
Joint Equipment Store	515	0	0	515	Offset deficits or one off expenditure items in the pooled budget, in future years
Local Development Plan	400	0	(125)	275	Local Development Plan and any potential appeals or judicial reviews
Major Projects	1,006	0	(498)	508	Major Projects
Members Development	170	0	(137)	33	Members' ICT software
Municipal Election	880	76	(625)	331	Local elections
Municipal Mutual Insurance	935	0	0	935	Liability to pay a percentage of claims previously settled by Municipal Mutual Insurance (MMI) and contribute to the cost of future settled claims
New Theatre Repairs	210	198	0	408	Council building repairs liabilities in line with the lease terms
Non-Domestic Rates Due Diligence	60	0	0	60	Non-Domestic Rates due diligence
Parking and Enforcement	1,985	5,429	(6,392)	1,022	Surpluses to parking and enforcement schemes which, under the Road Traffic Act 1984, have to be reinvested in Road Traffic Schemes. Additional details provided in note below
Property Asset Management	16	0	0	16	Managing timing and fluctuations of income from fees relating to the disposal of properties
Red Dragon Centre	1,957	930	0	2,887	Premises funding requirements
Rentsmart Wales	341	241	0	582	Training and service delivery in respect of Rentsmart Wales
Resources	3,254	365	(209)	3,410	Number of areas within the Resources Directorate particularly where transition to alternative methods of operation are required
Scrutiny Development and Training	118	0	(37)	81	Scrutiny member development and training
Shared Regulatory Service	108	0	(108)	0	Future flexibility in relation to the Council's costs of the Shared Regulatory Service
Social Care Technology	655	0	(322)	333	Social care ICT developments

	Balance	Contributions		Balance	Purpose of the Reserve / To fund:
	31 March 2022 £000	From Revenue £000	To Revenue £000	31 March 2023 £000	
Social Care Worker Mobility	600	0	(58)	542	Increase domiciliary support service capacity in conjunction with decarbonisation of services
South East Wales Construction Framework	1,253	756	(7)	2,002	Ring fenced revenue to fund future costs of the project. Remaining funding to be distributed amongst the participating authorities
Strategic Budget	6,396	1,958	0	8,354	Financial resilience and the future budget requirements of the Council over the Medium Term Financial Plan
Treasury Management	11,318	3,500	0	14,818	Management of risk in relation to major projects and to offer some protection and flexibility to the wider capital programme
Wales Interpretation and Translation Service	419	0	(88)	331	Manage in-year fluctuations in funding and financial performance of the service
Waste Management	1,183	1,183	(543)	1,823	Initiatives to achieve recycling targets and offset the impact of additional tonnage and associated waste management costs
Welfare Reform	2,509	502	(128)	2,883	Mitigate pressures and reduced funding within the Housing Benefit Service following the transfer of services as part of the rollout of the Universal Credit Scheme
Youth and Community Education	952	54	(115)	891	Costs connected with the refurbishment of youth centres
	105,665	31,612	(20,809)	116,468	
SHARE OF JOINT COMMITTEE RESERVES					
Cardiff Capital Region City Deal (CCRCD)	3,123	0	0	3,123	The Council's percentage share of the accumulated balances and earmarked usable reserves of Cardiff Capital Region City Deal
	3,123	0	0	3,123	
Total Council Fund Reserves	151,012	44,803	(46,972)	148,843	
HRA RESERVES					
Housing Development Resilience	500	500	0	1,000	Improve resilience within the Housing Development Capital Programme
Housing Repairs and Building Maintenance	9,022	0	(4,031)	4,991	Housing repairs and to mitigate against risk within the construction industry
Housing Supply Increase	636	6,000	(636)	6,000	Increase housing stock and improve resilience within the Housing Development Capital Programme
Welfare Reform	429	0	0	429	Project costs and scheme development to address issues for council tenants due to benefit cap and universal credit
Total HRA Reserves	10,587	6,500	(4,667)	12,420	
TOTAL EARMARKED RESERVES	161,599	51,303	(51,639)	161,263	

*Insole Court opening balance has been moved from Corporate Events and Cultural Services Reserve.

Parking & Enforcement

This reserve is generated from surpluses achieved from Civil Parking Enforcement (CPE). The use of any surplus is governed by Section 55 of the Road Traffic Regulations Act 1984 which specifies that the surplus

may be used to fund operational costs including subsidising the enforcement service, supporting public passenger transport services, transport planning and road safety, maintaining off-street car parks and highway and environmental maintenance and improvements.

2021/22 £000		2022/23 £000
776	Operational costs / Parking and Permits	660
6,279	Enforcement service	5,998
7,055	Total Expenditure	6,658
(3,130)	On-street pay car parking fees	(4,110)
(808)	Off-street car parking fees	(1,199)
(441)	Residents parking permits	(367)
(1,903)	Penalty charge notices	(2,199)
(3,046)	Moving Traffic Offences	(3,450)
(449)	Camera car	(656)
(6)	Traffic Enforcement Centre	0
(31)	Other income	(106)
(9,814)	Total Income	(12,087)
(2,759)	Civil Parking Enforcement Net (Surplus)/Deficit	(5,429)
(983)	Covid-19 LG Hardship Fund/Job Retention Scheme	0
(3,742)	Revised Civil Parking Enforcement Net (Surplus)/Deficit	(5,429)
	Appropriations to Parking Reserve:	
4,536	Balance 1 April	1,985
3,742	Contributions from CPE	5,429
(6,293)	Contributions to revenue*	(6,392)
1,985	Balance 31 March	1,022

* Income has returned to pre-pandemic levels resulting in a surplus of £5.429million. The amount drawn down from the reserve towards revenue costs was £6.392 million, leaving a balance of £1.022 million at 31 March 2023. The drawdown included a budgeted sum of £5.935 million to support a range of services, including ongoing support and improvements to transport, parking, highways and environmental services. It also included specific drawdowns to support various approved improvement schemes and initiatives.

25.3 Usable Capital Receipts Reserve

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

2021/22 £000		2022/23 £000
8,673	Balance as at 1 April	6,840
	Movements during Year:	
2,649	Sale of land, buildings and other assets	10,030
323	Recoupments of grant/other	203
2,972		10,233
(3,781)	Finance Capital Expenditure	(10,378)
(1,009)	Provide for repayment of external loans	(331)
(15)	Other	0
(4,805)		(10,709)
6,840	Balance as at 31 March	6,364

25.4 Unapplied Capital Grants

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

2021/22 £000		2022/23 £000
0	Balance as at 1 April	6,972
6,972	Transfer of capital grants and contributions to capital grants unapplied	0
6,972	Balance as at 31 March	6,972

26. Unusable Reserves

26.1 Revaluation Reserve

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

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

2021/22 £000		2022/23 £000
310,754	Balance as at 1 April	345,822
5,182	Adjusting amounts from Capital Adjustment Account	0
46,288	Upward revaluation of assets	10,673
(14,253)	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(543)
37,217	Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	10,130
(2,046)	Difference between fair value depreciation and historical cost depreciation (charged to Capital Adjustment Account)	(2,046)
(103)	Accumulated gains on assets sold or scrapped	0
(2,149)	Amount written off to the Capital Adjustment Account	(2,046)
345,822	Balance as at 31 March	353,906

26.2 Capital Adjustment Account

The Capital Adjustment Account reflects differences between normal accounting practice and statutory requirements. The Account is credited with the amounts used as finance for capital expenditure. It contains accumulated gains and losses on Investment Properties, amounts set aside to repay external loans.

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

2021/22 £000		2022/23 £000
947,365	Balance as at 1 April	977,282
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
(64,762)	Charges for depreciation and impairment of non-current assets	(72,893)
(928)	Amortisation of intangible assets	(604)
25,211	Reverse previous impairment on revaluation	965
(68,920)	Revaluation losses on Property, Plant and Equipment	(1,625)
0	Movement in Assets Held for Sale	0
(2,692)	Expenditure on REFCUS	(8,407)
(616)	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(2,150)
(112,707)		(84,714)
(3,139)	Adjusting amounts to the Revaluation Reserve (including historic cost adjustment)	2,046
(115,846)	Net written out amount of the cost of non-current assets consumed in the year	(82,668)
	Capital financing applied in the year:	
3,781	Capital Receipts	10,378
3,940	Direct Revenue Financing	3,995
120,060	Grants and contributions	108,350
44,538	Prudent Revenue Provision	40,494
1,009	Capital receipts to provide for repayment of external loans	331
(933)	Reduction in loan debtors	(382)
172,395		163,166
(26,632)	Movements in the value of Investment Properties	(1,866)
977,282	Balance as at 31 March	1,055,914

26.3 Deferred Capital Receipts Reserve

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

2021/22 £000		2022/23 £000
5,003	Balance as at 1 April	5,003
0	Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	66
0	Transfers to the Capital Receipts Reserve upon receipt of cash	(5,003)
5,003	Balance as at 31 March	66

The receipt of cash in 2022/23 relates primarily to the disposal of land at Central Square.

26.4 Financial Instruments Revaluation Reserve

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

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

2021/22 £000		2022/23 £000
6,984	Balance as at 1 April	10,366
3,382	(Downwards)/Upwards revaluation of investments not charged to the Surplus/Deficit on the Provision of Services	961
10,366	Balance as at 31 March	11,327

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

26.5 Pensions Reserve

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

2021/22 £000		2022/23 £000
(1,085,373)	Balance as at 1 April	(855,336)
307,373	Actuarial gains or losses on pensions assets and liabilities	726,020
(128,564)	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(132,058)
2,574	Reversal of amounts accrual in respect of pension strain for future years	99
48,654	Employer's pensions contributions and direct payments to pensioners payable in the year	53,235
(855,336)	Balance as at 31 March	(208,040)

26.6 Accumulated Absences Account

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

2021/22 £000		2022/23 £000
(17,693)	Balance as at 1 April	(17,054)
639	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with accounting requirements	70
(17,054)	Balance as at 31 March	(16,984)

26.7 Donated Inventories Account

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

The Council received donated equipment from NHS Shared Services (NHSS), at nil cost, towards its Social Care responsibilities.

2021/22 £000		2022/23 £000
3,211	Balance as at 1 April	9,234
6,023	Movement in Donated Inventories Account	(1,273)
9,234	Balance as at 31 March	7,961

27. Contingent Assets and Liabilities

Assets

The Council holds a proportion of equity in a number of properties arising primarily from the affordable housing contribution that developers provide on new build developments. The equity proportions range from 20% to 40%, with the buyer nominated by the Council providing the balance of the resources to purchase the property. These properties were aimed at first time buyers who could not afford to buy a home on the open market. When the owner of the property wishes to sell their home, the Council has the first opportunity to nominate a purchaser from the assisted home ownership waiting list. If there is no nomination, the owner is free to sell on the open market and the Council is entitled to its relevant proportion of the market value of disposal in accordance with the charge on the property. This is treated as a capital receipt in the year that it is received. The estimated total value of equity at 31 March 2023 is £12.338 million (£9.107 million at 31 March 2022).

In March 2015, the Council approved a request from Glamorgan County Cricket Club to write off 70% of a £6.534 million loan balance due to the Council and restructure remaining sums in line with other major creditors. This was actioned on 21 December 2015 resulting in an outstanding amount of £1.960 million. Repayments commenced in 2019/20, with repayments totalling £392,000 to 31 March 2023. The club are

committed to repay the loans in accordance with the contractual terms, however due to the current uncertainties in terms of attendance levels and emergence from Covid impacts, the Council's view is that risks of recovery still remain and the balance due of £1.568 million remains 100% impaired at 31 March 2023. Any balances due are not shown in the financial statements but are identified as a contingent asset to reflect the amounts potentially receivable in accordance with the proposed restructured loan.

In respect to an assessment received from HMRC for purportedly under-declared landfill tax assessment, associated penalties and interest, the Council has a remaining payment on account balance of £749,000. This is not an admission of liability and if the assessment is changed or cleared, then this will be refunded by HMRC.

Liabilities

As at 31 March 2023 one claim existed in excess of £10,000 against the Council for which there is no insurance cover. The claims include unfair dismissal, disability and race discrimination, and breach of contract. The potential liability in respect of the claims is estimated to be £10,000 (£25,000 at 31 March 2022) and the Council is resisting liability.

The former Authorities of South Glamorgan County Council, Cardiff City Council, Mid Glamorgan County Council and Taff Ely Borough Council are creditors of Municipal Mutual Insurance (MMI) Ltd and are legally bound by the Scheme of Arrangement. MMI ceased taking new business on 30 September 1992. The scheme allows new claims to be made against MMI and outstanding claims with MMI to be settled. The accounts reflect a provision of £149,000 and £935,000 held in an earmarked reserve towards any liability. This is considered prudent based on most recent actuarial advice, however, this is subject to the outcome of settled claims.

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

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

During 2020/21, the Council as the sole shareholder, agreed a range of measures to address the difficulties faced by Cardiff City Transport Services Limited (Cardiff Bus) and the Trustees of its pension scheme to agree, in accordance with Pension Legislation, the Triennial valuation of the pension scheme at 31 March 2018. On 3 March 2021, the Council entered into an agreement with the Trustees of the Cardiff City Transport Services Limited Pension Scheme meaning that all future liabilities in respect to pension obligations of Cardiff Bus will fall to Cardiff Council. This means that the Council became statutory employer of the Cardiff Bus pension funds and is responsible for paying contributions into the scheme towards addressing any identified deficit

when assets and liabilities are projected as part of three yearly actuarial reviews. The schedule of contributions is currently £250,000 per annum, to be reviewed as part of the next triennial valuation as at 31 March 2024. The Council is also responsible for scheme operating expenses, Pension Protection Fund levy and any other costs and expenses in respect to its obligations as Statutory and Principal employer. These costs are to be recovered from Cardiff Bus; however, the Council is ultimately responsible for such costs in the event the company is unable to meet them. Details of the fund assets and liabilities as at 31 March 2023 are shown in note 13.

28. Notes to Cash Flow Statement

2021/22 £000	Adjust net surplus or deficit on the provision of services for non - cash movements	2022/23 £000
(109,376)	Depreciation, impairment & amortisation	(74,156)
(77,335)	Charges made for retirement benefits (IAS19) less employers contributions	(78,824)
(616)	Carrying amount of non-current assets sold or derecognised	(2,150)
5,920	Increase/(decrease) in stock	(1,245)
20,923	Increase/(decrease) in debtors	800
(45,177)	Increase/(decrease) in creditors	34,200
(25,552)	Other non-cash items affecting net surplus or deficit on provision of services	(679)
(231,213)		(122,054)

2021/22 £000	Items in net surplus/ deficit on provision of services that are investing and financing activities	2022/23 £000
2,624	Movement of non-current assets & investments	(107,753)
127,355	Capital grants/contributions recognised in CIES	108,350
129,979		597

2021/22 £000	Interest and Dividends	2022/23 £000
(235)	Interest Received	(3,669)
33,983	Interest Paid	34,251
0	Dividends Received	0
33,748		30,582

29. Prior Period Adjustment

There are no prior period adjustments.

30. Exceptional Items

There are no exceptional items to disclose.

31. Events after the Reporting Period

There are no events after the reporting period to report.

32. Date of Authorisation of the Accounts for Issue

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



Housing Revenue Account

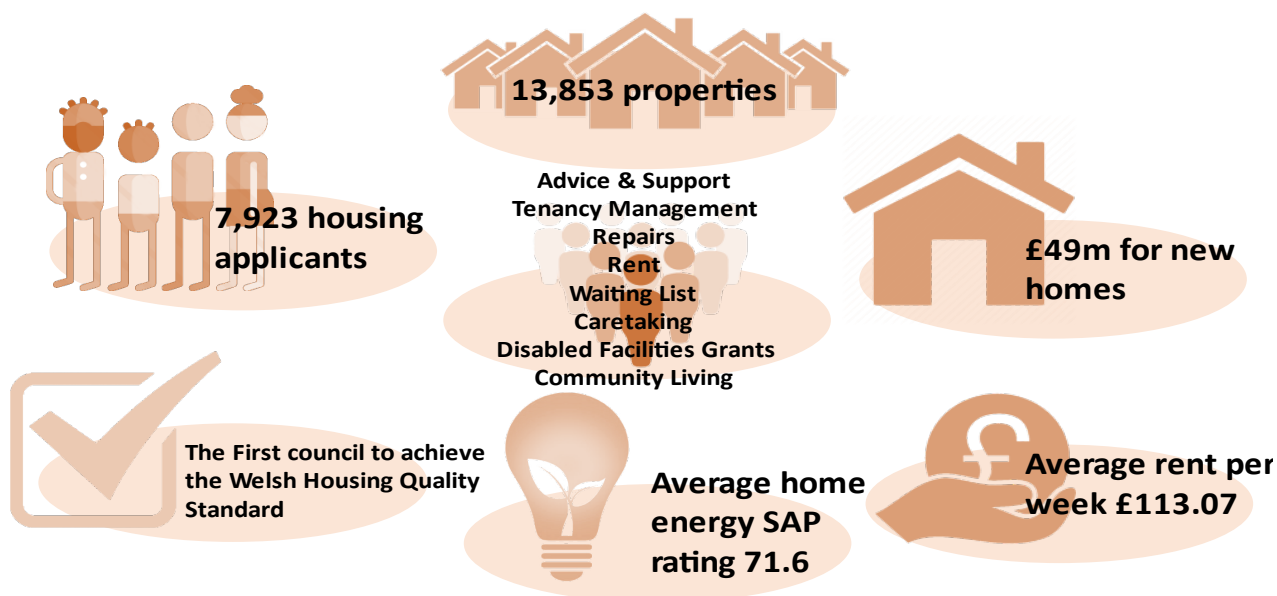


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Introduction

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



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

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

The most recent tenant satisfaction survey showed:

- 80% of tenants were satisfied with their neighbourhood as a place to live
- 74% of tenants were satisfied with the way the Council deals with repairs
- 73.4% of respondents were satisfied with the service provided by their social landlord
- 76.7% of tenants were satisfied that their rent provides value for money

Risks and Financial Outlook

The HRA records income and expenditure in relation to Council Housing stock. The main expenditure items for the Council's 13,853 properties include repairs and maintenance, capital financing charges on borrowing (interest and provision for repayment), supervision and management (including tenant consultation, rent collection, housing allocations and property and estate management). The major income streams include rent and income from service charges.

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

The Council sets the level of HRA rents within a policy framework set by the Welsh Government. The 5-year Social Housing Rent policy was introduced in 2020/21 and will continue until 2024/25 and allows for a maximum 1% rent increase above the rate of the consumer price index (CPI). Where CPI is outside the range 0 to 3%, a ministerial decision is required for that year.

There is no confirmation of the rent policy approach beyond 2024/25. This and other uncertainties particularly around the impact of inflation represent a significant risk to the resilience of the HRA and business planning as the Council cannot control or accurately predict a key component of the plan. In addition, risk and uncertainty remains in terms of future impacts of rising prices for the management of existing housing stock and the development of new stock; increasing demand for housing and potential changes in housing standards to improve energy performance.

Financial Performance 2022/23

The HRA reported a balanced position for 2022/23 after a net transfer to earmarked reserves of £1.833 million towards future expenditure on purchasing additional homes to meet demand for affordable housing. The overall position included lower capital financing costs arising from lower interest charges and provision for debt repayment due to delay in some projects; additional grant funding; reduced spend on repairs and maintenance against external painting and electrical testing budgets.

Rent and service charge income was above budget, due to reduced void rent loss and bad debt provision requirements based on the year end arrears levels. In addition, there were significant employee vacancy savings and other efficiencies across the functions, partly offset by increased hostel accommodation and general premises costs. Void property levels were 2.2% as a percentage of overall stock (1.49% in 2021/22).

HRA earmarked reserves and the HRA General Balance amounted to £12.420 million and £15.502 million respectively as at 31 March 2023.

Revenue Expenditure and Funding

Expenditure

Repairs and Maintenance
£30.076 million

Supervision and Management
£37.029 million

Capital Financing Costs
£29.102 million

Income

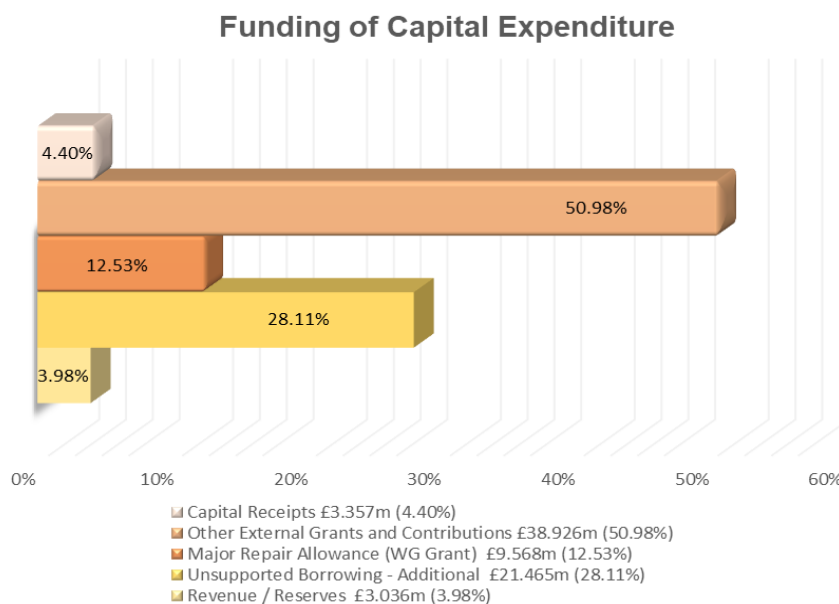
Dwelling Rents
£80.732 million

Charges for Services and Facilities
£13.357 million



Our housing stock is valued in the accounts at £678.244 million. Dwellings were revalued in 2021/22 with the vacant possession value deemed to be £1.718 billion. In accordance with the valuation requirements, this was adjusted downwards, in our case by an adjustment factor of 38% in order to show the economic cost of providing social housing at less than market rent. The next valuation will take place in 2023/24.

Capital Expenditure and Funding



Expenditure in the year was £76.352 million, with investment in estate regeneration, housing stock remodeling, the fabric of dwellings, disabled adaptations and in the acquisition and development of new Council Housing. During the year additional grant was bid for and awarded by Welsh Government such as for Building Safety on high rise buildings, housing with care and energy retrofit.

The Capital Financing Requirement is a measure of debt in relation to the HRA. At 31 March 2023, this stands at £335.006 million; an increase of £10.264 million compared to the previous year. This is forecast to increase significantly over the next few years as set out in the 2023/24 HRA Revenue budget and Medium Term Financial Plan approved by Council March 2023. All borrowing must be affordable both now and, in the future, as it will be required to be repaid with interest.

Income and Expenditure Account

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

2021/22 £000		Note	2022/23 £000
	Management and maintenance comprising :		
25,010	Repairs and maintenance		30,076
33,100	Supervision and management		37,029
291	Rents, rates, taxes and other charges		407
372	Provision for bad and doubtful debts		752
34,139	Depreciation, impairment and revaluation losses of non-current assets	8	13,335
0	Movement in Assets Held for Sale		0
3,341	Sums directed by the Welsh Government that are expenditure in accordance with the Code	9	876
42	Debt management costs		35
96,295	Total Expenditure		82,510
(77,684)	Dwelling rents		(80,732)
(63)	Non-dwelling rents		(26)
(11,514)	Charges for services and facilities		(13,357)
(3,310)	Sums directed by the Welsh Government that are income in accordance with the Code		(876)
(92,571)	Total Income		(94,991)
3,724	Net Cost of HRA Services as included in the Income and Expenditure Statement		(12,481)
	HRA share of the operating income and expenditure included in the Comprehensive Income & Expenditure Statement:		
(754)	(Gain)/loss on sale of HRA non-current assets		(1,532)
13,211	Interest payable and similar charges		13,462
(62)	Changes in fair value of investment properties		0
0	Interest and Investment income		0
(30,552)	Capital grants and contributions applied		(47,617)
(14,433)	(Surplus)/Deficit for year on HRA Services		(48,168)

Movement on HRA Balance

2021/22		Note	2022/23
£000			£000
(15,502)	Balance at 31 March brought forward		(15,502)
(14,433)	(Surplus) or deficit for the year on the HRA Income and Expenditure Statement		(48,168)
7,547	Adjustments between accounting basis and funding basis under regulations	1	46,335
(6,886)	Net (increase)/decrease before transfers to or from reserves		(1,833)
6,886	Transfers to/(from) earmarked reserves		1,833
0	Increase or decrease in the year on the HRA		0
(15,502)	Balance at 31 March carried forward		(15,502)

Notes to the Financial Statements

1. Adjustments between Accounting Basis and Funding Basis under Regulations

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

2021/22		Note	2022/23
£000			£000
	Adjustments to Revenue Resources		
	Amounts by which the income and expenditure included in the CIES are different from revenue for the year calculated in accordance with statutory requirements		
5,356	Pension costs (transferred to/from the Pensions Reserve)		5,281
(290)	Officer remuneration (transferred to the accumulated absence Reserve)		(199)
11,345	Charges for depreciation and impairment of non-current assets	8	13,603
24,114	Revaluation losses of non-current assets		667
(1,407)	Reverse previous impairment on revaluation		(935)
86	Amortisation of intangible assets		0
(62)	Movement in the market value of investment properties		0
0	Movement in Assets Held for Sale		0
(30,552)	Capital grants and contributions applied		(47,617)
31	Sums directed by Welsh Government		0
(753)	Non-current assets written off as part of the gain/loss on disposal to the HRA Income and Expenditure Statement		(1,532)
(13,015)	Prudent Provision for the financing of capital investment		(12,566)
(2,400)	Capital expenditure charged against the HRA		(3,037)
0	Credit for disposal costs that qualify to be met from the resulting capital receipts		0
(7,547)	Total Adjustments		(46,335)

2. Rental Income

This is the total rent income due for the year after allowance is made for voids etc. Void rent losses accounted for 2.20% of the total potential rental income (2.51% in 2021/22). Average rents were £113.07 per week (£110.38 in 2021/22) based on a 52-week year.

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

The following sums were due from tenants:

31 March 2022			31 March 2023	
Arrears £000	Bad debt provision £000		Arrears £000	Bad debt provision £000
		Rent Arrears		
4,720	3,486	Dwellings	5,068	3,744
426	426	Hostels /Other accommodation	584	584
5,146	3,912	Total Rent Arrears	5,652	4,328
		Other		
88	53	Service charges	107	65
269	269	Tenants recoverables	287	287
357	322	Total Other Arrears	394	352
5,503	4,234	Total	6,046	4,680

During 2022/23 debts totaling £306,000 were written off as irrecoverable (£489,000 in 2021/22).

4. Pension Costs

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

2021/22 £000		2022/23 £000
9,510	Current service cost	10,101
(4,157)	Cost of employer's contributions plus discretionary benefits	(4,817)
3	Pension Strain Accrual	(3)
5,356	Net transfer to Pensions Reserve	5,281

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

5. Housing Stock

The Council's housing stock is shown below:

31 March 2022		31 March 2023
7,382	Houses	7,403
634	Bungalows	634
5,253	Flats/Bedsits	5,309
171	Maisonettes	177
349	Retirement complexes	330
13,789	Total	13,853

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

31 March 2022		31 March 2023
112	Bed spaces in hostels	112
127	Flats in hostels	179
239	Total	291

6. Capital Expenditure and Capital Financing

2021/22		2022/23
£000		£000
301,370	Opening Capital Financing Requirement	324,739
	Capital Expenditure:	
58,054	Property, Plant and Equipment	75,476
0	Intangible assets including intangible AUC	0
0	Investment Properties	0
3,342	Expenditure on REFCUS	876
12,536	Appropriation of land	1,365
	Sources of Finance:	
(1,276)	Capital Receipts	(3,357)
(33,872)	Government grants and other contributions *	(48,494)
(2,400)	Direct revenue contributions and reserves	(3,036)
(13,015)	Prudent revenue and capital provision for loan repayment	(12,566)
324,739	Closing Capital Financing Requirement	335,003
	Explanation of movements in year:	
23,369	Increase / (Decrease) in underlying need to borrow (unsupported by government financial assistance)	10,264
23,369	Increase in Capital Financing Requirement	10,264

* £9.568 million (£9.557 million in 2021/22) of Major Repairs Allowance grant was received from Welsh Government and applied in the year.

7. Capital Receipts

Proceeds from the disposal of HRA Assets during 2022/23 were as follows:

- Council Dwellings and Home Purchase Contributions £344,000 (£257,000 in 2021/22)
- Land £1.192 million (£541,000 in 2021/22)

8. Depreciation, Impairment and Revaluation Charged

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

2021/22		2022/23
£000		£000
8,933	Council dwellings	11,801
2,117	Land and buildings	1,701
380	Vehicles, plant & equipment, intangibles, Surplus and AUC	101
11,430	Total Depreciation, Amortisation and Impairment	13,603
21,013	Council dwellings	0
1,643	Land and buildings	576
52	Vehicles, plant & equipment, intangibles, Surplus and AUC	(844)
22,708	Total Revaluation	(268)
34,138	Total	13,335

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

2021/22		2022/23
£000		£000
	Expenditure:	
3,222	Buildings not owned by Cardiff Council	876
120	Grants awarded not housing grants	0
3,342	Charged to Income and Expenditure Account	876
	Funded by:	
(3,311)	Grants and Contributions	(876)
(31)	Borrowing, Receipts and other Capital Resources	0
(3,342)		(876)



Group Accounts



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Introduction

The group accounts that follow comply with the requirement of the 2022/23 Code, which states that a local authority with material interests in subsidiaries, associates and joint ventures should prepare group accounts in addition to its single entity accounts. These accounts consolidate the operating results and balances of the County Council of the City and County of Cardiff and its subsidiary Cardiff City Transport Services Ltd (Cardiff Bus) which is a wholly owned subsidiary with limited liability. At the point of drafting these accounts, the 2022/23 accounts for Cardiff Bus are being prepared.

The final audited statements for Cardiff Bus for the year ended 2021/22 can be found on the Companies House website and the link [here](#).

The company, in common with many public transport operators, continues to be significantly impacted by changes in travel patterns since the covid pandemic and is in receipt of Welsh Government Bus Emergency support grant along with all other bus operators.

Uncertainty in respect of travel patterns, labour shortages and significant upward cost pressures directly impact on the company as well as regulatory and funding uncertainties which remain difficult to predict. In response to the challenges faced by the company, it continues review its business planning and opportunities to invest in modern fleet and infrastructure to provide vital services. The Council continues to work with the Board of the company to meet future challenges and that includes the appointment of Non-Executive Directors to the Board.

The Council also has interests in the following active subsidiaries: Cardiff Business Technology Centre (CBTC), Atebion Solutions Ltd and Cardiff Heat Network Ltd. The interests in these organisations are considered immaterial in terms of both the turnover and the net assets of the group. The Council does not depend upon these organisations for statutory service provision, and it is not considered that they expose the Council to a material level of commercial risk. Therefore, they have been excluded from the consolidation in 2022/23. Details of the Council's interests in these organisations are included in note 20 to the Core Financial Statements.

Basis of Consolidation

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

Accounting policies

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

Retirement Benefits

Cardiff Bus operated two defined benefit funded pension schemes which it accounts for in accordance with FRS102. From March 2021 the liabilities for the pension schemes are included with the Council's Statement of Accounts. The level of contributions made to the schemes and the cost of contributions included in the financial statements are based on the recommendations of independent actuaries. Accounting policies consistent with those of the Council have been adopted although the financial assumptions used may differ.

Both these schemes are now closed to new members. The company also has a money purchase pension scheme for new employees. Pension costs charged to the profit and loss account represent the contributions payable by the group to the pension scheme during the year.

Value Added Tax

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

Charges to Income and Expenditure for Non-Current Assets

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

Group Comprehensive Income and Expenditure

2021/22				2022/23		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£000	£000	£000		£000	£000	£000
30,048	(26,007)	4,041	Corporate Management	10,326	(2,892)	7,434
104,625	(45,208)	59,417	Economic Development	115,688	(40,273)	75,415
437,154	(111,419)	325,735	Education & Lifelong Learning	472,786	(106,522)	366,264
9,634	(2,015)	7,619	Governance & Legal Services	9,951	(652)	9,299
9,314	(5,959)	3,355	Harbour Authority	10,036	(6,862)	3,174
96,295	(92,571)	3,724	Housing Revenue Account	82,510	(94,991)	(12,481)
236,581	(178,997)	57,584	Housing and Communities	236,270	(181,024)	55,246
10,097	(6,793)	3,304	Performance and Partnerships	17,700	(13,944)	3,756
99,922	(72,690)	27,232	Planning , Transport and Environment	110,126	(75,842)	34,284
45,573	(25,730)	19,843	Resources	44,838	(23,421)	21,417
173,301	(52,256)	121,045	Social Services- Adults	169,440	(31,023)	138,417
100,358	(25,175)	75,183	Social Services- Children's	116,351	(21,344)	95,007
259	(4,484)	(4,225)	Summary Revenue Account	1,871	(952)	919
1,353,161	(649,304)	703,857	Net Cost of Services	1,397,893	(599,742)	798,151
42,523	0	42,523	Police and Crime Commissioner for South Wales	45,047	0	45,047
458	0	458	Community Council Precepts	495	0	495
18,632	0	18,632	Levies & Contributions	19,040	0	19,040
707	(1,965)	(1,258)	(Gain)/loss on sale of non-current assets	2,150	(4,877)	(2,727)
62,320	(1,965)	60,355	Other Operating Expenditure	66,732	(4,877)	61,855
34,127	(11)	34,116	Interest Payable on debt	34,193	0	34,193
22,180	0	22,180	Interest on net defined liability/(asset)	22,304	0	22,304
0	(388)	(388)	Interest & Investment Income	0	(3,455)	(3,455)
30,453	(12,658)	17,795	Income and Expenditure in relation to Investment Properties and changes in their fair value	14,743	(20,815)	(6,072)
0	0	0	Movement in Financial Instruments	0	(63)	(63)
86,760	(13,057)	73,703	Financing and Investment Income & Expenditure	71,240	(24,333)	46,907
0	(127,032)	(127,032)	Recognised Capital Grants & Contributions	0	(108,350)	(108,350)
0	(373,452)	(373,452)	Revenue Support Grant	0	(413,544)	(413,544)
0	(121,062)	(121,062)	Non-Domestic Rates	0	(131,182)	(131,182)
3,081	(240,341)	(237,260)	Council Tax Income	1,520	(248,520)	(247,000)
0	(6,022)	(6,022)	Donated Inventories	1,273	0	1,273
812	0	812	Tax expenses - Corporation Tax	0	0	0

3,893	(867,909)	(864,016)	Taxation & Non-Specific Grant Income	2,793	(901,596)	(898,803)
1,506,134	(1,532,235)	(26,101)	(Surplus)/Deficit on Provision of Services	1,538,658	(1,530,548)	8,110
		(46,288)	Revaluation Gains			(10,673)
		13,671	Revaluation Losses			543
		581	Impairment losses on non-current assets charged to the Revaluation Reserve			0
		(90)	(Surplus)/Deficit on Financial Instrument Revaluation Reserve			19
		(307,373)	Actuarial gains/losses on pension assets/liabilities			(726,020)
		0	Other gains/losses to be included in the Comprehensive Income and Expenditure			0
		(339,499)	Other Comprehensive Income & Expenditure			(736,131)
		(365,600)	Total Comprehensive Income & Expenditure			(728,021)

The 2021/22 breakdown of the Net Cost of Services has been amended to take account of the changes in structure in 2022/23

Group Movement in Reserves

	Council Fund Balance	Council Fund Earmarked Reserves	HRA Balance	HRA Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves Council	Unusable Reserves - Group Entities	Total Authority Reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2021 carried forward	14,255	102,504	15,502	3,700	8,673	0	144,634	164,694	5,557	314,885
Movement in Reserves during 2021/22										
Surplus or (deficit) on the provision of Services	8,283	0	14,433	0	0	0	22,716	0	3,385	26,101
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	339,499	0	339,499
Total Comprehensive Income and Expenditure	8,283	0	14,433	0	0	0	22,716	339,499	3,385	365,600
Adjustments between accounting basis & funding basis under regulations	40,225	0	(7,546)	0	(1,833)	6,972	37,818	(37,818)	0	0
Net Increase / (Decrease) before Transfers to/(from) Earmarked Reserves	48,508	0	6,887	0	(1,833)	6,972	60,534	301,681	3,385	365,600
Transfers to/(from) Earmarked Reserves	(48,508)	48,508	(6,887)	6,887	0	0	0	0	0	0
Increase / (Decrease) in 2021/22	0	48,508	0	6,887	(1,833)	6,972	60,534	301,681	3,385	365,600
Balance at 31 March 2022 carried forward	14,255	151,012	15,502	10,587	6,840	6,972	205,168	466,375	8,942	680,485
Movement in Reserves during 2022/23										
Surplus or (deficit) on the provision of Services	(57,258)	0	48,168	0	0	0	(9,090)	0	980	(8,110)
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	736,131	0	736,131
Total Comprehensive Income and Expenditure	(57,258)	0	48,168	0	0	0	(9,090)	736,131	980	728,021
Adjustments between accounting basis & funding basis under regulations	55,089	0	(46,335)	0	(476)	0	8,278	(8,278)	0	0
Net Increase / (Decrease) before Transfers to/(from) Earmarked Reserves	(2,169)	0	1,833	0	(476)	0	(812)	727,853	980	728,021
Transfers to/(from) Earmarked Reserves	2,169	(2,169)	(1,833)	1,833	0	0	0	0	0	0
Increase / (Decrease) in 2022/23	0	(2,169)	0	1,833	(476)	0	(812)	727,853	980	728,021
Balance at 31 March 2023 carried forward	14,255	148,843	15,502	12,420	6,364	6,972	204,356	1,194,228	9,922	1,408,506

Group Balance Sheet

31 March 2022		31 March 2023
£000		£000
2,016,110	Property, Plant & Equipment incl Infrastructure Assets	2,118,007
58,849	Heritage Assets	67,955
150,718	Investment Properties	159,341
1,135	Intangible Non-Current Assets including AUC	1,098
705	Long-term Investments	536
10,906	Long-term Debtors	11,729
584	Deferred tax asset	2,351
2,239,007	Total Long-Term Assets	2,361,017
212,912	Short-term Investments	101,079
0	Assets Held for Sale	4,000
12,170	Inventories	10,954
185,213	Short-term Debtors	187,282
34,527	Cash and Cash Equivalents	69,437
444,822	Total Current Assets	372,752
(31,311)	Short-term Borrowing	(12,850)
(181,722)	Short-term Creditors	(144,267)
(1,035)	Pension Strain	(1,737)
(4,977)	Provisions	(4,088)
(4,277)	Deferred Liabilities	(3,985)
(223,322)	Total Current Liabilities	(166,927)
(832,819)	Long Term Borrowing	(850,720)
(24,988)	Provisions	(25,214)
(10,351)	Deferred Liabilities	(10,010)
(16,521)	Revenue Grants Receipts in Advance	(9,592)
(17,404)	Capital Grants Receipts in Advance	29,512
(22,388)	Capital Contributions Receipts in Advance	(23,967)
(1,296)	Pension Strain	(494)
(854,255)	Net Pensions Liability	(207,059)
0	Deferred Tax Liability	0
(1,780,022)	Total Long-Term Liabilities	(1,097,544)
680,485	NET ASSETS	1,469,298
	Financed by:	
14,255	Council Fund Balance	14,255
151,012	Council Fund Earmarked Reserves	15,502
15,502	Housing Revenue Account Balance	148,843
10,587	Housing Revenue Account Earmarked Reserves	12,420
6,840	Capital Receipts Reserve	6,364
6,972	Capital Grants Unapplied	6,972
205,168	Usable Reserves	204,356
349,693	Revaluation Reserve	357,800
977,282	Capital Adjustment Account	1,055,914
5,003	Deferred Capital Receipts	66
4,540	Financial Instruments Revaluation Reserve	4,519
(867,671)	Pensions Reserve	(220,374)
(17,054)	Accumulated Absences Adjustment Account	(16,984)

31 March 2022		31 March 2023
£000		£000
9,234	Donated Inventories	7,961
14,290	Reserves (Group Entities)	15,248
475,317	Unusable Reserves	1,204,150
680,485	TOTAL RESERVES	1,408,506

Group Cash Flow

2021/22		2022/23
£000		£000
(26,101)	Net (Surplus) /Deficit on the provision of services	8,110
(235,082)	Adjustments to net surplus or deficit on the provision of services for non-cash movements	(121,270)
129,979	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	597
(131,204)	Net cash flows from operating activities	(112,563)
191,372	Purchase of property, plant and equipment, investment property and intangible assets	194,139
111,150	Purchase of short-term and long-term Investments	18,461
15,560	Other payments for investing activities	(14,405)
(2,649)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(9,851)
(126,516)	Capital Grants and Contributions	(122,556)
188,917	Net cash flows from investing activities	65,788
(72,479)	Cash receipts from short-term and long-term borrowing	(22,287)
(2,487)	Other receipts from financing activities	11,382
2,233	Cash payments for the reduction of outstanding liabilities relating to finance leases	0
27,533	Repayments of short-term and long-term borrowing	22,770
(45,200)	Net cash flows from financing activities	11,865
12,513	Net (increase)/ decrease in cash and cash equivalents	(34,910)
47,040	Cash and cash equivalents at the beginning of the reporting period	34,527
34,527	Cash and cash equivalents at the end of the reporting period	69,437

Notes to Group Accounts

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

1. Remuneration

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

Number of Employees	Remuneration band £	Number of Employees
2021/22		2022/23
1	60,000-69,999	0
0	70,000-74,999	0
1	75,000-79,999	1
3	80,000-84,999	3
0	85,000-139,999	0
1	140,000-144,999	1
6	Total	5

2. Related Parties Disclosures

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

3. Exceptional Items

There are no exceptional items included in the Group Accounts.

4. Financial Instruments

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

5. Prior Period Adjustment

There are no prior period adjustments.



Trust Funds



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Trust Funds

During 2022/23, the Corporate Director Resources had financial responsibility for a number of charities. Although their financial administration is integrated with that of the Council, the charities are legally separate from it. Separate financial statements are produced for each, which are in accordance with applicable accounting standards and the Statement of Recommended Practice on Accounting by Charities, published by the Charity Commissioners.

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

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

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

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

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

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

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

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

The accounts for the Cardiff Further Education Trust are required by the Charity Commission to be independently examined. The accounts for the year ended 31 March 2023 have yet to be examined.

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

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

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

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

Christopher Lee
Corporate Director Resources
County Hall
Cardiff
CF10 4UW

	Balance as at 31 March 2022 £	Income £	Expenditure £	Asset Revaluation £	Balance as at 31 March 2023 £
Funds for which the Council is Sole Trustee					
Llandaff War Memorial Fund	(1,408)	(47)	11	0	(1,444)
Maindy Park Foundation	(79,384)	(1,659)	11	0	(81,032)
Cardiff Further Education Trust/Craddock Wells	(24,849,249)	(156,662)	17,541	218,485	(24,769,885)
Total funds for which the Council is Sole Trustee	(24,930,041)	(158,368)	17,563	218,485	(24,852,361)
Funds administered by the Council					
R Fice Memorial Trust	(63,938)	(2,267)	2,173	3,894	(60,138)
The Howardian Trust	(39,589)	(919)	0	3,493	(37,015)
Total funds which are administered by the Council	(103,527)	(3,186)	2,173	7,387	(97,153)
Total	(25,033,568)	(161,554)	19,736	225,872	(24,949,514)

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



Cardiff Harbour Authority



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Narrative Report

Introduction

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

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

Annual Governance Statement

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

Agreement

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

The Agreement has since been varied by Deeds of Variation between the Welsh Ministers and Council, with the latest dated 24 May 2022.

Review of the Financial Year

For the financial year 2022/23, the Council worked with Welsh Government to identify pressures around increases in materials, contractors, energy prices, as well as historical shortfalls in service level agreement budgets and to agree on an appropriate budget arrangement for Asset Renewal. The Welsh Government agreed Fixed Costs funding of £5.374 million and Asset Renewal of £26,000. Additional Asset Renewal funding of £521,000 was awarded to cover upgrade works on the Senedd Boardwalk and to upgrade works to control system, resulting in a total approved budget of £5.921 million.

The outturn position included overspends on maintenance dredging, groundwater control and barrage maintenance reflecting materials and contractor price increases. These variances were mitigated by additional income from Harbour dues, site fees and car parking.

The financial deficit after accounting adjustments for the year ended 31 March 2023 was £2.714 million (£2.649 million in 2021/22).

Total capital expenditure incurred during the year was £572,000 and included purchase and installation of boardwalk decking, upgrading barrage control equipment and purchase of asset management software.

Key Achievements

The Harbour Authority action plan and performance indicators, which form part of the Business Plan, reported to the Welsh Government include:

- A continuation of the water safety project to warn of the dangers of swimming and tombstoning in the Bay. An online film with workshops via Theatre Na Nog, supported by Arts and Business Culture Step grant was delivered.
- Three Green Flag Awards were retained at the: Barrage, Cardiff Bay Wetlands and Flat Holm Island.
- ISO14001 audit resulting in retention of the award for ensuring excellent environmental management.
- 350 tonnes of waste removed from the rivers and safely disposed throughout the year.
- 76,624 Cardiff Bay Wetlands users throughout the year.
- 1,108,742 Barrage users throughout the year.
- 25,980 Social Media followers across Facebook, Twitter and Instagram accounts.
- 99% compliance on Dissolved Oxygen performance.
- Delivery of the Cardiff 10k run and Cardiff Half Marathon.
- More than 1,500 youth and school sailing sessions at Cardiff Sailing Centre.
- Development of a PhD proposal with Cardiff University and the Water Research Institute to investigate environmental challenges to Cardiff Bay and inform the future need for the aeration system.

Guide to the Financial Statements

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

Comprehensive Income and Expenditure Statement

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

Balance Sheet

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

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

The Corporate Director Resources Responsibilities

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

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

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

The Corporate Director Resources has also:

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

The Corporate Director Resources Certificate

The financial statements for the Cardiff Harbour Authority give a true and fair view of its income and expenditure for the financial year 2022/23 and financial position of the Harbour Authority at 31 March 2023.



Christopher Lee
Corporate Director Resources

Date: 16 June 2023

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

This page is intentionally left blank and will be updated upon receipt of the Auditor General's opinion following the audit of the accounts.

Accounting policies used when formulating the accounts

In accordance with the Accounts and Audit (Wales) Regulations 2014, this Statement of Accounts summarises the Harbour Authority's transactions for the 2022/23 financial year and its financial position at 31 March 2023. The accounts are prepared in accordance with International Financial Reporting Standards (IFRS). A number of the accounting policies used in preparing these accounts, along with any critical assumptions and sources of estimation used are the same as those for the accounts of the Council. Whilst these are not replicated in full, the key policies applied are below:

1. Accruals of Income and Expenditure

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

2. Employee Benefits Payable during Employment

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

3. Grants and Contributions

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

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

Revenue

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

Capital

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

4. Inventories

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

5 Overheads and Support Services Costs

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

6 Non-Current Assets

Property, Plant, Equipment

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

Investment Properties

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

Intangible Non-Current Assets

Intangible assets are those that do not have physical substance but are identifiable and controlled by the Harbour authority. In the case of Computer software and licences, these will be capitalised where they relate to the enhancement or development of systems, expenditure on which is deemed to generate long-term economic benefits to the Council in the form of savings and improvements in service delivery.

Recognition:

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

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

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

Measurement:

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

Asset Type	Measurement	Range of Remaining Useful Lives
Assets under Construction	Depreciated Historical Cost	n/a
Buildings	Existing Use or Depreciated Replacement Cost	10-90
Community Assets	Depreciated Historical Cost	n/a
Heritage Assets	Historic Cost and only measured at fair value where the benefits of doing so outweigh the costs	n/a

Infrastructure *	Depreciated Historical Cost	1-117
Intangible Assets	Amortised Historical Cost	3-7
Investment Properties	Fair Value	n/a
Surplus Assets	Fair Value	n/a
Vehicles, Plant, Furniture & Equipment	Depreciated Historical Cost	1-14

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

Revaluations:

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

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

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

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

Charges to Revenue for Non-Current Assets:

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

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

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

Impairment and Downward Revaluation:

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

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

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

Depreciation:

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

7. *Reserves*

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

8. *Value Added Tax*

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

Comprehensive Income and Expenditure Statement

2021/22		2022/23
£000		£000
	Expenditure	
2,975	Employees	3,121
1,354	Premises	1,357
120	Transport	129
1,601	Supplies and Services	2,165
434	Support Services	384
3	Third Party Payments	5
2,826	Capital Charges	2,875
9,313	Total Expenditure	10,036
	Income	
(4,979)	Government Grants	(5,673)
(704)	Capital Grants Applied	(460)
(981)	Fees and Charges	(1,189)
(6,664)	Total Income	(7,322)
2,649	Net Expenditure for the Year	2,714

Balance Sheet

31 March 2022		Note	31 March 2023
£000			£000
162,304	Property, Plant and Equipment incl Infrastructure Assets	2	159,875
56	Heritage Assets	2	56
123	Intangible Assets	2	249
483	Investment Properties	2	425
162,966	Total Long Term Assets		160,605
437	Inventory	3	444
2,719	Debtors	4	137
(2,995)	Cash		(398)
161	Total Current Assets		183
(900)	Creditors	5	(1,275)
(900)	Total Current Liabilities		(1,275)
162,227	Net Assets		159,513
	Funded by:		
150,889	General Reserve	1	148,175
11,338	Revaluation Reserve	1	11,338
162,227	Total Reserves		159,513

Notes to the Financial Statements

1. Reserves

Held within the General Reserve is an earmarked amount reserved for project activities and contingencies. This amount is £130,000 as at 31 March 2023 (£104,000 as at 31 March 2022).

2021/22			2022/23	
General Reserve £000	Revaluation Reserve £000		General Reserve £000	Revaluation Reserve £000
153,538	4,489	Balance as at 1 April	150,889	11,338
(2,649)	6,849	Movements in Reserves	(2,714)	0
150,889	11,338	Balance as at 31 March	148,175	11,338

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

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

Property, Plant and Equipment	Other Land & Buildings	Vehicles, Plant & Equipment	Community Assets	Surplus Assets	Assets under construction	Total Property, Plant & Equipment	Investment Properties	Heritage Assets	Intangible Assets
Movements in Cost or Value	£000	£000	£000	£000	£000	£000	£000	£000	£000
1 April 2021	6,577	1,403	1,103	43	0	9,126	333	56	79
Additions	0	471	0	0	105	576	0	0	89
Revaluations Increases/(Decreases) recognised in the RR	6,696	0	0	0	0	6,696	0	0	0
Revaluations Increases/(Decreases) recognised in the SDPS	(14)	0	0	0	0	(14)	0	0	0
Derecognition - Disposals	0	(155)	0	0	0	(155)	0	0	0
Other Reclassifications - Transfers	(150)	0	0	0	0	(150)	150	0	0
At 31 March 2022	13,109	1,719	1,103	43	105	16,079	483	56	168
Additions	0	(17)	0	0	434	417	0	0	180
Revaluations Increases/(Decreases) recognised in the RR	0	0	0	0	0	0	0	0	0
Revaluations Increases/(Decreases) recognised in the SDPS	0	0	0	0	0	0	(58)	0	0
Derecognition - Disposals	0	(161)	0	0	0	(161)	0	0	0
Other Reclassifications - Transfers	0	0	0	0	0	0	0	0	0
At 31 March 2023	13,109	1,541	1,103	43	539	16,335	425	56	348
Movements in Depreciation/Impairment									

1 April 2021	216	812	0	0	0	1,028	0	0	16
Depreciation Charge	224	206	0	0	0	430	0	0	29
Depreciation written out to the RR	(153)	0	0	0	0	(153)	0	0	0
Depreciation written out to the SDPS	(62)	0	0	0	0	(62)	0	0	0
Derecognition - Disposals	0	(155)	0	0	0	(155)	0	0	0
At 31 March 2022	225	863	0	0	0	1,088	0	0	45
Depreciation Charge	224	181	0	0	0	405	0	0	54
Depreciation written out to the RR	0	0	0	0	0	0	0	0	0
Depreciation written out to the SDPS	0	0	0	0	0	0	0	0	0
Derecognition - Disposals	0	(161)	0	0	0	(161)	0	0	0
At 31 March 2023	449	883	0	0	0	1,332	0	0	99
Net Book Value:									
At 31 March 2022	12,884	856	1,103	43	105	14,991	483	56	123
At 31 March 2023	12,660	658	1,103	43	539	15,003	425	56	249

2021/22	Net Book Value	2022/23
147,313	Infrastructure Assets	144,872
14,991	Other PPE Assets	15,003
483	Investment Properties	425
56	Heritage Assets	56
123	Intangible Assets	249
162,966	Total PPE Assets	160,605

In accordance with the Temporary Relief offered by the update to the Code on infrastructure assets this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position to the users of the financial statements.

As detailed in the revised guidance applicable to all authorities, the authority has chosen not to disclose this information as the previously reported practices and resultant information deficits mean that gross cost and accumulated depreciation are not measured accurately and would not provide the basis for the users of the financial statements to take economic or other decisions relating to infrastructure assets.

The authority has determined in accordance with Regulation 24L Wales of the Local Authorities (Capital Finance and Accounting) (Wales) Regulations 2003 (as amended) that the carrying amounts to be derecognised for infrastructure assets when there is replacement expenditure, is nil.

The Infrastructure Assets Net Book Value is as follows:

2021/22	Infrastructure Assets	2022/23
£000		£000
149,691	Net Book Value at 1 April	147,313
39	Additions	(26)
(2,417)	Depreciation	(2,415)
0	Other movements in cost (Reclassification)	0
147,313	Net Book Value at 31 March	144,872

3. Inventory

31 March 2022		31 March 2023
£000		£000
434	Balance as at 1 April	437
3	Stock adjustment	7
437	Balance as at 31 March	444

4. Debtors

31 March 2022		31 March 2023
£000		£000
2,649	Central Government Bodies	90
70	Trade Receivables	47
2,719	Total Debtors	137

5. Creditors

31 March 2022		31 March 2023
£000		£000
(133)	Central Government Bodies	(35)
(767)	Trade Payables	(1,240)
(900)	Total Creditors	(1,275)



Glossary of Accounting Terms



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

Accruals Basis

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

Actuarial Gains and Losses

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

Agency Services

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

Assets Held for Sale

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

Asset under Construction

An asset that is not yet complete.

Borrowing

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

Capital Adjustment Account

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

Capital Expenditure

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

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

Capital Financing Requirement

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

Capital Receipts

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

Carrying Amount

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

Cash and Cash Equivalents

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

Chartered Institute of Public Finance & Accountancy (CIPFA)

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

Community Assets

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

Contingent Liabilities or Assets

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

Council Dwellings

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

Council Fund Balance

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

Credit Criteria

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

Credit Rating

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

Creditors

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

Current Service Cost (Pensions)

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

Current Value

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

Curtailement (Pensions)

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

Debtors

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

Deferred Capital Receipts

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

Defined Benefit Scheme (Pensions)

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

Defined Contribution Scheme (Pensions)

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

Depreciation/Impairment/Amortisation

A charge made to the Comprehensive Income and Expenditure Statement to reflect an estimate of the use or consumption of non-current assets in the year in the provision of Council services.

De-recognition

Financial assets and liabilities will need to be removed from the Balance Sheet once performance under the contract is complete or the contract is terminated.

Direct Revenue Financing

The amount of revenue funding in the year used to pay for capital expenditure incurred.

Earmarked Reserves

Amounts set aside to be used to meet specific, known or predicted future expenditure.

External Audit

The independent examination of the activities and accounts of Local Authorities to ensure the accounts have been prepared in accordance with legislative requirements and proper practices and to ensure the Council has made proper arrangements to secure value for money in its use of resources.

Fair Value

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

Finance Lease

A finance lease is a lease that transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee.

Financial Instruments

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

Heritage Asset

A tangible asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture.

Housing Revenue Account (HRA)

Local Authorities are required to maintain a separate account - the Housing Revenue Account - which sets out the expenditure and income arising from the provision of Council housing. Other services are charged to the Council Fund.

Impairment

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

Infrastructure Assets

Fixed Assets which generally cannot be sold and from which benefit can be obtained only by continued use of the asset created. Examples of such assets are highways, footpaths, bridges and water and drainage facilities.

Intangible Assets

These are assets that do not have physical substance but are identifiable and controlled by the Council. Examples include software, licenses and patents.

Interest Cost (Pensions)

For a defined benefit scheme, the expected increase during the period in the present value of the scheme liabilities because the benefits are one period closer to settlement.

Investment Properties

Property, which can be land or a building or part of a building or both, that is held solely to earn rentals or for capital appreciation or both, rather than for operational purposes.

Investments

The purchase of financial assets in order to hold temporary cash balances, receive income and/or make capital gain at a future time.

Joint Venture

A joint venture is a joint arrangement whereby the parties who have joint control of the arrangement have rights to the net assets of the arrangement.

Lender Option Borrower Option Loans (LOBOs)

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

Levy

An amount of money which a Local Authority is required to collect on behalf of another organisation.

Liabilities

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

Materiality

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

Market Loans

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

Net Book Value (NBV)

The amount at which non-current assets are included in the balance sheet, i.e., their historical cost or current value less the cumulative amounts provided for depreciation.

Non-domestic rates (NDR)

A levy on businesses collected by billing Authorities, on behalf of the Welsh Government, and paid into an All Wales Pool. The Pool is then redistributed amongst all Welsh Authorities on the basis of population.

Operating Lease

This is a type of lease, usually of computer equipment, office equipment, furniture, etc. where the balance of risks and rewards of holding the asset remains with the lessor. The asset remains the property of the lessor and the lease costs are revenue expenditure to the Authority.

Pension Fund

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

Precept

A demand levied by one public Authority, which is collected on its behalf by another Authority.

Prior Period Adjustments

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

Projected Unit Method (Pensions)

An actuarial method of calculating the liabilities of a pension scheme which allows for projected future increases in pensionable pay up to retirement or date of leaving service

Property, Plant and Equipment (PPE)

Tangible assets (i.e., assets that have physical substance) that are held for use in the production or supply of goods and services, for rental to others, or for administrative purposes, and are expected to be used during more than one year.

Provisions

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

Prudential Code for Capital Finance

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

Prudent Revenue Provision (PRP)

An amount set aside as a provision each year to repay loans taken out to pay for capital expenditure. This has the effect of reducing the Capital Financing Requirement (CFR).

Public Works Loan Board (PWLB)

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

Recharge

An internal charge for services rendered by one Council directorate or section to another.

Related Parties

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

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

Reserves

Reserves are amounts set aside for future use (usable) or required for accounting purposes only (unusable). Reserves may be for a specific purpose in which case they are referred to as 'earmarked reserves' or they may be general reserves (or balances) maintained as a matter of prudence.

Revaluation Reserve

The Reserve records the accumulated gains on the non-current assets held by the Council arising from increases in value as a result of inflation or other factors (to the extent that these gains have not been consumed by subsequent downward movements in value).

Revenue Expenditure funded from Capital under Statute (REFCUS)

Represents expenditure that may properly be capitalised under statutory provisions, but which creates no tangible asset for the Council e.g., house renovation grants to private individuals or revenue expenditure which would normally be charged to the revenue account, but which can be charged to capital following approval by the Welsh Government.

Revenue Support Grant

General government grant in support of local Authority services. It seeks to even out the effects on the council taxpayer of differences in needs between Authorities.

Settlement (Pensions)

An irrevocable action that relieves the employer of the primary responsibility for a pension obligation and eliminates significant risks relating to the obligation and the assets used to effect the settlement.

Surplus Assets

Assets that are not being used to deliver services, but which do not meet the criteria to be classified as either Investment Properties or Assets Held for Sale.

Term Deposits

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

Treasury Management

The process by which the Council controls its cash flow and its borrowing and lending activities.

Trust Funds

Funds held in trust which are administered by the Council.



Cardiff & Vale of Glamorgan
Pension Fund

Draft Statement of Accounts 2022/23

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Narrative Report

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

The Council's responsibilities as manager of the Fund are discharged through the Pensions Committee which has oversight of the Fund's strategies and policies. Operational management of the Fund has been delegated to the Corporate Director Resources. The Local Pension Board assists the Council to secure compliance with the LGPS regulations and the requirements of the Pensions Regulator and to ensure the effective and efficient administration of the scheme. The Pension Committee also continues to be assisted by the Investment Advisory Panel whose membership includes two independent advisors.

The membership of the Fund as at 31 March 23 was 44,229 with 17,660 contributing employees, 12,880 pensioners and 13,689 deferred members.

The value of the Pension Fund's Investment assets as at 31 March 2023 was £2,635 million a decrease of 2.1% compared with the 31 March 2022 valuation of £2,693 million. 2022 was a difficult year for Investment markets globally as market sentiment was impacted by the continuation of the war in Ukraine and increases in Central Bank interest rates in response to increases in inflation. Quarter 1 2023 has seen signs of improvement but as evidenced by recent events with global banks, the investment markets remain volatile. As the Fund only had a limited holding in UK Government Gilts and no Liability Driven Investments (LDI) there was no material impact on the Fund from the September 2022 "liquidity crisis" where falling Gilt prices saw some Pension Funds engage in asset sales to maintain liquidity levels in LDI assets.

The eight LGPS fund authorities in Wales continued to make progress during the year with the development of the Wales Pension Partnership (WPP). The focus during 2022/23 has been on the establishment of WPP Private Market sub-funds as well as the WPP Sustainable Active Equity sub-funds. Investment Fund Managers for the Private Credit, Infrastructure and Private Equity sub-funds have been announced and these should launch in 2023/24. The Sustainable Equity Fund is due to launch in June 2023.

At 31 March 2023 the value of the Fund's assets held in seven WPP sub-funds was 63% of the Fund's total value which increases to 86% of Fund value being pooled if the jointly procured BlackRock fund is included.

During February 2022 the WPP was informed by the Financial Reporting Council (FRC) that it had been successful in its application to remain a signatory to the UK 2020 Stewardship Code. This success demonstrates the commitment of the Welsh LGPS Funds, including this Fund, to Responsible Investment (RI), which will continue to be developed over future years. This Fund has started the work to consider setting its own "Net Zero" target which will continue into 2023/24.

In 2022/23 Aon the Fund Actuary, completed their tri-annual actuarial valuation of the Fund as at 31 March 2022. The results saw a small increase in the funding level to 98%, compared to 96% for the 2019 valuation but with additional prudence included in the 2022 valuation, including a provision for the high inflation presented by the September 2022 Consumer Price Index (CPI). The average Employers Contribution rate for the Fund as a whole was 19.2%, a decrease of 2.3% compared to the equivalent rate in 2019.

Christopher Lee
Corporate Director Resources

Actuarial Statement

Introduction

This statement has been prepared in accordance with Regulation 57(1)(d) of the Local Government Pension Scheme Regulations 2013 (the 'LGPS Regulations').

The LGPS Regulations require that a full actuarial valuation is carried out every third year. The purpose of this is to establish that the Cardiff and Vale of Glamorgan Pension Fund (the 'Fund') is able to meet its liabilities to past and present contributors and to review employer contribution rates. The last full actuarial investigation into the financial position of the Fund was completed as at 31 March 2022 by Aon, in accordance with Regulation 62 of the LGPS Regulations.

Actuarial Position

1. The valuation as at 31 March 2022 showed that the funding level of the Fund had increased since the previous valuation with the market value of the Fund's assets as at 31 March 2022 (of £2,698.9M) covering 98% of the liabilities.
2. The valuation also assessed each individual employer's (or group of employers') position separately. Contribution requirements were determined based on the principles in the Fund's Funding Strategy Statement and are set out in Aon's report dated 31 March 2023 (the "actuarial valuation report"). In addition to the contributions certified, payments to cover additional liabilities arising from early retirements (other than ill-health retirements) will be made to the Fund by the employers.

Total contributions payable by all employers over the three years to 31 March 2026 are estimated to be:

Year from 1 April	% of pensionable pay	Plus total contribution amount (£M)
2023	19.5%	0.932
2024	19.5%	0.962
2025	19.5%	0.994

3. The funding plan adopted in assessing the contributions for each employer is in accordance with the Funding Strategy Statement. Different approaches were adopted in relation to the calculation of the primary contribution rate, stepping of contribution changes and individual employers' recovery periods as agreed with the Administering Authority and reflected in the Funding Strategy Statement, reflecting the employers' circumstances.
4. The valuation was carried out using the projected unit actuarial method for most employers, allowing for future increases in pensionable pay. The main financial actuarial assumptions used for assessing the funding target and the contribution rates were as follows.

Discount rate for periods in service	4.5% p.a.
Discount rate for periods after leaving service	
Scheduled and subsumption body funding target *	4.5% p.a.
Ongoing orphan funding target	1.3% p.a.
Rate of pay increases	3.3% p.a.
Rate of increase to pension accounts **	2.3% p.a.
Rate of increases in pensions in payment ** (in excess of Guaranteed Minimum Pension)	2.3% p.a.

The secure scheduled body discount rate was also used for employers whose liabilities will be subsumed after exit by a scheduled body. ** In addition, a 10% uplift has been applied to the past service liabilities on the scheduled body and subsumption funding target to make allowance for short-term inflation above the long-term assumption.

In addition, the discount rate and rate of increases to pensions for already orphaned liabilities (i.e. where there is no scheme employer responsible for funding those liabilities and the employer has exited the Fund) were assumed to be 1.7% p.a. and 3.4% p.a. respectively.

The assets were valued at market value.

- The key demographic assumption was the allowance made for longevity. The post retirement mortality assumption adopted for the actuarial valuation was in line with standard self-administered pension scheme (SAPS) S3 mortality tables with appropriate scaling factors applied based on an analysis of the Fund's pensioner mortality experience and a Fund membership postcode analysis using Aon's Demographic Horizons™ longevity model, and included an allowance for future improvements based on the 2021 Continuous Mortality Investigation Projections Model, with a long term annual rate of improvement in mortality rates of 1.5% p.a. The resulting average future life expectancies at age 65 (for normal health retirements) were:

	Men	Women
Current pensioners aged 65 at the valuation date	22.5	24.6
Future pensioners aged 45 at the valuation date	23.1	25.7

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

- The valuation results summarised in paragraphs 1 above are based on the financial position and market levels at the valuation date, 31 March 2022. As such the results do not make allowance for changes which have occurred subsequent to the valuation date. The Actuary, in conjunction with the Administering Authority, monitors the funding position on a regular basis.
- The formal actuarial valuation report and the Rates and Adjustments Certificate setting out the employer contribution rates for the period from 1 April 2023 to 31 March 2026 were signed on 31 March 2023. Other than as agreed or otherwise permitted or required by the Regulations, employer contribution rates will be reviewed at the next actuarial valuation of the Fund as at 31 March 2025 in accordance with Regulation 62 of the Local Government Pension Scheme Regulations 2013.
- This Statement has been prepared by the Actuary to the Fund, Aon, for inclusion in the accounts of the Fund. It provides a summary of the results of their actuarial valuation which was carried out as at 31 March 2022. The valuation provides a snapshot of the funding position at the valuation date and is used to assess the future level of contributions required.

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

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

- The report on the actuarial valuation as at 31 March 2022 is available on the Fund's website at the following address:

<https://www.cardiffandvalepensionfund.org.uk/wp-content/uploads/Cardiff-2022-actuarial-valuation-report-FINAL.pdf>

Aon Solutions UK Limited

May 2023

Statement of Responsibilities for the Financial Statements

The Council's responsibilities

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

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In 2022/23 that officer was Christopher Lee, Corporate Director Resources;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- approve the statement of accounts.

**Councillor Bablin Molik
Lord Mayor**

Date:

The Corporate Director Resources responsibilities

The Corporate Director Resources (who holds the statutory post of Section 151 Officer) is responsible for the preparation of the Council's financial statements in accordance with proper practices as set out in the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (the Code).

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

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

The Corporate Director Resources has also:

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

Corporate Director Resources Certificate

The financial statements for the Cardiff and Vale of Glamorgan Pension Fund give a true and fair view of its income and expenditure for the financial year 2022/23 and financial position at 31 March 2023.



**Christopher Lee
Corporate Director Resources**

Date: 16- June -2023

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

This page is intentionally left blank and will be updated upon receipt of the Auditor General's opinion following the audit of the accounts.

Fund Account

2021/22		Note	2022/23
£000			£000
	Dealings with members, employers and others directly involved in the fund		
	Contributions		
(75,155)	From employers	8	(84,513)
(22,307)	From employees	8	(24,885)
0	Group transfers from other schemes or funds		0
(4,577)	Individual transfers from other schemes or funds		(4,364)
(2,603)	Other income (capitalised payments and interest on deficit funding)		(1,264)
(104,642)			(115,026)
	Benefits Payable		
72,694	Pensions	9	76,139
14,745	Lump sums, grants and other payments	9	18,303
	Payments to and on account of leavers		
135	Refunds of contributions		106
0	Group transfers to other schemes or funds		0
5,030	Individual transfers to other schemes or funds		5,416
92,604			99,964
(12,038)	Net (additions)/withdrawals from dealings with members of the Fund		(15,062)
8,295	Management expenses	10	6,586
(3,743)	Net (additions)/withdrawals including fund management expenses		(8,476)
	Returns on Investment		
(26,156)	Investment income	11	(42,484)
(150,846)	Change in market value of investments	12a	110,553
(177,002)	Net returns on investments		68,069
(180,745)	Net (increase)/decrease in the Fund during year		59,593
(2,518,137)	Opening net assets of the scheme		(2,698,882)
(2,698,882)	Closing net assets of the scheme		(2,639,289)

Net Assets Statement

2021/22		Note	2022/23
£000			£000
2,620,864	Investments at market value	12	2,547,762
72,253	Cash (including derivatives) and investment proceeds due	12	87,646
2,693,117	Total investments		2,635,408
74	UK & overseas tax		76
5,509	Contributions due from employers and deficit funding		3,369
327	Sundry debtors		809
1,153	Pension strain costs due within one year		1,772
7,063	Total current assets		6,026
68	Deficit funding (former employers)		491
1,296	Pension strain costs due after one year		0
1,364	Total non-current assets		491
(69)	Unpaid benefits		(591)
(1,478)	Sundry creditors		(905)
(217)	Provision - death grants	20	(490)
(1,764)	Total current liabilities		(1,986)
(898)	Provision - death grants	20	(650)
(898)	Total non-current liabilities		(650)
2,698,882	Net assets of the scheme		2,639,289

Notes to the Accounts

1. Description of Fund

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

General

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

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

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

Membership

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

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

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

Funding

Benefits are funded by contributions and investment earnings. Contributions are made by active members of the fund in accordance with the Local Government Pension Scheme Regulations 2013 and ranged from 5.5% to 12.5% of pensionable pay for the financial year ending 31 March 2023. Employers' contributions are set based on triennial actuarial funding valuations. The last such valuation was at 31 March 2022. Currently, employer contribution rates range from 16.3% to 38.9% of pensionable pay with effect from 1st April 2023.

Benefits

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

2. Basis of Preparation

The Statement of Accounts summarises the funds transactions for the 2022/23 financial year and its financial position at 31 March 2023. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector.

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

The accounts have been prepared on a going concern basis.

3. Significant Accounting Policies

Accounting standards that have been issued but not yet adopted

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

Income and Expenditure

Calls and distributions from private equity are recognised at the date of issue.

Income earned within some of the pooled investments is retained by the fund manager as part of the capital assets of the fund and reflected in the higher unit price. For all other pooled investments the income is reinvested as a purchase of additional units in the fund.

Investment management expenses are recognised in year and are not included in, or netted off from, the reported return on investment.

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

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

Acquisition costs of Investments

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

Valuation of Investments

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

Cash and Cash Equivalents

Cash is represented by cash in hand, the net balance on all of the Council's bank accounts. It includes deposits with financial institutions, including investment managers and the custodian, that are repayable

on notice of not more than 24 hours without significant penalty. It also includes investments maturing and interest received on the first working day of April.

Foreign Currency Transactions

Where investment valuations are received from fund managers in foreign currencies, they are converted at the Bank of England closing spot rate at the date of valuation.

Taxation

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

4. Critical judgements in applying accounting policies

Unquoted private equity investments

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

Pension fund liability

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

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

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

Item	Uncertainties	Effect if actual results differ from assumptions
Actual present value of promised retirement benefits	Estimations of the liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries increase, changes in mortality rates and expected returns on pension fund assets. The actuary provides the fund with advice regarding the assumptions to be used.	The effects on the net pension liability of changes in individual assumptions can be measured. For instance, an increase in the discount rate assumption would result in a decrease in the pension liability. An increase in assumed earnings inflation or assumed life expectancy would increase the value of the liabilities.

Private Equity Valuations	Private equity investments are valued at fair value in accordance with international accounting standards. These investments are not publicly listed and as such there is a degree of estimation involved in the valuation.	The total private equity investments in the financial statements are £109 million. There is a risk that this investment may be under, or overstated in the accounts. Further information is provided on the sensitivity of these assets within the accounts.
Pooled Property Funds	Valuation techniques are used to determine the carrying amount of pooled property funds.	The total pooled property fund investments in the financial statements are £184 million. Changes in the valuation assumptions used, together with significant changes in rental growth could affect (increase or decrease) the fair value of property-based investments. Further information is provided on the sensitivity of these assets within the accounts.

6. Titles of Ownership

Evidences of ownership for the property unit trusts (excluding Blackrock which is held by The Northern Trust Company) and private equity holdings are held by Cardiff Council. All other evidences of ownership were held at 31 March 2023 by The Northern Trust Company for the benefit of the Council and the WPP. Statements of holdings have been provided by Northern Trust.

7. Membership

Fund membership at 31 March 2023 is as follows:

2021/22		2022/23
44	Contributing employers	40
44	Total contributing employers	40
16,876	Contributors	17,660
12,515	Pensioners	12,880
13,515	Deferred pensioners	13,689
42,906	Total membership	44,229

In addition to the above, there are also members who at year end were not yet categorised as to whether they would be deferring their pension, transferring it to another scheme or requesting a refund of their contributions and accordingly are not actively contributing to the Pension Fund. The number of members not yet categorised at 31 March 2023 was 9,215 (7,269 for March 2022).

8. Employing Bodies – Contributions

2022/23	No. of contributors at 31/03/2023	Employers	Deficit Funding Received	Total Employers	Employees	Total
		£000	£000	£000	£000	£000
Administering Body:						
Cardiff Council	10,808	(50,319)	0	(50,319)	(15,326)	(65,645)
Scheduled Bodies:						
Vale of Glamorgan Council	4,290	(17,284)	0	(17,284)	(5,077)	(22,361)
Town and Community Councils	60	(283)	0	(283)	(91)	(374)
Education Bodies	1,704	(8,205)	0	(8,205)	(3,097)	(11,302)
Other Scheduled Bodies	6	(44)	0	(44)	(15)	(59)
Admitted Bodies:						
Admitted Bodies	792	(5,276)	(3,102)	(8,378)	(1,279)	(9,657)
Total	17,660	(81,411)	(3,102)	(84,513)	(24,885)	(109,398)

2021/22	No. of contributors at 31/03/2022	Employers	Deficit Funding Received	Total Employers	Employees	Total
		£000	£000	£000	£000	£000
Administering Body:						
Cardiff Council	10,472	(45,067)	0	(45,067)	(13,617)	(58,684)
Scheduled Bodies:						
Vale of Glamorgan Council	4,052	(15,421)	0	(15,421)	(4,570)	(19,991)
Town and Community Councils	58	(247)	0	(247)	(76)	(323)
Education Bodies	1,476	(7,459)	0	(7,459)	(2,809)	(10,268)
Other Scheduled Bodies	6	(41)	0	(41)	(14)	(55)
Admitted Bodies:						
Admitted Bodies	812	(4,966)	(1,954)	(6,920)	(1,221)	(8,141)
Total	16,876	(73,201)	(1,954)	(75,155)	(22,307)	(97,462)

Additional deficit funding

There has been no further deficit funding agreed in 2022/23 in addition to that agreed in previous years (no additional deficit funding in 2021/22).

9. Employing Bodies - Benefits Payable

2022/23	Retirement Pensions	Lump Sums, Grants and Other Payments		
		Lump Sums on Retirement	Death Grants	Commutation Payments
	£000	£000	£000	£000
Administering Body:				
Cardiff Council	48,125	8,608	1,603	530
Scheduled Bodies:				
Vale of Glamorgan Council	15,009	3,781	1,487	145
Town and Community Councils	221	63	0	0
Education Bodies	3,808	913	159	94
Other Scheduled Bodies	2,639	12	0	0
Admitted Bodies:				
Admitted Bodies	6,337	818	89	1
Total	76,139	14,195	3,338	770

2021/22	Retirement Pensions	Lump Sums, Grants and Other Payments		
		Lump Sums on Retirement	Death Grants	Commutation Payments
	£000	£000	£000	£000
Administering Body:				
Cardiff Council	46,093	7,156	1,882	414
Scheduled Bodies:				
Vale of Glamorgan Council	14,149	2,326	348	119
Town and Community Councils	240	0	0	0
Education Bodies	3,522	613	308	23
Other Scheduled Bodies	2,633	128	47	0
Admitted Bodies:				
Admitted Bodies	6,057	1,175	154	52
Total	72,694	11,398	2,739	608

10. Management Expenses

2021/22		2022/23
£000		£000
1,730	Administration costs	1,370
73	Audit fees	43
1,803	Total administration costs	1,413
430	Equities *	0
199	WPP Credit Fund	171
139	WPP Emerging Markets Fund	124
661	WPP Global Growth Fund	758
529	WPP Global Opportunities Fund	424
241	WPP Government Bond Fund	222
124	WPP Multi Asset Credit Fund	108
155	WPP UK Equity Fund	150
944	Equity pooled fund *	53
179	Pooled property investments	1,473
2,354	Private equity **	1,172
5,955	Total management fees	4,655
272	Custody fees	321
6,227	Total investment management expenses	4,976
265	Oversight and governance costs	197
8,295	Total	6,586

*2022/23 reduction in equities and equities pooled fund due to transfers to WPP in 2021/22

**2021/22 Private equity includes third party fees totalling £0.739 million which should not have been included in this table but were included within adjustments feeding through Note 12a, the Change in Market Value. The equivalent value correctly excluded for 2022/23 was £0.337 million.

2021/22	WPP Management Expenses	2022/23
£000		£000
163	Fund manager fees	833
1,550	Transaction costs	1,124
335	Transition costs	0
231	Custody fees	297
2,279	Total WPP investment management expenses	2,254
135	Host authority costs	158
135	Total WPP oversight and governance costs	158
2,414	Total	2,412

Included in Management Expenses in the first table of this note is the cost of the Fund's involvement in the Wales Pension Partnership (WPP) collective investment pooling arrangement. These are further analysed in the table above. The Oversight and Governance costs are the annual running costs of the pool which are made up of the host authority costs including other external advisor costs. These costs are funded equally by all eight of the local authority pension funds in Wales. Fund Management Fees are payable to Link Fund Solutions (the WPP operator) and include the operator fee and other associated costs. These costs are based on each Fund's percentage share of WPP pooled assets and are deducted from the Net Asset Value (NAV). Underlying manager fees are not included in this table.

11. Investment Income

2021/22		2022/23
£000		£000
0	Private Equity Funds	(224)
(2,428)	Global Equities *	0
(22,148)	Pooled Investments *	(37,153)
(1,177)	Pooled Property Unit Trust Income	(3,027)
(200)	Interest on UK cash	(1,865)
(203)	Securities lending	(215)
(26,156)	Total	(42,484)

*Movement between categories during 2021/22 due to transition to WPP investments

Link Asset Services paid distributions in respect of the income earned since inception on all Wales Pension partnership sub-funds in which the Fund invests. This was automatically reinvested into the pooled funds to increase the market value of our holding. Income is only distributed when there is a sufficient amount to do so but will always be automatically reinvested after the deduction of any costs.

12. Investments at Market Value

2021/22		2022/23
£000		£000
216,400	WPP Credit Fund	198,116
115,003	WPP Emerging Markets	110,799
211,609	WPP Global Growth	209,723
530,428	WPP Global Opportunities	531,513
243,194	WPP Government Bond Fund	230,817
150,309	WPP Multi Asset Credit Fund	140,935
232,958	WPP UK Equity Fund	242,488
1,699,901	Total WPP pooled funds	1,664,391
616,030	Equity pooled	590,795
2,315,931	Total pooled funds (incl WPP)	2,255,186
201,606	Pooled property investments	183,538
103,327	Private equity	109,038
2,620,864	Subtotal	2,547,762
2,194	Fund manager's cash	5,115
70,059	Internal/custodian cash	82,531
0	Net investment proceeds due	0
72,253	Total cash	87,646
2,693,117	Total investment assets	2,635,408

12a. Reconciliation in movement in investments

2022/23	Value at 31/03/22	Purchase at cost	Sale proceeds	Change in market value	Value at 31/03/23
	£000	£000	£000	£000	£000
Pooled funds	2,315,931	37,152	0	(97,897)	2,255,186
Pooled property unit trusts	201,606	2,691	0	(20,759)	183,538
Private equity	103,327	15,038	(13,359)	4,032	109,038
Sub-total	2,620,864	54,881	(13,359)	(114,624)	2,547,762
Managers' cash	2,194				5,115
Internal/custodian cash	70,059				82,531
Debtors	0				0
Total cash	72,253				87,646
Sub-total	2,693,117			(114,624)	2,635,408
Net realised movement in cash				4,071	
Total	2,693,117			(110,553)	2,635,408

2021/22	Value at 31/03/21	Purchase at cost	Sale proceeds	Change in market value	Value at 31/03/22
	£000	£000	£000	£000	£000
Equities	238,549	2,242	(249,929)	9,138	0
Pooled funds	1,968,796	1,159,234	(892,119)	80,020	2,315,931
Pooled property unit trusts	166,559	904	0	34,143	201,606
Private equity	90,669	8,971	(24,436)	28,122	103,327
Sub-total	2,464,573	1,171,351	(1,166,484)	151,423	2,620,864
Managers' cash	5,372				2,194
Internal/custodian cash	39,563				70,059
Debtors	567				0
Total cash	45,502				72,253
Sub-total	2,510,075			151,423	2,693,117
Net realised movement in cash				(577)	
Total	2,510,075			150,846	2,693,117

13. Summary of manager's portfolio values

2021/22		Fund Manager	2022/23	
£000	% of Fund		£000	% of Fund
616,030	22.9	Blackrock Investment Management	590,795	22.4
1,699,901	63.1	Wales Pension Partnership (WPP)	1,664,391	63.2
65,292	2.4	CBRE - Global Property	70,052	2.7
30,711	1.1	Blackrock - BPF - UK Property	25,921	1.0
34,922	1.3	Schroder UK Real Estate	29,270	1.1
39,249	1.5	Standard Life Property	31,429	1.2
31,433	1.2	UBS Triton Property Fund	26,866	1.0
21,908	0.8	Capital Dynamics	20,559	0.8
34,499	1.3	Harbourvest	33,278	1.3
46,920	1.7	Pantheon	55,201	2.1
5,088	0.2	Cash with custodian	5,115	0.2
67,164	2.5	Internally managed (Cash)	82,531	3.0
2,693,117	100.0	Total	2,635,408	100.00

13a. Investments exceeding 5% of net assets

The following investments represent more than 5% of the net assets available to pay benefits (in either 2021/22, 2022/23 or both years).

2021/22		Fund Manager	2022/23	
£000	% of net assets		£000	% of net assets
616,030	22.8	BlackRock Low Carbon Tracker Fund	590,795	22.4
216,400	8.0	WPP Credit Fund	198,116	7.5
211,609	7.8	WPP Global Growth	209,723	7.9
530,428	19.7	WPP Global Opportunities	531,513	20.1
243,194	9.0	WPP Government Bond Fund	230,817	8.7
150,309	5.6	WPP Multi Asset Credit Fund	140,935	5.3
232,958	8.6	WPP UK Opportunities	242,488	9.2

14. Financial Instruments

14a. Classification of financial instruments

Value at 31/03/22				Value at 31/03/23		
Fair value through profit and loss	Amortised Cost	Financial liabilities at amortised costs		Fair value through profit and loss	Amortised Cost	Financial liabilities at amortised costs
£000	£000	£000		£000	£000	£000
2,315,931	0	0	Pooled funds	2,255,186	0	0
201,606	0	0	Pooled property trusts	183,538	0	0
103,327	0	0	Private equity	109,038	0	0
0	0	0	Derivatives	0	0	0
0	72,253	0	Cash	0	87,646	0
0	8,427	0	Debtors	0	6,517	0
2,620,864	80,680	0	Total financial assets	2,547,762	94,163	0
0	0	(1,547)	Creditors	0	0	(1,496)
0	0	(1,547)	Total financial liabilities	0	0	(1,496)
2,620,864	80,680	(1,547)	Net financial assets	2,547,762	94,163	(1,496)

Value at 31/03/22				Value at 31/03/23		
Fair value through profit and loss	Amortised Cost	Financial liabilities at amortised costs		Fair value through profit and loss	Amortised Cost	Financial liabilities at amortised costs
£000	£000	£000		£000	£000	£000
2,315,931	0	0	Pooled funds	2,255,186	0	0
201,606	0	0	Pooled property trusts	183,538	0	0
103,327	0	0	Private equity	109,038	0	0
0	0	0	Derivatives	0	0	0
0	72,253	0	Cash	0	87,646	0
0	8,427	0	Debtors	0	6,517	0
2,620,864	80,680	0	Total financial assets	2,547,762	94,163	0
0	0	(1,547)	Creditors	0	0	(1,496)
0	0	(1,547)	Total financial liabilities	0	0	(1,496)
2,620,864	80,680	(1,547)	Net financial assets	2,547,762	94,163	(1,496)

14b. Net gains and losses on financial instruments

31/03/22		31/03/23
£000		£000
150,233	Fair value through profit and loss	(110,604)
150,233	Total financial assets	(110,604)
613	Amortised cost	51
613	Total financial liabilities	51
150,846	Net financial assets	(110,553)

14c. Fair Value – Basis of Valuation

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

14d. Fair Value Hierarchy

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

Value at 31/03/23	Quoted market price	Using observable inputs	With significant unobservable inputs	Total
	Level 1	Level 2	Level 3	
	£000	£000	£000	£000
Financial assets at fair value	0	2,255,186	292,576	2,547,762
Amortised Cost	94,163	0	0	94,163
Total financial assets	94,163	2,255,186	292,576	2,641,925
Financial liabilities at amortised cost	(1,496)	0	0	(1,496)
Total financial liabilities	(1,496)	0	0	(1,496)
Net financial assets	92,667	2,255,186	292,576	2,640,429

Value at 31/03/22	Quoted market price	Using observable inputs	With significant unobservable inputs	Total
	Level 1	Level 2	Level 3	
	£000	£000	£000	£000
Financial assets at fair value	0	2,315,931	304,933	2,620,864
Loans and receivables	80,680	0	0	80,680
Total financial assets	80,680	2,315,931	304,933	2,701,544
Financial liabilities at amortised cost	(1,547)	0	0	(1,547)
Total financial liabilities	(1,547)	0	0	(1,547)
Net financial assets	79,133	2,315,931	304,933	2,699,997

Reconciliation of fair value measurements within Level 3

2022/23	Market Value at 31/03/22	Transfers into level 3	Transfers out of level 3	Purchases	Sales	Unrealised gains/(losses)	Realised gains/(losses)	Market Value at 31/03/23
	£000	£000	£000	£000	£000	£000	£000	£000
Private equity	103,327	0	0	15,038	(13,359)	4,032	0	109,038
Pooled property unit trusts	201,606	0	0	2,691	0	(20,759)	0	183,538
Total	304,933	0	0	17,729	(13,359)	(16,727)	0	292,576

14e. Sensitivity of Assets Valued at Level 3

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

	Assessed valuation range	Value at 31/03/23	Value on increase	Value on decrease
	(%)	£000	£000	£000
Private Equity	10.8	109,038	120,814	97,262
Pooled Property Trusts	4.9	183,538	192,531	174,545
Total		292,576	313,345	271,807

15. Nature and extent of risks arising from financial instruments

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

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

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

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

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

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

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

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

Asset Type	Carrying Amount as at 31/03/23	Change to the net assets available to pay benefits	
		+ 100bps	- 100bps
	£000	£000	£000
Cash and cash equivalents	87,646	876	(876)
Total	87,646	876	(876)

Asset Type	Carrying Amount as at 31/03/22	Change to the net assets available to pay benefits	
		+ 100bps	- 100bps
	£000	£000	£000
Cash and cash equivalents	72,253	723	(723)
Total	72,253	723	(723)

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

Following analysis of historical data and consulted with independent investment advisors Pensions and Investments Research Consultants Ltd (PIRC), the fund's aggregate currency change has been calculated as 6.30%. An 6.30% strengthening/weakening of the pound against the various currencies in which the fund holds investments would increase/decrease the net assets available to pay benefits as follows:

Currency exposure – asset type	Asset Value as at 31/03/23	Change to net assets available to pay benefits	
		+ 6.30%	- 6.30%
	£000	£000	£000
Overseas pooled funds *	2,012,698	126,800	(126,800)
Overseas pooled property	70,052	4,413	(4,413)
Total change in assets available	2,082,750	131,213	(131,213)

Currency exposure – asset type	Asset Value as at 31/03/22	Change to net assets available to pay benefits	
		+ 7.30%	- 7.30%
	£000	£000	£000
Overseas pooled funds *	1,473,070	107,534	(107,534)
Overseas pooled property	65,292	4,766	(4,766)
Total change in assets available	1,538,362	112,300	(112,300)

*Changes due to transition to WPP in 2021/22 resulted in reclassification of investments

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

Potential price changes are determined based on the observed historical volatility of asset class returns. The potential volatilities are consistent with movement in the change in value of assets over the last three years, applied to the period end asset mix. The total volatility shown below for total assets incorporates

the impact of correlation across currencies, which dampens volatility, therefore the value on increase and value on decrease figures for the currencies will not sum to the total figure.

Asset type	Value at 31/03/23	Percentage change	Value on increase	Value on Decrease
	£000	%	£000	£000
UK Equities	242,488	15.00	278,861	206,115
Global Equities	1,332,031	12.70	1,501,199	1,162,863
Emerging Market Equities	110,799	15.30	127,751	93,847
Fixed Interest	569,868	6.20	605,200	534,536
Cash and Cash Equivalents	87,646	1.30	88,785	86,507
Private Equity	109,038	13.10	123,322	94,754
Property	183,538	7.10	196,569	170,507
Total Assets	2,635,408		2,921,687	2,349,129

Asset type *	Value at 31/03/22	Percentage change	Value on increase	Value on Decrease
	£000	%	£000	£000
UK Equities	232,958	18.30	275,589	190,327
Global Equities	1,358,067	14.90	1,560,419	1,155,715
Emerging Market Equities	115,003	14.90	132,138	97,868
Fixed Interest	609,903	14.90	700,779	519,027
Cash and Cash Equivalents	72,253	1.30	73,192	71,314
Private Equity	103,327	10.80	114,486	92,168
Property	201,606	4.90	211,485	191,727
Total Assets	2,693,117		3,068,088	2,318,146

*2021/22 figures have been restated in line with 2022/23 presentation, providing a more detailed breakdown.

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

The Pension Fund's bank account is held with NatWest. Surplus cash is placed with a selection of AAA Money Market institutions. The Fund's internally managed cash holding under its treasury management arrangements is held with the following institutions:

	Fitch Rating	31/03/22	31/03/23
		£000	£000
Money market funds			
Aberdeen Standard Liquidity - Sterling Fund	AAA	20,350	31,428
Blackrock ICS Sterling Liquidity Fund	AAA	22,830	29,270
Deutsche Global Liquidity - Sterling Fund	AAA	21,840	26,866
Bank current account			
NatWest	A	2,144	29,854
Total		67,164	117,418

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

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

16. Actuarial Present Value of Promised Retirement Benefits

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

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

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

31/03/2019		31/03/2022
£000		£000
3,168	Actuarial Present Value of Promised Retirement Benefits	3,894
2,178	Fair value of net assets	2,699

The estimated future Pension Fund liabilities will also be subject to the consideration of the McCloud judgement and GMP equalisation. The impact has been considered by the actuary within the 2022 triennial valuation (see Actuarial Statement on pages 3-6 of this document).

17. Additional Voluntary Contributions (AVC)

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

2021/22		2022/23
£000		£000
643	AVC paid in by members during the year	*
6,003	Market Value of separately invested AVC's	*

**Information has not been received from all the Fund's AVC providers, but the Fund has been informed that this information will be provided prior to completion of the audited accounts.*

18. Contractual Commitments

As of 31 March 2023 the Fund had outstanding private equity commitments of a maximum of £65.536 million (£78.086 million at 31 March 2022) and a new commitment of £10 million for WPP Clean Energy Infrastructure.

19. Securities Lending

At the year end the value of quoted equities on loan was £89.982 million (£94.992 million at 31 March 2022). In 2022/23 the Fund received income of £215,000 from the lending of stock (£203,000 in 2021/22).

20. Provisions and Contingent Liabilities

A number of death grants have been identified where the Fund has been unable to trace the next of kin meaning no payment has been made to date. In all the outstanding cases, there has been difficulty in making contact, meaning that the payments are not likely to be settled within the next financial year. Due to the uncertainty surrounding the timing of these payments and final amounts payable, a provision for £1.140 million has been included in the accounts (£1.115 million in 2021/22), which consists of £490,000 short term (£217,000 in 2021/22), £508,000 long term and £142,000 of estimated interest (£742,000 long term and £156,000 of estimated interest in 2021/22).

The Guaranteed Minimum Pension (GMP) reconciliation is the process used to ensure the scheme records agree with those of the National Insurance Contribution Office (NICO, part of HMRC). This enables a scheme to consider its data as clean and entirely reliable. GMP rectification involves calculating and correcting data (and for pensioners, benefits in payment) for those members where the GMP reconciliation process resulted in a change in the GMP held by the scheme administrator. The GMP reconciliation is currently being progressed and the Fund has appointed Mercer to carry out this exercise, we are therefore unable to provide a reliable estimate of the liability at present.

21. Related Party Transactions

Cardiff Council is the administering authority for Cardiff & Vale of Glamorgan Pension Fund. The Pensions Committee includes members of the Council. At 31 March 2023 there was one member of the Pension Fund Committee that was an active member of the Pension Fund. Each member of the pension fund committee is required to declare their interests at each meeting. No other declarations were made during the year.

Examples of related party transactions with the Council are:

- The Council is the largest employer of members of the pension fund. All monies owing to and due from the fund are generally paid in year with the following balances outstanding at year end
- Intercompany cash balance £776 owed to Cardiff and Vale of Glamorgan Pension Fund included in Note 12 Internal/custodian cash (2021/22 £1.928 million owed to Cardiff Council)
 - Pension strain of £2.231 million included in the Fund Account - Other Income (2021/22 £2.331 million)
- Cash invested internally by the Council (for working capital purposes) – see Note 13 Summary of manager's portfolio values – Internally managed (Cash) £82.530 million (2021/22 £67.164 million), earning interest of £1.686 million (2021/22 £0.020 million)

- Administration expenses charged to the Fund by the Council are included in Note 10 Management Expenses. During the reporting period, the council incurred costs of £1.053 million (2021/22 £0.950 million) in relation to the administration and management of the fund and was reimbursed by the fund for these expenses.
- Paragraph 3.9.4.4 of the Code of Practice exempts Local Authorities from the key management personnel disclosure requirements of IAS24 on the basis that requirements for officer remuneration and members' allowances are detailed in section 3.4 of the Code. Total remuneration for Chris Lee Corporate Director of Resources can be found in the Cardiff Council Statement of Accounts Remuneration Note.
- The Cardiff and Vale of Glamorgan Pension Fund have invested £1,664 million in funds within WPP. The Cabinet Member for Finance, Modernisation & Performance represents the Fund on the WPP Joint Governance Committee by virtue of being Chair of the Cardiff and Vale of Glamorgan Pension Committee.

In addition to the related parties, the Pensions Board provide advisory support to the Pensions Committee. Three members of the Pension Fund Committee are also members of the advisory Investment Panel alongside two independent advisors who are not members of the Cardiff and Vale of Glamorgan Pension Fund or receiving pensions benefits from it. The Pensions Board includes representatives from participating employers and employees including two officers from Cardiff Council. Four members of the Pension Fund Board are active members of the Pension Fund and one member on the Pension Fund Board is in receipt of pension fund benefits from the Cardiff and Vale of Glamorgan Pension Fund.

22. Contributing Employers

The active contributing employers as at 31 March 2023, highlighting changes since 31 March 2022 are detailed below:

Administering Body	
Cardiff Council	
Scheduled Bodies	
Councils	Town and Community Councils
Vale of Glamorgan Council	Barry Town Council
Education Bodies	Cowbridge Town Council
Cardiff And Vale College	Lisvane Community Council
Cardiff Metropolitan University	Llantwit Major Council
St David's Sixth Form College	Penarth Town Council
Stanwell Comprehensive	Penllyn Community Council
Other Scheduled Bodies	Pentyrch Community Council
Cardiff Bus	Peterston Super Ely Community Council**
	Radyr & Morganstown Community Council
	St Fagans Community Council
	Wenvoe Community Council*
Admitted Bodies	
A and R Cleaning Lansdowne	Glen Cleaning (Barry Comprehensive)
A and R Cleaning Whitchurch	Glen Cleaning (Eastern High)*
Adult Learning Wales	Glen Cleaning (Llandough)*
Big Fresh Cleaning	Greenwich Leisure Limited (GLL)
Cardiff Business Technology Centre	Grangetown Primary Cleaning (APP)
Cardiff University	Legacy Leisure**
Careers Wales (Cardiff And Vale)	Mirus Wales
Children In Wales	National Trust (Dyffryn)*
Circle IT (Cowbridge Comprehensive)*	New Theatre
Circle IT (Eastern High)*	One Voice Wales
Clever Chefs AQS	Play Wales
Colegau Cymru - Colleges Wales	Sports Council for Wales
Design Commission For Wales	St Teilo's Cleaning (APP)
Ecommercial*	Wales Council For Voluntary Action
Eisteddfod Genedlaethol Cymru	

* Employers contributing to the Fund in 2021/22 that were not contributing to the Fund in 2022/23.

** Employers contributing to the Fund in 2022/23 that were not contributing to the Fund in 2021/22.

23. Events after the Reporting Period

There are no events after the reporting period to report.

24. Date of Authorisation of the Accounts for Issue

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

Glossary

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

Accruals Basis

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

Active / Passive Management

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

Actuary

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

Actuarial Gains and Losses

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

Active Member

Current employee who is contributing to a pension scheme.

Admitted Body

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

Asset Allocation

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

Benchmark

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

Bonds

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

Cash and Cash Equivalents

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

Chartered Institute of Public Finance & Accountancy (CIPFA)

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

Contingent Liabilities or Assets

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

Creditors

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

Custodian

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

Debtors

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

Deferred Pensioner

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

Defined Benefit Scheme (Pensions)

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

Defined Contribution Scheme (Pensions)

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

Emerging Markets

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

Employer Contribution Rates

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

Equities

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

Fair Value

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

Financial Assets

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

Financial Instruments

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

Financial Liabilities

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

Fixed Interest Securities/Bonds

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

Fund Manager

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

Fund of Funds

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

Impairment

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

Index

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

ISS

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

Liabilities

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

LGPS

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

Materiality

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

Pension Fund

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

Pensioner

A scheme member who received a pension from the Fund.

Pooled Funds

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

Portfolio

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

Prior Period Adjustments

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

Private Equity

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

Provisions

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

Related Parties

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

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

Return

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

Scheme Employers

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

Scheduled Body

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

Unit Trust

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

Unrealised Gains / Losses

The increase or decrease in the market value of investments held by the fund since the date of their purchase. Note: values throughout these accounts are presented rounded to whole numbers.

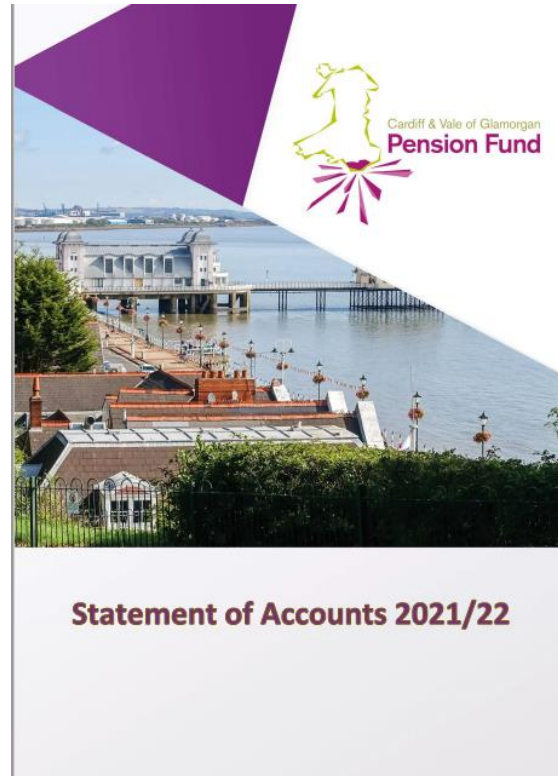
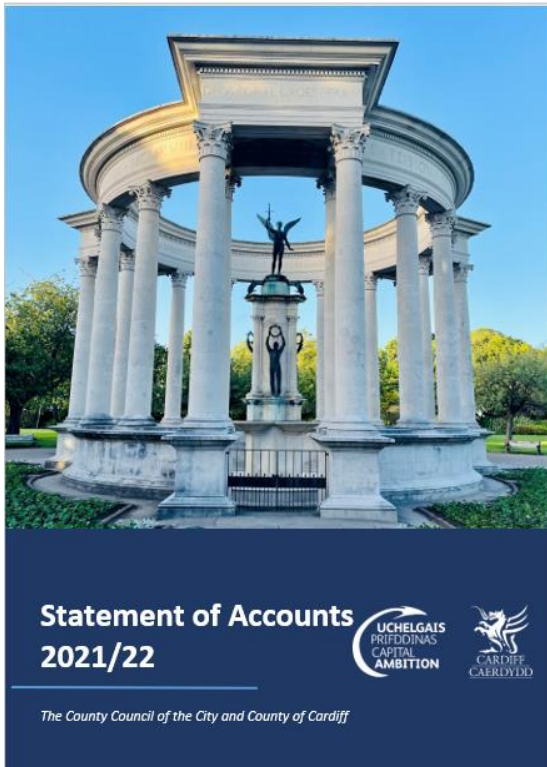
Introduction to the Financial Statements



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What is the Statement of Accounts?



The Statement of Accounts should answer the following questions:

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

Why are the Statements important?

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

The core financial statements

1. Comprehensive Income & Expenditure Statement

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

2. Movement in Reserves Statement

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

- Usable Reserves (can be spent) - resulting from the authority's activities
- Unusable Reserves (cannot be spent) - deriving purely from accounting entries & statutory requirements

3. Balance Sheet

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

4. Cash Flow Statement

Shows the changes in cash and cash equivalents of the authority

Disclosure Notes

The Statement of Accounts also contains:

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

Supplementary statements

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

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

Governance and Assurance Process

Governance Arrangements	
Prepared in accordance with Accounting Standards	Prepared in accordance CIPFA Code of Practice
Public display of accounts and questions of auditor	Reviewed by Governance & Audit Committee / Signed by S151 / Approved by Council
Prepared in line with CIPFA disclosure checklist and toolkits	Subject to an external audit
Prepared in accordance with Accounts and Audit Regulations (Wales)	Produced by a team with strong, technical accounting expertise
Published in Welsh and English	Completed in line with statutory deadlines

External audit of the financial statements

Audit Wales Role re Financial Statements

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

Concept of Materiality

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



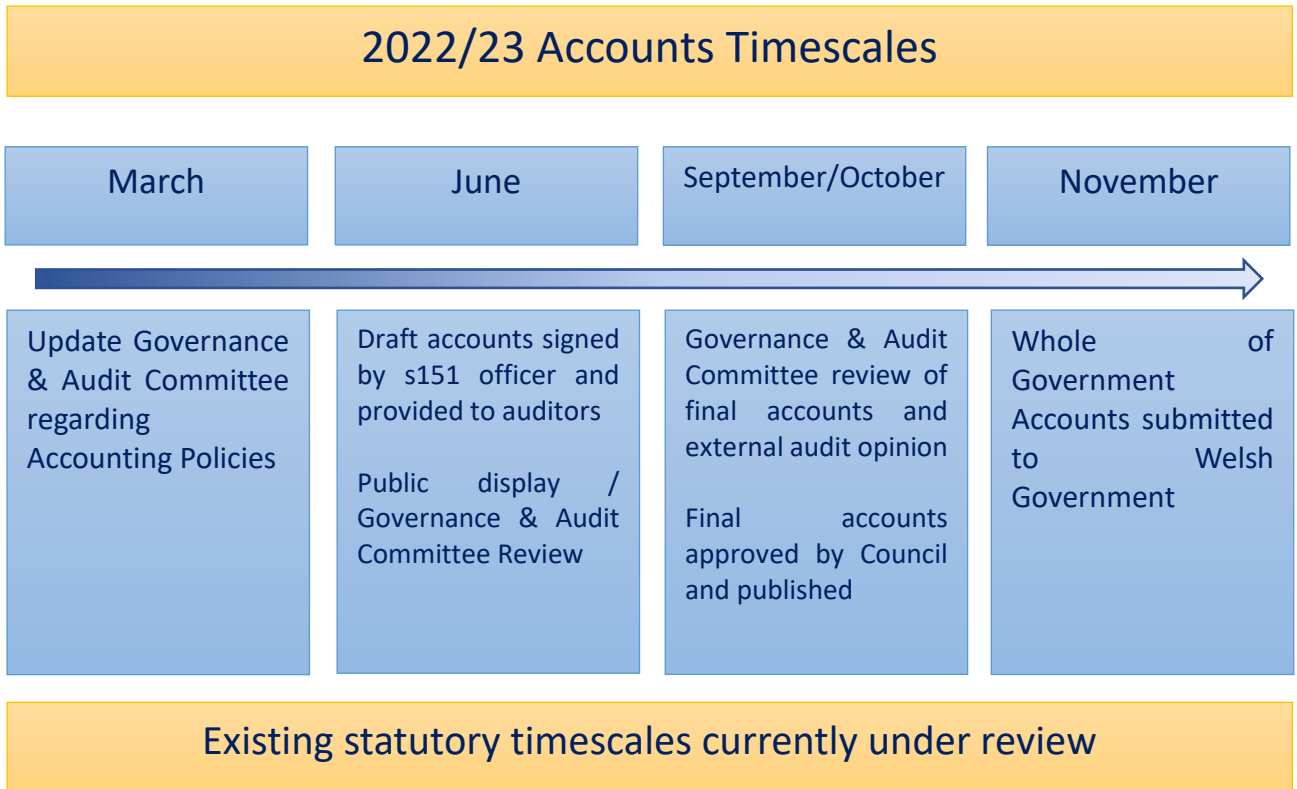
Audit of Financial Statements Report

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

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

Council approves the final audited Statement of Accounts

Timetable



Potential questions

to support review of public reporting and accountability

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

Where to find further information

- CIPFA Guide to Understanding Local Authority Financial Statements
- Role of Auditor General / Audit Wales – Member introduction slides
- Published Statement of Accounts - [website](#)

understanding local authority financial statements

2016

\ introduction

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

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

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

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

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

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

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

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

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

comparisons with budgets

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

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

The introduction of the new expenditure and funding analysis

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

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

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

The Expenditure and Funding Analysis:

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

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

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

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

Expenditure and Funding Analysis (extract)

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

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

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

comprehensive income and expenditure statement

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

Comprehensive Income and Expenditure Statement (extract)

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

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

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

Operational costs of providing the services of the authority.

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

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

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

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

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

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

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

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

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

movement in reserves statement

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

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

The Movement in Reserves Statement shows how:

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

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

Movement in Reserves Statement (extract)

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

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

* Capital Fund Scotland

** Applicable in England Only

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

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

balance sheet

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

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

Balance sheet (extract)

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

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

\ reserves

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

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

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

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

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

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

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

cash flows

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

Cash Flow Statement (extract)

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

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

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

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

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

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

Checklist

13	Does the Total Comprehensive Income and Expenditure line in the Movement in Reserves Statement agree with the information in the Comprehensive Income and Expenditure Statement?
14	How have the balances of usable reserves moved during the year? Are these balances sufficient to support an authority's financial plans in the immediate future and over the medium term?

Balance Sheet

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

Cash Flow Statement

23	Do the cash balances in the cash flow statement agree with the relevant balances in the balance sheet?
24	Are the council's cash balances reflected adequately in the council's treasury management strategies?

reminders and questions raised on the IFRS-based code

IFRS – what is it?

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

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

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

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

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

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

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

The accounts are too long!

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

What changes were made to the 2016/17 Code?

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

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

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

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

further reading

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

Clear out the Clutter (Public Finance, April 2014)

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

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

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



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GOVERNANCE & AUDIT COMMITTEE: 11 July 2023

INTERNAL AUDIT ANNUAL REPORT 2022/23**REPORT OF THE AUDIT MANAGER****AGENDA ITEM: 9.1**

Reason for this Report

1. The Terms of Reference of the Governance and Audit Committee requires that Members consider the Audit Manager's annual report including:
 - The opinion on the adequacy and effectiveness of the Council's framework of governance, risk management and control together with a summary of the work supporting the opinion.
 - The statement of the level of conformance with the PSIAS and LGAN and the results of the QAIP that support the statement.

Background

2. The Audit Plan 2022/23 was approved by the Governance and Audit Committee on 15 March 2022, after consideration and agreement with the Council's Senior Management Team. The Plan provided the framework for audit work aligned to the Council's corporate governance arrangements, whilst also being responsive to any changes to the risks faced by the Council during the year. Each year the Plan is mapped to business objectives, and key systems, whilst being informed by risk, governance, and assurance assessments.
3. During the year, the Committee has received detailed progress reports outlining the work and progress against the Audit Plan, as well as the key findings, trends and risk-based changes to planned work. The Committee has also received assurance from the Audit Manager throughout 2022/23 on ongoing organisational independence, and continued conformance with the Public Sector Internal Audit Standards (PSIAS). This was validated by an external assessment which reported conformance with the Standards and was reported to Committee on 21 March 2023.
4. In line with the provisions of the PSIAS (1100), organisational independence has been achieved throughout 2021/22. The Audit Manager reports administratively to the Head of Finance (Deputy Section 151 Officer) and has direct reporting access to the Chief Executive, Section 151 Officer, the Chair of the Governance and Audit Committee and all elected Members where required.
5. The Annual Report (attached at Appendix A) provides a review of the internal control environment of the Council and the Audit Manager opinion. The report details the audit

work completed to support the opinion, and assurance of ongoing conformance with the PSIAS, as reaffirmed through annual review against the CIPFA Local Government Application Note (LGAN) and the results of the Quality Assurance and Improvement Programme (QAIP).

Issues

6. The Council has a duty to maintain an adequate and effective system of internal audit. In addition, the Council has a duty to prepare an Annual Governance Statement (AGS). Contained within the draft AGS is the annual Audit Manager opinion, as included within the Annual Report.
7. Section 2 of the Annual Report outlines the priorities and approach of the audit team were to deliver a combination of management support through consultation and engagement in high-risk areas, and to progress targeted assurance engagements from the Audit Plan. The Audit Plan:
 - Contained assurance audit engagements, designed to support a full annual audit opinion on the Council's control environment. The Plan was of sufficient size to enable decisions on the timing and prioritisation of audit engagements to be made as each year progressed.
 - Included audit consultancy engagements to provide advice and guidance on the design and implementation of effective controls in the administration of Welsh and Central Government grant schemes such as the Homes for Ukraine Scheme, to achieve compliance and control, and arrangements for the effective prevention and detection of fraud.
8. The report outlines how each year, a proportion of the Audit Plan is targeted for delivery, and the target for 2022/23 was 70%. During the financial year, the Audit Plan and approach to delivery have been designed in order to target assurance on key risks and controls, and to provide an adequate body of assurance work to support a full annual opinion on the Council's control environment. This has included setting a prioritised approach to auditing fundamental systems and corporate governance and progressing a targeted spread of wider assurance work. All decisions in respect of the Plan have been made with appropriate attention to risk, professional standards and advisories from the Chartered Institute of Public Finance and Accountancy (CIPFA), the Chartered Institute of Internal Auditors (CIIA), the Internal Audit Standards Advisory Board and the advice of professional and peer officers.
9. Section 3 of the report contains the opinion and sets out the rationale of how the control environment has been reviewed. Throughout the year, a targeted approach was taken in the delivery of the Audit Plan to achieve, within a particularly challenging environment, an adequate breadth of assurance upon which a full audit opinion is provided within the Annual Report. The Annual Report sets out that, based on the programme of audit work undertaken to assess the framework and application of governance, risk management and control, the annual opinion for 2022/23 is 'effective with opportunity for improvement'.
10. Sections 4 and 5 summarise the work performed, provide details of audit reports issued, and the progress made against recommendations raised. During the year Internal Audit completed 55 new audit engagements to at least draft output stage, and finalised a further 23 draft outputs from the prior year. The percentage of the Audit Plan completed (at 52%), and the number of finalised audits per FTE (at 6.6), were lower than planned. During the

year, the Team has faced reduced capacity which has affected delivery of the Audit Plan, most notably from vacant posts. In the context of reduced staff resource, it is considered that an effective outcome was achieved in terms of audit delivery, coverage and focus, whereby a full annual audit opinion has been provided.

11. Through the reports issued, 176 recommendations were agreed of which 86 were implemented before the year-end. The level of recommendations implemented on time was 67%, which is below the target set. Ongoing attention is given to progress through Senior Management Team attendance and reports, regular following up progress with audit clients, and the practice of reporting all recommendations and management progress updates to the Governance and Audit Committee.
12. The QAIP is, according to the PSIAS '*designed to enable an evaluation of the internal audit activity's conformance with the Standards and an evaluation of whether internal auditors apply the Code of Ethics. The programme also assesses the efficiency and effectiveness of the internal audit activity and identifies opportunities for improvement.*' The QAIP developed for Cardiff Council's Internal Audit Team is included in a compilation of good practice CIPFA case studies '*Leading internal audit in the public sector – principles into practice, 2019*'.
13. The Annual Report outlines how, through application of the QAIP, assurance is provided of ongoing conformance with the PSIAS and application of the Code of Ethics. An element of the review was an Audit Manager assessment against the LGAN, which breaks down the requirements of the PSIAS into a detailed self-assessment of conformance. Through this review, the Audit Manager can report conformance with the PSIAS, supported by the LGAN through the operation of the Internal Audit Team and its work, upon which the annual opinion is provided. This assertion was validated by an external assessment which reported conformance with the Standards and was reported to Committee on 21 March 2023.
14. The Internal Audit function remains committed to delivering the highest professional standards and the Annual Report details the methods and key performance measures. The report highlights that 91% of audit reports were delivered within four weeks. Audit client feedback has been positive overall with 100% satisfaction, and 87% of responses identifying that audit offered added value to managers. Sustained focus is given to maintaining and improving the diverse skills and professional qualifications of the Internal Audit Team. Auditor staff hold various qualifications appropriate to their work, including qualifications in accountancy (CIPFA/AAT) and Internal Audit (CIA/CMIIA). One member of staff is receiving funding to study for an Information systems audit qualification (CISA).
15. The Annual Report includes a number of appendices. These include a full account of the audit reports issued, cancelled and deferred through the year and the QAIP process applied.

Legal Implications

16. There are no direct legal implications arising from this report.

Financial Implications

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

RECOMMENDATIONS

18. That the Committee note and consider the Internal Audit Annual Report, including:

- The opinion on the adequacy and effectiveness of the Council's framework of governance, risk management and control together with a summary of the work supporting the opinion.
- The statement of the level of conformance with the PSIAS and LGAN and the results of the QAIP that support the statement.

CHRIS PYKE
AUDIT MANAGER

The following report is attached:

Appendix A - Internal Audit Annual Report 2022/23



Internal Audit Annual Report 2022/23

Cardiff Council

Mission Statement

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

FOR FURTHER INFORMATION, PLEASE CONTACT:

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1. Introduction

Background

- 1.1 The Internal Audit Team has an important role, as set out in the Public Sector Internal Audit Standards (PSIAS), and contained within its mission, to [‘To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.’](#)
- 1.2 Management is responsible for the system of internal control and for setting policies and procedures to ensure that internal controls are robust and functioning correctly, to effectively address and mitigate risks to the delivery of objectives across the organisation. Internal Audit is an assurance and consultancy function. It completes a range of work to provide an independent and objective opinion on the Council’s control environment (governance, risk management and control), and offers critical advice, guidance and insight to management.
- 1.3 The Internal Audit Team operates in accordance with the Public Sector Internal Audit Standards (PSIAS). In order to demonstrate conformance with the PSIAS, the Audit Manager maintains a Quality Assurance and Improvement Programme (QAIP). The QAIP is designed to provide confidence to those relying on the Internal Audit Team’s work on the professional standards applied and the quality of services. This is summarised within Section 5 of this report, through which there is a process of ongoing monitoring, periodic review, and 5-yearly external assessment to accord to PSIAS Standard 1300.
- 1.4 The latest 5-yearly external assessment was completed and reported to the Governance and Audit Committee in March 2023, led by the Chief Auditor in Monmouthshire / Newport Councils, who was allocated to undertake the peer assessment of Cardiff Council’s Internal Audit service. The assessment has reported no partial or non-conformance. One optional action was proposed and has been implemented, relating to the communication of the audit scope and objectives along with the risk, within audit outputs.
- 1.5 During the year, the Governance and Audit Committee’s terms of reference required it to oversee internal audit arrangements and delivery. Quarterly performance reports have been provided to the Committee throughout the year, and this annual report is presented to the Committee for consideration and comment.
- 1.6 The audit team has maintained focus on the Council’s operating environment and providing assurance in the context of continued pressures and challenges. Following initial challenges arising from the pandemic, which introduced a need for prompt grant distribution, service changes, and the introduction of new ways of working, the Council has needed to support the

arrival of Ukrainian refugees. The introduction of new systems and processes requires good governance and control, and accordingly, internal audit has provided advice and guidance for relevant assurance.

- 1.7 The demand for services remains notably high and, at a time of inflationary pressures, a cost-of-living crisis and continued constraints on public finances, the need for effective management of public finances and resources, and independent assurance remains vital.

The Annual Reporting Process

- 1.8 This annual report gives an overview of audit performance during 2022/23, provides an opinion on the adequacy of the control environment in Cardiff Council, and reports the incidence of any significant control weaknesses.

- 1.9 The annual report includes:

- (a) The Audit Manager's opinion on the Council's control environment;
- (b) A summary of the work that supports the opinion; and
- (c) A statement on conformance with the PSIAS and the results of the Quality Assurance and Improvement Programme.

Requirement for Internal Audit

- 1.10 The Council has a duty to maintain an adequate and effective system of internal audit of its accounting records and system of internal control. The Council also has a duty to prepare an Annual Governance Statement. The Audit Manager's opinion on the Council's control environment from this report is included within the Annual Governance Statement to provide independent assurance to the Council's stakeholders based on the Internal Audit's programme of work.

- 1.11 The Audit Manager (referred to as the Chief Audit Executive in the PSIAS) must provide an annual internal audit opinion and report, timed to support the Annual Governance Statement, and conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. In doing so, the Audit Manager undertakes an assessment of the adequacy of the controls in place to support the achievement of management and corporate objectives.

Independence and Objectivity (PSIAS standard 1100)

- 1.12 The Audit Manager does not manage any functions other than the Internal Audit and Investigation Teams. Organisational independence has been achieved throughout 2022/23. The Corporate Director of Resources & Section 151 Officer is the Senior Manager overseeing the Internal Audit Function. The Audit Manager reports administratively to the Head of Finance (Deputy Section 151 Officer) and has direct reporting access to the Chief Executive, the Chair of Governance and Audit Committee and all elected Members where required.
- 1.13 Internal Auditors are required to undertake audits in line with the provision of the PSIAS and in accordance with the Codes of Ethics of any professional bodies of which they are members. The importance of independence is communicated to auditors and care is taken to ensure that all audit work is undertaken in an independent and objective manner.
- 1.14 The PSIAS requires any conflicts of interest or impairment to independence or objectivity to be disclosed. Each year, all members of the Internal Audit section are required to complete a Staff Declaration Statement (and update it if circumstances change during the year). This identifies any potential conflict of interest that any member of the team may have, which is considered when assigning and undertaking audits. All declarations were appropriately taken into account in allocating and conducting work. There were no impairments to independence or objectivity in 2022/23.

2. Context and Approach

Audit Plan 2022/23

- 2.1 The Audit Plan 2022/23 was approved by the Governance and Audit Committee on 15 March 2022, after consideration and agreement with the Council's Senior Management Team. The Plan provided the framework for audit work aligned to the Council's corporate governance arrangements, whilst also being responsive to any changes to the risks faced by the Council during the year. Each year, the Plan is mapped to business objectives and key systems, whilst being informed by risk, governance and assurance assessments.
- 2.2 During the year to date, the priorities and approach of the audit team were to deliver a combination of management support through consultation and engagement in high-risk areas, and to progress targeted assurance engagements from the Audit Plan.

Audit Consultancy

2.3 The Internal Audit Team provides insight and guidance on areas of control during process development / change. It has continued to provide advice and guidance on the design and implementation of effective controls in the administration of Welsh and Central Government grant schemes such as the Homes for Ukraine Scheme, to achieve compliance and control, and arrangements for the effective prevention and detection of fraud.

Assurance Audit Plan

2.4 The Audit Plan is substantially comprised of assurance audit engagements, designed to support a full annual audit opinion on the Council's control environment. The Plan is of sufficient size to enable decisions on the timing and prioritisation of audit engagements to be made as each year progresses. Each year, a proportion of the Audit Plan is targeted for delivery, and the target for 2022/23 was 70%.

2.5 Whilst set on an annual basis, the Audit Plan is adaptable and responsive and subject to ongoing risk assessment, prioritisation and review throughout the year to maximise assurance and management support. In its meeting on 24 January 2023, the Governance and Audit Committee was advised that 25 audits were being prioritised for completion by the year-end. The prioritised approach was taken, in the context of reduced staff resources due to vacant audit posts, to ensure all fundamental areas of the plan were delivered, that core areas of corporate governance were reviewed, and that there was sufficient coverage at the directorate level in order to provide a full audit opinion on the Council's control environment. Alongside this targeted approach, four audits were delivered via contract under the direction and control of the Audit Manager.

2.6 During the year, auditors completed the majority of their work while working remotely from home and only a small number of site visits were undertaken (supported by authorised risk assessments and control processes), in consideration of business requirements.

Developing the Audit Opinion

2.7 During the financial year, the Audit Plan and approach to delivery has been designed in order to target assurance on key risks and controls, and to provide an adequate body of assurance work to support a full annual opinion on the Council's control environment. This has included setting a prioritised approach to auditing fundamental systems and corporate governance and progressing a targeted spread of wider assurance work.

2.8 All decisions in respect of the Plan have been made with appropriate attention to risk, professional standards and advisories from CIPFA, the CIIA, the Internal Audit Standards Advisory Board and the advice of professional and peer officers.

2.9 In considering professional guidance, audit coverage and risk:

- Priority was given to substantially delivering the ‘fundamental’ and ‘corporate governance’ categories of audits. Work was completed in all fundamental areas of the Audit Plan, and the majority of Corporate Governance audits were delivered.
- At a directorate level, a spread of audit was completed, considering current levels of assurance and the importance of each audit engagement to achieving a full annual opinion on the Council’s control environment.

3. Opinion & Control Environment Review

Opinion 2022/23 (PSIAS standard 2450)

3.1 The Public Sector Internal Audit Standards (PSIAS) state that the ‘Chief Audit Executive must deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement.’ This must be based upon an objective assessment of the framework of governance, risk management and control. It must also include an evaluation of the adequacy and effectiveness of controls in responding to risks within the governance, operations and information systems.

3.2 This opinion has been prepared by the Audit Manager (Chief Audit Executive for the purpose of the PSIAS), based on the provisions of the PSIAS. In preparing and forming this opinion, a number of sources of information, assurance and insight have been taken into account, including:

- Assurance Audit Engagements – The risk-based annual audit plan has been delivered through an approach to maximise assurance and added value. The audit plan is responsive to risk and informed by audit information and existing assurances, information from Senior Management, monitoring of Council activity, strategy, risks, and wider assurance sources. For all audits, current risks, pressures and priorities continue to inform the audit scope and testing.
- Consultancy Audit Engagements - The Internal Audit Team provides insight and guidance on areas of control during process development / change. It has continued to provide advice and guidance on the design and implementation of effective controls in the administration of Welsh and Central Government grant schemes such as the Homes for Ukraine Scheme, to

achieve compliance and control, and arrangements for the effective prevention and detection of fraud.

- Discussion with Senior Managers – There have been quarterly relationship manager meetings with Directors or their representatives, Audit Manager attendance at Senior Management Team meetings where assurance items have been considered, and regular meetings with the Chief Executive and Corporate Director Resources (Section 151 Officer).
- Risk & Governance Reviews – Risk Registers and Senior Management Assurance Statements which underpin the Council's Annual Governance Statement are subject to regular audit review, and assurance audit engagements.

3.3 Based on the programme of audit work undertaken to assess the framework and application of governance, risk management and control, the annual opinion for 2022/23 is **effective with opportunity for improvement**. This opinion is based on the delivery of a sufficient Audit Plan, and with an acknowledgment of the significant pressure on Council resources in both demand and budgets, which has been managed through a resilient performance culture.

3.4 The audit opinion comprises assessments of governance, risk management and control, and includes an evaluation of the adequacy and effectiveness of controls in responding to risks within the governance, operations and information systems.

- Reviews have been completed in all planned fundamental system areas.
- In accordance with an approach communicated to the Governance and Audit Committee, the majority of corporate governance audit engagements were completed during the year, supported by a spread of directorate-level assurance audit engagements.
- Corporate risk management arrangements have been maintained during the year, and a review of directorate risk management has been completed and has reported that there is an appropriate level of risk management maturity in operation at directorate levels.
- The Council has continued to administer emergency relief, grant payments and support services on behalf of the Welsh and Central Government, and the Internal Audit and Investigation Teams have advised management on the design of systems and counter-fraud checks in accordance with scheme requirements.

3.5 The control environment for core financial systems was sufficient, and the majority of audits overall (87%) were allocated an opinion of 'effective' or 'effective with opportunity for improvement'. Eight audits have been given an audit opinion of 'insufficient with major improvement needed' recognising the need for attention to achieve sound controls, and one audit (in respect of the Central Transport Service) was given an 'unsatisfactory' opinion.

3.6 Audit assurance and support continues to target and follow up on high-risk areas. Focus is being given to finalising audits on a timely basis with audit clients and to the importance of the implementation of audit recommendations within the required timescales.

How the control environment is reviewed

3.7 Internal Audit uses a risk-based approach to audit planning, in accordance with Section 2010 of the PSIAS. The Council's Corporate Risk Register was used to inform the annual audit plan for 2022/23, together with sources of assurance from both within and outside the Council to ensure that audit time and resources targeted the more significant areas. This risk-based approach to audit planning captures emerging risks and issues, and results in a comprehensive range of audits that are undertaken to support the overall opinion on the control environment.

3.8 For 2022/23, the audit assurance opinion definitions were used as outlined in the table when allocating an audit opinion. These assurance levels and definitions were based on those developed by the Chartered Institute of Internal Auditors (CIIA).

Table 1- Audit Assurance Opinion - Definitions

Assurance level	Definition
Effective	<ul style="list-style-type: none"> • The controls evaluated are adequate and appropriate • The control environment appears sound to provide reasonable assurance that all high level risks are adequately controlled • No findings noted (or a small number of low risk recommendations)
Effective with opportunity for improvement	<ul style="list-style-type: none"> • A few specific control weaknesses and/or opportunities for improvement were noted • Controls evaluated are otherwise adequate and appropriate to provide reasonable assurance that risks are adequately controlled
Insufficient with major improvement needed	<ul style="list-style-type: none"> • Some high level risks are not adequately controlled • Numerous specific control weaknesses were noted • Although immediate soundness and safety are not threatened, the control environment requires improvement as it does not provide reasonable assurance that all high level risks are adequately controlled • There may be a risk of exposure to fraud or security vulnerabilities
Unsatisfactory	<ul style="list-style-type: none"> • The control environment is not adequate and is below standard • The control environment is considered unsound • A lack of attention could lead to significant losses

3.9 The table below sets out the Red / Amber / Green (RAG) ratings given for recommendations and information on the criteria applied when allocating the risk rating.

Table 2 - Red / Amber / Green (RAG) ratings - Criteria

Rating	Criteria
Red	<p>This is a high priority issue and immediate attention is required. This is a serious internal control or risk management issue that, if not mitigated, may (with a high degree of certainty) lead to:</p> <ul style="list-style-type: none"> • Substantial losses, possibly in conjunction with other weaknesses in the control framework or the organisational entity or process being audited • Serious violation of Council strategies, policies or values • Serious reputational damage • Significant adverse or regulatory impact, such as loss of operating licenses or material fines <p>Examples are:</p> <ul style="list-style-type: none"> • A policy / procedure does not exist for significant Council processes • Preventative, detective and mitigating controls do not exist • Council reputation or financial status is at risk • Fraud or theft is detected • Council is not in compliance with laws and regulations
Red / Amber	<p>This is a medium priority issue and timely management action is warranted. This is an internal control or risk management issue that could lead to:</p> <ul style="list-style-type: none"> • Financial losses • Loss of controls within the organisational entity or process being audited • Reputation damage • Adverse regulatory impact, such as public sanctions or immaterial fines <p>Examples are:</p> <ul style="list-style-type: none"> • A policy exists but adherence is inconsistent • Preventative and detective controls do not exist, but mitigating controls do exist • The Council's compliance with laws and regulations requires additional evaluation and review • There is a possibility of inappropriate activity
Amber / Green	<p>This is a low priority issue and routine management attention is warranted. This is an internal control or risk management issue, the solution to which may lead to improvement in the quality and / or efficiency of the organisational entity or process being audited.</p> <p>Examples are:</p> <ul style="list-style-type: none"> • A policy exists, but was not adhered to on an exception basis • Preventative controls do not exist, but detective and mitigating controls exist • There is a remote possibility of inappropriate activity
Green	Best practice

3.10 Audits continue to highlight system weaknesses in some areas and / or compliance issues which identify further opportunities to enhance control. The Council has over a number of years lost a considerable number of officers with experience and knowledge, resulting in process and role changes in order to absorb the impact. The pressure to change services due to constrained financial resources being available is bringing with it new challenges and risks that need to be managed.

3.11 The Internal Audit approach is informed by this risk, and an inherent prioritisation is given to providing assurance on core financial systems and areas of governance ahead of more localised service specific audits. The actual audits allocated are based on the application of a risk-based planning process, informed by wider sources of intelligence and assurance.

3.12 The audit plan in 2022/23 continued an approach to allocating resources to audit assurance themes across the Council and audits of Directorate Performance Management were included in the Audit Plan. At the financial year-end, one audit of directorate performance management had concluded and audits in all other directorates were commencing. The findings will result in recommendations at a directorate level, and an opportunity to reflect on whether there is any scope for further enhancement at the corporate level.

4. Summary of Work Performed

4.1 The work of Internal Audit, as defined in the PSIAS, encompasses the whole internal control system and is not limited to financial controls. It is defined as helping ‘... *an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.*’ The nature of audit services is outlined in the Audit Strategy and the Audit Charter. The Audit Plan documents the listing of planned audit engagements each year.

- The Audit Charter and the Audit Plan 2022/23 were approved by the Governance and Audit Committee on 15 March 2022, and at this time the Committee also considered the Audit Strategy.
- To further clarify the priority areas of audit focus this year, in its meeting on 24 January 2023, the Governance and Audit Committee was advised that 25 audits were being prioritised for completion by the year-end. The prioritised approach was taken, to ensure there was sufficient audit coverage in order to provide a full audit opinion on the Council’s control environment.

4.2 A listing of the audit engagements delivered in 2022/23 is attached in **Appendix A**, whereby 55 new audit engagements were completed to at least draft output stage against a plan of 105 audits (52%), and a further 23 draft outputs from the prior year were finalised. The Audit Plan is responsive to risk and, accordingly, some audits were prioritised or deferred during the financial year, with the engagement of the Governance and Audit Committee. Information on audits deferred is contained within Appendix A.

4.3 The audits completed in 2022/23 and the assurance levels given are shown in the table below:

Table 3 - Audits completed in 2022/23 and the assurance levels given

Status	Number of audit outputs	Opinion				
		Effective	Effective with opportunity for improvement	Insufficient with major improvement needed	Unsatisfactory	No opinion given
Draft	30	4	23	2	1	0
Final	48	7	26	6	0	9
TOTAL	78	11	49	8	1	9
	55	New Audit Engagements Completed				
	23	Finalised Audit Engagements from 2021/22				

4.4 Assurance audit engagements will generally result in an audit opinion, whereas audit work of a consultation or advisory nature will not typically assign an assurance rating. The listing of assurance and consultancy audit engagements completed is included in Appendix A.

4.5 It should be noted that in respect of CRSA style audits, an audit opinion is not provided at the point of completion by the directorate. The audit opinion is provided upon once sufficient in-year testing has been completed which follows the original CRSA receipt, advice and guidance to management.

4.6 Details of all audits and audit opinions, together with other tasks performed and key performance indicators, are reported quarterly to the Chief Executive and Section 151 Officer and at each meeting of the Governance and Audit Committee.

4.7 The table below shows the audits completed in 2022/23 analysed over the different audit areas.

Table 4 - Audits completed in 2022/23 analysed over the different audit areas

Audit Area	Effective	Effective with opportunity for improvement	Insufficient (major improvement needed)	Unsatisfactory	No opinion given	TOTAL
Fundamental	4	6			2	12
Corporate Governance	1	21	4		2	28
Adults Services, Housing and Communities	2	1				3
Childrens Services			2			2
Economic Development	1	7				8
Education and Lifelong Learning	1	8				9
Governance and Legal						0
People and Communities	1	1				2
Planning, Transport and Environment		1	2			3
Resources	1	3		1		5
Grants / Accounts / External Bodies		1			5	6
TOTALS	11	49	8	1	9	78

4.8 It can be seen in Appendix A that a number of audits have been given an audit opinion of “insufficient with major improvement needed” recognising the need for attention to achieve sound controls. One audit of Central Transport Service was given an “unsatisfactory” opinion. All unsatisfactory audits are subject to a follow-up audit, and audit assurance and support targets and follows up on the highest risk areas.

4.9 It should be recognised that not all of the work undertaken by the Audit team results in an audit report or action plan. Work is undertaken in areas that provide assurance on risk management and internal control, including advice and guidance (both on current issues and on system development) and interpretation of Council Regulations. **Appendix B** provides a list of work areas where a standard audit output may not be the outcome.

4.10 A key element of the role of Internal Audit has continued to be working with clients where systems and processes are being redesigned and reconfigured as outlined in section 2 of this report. Here, the auditor's role is to provide advice and guidance for management to support them to ensure there are effective arrangements for risks to be properly identified and mitigated and for the implementation of effective controls.

Reports to the Governance and Audit Committee

4.11 An important role of the Governance and Audit Committee in 2022/23 has been to oversee the role and performance of the Council's Internal Audit team. In addition, Internal Audit has been required to inform the Governance and Audit Committee about the adequacy of the Council's governance and internal control systems. The table below summarises the information the Committee has received from Internal Audit during 2022/23.

Table 5 - Summary of the information the Committee has received from Internal Audit during 2022/23

Report	Purpose
Internal Audit update reports	Quarterly summaries of the performance of Internal Audit, the audit work scheduled and completed, and the critical findings and trends were provided to the Governance and Audit Committee in 2022/23. This supports the Committee in its role to oversee the work and performance of audit, and the adequacy of council governance, risk management and internal control.
Annual Audit Plan, Charter and Strategy 2023/24.	The Committee considered the Audit Strategy and approved the Annual Audit Plan 2023/24 and Charter in March 2023. These are considered and approved annually in March, which is prior to the forthcoming financial year.
Annual Reports 2021/22	Last year's Internal Audit Annual Report was provided to Governance and Audit Committee in July 2022, providing an overview of the work undertaken by Internal Audit and the Audit Manager's opinion on the Council's control environment for 2021/22. The Counter-Fraud Annual Report 2021/22 was provided to the Governance and Audit Committee for awareness and consideration in September 2022.
External Quality Assessment - PSIAS	The latest 5-yearly external assessment was led by the Chief Auditor in Monmouthshire / Newport Councils and reported to the Governance and Audit Committee in March 2023. The assessment reported no partial or non-conformance.

5. Quality Assurance and Improvement Programme

Requirements and Assurance (PSIAS Standard 1300)

- 5.1 Internal Audit is committed to working to the highest professional standards, and to delivering quality services that add value for senior management. The Audit Manager maintains a Quality Assurance and Improvement Programme (QAIP), which is designed to achieve high professional performance operating in accordance with PSIAS and the Code of Ethics. The QAIP is summarised in **Appendix C** and included in the Internal Audit Charter.
- 5.2 The QAIP developed for Cardiff Council’s Internal Audit Team is based on a performance management approach to delivering ‘output focussed – quality controlled’ audit services. The approach in Cardiff has been included in a compilation of good practice CIPFA case studies. [Leading internal audit in the public sector – principles into practice, 2019](#)
- 5.3 The PSIAS provides the following outline of the QAIP:
 ‘A quality assurance and improvement programme is designed to enable an evaluation of the internal audit activity’s conformance with the **Standards** and an evaluation of whether internal auditors apply the **Code of Ethics**. The programme also assesses the efficiency and effectiveness of the internal audit activity and identifies opportunities for improvement.’
- 5.4 The quality assurance and improvement programme must include both internal and external assessments, the requirements, and the review processes applied are documented below.

Table 6 - Internal and external assessments, the requirements, and the review processes applied

	Requirements	Process of Review and Conformance
EXTERNAL ASSESSMENTS	External Assessments conducted at least once every five years by a qualified, independent assessor / assessment team from outside the organisation.	The latest 5-yearly external assessment was led by the Chief Auditor in Monmouthshire / Newport Councils and reported to the Governance and Audit Committee in March 2023. The assessment reported no partial or non-conformance.

Requirements		Process of Review and Conformance
INTERNAL ASSESSMENTS	Ongoing monitoring of the performance of the internal audit activity.	<p>Each auditor has monthly monitoring, mid-audit, and quality assurance reviews, to ensure that all audits are complete, of a high professional standard, and delivered in conformance with the PSIAS and the Code of Ethics.</p> <p>A range of performance information is reported and monitored on a balanced scorecard basis as outlined in Appendix C.</p> <p>The Audit Manager considers and reports on performance information that makes up the QAIP in each Governance and Audit Committee Progress Report, through which any non-conformance would be disclosed.</p> <p>Throughout the year the Audit Manager has considered practice advisories and guidance in respect of delivering professional responsibilities and reporting from the IASAB, the CIIA and CIPFA.</p>
INTERNAL ASSESSMENTS	Periodic self-assessments or assessments by other persons within the organisation with sufficient knowledge of internal audit practices.	<p>On an annual basis, the Audit Manager considers the QAIP performance for the year as a whole, reflecting on the ongoing assurance framework information and outputs, and through the following annual activities:</p> <ul style="list-style-type: none"> • Completing a self-assessment against the Local Government Application Note • Reviewing performance against the CIPFA Statement on 'The role of the Head of Internal Audit' • Reviewing the results of the skills assessment exercise completed by all members of the Internal Audit Team, in application of the CIIA Competency Framework • Reviewing the annual Personal Reviews for all members of the Internal Audit Team. <p><i>The Audit Manager is a qualified accountant and a chartered member of the Institute of Internal Auditors.</i></p>

5.5 Through application of the QAIP, assurance can be provided of ongoing conformance with the PSIAS and application of the Code of Ethics.

Performance

- 5.6 An audit planning control database is maintained to effectively monitor work done in line with that planned. The database is used to allocate engagements, record work completed and to provide key performance information for management. Auditors are required to complete timesheets to record work undertaken, so management can continually assess productivity and progress against the Plan.
- 5.7 The performance for the year is reported to the Finance Management Team by the Audit Manager and discussed with the audit team. The quarterly results for 2022/23 are in the table below:

Table 7 - Performance against targets for 2022/23

Performance Indicator	2021/22 Outcome	2022/23 Target	Q1 Outcome	Q2 Outcome	Q3 Outcome	Q4 Outcome
The percentage of the Audit Plan completed	61%	70%	13%	25%	29%	52%
The average number of audit productive days per FTE	147	150	37	68	103	144
The average number of finalised audits per FTE	7.4	9	1.43	3.13	4.82	6.64
The percentage of draft audit outputs delivered within four weeks	92%	90%	80%	84%	87%	91%
The percentage of audit recommendations implemented within the agreed timescale	68%	80%	56%	71%	65%	67%

- 5.8 Whilst measures of productive audit days and the timeframe for producing draft outputs were broadly in line with targets, the percentage of the Audit Plan Completed (at 52%) and the number of finalised audits per FTE (at 6.64) were lower than planned. During the year, the Team has faced reduced capacity which has affected delivery of the Audit Plan, most notably due to vacant posts. In the context of reduced staff resource, it is considered that an effective outcome was achieved in terms of audit delivery, coverage and focus. Information on the coverage and focus is contained on section 2 of this report 'context and approach'.
- 5.9 In respect of the percentage of audit recommendations implemented within the agreed timescale, directorate performance remains materially below the target set and improvements are also being targeted in finalising audits on a timely basis. During the year, the Audit Manager attended Senior Management Team meetings to provide relevant analysis, to discuss

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

5.10 One of the strengths of the recommendation tracker process is that higher risk ('red' and 'red/amber') recommendations are not closed down without evidence of satisfactory completion and, accordingly, a proportion of recommendations are not recognised as completed until this information has been received.

5.11 The full recommendation tracker has been provided to the Governance and Audit Committee quarterly during 2022/23, and directors have been required to provide an account of their progress in addressing audit recommendations in their reports to Governance and Audit Committee on their respective control environments. The response to audits and recommendations will continue to be a prominent focus going forward.

Benchmarking

5.12 The Internal Audit team is a member of the Welsh Chief Auditors and Core Cities benchmarking groups through which all exercises are participated in.

5.13 A benchmarking exercise is being undertaken at the time of reporting with the Welsh Chief Auditors Group, and once received, results will be shared with the Governance and Audit Committee for information and review.

5.14 A Core Cities benchmarking working group has been created to discuss different elements of performance measurement and management, and to consider the most appropriate and beneficial means of performance comparison. Appropriate benchmarking details will be shared with the Governance and Audit Committee when a benchmarking exercise is completed.

Quality Assurance Review

5.15 Each audit is subject to a quality assurance review by a senior member of the team to ensure the focus on key risks was retained throughout the audit engagement, that the objectives of the audit engagement have been met in full, and that the audit has been delivered in accordance with the PSIAS and the Code of Ethics. Any report with a draft assurance rating of "unsatisfactory" or "insufficient with major improvement needed", or any with a significant finding is referred to the Audit Manager. The Audit Manager will review all reports with the

above draft assurance ratings, and will consult the Audit Management Team as appropriate on the audit opinion and priority recommendations for improvement.

5.16 Following the issue of a draft audit output, a meeting is held with the Client Manager with an opportunity for them to consider the audit findings, proposed recommended actions, the risk profile and the indicative response to be made by the service. This provides a degree of assurance that the final reported position is accurate and that any recommendations are understood.

Post Audit Assessment & Customer Feedback

5.17 A 'Post Audit Assessment' is carried out as part of an ongoing commitment to quality, through a reflection on the performance of the auditor at the end of each audit. The Post Audit Assessment sets out the core competencies required whilst undertaking an audit and the auditor for each assignment has to score their performance against each of these competencies. The assessment is useful in providing assurance that key competencies are evidenced throughout the audit process and as a means of identifying training needs. Analysing the assessments helps focus individual personal reviews and provides audit management with an overview of performance at the different grades.

5.18 Following each audit, Client Managers are contacted and asked to complete a Quality Assurance Questionnaire, recognising the value placed on the feedback they provide. These questions cover four categories, and the results are used to determine areas for improvement.

5.19 During the year, 31 responses were received from the questionnaires issued. The results from the questionnaires are summarised in the table below:

Table 8 - Summary of Questionnaires

	Excellent	Good	Satisfactory	Poor	TOTAL
Communication	17	11	3	0	31
Auditor Advice	13	12	6	0	31
Report	11	14	6	0	31
Performance	17	10	4	0	31
TOTALS	58	47	19	0	124

5.20 It can be seen that the feedback from the audit questionnaires is positive with 100% satisfaction, which is encouraging as the nature and complexity of the assignments continues

to change. The perception of the professionalism and objectivity of the Internal Audit team by audit clients continues to be high.

5.21 The questionnaires also ask Managers to indicate whether they consider that the audit process added value and 87% of respondents thought that it did. “Added value” is defined for managers as whether the audit offered ways to enhance governance, risk management and control processes, and provided relevant assurance. It can be seen that the majority of the audit clients felt that the audits undertaken were constructive and added value.

Audit Recommendations

5.22 The extent to which audit recommendations are agreed by senior managers is used as a measure of the auditor’s performance as a high level suggests an understanding of the risks and controls within the area under review and adding value by proposing meaningful changes and cost effective changes.

5.23 The recommendations raised in audit reports are given a risk rating in line with the risk ratings in the Council’s corporate risk strategy (red, red/amber, amber/green and green) and as set out in previous paragraphs. The table below sets out the recommendations raised by the assurance level given:

Table 9 - Recommendations raised by the assurance level given

Risk Rating	2022/23 Recommendations			Recommendations	
	Made	Agreed	Being considered	Agreed & implemented in 2022/23	Implemented overall in 2022/23
Red	4	0	4	0	8
Red / amber	147	58	89	26	150
Amber / green	245	110	135	57	172
Green	24	8	16	3	14
TOTAL	420	176	244	86	344

5.24 Important as it is that audit recommendations are agreed by managers, change will only happen if the recommendations are implemented and so audit reports are monitored until all actions are closed. Of the 420 recommendations raised during the year, 86 had been implemented by the year-end.

5.25 The level of recommendations implemented on time (66%) requires improvement. As audit recommendations are consistently agreed, it is considered that managers welcome insight on how governance or controls can be enhanced, for which there is commonly agreement with a proposed course of action.

5.26 The recommendations database on SharePoint is regularly analysed and details of all recommendations raised (and their status) are presented to each meeting of the Governance and Audit Committee. As at the end of March 2023, a summary of the recommendations agreed and actioned is shown below:

Table 10 - Summary of Recommendations agreed and actioned

Area	Recommendations Completed	Implemented in agreed timeframe	Percentage Implemented in agreed time
Schools	114	56	49%
Non-schools	230	172	75%
TOTAL	344	228	66%

Internal Audit Team Resources

5.27 At the financial year end, the Internal Audit team had 8 members of staff (7.2 FTE), overseen by the Audit Manager, as shown in the table below. Two Senior Auditor posts were being advertised at the year-end as they became available through one member of the team securing a Principal Auditor promotion, and another being finding a promotion opportunity within another Council team.

Table 11 - Internal Audit Team Resources

Post	Number	FTE
Audit Manager	1	0.70 <i>(0.3 Investigations)</i>
Group Auditor	1	1.0 <i>(reduced to 0.7 FTE from 1 April 2023)</i>
Principal Auditor	2	1.6
Senior Auditor	<i>2 (vacant)</i>	<i>2 (vacant)</i>
Auditor	4	3.6
Audit Assistant	1	1.0
TOTAL	8	7.2 <i>(8.9 from 1 April 2023)</i>

5.28 The audit team structure was adjusted during the year, with this communicated with the Governance and Audit Committee on 29 November 2022. This comprised a decision to invest

in an additional Principal Auditor post, to enhance a solid core of senior officers within the team and to not fill vacant posts at lower grades. This additional Principal Auditor post was recruited prior to the financial year end, with the post occupied at 0.6 FTE. A flexible retirement request has been approved for the Group Auditor through which their hours will reduce by 10 hours per week (from 37 to 27) from 1 April 2023.

5.29 There have been factors that have affected the availability of staff during the year, and further information is provided in the 'performance' section of this report.

5.30 The controllable expenditure budget for the section for 2022/23 is set out in the table below:

Table 12 - The controllable expenditure budget for the section for 2022/23

		Budget £(000)	Actual £(000)
Employees	Employees (overall cost)	630	548
	Audit Component Inc. 0.7 FTE Audit Manager cost	494	409
	Investigations Team Component Inc. 0.3 FTE Audit Manager cost	136	139
Other	Transport	3	0
	Supplies and services	9	58
	Support Services / other contributions (Controllable)	52	50
GROSS CONTROLLABLE EXPENDITURE		558	517

Continuing Professional Development (PSIAS standard 1230)

5.31 Internal Audit staff have a personal responsibility to maintain and develop their competencies, so that they have the necessary skills and knowledge to undertake audits to a high standard. The audit plan for 2022/23 included a budget of 39 days for training. Staff are encouraged to update their skills, such as by attendance at relevant courses provided by the South Wales Chief Internal Auditor group (albeit these were not held during the year due to the pandemic), and suitable CIPFA or CIIA courses when budget restrictions allow. Arrangements are also made for internal training, to update and refresh knowledge on various aspects of audit methodologies and Council procedures.

5.32 There is a strong collective range of skills, experience and knowledge across the team. There are two qualified Accountants, one Chartered Internal Auditor, two Certified Internal Auditors, and most other auditors are qualified Accounting Technicians. One member of the team is being funded to study for ISACA's Certified Information Systems Auditor (CISA) qualification.

The development of a lead specialist in this area will benefit the team and complement its existing skills base.

5.33 A skills exercise is undertaken annually by each auditor as a self-assessment against the CIIA Internal Audit Competency Framework, which aligns to the mandatory elements of the PSIAS, and includes a detailed assessment of a range of technical and behavioural qualities. The results informed the Personal Review process, and the year-end Audit Manager review against the Quality Assurance and Improvement Programme (Standard 1300), from which a generally strong baseline of knowledge and skills were recognised across the audit team.

5.34 Areas of the CIIA Professional Competencies Framework where auditors score themselves comparatively lower are used to deliver targeted training. Over the year, in-house training was provided to the team on 'improvement and innovation' which followed training in the previous year on 'fraud awareness', the 'International Professional Practice Framework' and 'business acumen'.

5.35 The provisions of the Council's Personal Review process are fully supported in the section, and are an integral component of the performance management process, as outlined in the section on the QAIP and information included in Appendix C.

Experience and qualifications

5.36 Members of the section hold various qualifications appropriate to their work, with bodies including CIPFA, CIIA and AAT. The majority of staff in the Internal Audit team have over 10 years' experience in audit.

6. Conclusion

6.1 The operating environment and availability of staff resources has been challenging this year. However, the position has been carefully managed throughout the year, whereby the Audit Plan and approach to delivery have been designed in order to target assurance on key risks and controls, and to provide an adequate body of assurance work to support a full annual opinion on the Council's control environment. A prioritised approach was followed for substantial coverage audit coverage of fundamental systems and corporate governance, and a targeted spread of wider assurance work across directorates.

- 6.2 All decisions in respect of the Audit Plan have been made this year with appropriate attention to risk, professional standards and advisories from CIPFA, the CIIA, the Internal Audit Standards Advisory Board and the advice of professional and peer officers.
- 6.3 There is a need for continued attention to the response to audit reports and recommendations and performance has been reported to Senior Management Teams at regular intervals. There is continued evidence that clients value the audit service through the feedback received. Adverse audit findings and opinions are still limited to a small number of areas, but the team will remain vigilant moving into next year in testing the design and application of the governance and controls necessary to deliver a sound control environment.
- 6.4 The outcome of the external quality assessment, and the annual self-review by the Audit Manager, is that the audit service is operating in conformance with the PSIAS and all associated requirements.

2022/23 Audit Delivery

Audit Outputs Issued

I. Effective / Effective with opportunity for improvement

Table 13 - i. Effective / Effective with Opportunity for Improvement

Opinion	Audit Area	Status of output (if not final)
Fundamental / High		
Effective	HB / LHA/ CTRS	
	In-year testing - Purchases and Payments	Drafts Issued
	Performance Management (inc Waste Management)	
	Welsh Government Covid Grants – Assurance (21/22)	
Effective With Opportunity For Improvement	Safeguarding	
	ICT Audit - Cyber Security Governance	
	Procurement	
	Health and safety	
	Brindley Road Stores	
	Risk Management Arrangements	
	Agency Staff Payments	
	Ethics and Values	
	Partnership / Arms-length Assurance	
	Health and Safety	
	Council Tax	
	In-year testing - Payroll and HR	
	City Deal 2021/22	
	Complaints and Compliments	
	Income and Debtors	
	Pensions and Investments	

Opinion	Audit Area	Status of output (if not final)
Medium		
Effective	ICF schemes (incl. Families First)	
	Get me home service	
	School Asset Management - Thematic (Albany)	Drafts Issued
Effective With Opportunity For Improvement	Cardiff Caravan Park	
	Cardiff Riding School	
	Glyncoed Primary School	
	Leisure Contract Governance	
	Cardiff Organic Waste Treatment Contract	
	Cantonian	
	International White Water	Drafts Issued
	Skip Hire	
	Catering in Opted out schools	
	Schools with Surplus Balances - Thematic	
	Cardiff Dogs Home	
	Waste Management Enforcement	
	Harbour Authority	
	Alarm Receiving Centre	
	FOLLOW UP - Cardiff West Community High School	
	Shared Regulatory Services in Cardiff	
	Disposal of Land and Buildings	
	Eastern High School	
	Fitzalan High School	
Baden Powell Primary School		

II. Insufficient with major improvement needed / Unsatisfactory

Table 14 - II. Insufficient with major improvement needed / Unsatisfactory

	Audit Area	Status of report (if not final)
Fundamental / High		
Insufficient With Major Improvement Needed	Directorate PCI - DSS Compliance	Drafts Issued
	Contract Variations	
Medium		
Unsatisfactory	Central Transport Service	Draft Issued

III. Other Audits and Audits with no opinion provided

Table 15 - III. Other Audits and Audits with no opinion provided

Audit Area		Nature
Grants / Accounts / External Bodies		
Joint Committees	Glamorgan Archives	Statement of Accounts Reviews / Certification
	Prosiect Gwyrd	
	Port Health	
Education Improvement Grant 2021/22		
Norwegian Church Preservation Trust 2021/22		
No Opinion – Audit Engagements		
National Fraud Initiative		Data Matching
Service / Process Consultancy		Consultancy
CRSA - Purchases and Payments		CRSA
CRSA - Payroll and HR		

Status of Other Audit Reports

IV. Audits Planned for 2022/23 which were deferred until 2023/24, or cancelled

Table 16 - IV. Audits Planned for 2022/23 which were deferred until 2023/24, or cancelled

Audit	
Cardiff Further Education Trust Fund 2021/22	Fieldwork Ongoing
Allocations, lettings and voids	Carried Forward to Audit Plan for 2023/24
Cashless catering in secondary schools	
Commercial Waste	
Community Safety	
Cradle to Grave Audit	
Delegation and decision making	
Direct Payments - Children's and Adults	
Directorate Performance Management (Thematic Audits) *7	
Education - SOP	
Electoral Services	
Emergency Duty Team	
Governance Arrangements	
Highways Maintenance	
Home Care	
Hubs	
Insurance	
Land Charges	
Mental Health Day Services	
Mileage & Subsistence	
Planning	
Primary school audits*4	
Programmes and Projects	
Purchasing Cards	
Residential Care	
School Admissions	
Schools Information Management	
Schools VAT Assurance	
Secondary school audits *2	
Street Cleansing	

Audit	
Taxation	
Time Recording	
Value for money in use of Council Vehicles	
Value for money in use of Overtime	
Youth Offending Service	
Adult Services Income Processes	Not Included on Draft Audit Plan 2023/24
Crosslands Children's Home	
Independent Living	
St David's Hall	
Welsh Government Covid Grants - Assurance	

Work Areas where a Standard Audit Output is not prepared

It is important to understand that much work undertaken within Audit will not have a standard action plan / report as an outcome. The following list is not exhaustive, but shows some areas where audit time and resources have been spent during the year without necessarily producing an output.

Table 17 - Work Areas where a Standard Audit Output is not prepared

Work Area	Brief Details of Audit Involvement
Efficiency / Change and other project or process consultancy	Work providing advice and guidance to a number of programmes, projects or initiatives. Senior Members of the Audit Team attend meetings and working groups to input to risk assessments and system developments, especially where financial processes are involved.
Procurement and Spend	Auditors are engaged on procurement matters, attending working groups and providing input on risk management and controls.
Grants / Account Certification	Independent certification of grant claims and accounts.
Ad hoc Requests	Enquiries and assignments.
Schools - General	There is ongoing and regular engagement, and support for schools. CRSA exercises are completed with all schools periodically in addition to targeted school audit reviews. A senior member of the audit team attends and contributes to 'schools causing concern' meetings.
Directorates - general	Advice, guidance and training is provided to directorates on topics such as procurement systems and rules, HR and Payroll systems and imprest accounts. Officers can also be active members of service review groups, implementation boards, etc.
Rules and Regulations	Advice and guidance and sharing of best practice in many areas. General work around governance.
External Clients	Audit of clients' risks, systems and procedures (as per Terms of Reference). Audit of Accounts. Provision of advice due to knowledge on risk management and controls.
Imprest (Petty Cash) Accounts	Advice, guidance, training and assisting in the reconciliation process.
Governance and Audit Committee	Advice, reporting and support – including induction training, work planning.

Quality Assurance and Improvement Programme – Operational Approach

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

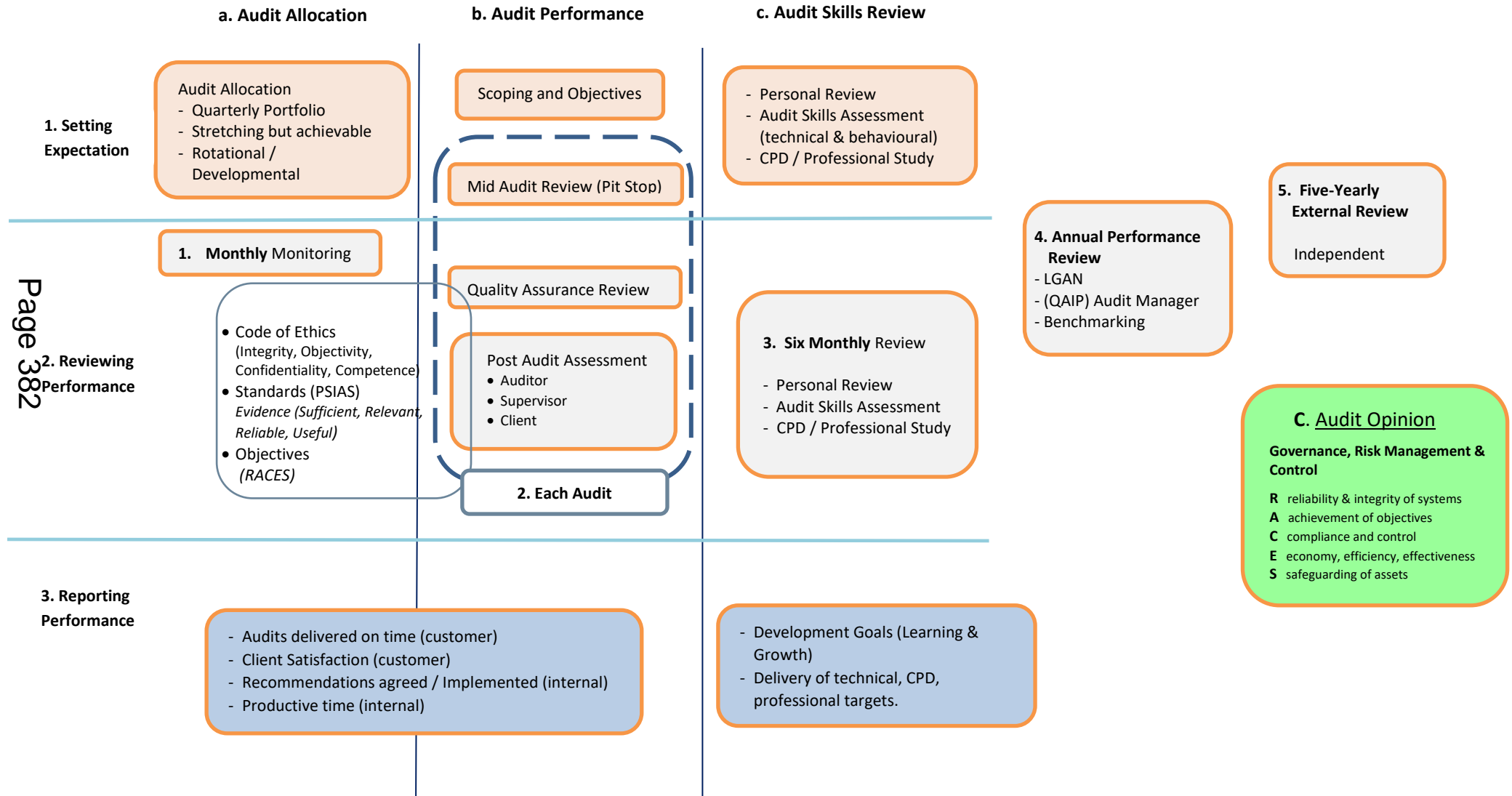
Table 18 - Quality Assurance and Improvement Programme – Operational Approach

1. Setting Expectations - With clear expectations in place, auditors can focus on delivery.
<ul style="list-style-type: none"> ✓ Audit Allocation - Each auditor has a quarterly allocation of work, which is stretching but achievable. Auditors are responsible for delivering their allocation effectively and on time. ✓ Scoping and Objectives – Each auditor has clear and documented objectives for each audit engagement, that they are responsible for delivering. ✓ Audit ‘Pit Stop’ - When half of the audit time is used, a senior team member completes a short and sharp review of progress against the audit objectives. This can either result in assurance that the audit is being delivered effectively, or it leads to expectations being re-set, with actions developed for the auditor to conclude a high quality audit engagement on time. ✓ Personal Reviews – Each year delivery, training and development goals and objectives are established for each auditor, in recognition of the individual and collective skills needed to deliver the risk-based plan effectively in the current and medium term.
2. Reviewing Performance - Expectations are revisited in quality assurance and control reviews.
<ul style="list-style-type: none"> ✓ Monitoring - Each auditor attends a monthly monitoring meeting, through which the delivery of their ‘Audit Allocation’ is reviewed, issues are identified and addressed. ✓ Quality Assurance Review - Each audit is subject to a quality assurance review by a member of the audit management team, to ensure high quality delivery in accordance with the Code of Ethics and the Standards. The review considers the quality of evidence to support the audit ‘Objectives’, and the delivery of actions resulting from the audit ‘Pit Stop’. ✓ Post Audit Assessment – Upon conclusion of each audit, the auditor, and a senior team member review the auditor’s performance against best practice technical and behavioural qualities. A client satisfaction survey is also used to identify the audit delivery and value from the client’s perspective. Any development needs are identified and progressed. ✓ Six Monthly Personal Review – Progress is measured against the objectives and targets in each Auditor’s ‘Personal Review’, taking account of the findings and outcomes from the activities in the ‘Reviewing Performance’ control stage. It can lead to new objectives, targets and support.
3. Reporting Performance - A range of performance measures are used for reporting and review.
<ul style="list-style-type: none"> ○ Core performance measures relate to the audits delivered on time, client satisfaction, recommendations agreed / implemented, productivity and the delivery of personal objectives. ○ Performance information is regularly monitored by the Audit Manager and is considered by the Finance Management Team and the Governance and Audit Committee on a quarterly basis. ○ On an annual basis, the Audit Manager reviews and reports on the application and findings of the performance management Framework that underpins the QAIP to the Governance and Audit Committee. An external assessment of conformance with the PSIAS is completed and reported at least every five years.

Quality Assurance and Improvement Programme – Operational Approach (Diagram)

'Output Focussed, Quality Controlled'

Figure 1 - Quality Assurance and Improvement Programme – Operational Approach (Diagram)



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**GOVERNANCE & AUDIT COMMITTEE: 11 July 2023**

INTERNAL AUDIT & INVESTIGATION TEAM - PROGRESS REPORT**REPORT OF THE AUDIT MANAGER****AGENDA ITEM: 9.2**

Reason for this Report

1. The Terms of Reference of the Governance and Audit Committee requires that Members consider:
 - Updates on the work of internal audit including key findings, issues of concern and action in hand as a result of internal audit work.
 - Regular reports on the results of the Quality Assurance and Improvement Programme (QAIP).
 - Reports on instances where the internal audit function does not conform to the PSIAS and Local Government Application Note (LGAN) considering whether the non-conformance is significant enough that it must be included in the Annual Governance Statement.
 - The Counter-fraud strategy, actions and resources.
2. A progress report has been prepared to provide the Governance and Audit Committee with an update on the work and performance of the Internal Audit and Investigation Teams. This progress report covers the period from 1 March - 30 June 2023, and follows the updates provided in the last Committee meeting held on 21 March 2023.

Background

3. The Governance and Audit Committee approved the Audit Charter and the risk-based Audit Plan 2022/23 and 2023/24 on 15 March 2022 and 21 March 2023 respectively. At these times the planned activity of the Investigation Team was also provided for consideration.
4. The Internal Audit Progress Report (**Annex 1**) sets out performance in relation to the Internal Audit Plan. It summarises the work performed, the priority recommendations raised, the critical findings, emerging trends, and relevant value for money findings across the Council for the assurance of the Governance and Audit Committee.

5. The Investigation Team Progress Reports (**Annex 2**) focuses on proactive and reactive fraud awareness, detection and investigation activities, including participation in initiatives, such as National Fraud Initiative (NFI) data matching exercises.
6. As part of progress updates, there is an opportunity to consider emerging risks, issues and sources of assurance, and to potentially refocus priorities. Prior to presenting to Committee, progress reports are discussed with the Corporate Director Resources.
7. The Internal Audit Section reports to the Audit Manager. To meet the provisions of Public Sector Internal Audit Standards (PSIAS 1100 - Organisational Independence), the Audit Manager is not responsible for managing any functions beyond the Internal Audit and Investigation teams. The Audit Manager reports administratively to the Head of Finance and functionally to the Governance and Audit Committee for audit-related matters. There have been no impairments of independence or objectivity.

Issues

Conclusion of 2022/23

8. The appended progress reports contain sections in respect of the financial year 2022/23, which set out the work undertaken, the findings and outcomes of the Audit and Investigation Teams as at the financial year-end. A full account of the activities of the Internal Audit Team for the year is provided separately within the draft Internal Audit Annual Report 2022/23, for consideration by the Committee in agenda item 9.1. The draft Counter-Fraud Annual Report 2022/23 is scheduled for reporting to the Governance and Audit Committee in the September 2023 meeting, and will provide a full account of the activity of the Investigation Team during the year.
9. The pertinent year-end information in Annex 1 relating to Internal Audit activity, comprises the final position against the Audit Plan 2022/23 and the critical findings and emerging trends in March 2023. For the year overall there were 55 new audit engagements completed to at least draft output stage, and a further 23 draft outputs from the prior year were finalised.
10. An audit of Central Transport Service (CTS) which was issued in draft during February 2023 with an opinion of 'unsatisfactory' has been finalised. Accordingly, the Executive Summary Report is included within Appendix C for the information of the Governance and Audit Committee. A follow up audit has been included within the draft Audit Plan 2023/24.
11. The Investigation Team Progress Report in Annex 2 contains the year-end position for 2022/23 in respect of the counter-fraud activity and impact. During 2022/23, 312 cases were identified for investigation, and 328 were concluded. With regards to the impact:

- 74 Blue Badge investigations concluded and 10 offenders received a criminal sanction.
- 46 Council Tax Liability investigations concluded and identified £33,985 of under charged liability, to be recovered.
- 36 Council Tax Reduction investigations concluded resulting in overpayments of £24,370 being identified for recovery.
- 21 employee investigations concluded, resulting in the following outcomes: 1 management action, 1 written warning, 3 final written warnings, 4 resignations and 3 dismissals.
- 21 Insurance claims were amended or withdrawn, saving £310,595.
- 114 tenancy investigations were completed, through which nothing untoward was found.
- 16 'other' cases concluded, of which 7 were in respect of grants, one of which was investigated by the Corporate Fraud Investigation Team and referred to South Wales Police. The offender admitted the offence and received a community resolution. The 9 other cases included: death in service grant, intercepted cheque, conflict of interest, corruption, false / falsified documents. The total value of these concluded cases was £86,403.

Delivery 2023/24 (to date)

a) Audit

12. Annex 1 outlines how during quarter one the priorities and approach of the audit team were to deliver a combination of management support through consultation and engagement in high-risk areas, and to commence the delivery of assurance engagements from the Audit Plan.
13. The Internal Audit Team has continued to be available to provide advice and guidance on the design and implementation of effective controls, process changes and grant administration, to achieve compliance and control, and arrangements for the effective prevention and detection of fraud.
14. Following the planned conclusion of the Audit Plan for 2022/23, a number of assurance audit engagements have commenced from the Audit Plan 2023/24. This work continues to be undertaken predominantly on a desktop basis, although site visits are taking place for establishment audits, to observe the operation of physical controls or operating practices. Further details are provided within section 2.4. 'Current Activities'.
15. Section 2.5 'Resources', outlines that two senior auditor posts have recently been recruited to and a CIPFA Trainee has been appointed to commence within the audit service as part of their placement in July. Two Auditor positions became available, arising from one member of the team being promoted to Senior Auditor, and another

leaving the team for an opportunity within the Adults, Housing and Communities directorate. After prompt advertising, shortlisted candidates have been invited for interview during July. One of the available posts is subject to a trial for potential redeployment in accordance with HR processes, to commence in July.

16. Section 2.6 'Annual Plan' advised that vacant posts have had an impact on the available staff resource during quarter one, which has impacted on the progression of the Audit Plan. It is also not uncommon for performance to be lower in quarter one, as a new portfolio of audit engagements are worked on, some of which are well progressed but have not been concluded at the quarter end.
17. In quarter one 2023/24, it is positive to report that all audit opinions provided were either 'effective' or 'effective with opportunity for improvement'. Within Annex 1, section 2.7 'Critical Findings or Emerging Trends (Q1 2023/24)', details are given on the findings of thematic reviews of performance management, and of an audit of the effectiveness of the Council's Complaints and Compliments arrangements.
18. Proposed performance indicators are set to be realistic and stretching for the financial year within the ongoing environment, as detailed within section 3.2 'Performance'. Audits will be allocated on a basis that provides the greatest assurance and value and mitigates any impairment to the annual opinion of the Audit Manager on the Council's control environment for 2023/24.
19. **Appendix A** shows a list of audits and their reporting status in the current year, as at 30 June 2023, in which 10 new audit engagements have been completed to at least draft output stage and 20 audit engagements from the prior year have been finalised. The current position for the full Audit Plan is shown in **Appendix B**.

a) Investigations

20. Annex 2 outlines the activities of the Investigation Team in quarter one. For the year as a whole there are four hundred and fifty-two chargeable days available based on current resources, indicatively split between strategic (72 days) and operational activities (380 days).
21. Excluding Insurance and blue badge data, which is not currently available, in respect of all other quarter one casework:
 - 62 cases were identified for investigation so far this year, compared to 38 for the same period last year.
 - 58 investigations are ongoing, compared to 65 for the same period last year.
 - 61 investigations have concluded, compared to 33 over the same period last year.
 - £24,461 has been attributed to concluded investigations, compared to £24,511 for the same period last year.

22. In addition to identifying and progressing investigation cases, the team has continued to provide counter-fraud advice, guidance, training and support across the Council.
23. The summary report in Annex 2 provides further details in respect of the above.

Audit Recommendations

24. A summary of the audit recommendations and progress at the reporting date are provided within **Appendix D**. Full recommendation trackers on the recommendations open, and those completed since the last committee, are available for Governance and Audit Committee Members via a SharePoint site for information and reference.

Legal Implications

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

Financial Implications

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

RECOMMENDATIONS

27. That the Governance and Audit Committee note and consider the contents of the:
 - Internal Audit and Investigation Team Progress Reports.

CHRIS PYKE AUDIT MANAGER

The following are attached:

Annex 1 - Internal Audit Progress - Summary Report

Appendix A Report Status as at 30 June 2023

Appendix B Audit Plan

Appendix C Central Transport Service – Executive Audit Summary

Appendix D Recommendations Summary

[Committee Member Link to Recommendation Trackers](#)

Annex 2 - Investigation Team Progress – Summary Report

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Resources Directorate Internal Audit Section



Internal Audit Progress Report (as at 11 July 2023)

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Appendix B	Audit Plan
Appendix C	Central Transport Service – Executive Audit Summary
Appendix D	Recommendations Summary

Prepared by: Chris Pyke, Audit Manager

INTERNAL AUDIT PROGRESS REPORT

1. INTRODUCTION

1.1 Background

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

This progress report covers the period from 1 March – 30 June 2023, and follows the updates provided in the last Committee meeting held on 21 March 2023. This report is structured to provide a summary account of audit activities and outcomes in March 2023 to conclude reporting on 2022/23, followed by an outline of the audit activities and progress made against the Audit Plan 2023/24.

The Audit Plan 2022/23 was approved by the Governance and Audit Committee on 15 March 2022, and the Audit Plan for 2023/24 was approved by Committee on 21 March 2023. The Internal Audit Plan provides the framework for audit work each year and is aligned to the Council's corporate governance arrangements, whilst also being responsive to any changes to the risks faced by the Council during the year.

1.2 Independence and objectivity

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

1.3 Continuing Professional Development

Auditors have completed their year-end personal reviews and formalised their objectives for 2023/24. Prior to discussing performance, auditors updated their skills assessment in application of the IIA Professional Competencies Framework.

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

1.4 External Peer Assessment

On an annual basis the Audit Manager completes an internal review against the CIPFA Local Government Application Note, which breaks down the conformance requirements of the Public Sector Internal Audit Standards (PSIAS). Through this review, and the quality assurance and improvement programme that is in place, ongoing conformance with the PSIAS is reported to the Governance and Audit Committee as part of the Internal Audit Annual Report. This is in addition to the ongoing assurance arrangements in place to achieve and report ongoing assurance in progress report to the Committee.

In addition to internal reviews, the PSIAS requires that external assessments are conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organisation. The latest 5-yearly external assessment was completed and reported to the Governance and Audit Committee in March 2023, led by the Chief Auditor in Monmouthshire / Newport Councils, who was allocated to undertake the peer assessment of Cardiff Council's Internal Audit service. The assessment has reported no partial or non-conformance. One optional action was proposed and has been implemented, relating to the communication of the audit scope and objectives along with the risk, within audit outputs.

2. SUMMARY OF WORK PERFORMED

The following audit summary is separated into two sections. The first section covers the conclusion of the Audit Plan 2022/23, followed by a second section which covers the work programme for 2023/24, and the associated activities, resources, findings, and measures of performance in quarter one 2023/24.

Conclusion of 2022/23

2.1 Audit Plan 2022/23

In March 2022/23, twenty audit engagements were completed to at least draft report stage and a further audit relating to the prior year was finalised. The Governance and Audit Committee was advised that these audits were being targeted for completion by the year-end in its January and March meetings. Details are provided below.

Figure 1. March 2023 audit outputs and opinions

No.	Assurance Audit Engagement	Audit Opinion
1.	Performance Management – Economic Development	Effective
2.	In-year testing - Purchases and Payments	
3.	Alarm Receiving Centre	Effective with opportunity for improvement
4.	Disposal of Land and Buildings	
5.	Pensions and Investments	
6.	Secondary school audit - Eastern High	
7.	Skip Hire	
8.	Waste Management Enforcement	
9.	In-year testing - Payroll and HR	
10.	Partnership / Arms-length Assurance	
11.	Complaints and Compliments	
12.	Council Tax	
13.	Secondary school audit - Fitzalan	
14.	Health and Safety - Education	
15.	Harbour Authority	
16.	Ethics and Values	
17.	Primary school audit - Baden Powell	
18.	International White Water	
Audit Work with 'No Opinion'		
19.	National Fraud Initiative Data Matching	Participation
20.	Norwegian Church Preservation Trust 2021/22	Account certification
<i>Concluded Reports from the prior year</i>		
21.	Payroll and HR in year testing 2021/22	Effective w/ opportunity for improvement.

The final position in respect of the Audit Plan 2022/23 and wider information and measures of the performance of the audit team are included in detail within the Internal Audit Annual Report 2022/23.

The summarised position is shown in the table below: 55 new audit engagements were completed to at least draft output stage against a plan of 105 audits (52%), and a further 23 draft outputs from the prior year were finalised. The Audit Plan is responsive to risk and, accordingly, some audits were added, deferred, and cancelled during the financial year, with the engagement of, and approval where required from, the Governance and Audit Committee. The audits completed in 2022/23 and the assurance levels given are shown in the table below:

Figure 2. Audit outputs and opinions (2022/23)

Status	Number of audit outputs	Opinion				
		Effective	Effective with opportunity for improvement	Insufficient with major improvement needed	Unsatisfactory	No opinion given
Draft	30	4	23	2	1	0
Final	48	7	26	6	0	9
TOTAL	78	11	49	8	1	9
	55	New Audit Engagements Completed				
	23	Finalised Audit Engagements from 2021/22				

2.2 Critical Findings or Emerging Trends (March 2023)

Within the Internal Audit Annual Report 2022/23, an Audit Manager opinion of ‘Effective with opportunity for improvement’ has been provided on the Council’s control environment. Recognising that the Internal Audit Annual Report 2022/23 provides the substantive and detailed position in respect of the activities, performance, and opinions of Internal Audit for the last financial year.

There were no impaired assurance opinions provided through the draft reports issued in March 2023. An audit of Central Transport Service (CTS) which was issued in draft during February 2023 with an opinion of ‘unsatisfactory’ has been finalised. Accordingly, the Executive Summary Report is included within Appendix C for the information of the Governance and Audit Committee. A follow up audit has been included within the draft Audit Plan 2023/24.

2.3 Value for Money findings (March 2023)

There were no value for money themed audits delivered within the reporting period. The vast majority of audits undertaken by the Internal Audit Team have objectives which cover value for money assurances, from which a general satisfactory level of assurance can be provided for the reporting period.

Work Programme – 2023/24

2.4 Current Activities

During quarter one 2023/24, the priorities and approach of the audit team were to deliver a combination of management support through consultation and engagement in high-risk areas, and to commence the delivery of assurance engagements from the Audit Plan.

The Internal Audit Team has continued to be available to provide advice and guidance on the design and implementation of effective controls, process changes and grant administration, to achieve compliance and control, and arrangements for the effective prevention and detection of fraud.

Following the planned conclusion of the Audit Plan for 2022/23, a number of assurance audit engagements have commenced from the Audit Plan 2023/24. This work continues to be undertaken predominantly on a desktop basis, although site visits are taking place for establishment audits, to observe the operation of physical controls or operating practices.

The table below shows a list of audits and their reporting status in the current year until 30 June 2023, whereby 10 new audit engagements have been completed to at least draft output stage and 20 audit engagements from the prior year have been finalised. A summary of the audit outputs and opinions in the year to date is shown below.

Figure 3. Audit outputs and opinions (at 30 June 2023)

Status	Number of completed audits	Opinion				
		Effective	Effective with opportunity for improvement	Insufficient with major improvement needed	Unsatisfactory	No opinion given
Draft	6	4	2	0	0	0
Final	24	4	14	2	1	3
TOTAL	30	9	16	2	1	3
	10	New Audit Engagements completed				
	20	Finalised Audit Engagements from 2022/23				

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

Figure 4. 2023/24 Audit outputs and opinions (at 30 June 2023)

No.	Assurance Audit Engagement	Audit Opinion
1.	Performance Management – Governance and Legal Services	Effective
2.	Performance Management – Children’s Services	
3.	Performance Management – Adults, Housing and Communities	
4.	Performance Management – People and Communities	
5.	Performance Management – Planning, Transport and Environment	
6.	Youth Offending Service	Effective with Opp’ for improv’t
7.	Performance Management – Education and Lifelong Learning	
Audit Work with ‘No Opinion’		
8.	Joint Committees - Prosiect Gwyrdd	Consultancy, certification, advice and guidance
9.	Joint Committees - Port Health Authority	
10.	Joint Committees - Glamorgan Archives	
Concluded Audits from the Prior Year		
11.	School Asset Management - Thematic (Albany)	Effective
12.	Welsh Government Covid Grants - Assurance	
13.	Performance Management – Economic Development	
14.	Resources - Health and Safety (cf. 2022/23)	Effective with opportunity for
15.	Harbour Authority	

No.	Assurance Audit Engagement	Audit Opinion	
16.	Cardiff Dogs Home	improvement	
17.	Health and safety - Education		
18.	City Deal 2021/22		
19.	Follow up - Cardiff West Community High School		
20.	Waste Management Enforcement		
21.	Skip Hire		
22.	Eastern High School		
23.	Ethics and Values		
24.	Pensions and Investments		
25.	Asset Management		
26.	Disposal of Land and Buildings		
27.	Complaints and compliments		
28.	Contract Variations		Insufficient, major Improv't needed
29.	Directorate PCI - DSS Compliance		
30.	Central Transport Service	Unsatisfactory	

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

Figure 5. Completed audits without an assurance opinion (at 30 June 2023)

Audit	Comments
Joint Committees - Prosiect Gwyrdd	Work to support completion of Statement of Accounts, 2022/23
Joint Committees - Port Health Authority	
Joint Committees - Glamorgan Archives	

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

2.5 Resources

In March 2023, the Governance and Audit Committee was advised that two Senior Auditor posts were being advertised, arising from one member of the team being promoted to Principal Auditor, and another leaving the team for an opportunity within the Planning and Performance Team. Both of these posts have been appointed to with the post holders commencing in July.

Two Auditor positions became available, arising from one member of the team being promoted to Senior Auditor, and another leaving the team for an opportunity within the Adults, Housing and Communities directorate. After prompt advertising, shortlisted candidates have been invited for interview during July. One of the available posts is subject to a trial for potential redeployment in accordance with HR processes, which will commence in July.

Committee was advised in March 2023 that three CIPFA Trainee posts were being advertised, and that subject to successful appointment there would be one CIPFA Trainee on rotation from quarter 2 2023/24 to support the delivery of the Audit Plan. It is pleasing to report that the three Trainee posts have been appointed to. The post holders will commence at the end of July, one of who will be placed within Internal Audit during their first year of study.

Vacant posts have had an impact on the available staff resource during quarter one, which has impacted on the progression of the audit plan. As all operational auditors and the audit assistant record all actual time worked, there is useful management information available for planning, monitoring, and reporting purposes. Timesheet data contained 251 chargeable days in quarter one, against a pro-rata plan of 374 days (the pro rata days are calculated as an even quarterly average of available days for the year as a whole).

Time is available for audit development purposes, and one Auditor has funding in place to study the Certified Information Systems Auditor (CISA) Qualification with ISACA. To support their development and the delivery of the Audit Plan, it has been arranged for them to shadow and deliver the two ICT audits in the plan alongside a specialist auditor who has been commissioned under contract under the direction of the Audit Manager.

2.6 Annual plan

The Committee approved the Audit Plan 2023/24 in its meeting in March 2023. At this time, it was advised of the position against the Audit Plan 2022/23 including the audit targets for the remainder of the quarter. Details were also provided on how assurance would be achieved for planned audit engagements that would not be completed from the Audit Plan 2022/23.

The Audit Plan 2023/24 is contained within Appendix B. Whilst set on an annual basis, the Audit Plan is adaptable and responsive and will be subject to ongoing risk assessment, prioritisation, and review throughout the year to maximise assurance and management support. In-year changes may be introduced where appropriate, to respond to emerging risks and issues as the year progresses.

For the information of the Committee, all audits that were at draft status at the end of 2022/23 are highlighted in 'grey' in order to enable the finalisation of these audits to be tracked, whilst providing a visible separation from the audit engagements contained within the Audit Plan 2023/24.

Delivery of the Audit Plan 2023/24 is proportionately lower than targeted in quarter one, for which the reasons primarily relate to resources as outlined in section 2.5. 'Resources' for which the position is shown is section 3.2 'performance'. It is also not uncommon for performance to be lower in quarter one, as a new portfolio of audit engagements are worked on, some of which are well progressed but have not been concluded at the quarter end.

Audits will be allocated on a basis that provides the greatest assurance and value, and mitigates any impairment to the annual opinion of the Audit Manager on the Council's control environment for 2023/24.

2.7 Critical findings or emerging trends (Q1 2023/24)

During quarter one, it is positive to report that all audit opinions provided were either 'effective' or 'effective with opportunity for improvement'.

Over the quarter, thematic audit reviews have been taking place across directorates in respect of Performance Management. These thematic audits follow on from:

1. Reviews of Directorate Recovery Planning, which considered how the organisation had adapted, and come through the pandemic. This work, which was delivered through a directorate self-assessment coordinated by Internal Audit, led to some recommendations in terms of performance measures which fed into relevant Directorate Delivery Plans.
2. A corporate level audit of Performance Management, which gave assurance on the corporate framework for performance management which was considered sound.

The directorate-level audits of Performance Management that have been completed during quarter one have provided assurance that robust performance arrangements and systems are in place with effective directorate application of the corporate framework from which only a small number of recommendations have been raised.

Of notable relevance to the terms of reference of the Governance and Audit Committee is an audit review that has been completed to seek assurance on the effectiveness of the Council's Complaints and Compliments arrangements. Based on the work undertaken and the samples tested during the audit, an assurance rating of effective with opportunity for improvement has been allocated. The audit reviewed the handling of compliments and complaints across the Council; corporately, within Social Services (Adults and Children respectively), and within maintained Schools. Reflecting on the nature of each system in place, it was considered that complaints handling, and the timeliness of outcomes, were broadly operating effectively and proportionately to the level of complexity. A small number of recommendations have been raised and agreed for the areas where it was considered that there was scope for improvement.

Aligned to audit recommendations, corporate complaints handling assurance meetings have recommenced and the complaints handling standard operating procedure has been updated to support consistency in the categorisation and recording of complaints. The importance of an effective and timely roll-out of the corporate complaints handling system to mitigate the risk of fragmented systems and to take the opportunity to interrogate and review system / complaint data for further quality assurance on complaints handling is emphasised in the report. Through the audit, a process of providing guidance to schools on complaints reporting and retention in the interests of consistency and promoting good practices was agreed, and assurance will be integrated into the next Control-Risk Self-Assessment (CRSA) audit exercise.

2.8 Value for Money findings (Q1 2023/24)

There were no value for money themed audits completed within the reporting period. Fieldwork is underway for an audit of value for money in use of Council vehicles, and once completed, the audit opinion and relevant findings will be reported to the Committee.

The vast majority of audits undertaken by the Internal Audit Team have objectives which cover value for money assurances, from which a general satisfactory level of assurance can be provided for the reporting period.

3 AUDIT PERFORMANCE AND ADDED VALUE

3.1 Added Value

Relationship Manager meetings were held with Directors and their representatives during the development of the audit plan in quarter four 2022/23. Further meetings were then held in quarter one 2023/24, with particular focus given to understanding the priorities and risks within each management team, and the changes to systems or processes planned or underway, in order to direct audit advice and inform the planning of audit engagements.

Feedback from audit clients has been generally positive with 88% satisfaction and 83% of clients scoring all areas of their audit as good or excellent. One audit did not receive satisfactory feedback from the audit client, as they felt frustrated by elements of the audit process which were addressed once highlighted to audit management. All other clients reported that their audits added value.

In the audit outputs issued to date (as at 30 June 2023), there have been 17 recommendations made, of which one has been agreed through a finalised report. All other recommendations are being considered by audit clients through draft audit outputs. These are summarised below:

Figure 6. Recommendations raised and agreed

Rating	Recommendations made	Recommendations agreed	Recommendations being considered
Red	0	0	0
Red / amber	3	0	3
Amber / green	13	1	12
Green	1	0	1
TOTAL	17	1	16

3.2 Performance

As outlined in section 2.4 ('Current Activities'), the priorities and approach of the audit team during quarter one were to deliver a combination of management support through consultation and engagement in high-risk areas, and to commence the delivery of assurance engagements from the Audit Plan 2022/23.

It is considered that the audit performance indicators utilised in 2022/23 continue to provide an effective measure of the core components of delivering an effective audit service. Figure 7

contains the proposed performance indicators and targets for 2022/23, together with the outcomes for 2021/22 for consideration and comment by the Governance and Audit Committee.

The primary reasons why the audit service is operating at a lower capacity during the quarter are outlined in 2.5 ('Resources'). At the outset of the year, a proposed target for delivery of the Audit Plan is set at 70% and this has been integrated into audit planning and performance management processes. The target is considered to be stretching and achievable, for which the primary reasons for slippage against this measure during quarter one were the vacant posts for which recruitment exercises have been taking place.

A number of audits have been finalised from last financial year, as is shown in figure 4, and this has contributed to positive number of finalised audits per auditor. Attention continues to be given to the timely conclusion of draft audit reports.

All draft reports have been issued within four weeks of concluding audit fieldwork in the year to date, and attention will be given to sustaining high performance in this area.

Governance and Audit Committee Members have taken particular interest in performance against the percentage of audit recommendations implemented within the agreed timescale, which has been below target for a number of years. A target is proposed of 80% for 2023/24, which represents an ongoing expectation of the high delivery of agreed management actions, and an expected improvement of directorate performance from 2022/23. The performance measure has been achieved in quarter one.

Figure 7. Performance against targets for 2023/24 (to date)

Performance Indicator	2022/23 Outcome	2023/24 Target	Q1 Outcome
The percentage of the Audit Plan completed	52%	70%	12%
The average number of audit productive days per FTE	144	150	28.48
The average number of finalised audits per FTE	6.64	8	3.07
The percentage of draft audit outputs delivered within four weeks	91%	90%	100%

Performance Indicator	2022/23 Outcome	2023/24 Target	Q1 Outcome
The percentage of audit recommendations implemented within the agreed timescale	67%	80%	80%

3.3 Audit Plan Delivery

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

As outlined in section 2.4 – Current Activities, there were ten audit engagements completed in quarter one 2023/24. The current position for the full Audit Plan 2023/24 is shown in **Appendix B – Audit Plan**.

3.4 Recommendations

A summary of the audit recommendations and progress at the reporting date are provided within **Appendix B**. Full recommendation trackers on the recommendations open, and those completed since the last committee, are available for Governance and Audit Committee Members via a SharePoint site for information and reference.

Figure 8. Revised recommendation implementation dates and status

Directorate / Audit Category	Number of recommendations with revised dates	Actions now implemented	Actions still open
Fundamental	20	19	1
Corporate	31	18	13
External and grants	13	13	0
Adults, Housing and Communities	37	30	7
Children’s Services	25	19	6
Economic Development	56	33	23
Education and Lifelong Learning	102	65	37
Planning Transport and Environment	56	37	19
People and Communities	1	1	0
Resources	65	51	14
Governance and Legal Services	11	11	0
Waste Management	51	48	3
	468	345	123
Schools	202	160	42
TOTAL	670	505	165

NB - It should be noted that the table above represents the position as at 30 June 2023, whereas the recommendation tracker appendices show the detailed position against each recommendation at the closest possible date to each Committee meeting.

4 **CONCLUSION**

4.1 Summary

During quarter one 2023/24, the priorities and approach of the audit team were to deliver a combination of management support through consultation and engagement in high-risk areas, and to commence the delivery of assurance engagements from the Audit Plan. It is positive to report that during quarter one, all audit opinions provided were either 'effective' or 'effective with opportunity for improvement'.

Vacant posts have had an impact on the available staff resource during quarter one, which has impacted on the progression of the audit plan. However, two senior auditor posts have recently been recruited to and a CIPFA Trainee has been appointed to commence in July. Two Auditor positions became available, arising from one member of the team being promoted to Senior Auditor, and another leaving the team for an opportunity within the Adults, Housing and Communities directorate. After prompt advertising, shortlisted candidates have been invited for interview during July. One of the available posts is subject to a trial for potential redeployment in accordance with HR processes, to commence in July.

There will be a focus on increasing the coverage of the Audit Plan in quarter two. Audits will be allocated on a basis that provides the greatest assurance and value and mitigates any impairment to the annual opinion of the Audit Manager on the Council's control environment for 2023/24.

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Report Status (as at 30 June 2023)

Audit Opinion	Audit Area	High Risk Recommendations		Status (If not Final)
		Proposed	Agreed	
Fundamental / High				
Effective	Purchasing Payments and Processing - In-year Testing 2022/23 (c. 2022/23)			Drafts
	Performance Management – Governance and Legal Services			Issued
	Performance Management – Children’s Services			
	School Asset Management - Thematic (Albany) (cf. 2022/23)			
	Welsh Government Covid Grants - Assurance (2021/22) (cf. 2022/23)			
	Performance Management – Economic Development (cf. 2022/23)			
	Performance Management – Adults, Housing & Communities			
Effective with opportunity for improvement	Whistleblowing Processes (cf. 2022/23)			Drafts
	Income and Debtors (cf. 2022/23)			Issued
	Payroll & HR - In-year Testing 2022/23 (c. 2022/23)			
	Partnership / Arms-length Assurance (cf. 2022/23)			
	Performance Management – Education & Lifelong Learning			
	Resources - Health and Safety (cf. 2022/23)			
	Ethics and Values (cf. 2022/23)			
	Pensions and Investments (cf. 2022/23)			
	Asset Management (cf. 2022/23)			
	Health and safety – Education (cf. 2022/23)			
	Complaints and compliments (cf. 2022/23)			
Insufficient with major improvement needed	School Asset Management - St Patricks Primary School (cf. 2022/23)	1		Draft Issued
	Contract Variations (cf. 2022/23)	1	1	
	Directorate PCI - DSS Compliance (cf. 2022/23)	1	1	
Medium				
Effective	Ysgol Bro Edern (cf. 2022/23)			Draft Issued
Effective with opportunity for improvement	Schools with Surplus Balances – Thematic (cf. 2022/23)			Drafts
	Catering in Opted out schools (cf. 2022/23)			Issued
	Alarm Receiving Centre (cf. 2022/23)			
	Youth Offending Service			

Audit Opinion	Audit Area	High Risk Recommendations		Status (If not Final)
		Proposed	Agreed	
	Harbour Authority (cf. 2022/23)			
	Cardiff Dogs Home (cf. 2022/23)			
	Follow up - Cardiff West Community High School (cf. 2022/23)			
	Waste Management Enforcement (cf. 2022/23)			
	Skip Hire (cf. 2022/23)			
	Eastern High School (cf. 2022/23)			
	Catering in opted out schools - Mary Immaculate (cf. 2022/23)			
	Catering in opted out schools – Cardiff HS (cf. 2022/23)			
	Catering in opted out schools - Whitchurch HS (cf. 2022/23)			
	Disposal of Land and Buildings (cf. 2022/23)			
	Catering in opted out schools - Greenhill School (cf. 2022/23)			
Unsatisfactory	Central Transport Service (cf. 2022/23)	2	2	
Grants / Accounts / External Bodies				
Effective with Opp' for Improvement	City Deal 2021/22 (cf. 2022.23)	0	0	
No assurance opinion given	Joint Committees - Prosiect Gwyrdd	Statement of Accounts Reviews / Certification / Support		
	Joint Committees - Port Health Authority			
	Joint Committees - Glamorgan Archives			

Audit Category	Risk	Engagement Type	CIPFA Classification	Original audit plan 2022/23	Original Audit Plan 2023/24	Assignment	Days	Audit Scope	National Issue	Audit Output Status 30.06.23	Audit Opinion
Fundamental Audits - S151 Assurance											
Purchasing Payments and Processing	High	Assurance	Chargeable	50	50	In-year Testing 2022/23 (c. 2022/23)	0	Purchases and Payments are compliant, authorised, accurate and timely		Draft Issued	Effective
				CRSA	5	Purchases and Payments are compliant, authorised, accurate and timely					
				In-year Testing	25						
				Purchasing Cards	20						
Payroll & HR				50	50	In-year Testing 2022/23 (c. 2022/23)	0	As below		Draft Issued	Effective with Opportunity for Improvement
				CRSA	5	Recruitment processes are transparent and robust, leave processes are well governed, only bona fide, authorised and accurate payments are made, with effective prevention, detection and recovery of errors					
				In-year Testing	25						
				Time Recording	20						
Income and Debtors				0	0	Income and Debtors (cf. 2022/23)	0	Operation of appropriate arrangements to record, monitor and recover sundry debts.		Draft Issued	Effective with Opportunity for Improvement
				3	20	Income and Debtors	20	Operation of appropriate arrangements to record, monitor and recover sundry debts.			
NNDR				0	20	NNDR	20	Business rate collection and control is working effectively and efficiently			
Treasury Management				0	20	Treasury Management	20	Effective treasury management strategy, governance, risk management and monitoring framework			
Main Accounting				0	20	Main Accounting	20	The main accounting system and processes are well controlled and operating effectively			
Asset Management				0	20	Asset Management	20	Effective recording, monitoring, management and control of physical assets			
Housing Rents				0	10	Housing Rents	10	Effective control processes are in place for managing and recovering housing rents			
Pensions and Investments	0	0	Pensions and Investments (cf. 2022/23)	0	Effective compliance and control	Final Issued	Effective with Opportunity for Improvement				
Asset Management	0	0	Asset Management (cf. 2022/23)	0	Effective recording, monitoring, management and control of physical assets	Final Issued	Effective with Opportunity for Improvement				
Council Tax	20	0									
HB / LHA/ CTRS	20	0									
Total				143	210						
Corporate Audit											
				Original audit plan 2022/23	Original audit plan 2023/24	Assignment	Days				
Risk Management	High	Assurance	Chargeable	15	15	Climate Change Risk Management	15	Risk management arrangements are effective and operated consistently			
Contract Audit				40	40	Contract Variations (cf. 2022/23)	0	Effective contract compliance, control and delivery of objectives		Final Issued	Insufficient with Major Improvement Needed
						Cradle to Grave Audit	20	Effective contract compliance, control and delivery of objectives			
						Framework Agreements	20				
Taxation				20	20	Taxation	20	Effective compliance and control.			
Procurement				20	20	Procurement	20	Effective and compliance commissioning and procurement compliance and control arrangements			
Mileage & subsistence				15	15	Mileage & Subsistence	15	Accurate claiming and authorisation for reasonable expenditure.			
Fleet Management				0	20	Fleet Management	20	Effective governance, risk management and control			
ICT Audit				30	30	Directorate PCI - DSS Compliance (cf. 2022/23)	0	Effective co-ordination, risk management and control		Final Issued	Insufficient with Major Improvement Needed
						Backup and Data Recovery	15	Effective governance, risk management and control			
						Cyber Security (Schools) – ICT Managed Technology	15	Effective governance, risk management and control			
National Fraud Initiative				Participation	10	10	National Fraud Initiative	10		Data matching counter-fraud exercise	
Value for Money studies				Assurance	30	30	Value for money in use of Council Vehicles	15		Assurance on value for money in use of Council vehicles	
					Value for money in use of Overtime	15	Value for money in use of overtime				
Stores				10	10	Lamby Way Stores	10	Effective and efficient stores management, and stock / equipment control			
Education - SOP	20	20	Education - SOP	20	Delivery of objectives, with effective compliance and control						
Governance Arrangements	20	20	Governance Arrangements TBC	20	Audit of the application of good corporate governance arrangements						
Programmes and Projects	20	20	Programmes and Projects	20	Effective, clear and consistent project governance arrangements.						
System Development	TBC	30	30	Provision for System Development	30	Consultation or assurance services, as relevant.					
Wellbeing of Future Generations	Assurance	0	20	Wellbeing of Future Generations	20	Effective application of Wellbeing of Future Generations requirements.					
Business Continuity		0	20	Business Continuity	20	Effective business recovery and incident management systems.					
Information governance	0	20	Information Governance	20	Effective mechanisms and systems operated in accordance with the data protection act 2018						
Delegation and decision making	20	20	Delegation and decision making	20	Effective application of delegated authority and decision making						
Ethics and values	20	0	Ethics and Values (cf. 2022/23)	0	Policy and process alignment to principles of best practice ethics and values	Final Issued	Effective with Opportunity for Improvement				
Ethics and values - Whistleblowing Processes	0	0	Whistleblowing Processes (cf. 2022/23)	0	Whistleblowing processes are compliant and effective	Draft Issued	Effective with Opportunity for Improvement				
Welsh Government Covid Grants	20	0	Welsh Government Covid Grants - Assurance (cf. 2022/23)	0	Sample check of effective compliance and control in administering WG Grants	Y	Final Issued	Effective			
Complaints and Compliments	20	0	Complaints and Compliments (cf. 2022/23)	0	Effective arrangements and systems in place for handling complaints & compliments	Final Issued	Effective with Opportunity for Improvement				
Partnership / Arms-length Assurance	20	0	Partnership / Arms-length Assurance (cf. 2022/23)	0	Effective governance, risk management and control arrangements	Draft Issued	Effective with Opportunity for Improvement				
Health and safety	5	0									
Safeguarding	4	0									
Welsh Government Covid Grants - Assurance	20	0									
Total				409	380						
Service Specific Audit											
				Original audit plan 2022/23	Original audit plan 2023/24	Assignment	Days				
Service / Process Consultancy	High	Consultancy	Chargeable	40	30	Provision for Service / Process Consultancy	30	Consultancy support across the Council, as appropriate			
Resources	High	Assurance		60	40	Resources - Health and Safety (cf. 2021/22)	0	Directorate health and safety compliance and risk management.		Final Issued	Effective with Opportunity for Improvement
				Performance Management	15	Performance management arrangements are effective, and operated consistently.					
	Medium			Central Transport Service (cf. 2022/23)	0	Delivery of service objectives with effective compliance and control					
				Alarm Receiving Centre (cf. 2022/23)	0						
				FOLLOW UP - Central Transport Service	10	Delivery of service objectives with effective compliance and control					
		Insurance		15							
Governance and Legal Services	High	Assurance		45	40	Performance Management	10	Performance management arrangements are effective, and operated consistently.		Draft Issued	Effective
	Medium			Electoral Services	20	Delivery of service objectives with effective compliance and control					
				Land Charges	10						
People and Communities	High	Assurance		40	30	Performance Management	15	Performance management arrangements are effective, and operated consistently.		Draft Issued	Effective
	Medium			Community Safety	15	Assurance on compliance with statutory requirements					

Executive Summary

Central Transport Service (CTS)

BACKGROUND

- 1 An Internal Audit review has been undertaken of the control environment of 'Central Transport Service (CTS)'. CTS is responsible for the management and maintenance of a fleet of over 1000 commercial and specialist vehicles, comprising heavy goods vehicles, goods vehicles, light commercial vehicles, buses, small cars and vans and plant equipment. CTS specialises in servicing and supporting the vehicles as well as offering MoT, vehicle testing and washing services to the public.
- 2 The objectives of the audit were to provide assurance that:
 - Strategy is aligned to corporate strategic priorities, and policies are clear, effective, and aligned to operational good practices.
 - Effective and well governed systems are operated in respect of purchasing and procurement, stock management, payroll, workshop, and wider operating activities.
 - There is compliance and control in respect of associated legislative and corporate requirements; and
 - Previous audit recommendations have been addressed by management.

MAIN CONCLUSIONS

- 3 The audit identified a number of control gaps that need to be addressed to provide the necessary assurance on good governance, risk management and systems of internal control, and an audit opinion of **unsatisfactory** has been allocated.
- 4 At a strategic level, a Fleet Strategy for the Council had not been finalised and a CTS Business Plan was considered to be required to define and set a sustainable business model with corporate and commercial aims and priorities for CTS, including charging and investment mechanisms. A service area risk register was not in place and is considered necessary to escalate and manage risk.
- 5 At an operational level, non-compliance was noted in contract controls and processes, although additional controls for spot hire contracts were promptly put in place in response during the audit. Incomplete lists of vehicles owned or leased by the Council for control, repair and maintenance assurance were found. Up to date and complete service level agreements were not available during the audit between CTS and service areas and required review and formalisation. Monitoring and oversight arrangements also need to be developed further and areas considered include CTS purchasing card use and authorisation, the system for taking vans home, the prompt raising of invoices, the monitoring of vehicle end of life, bunkered fuel processes and the alignment of overtime to business needs.
- 6 From the outset of the audit, the Operational Manager (OM), who had recently been tasked with overseeing CTS alongside their substantive post duties, engaged positively with Internal Audit, and discussed matters that they considered needed to be addressed from their initial observations and reviews. This assisted the audit, and it is noted that the OM has already

taken positive steps to enhance systems and governance in place at CTS, including commissioning external reviews in several areas including Operational Licences (“O” licences), Health & Safety (Coleridge Road) and performance reporting elements within Tranman (the Council database used for monitoring vehicles and scheduling work).

RECOMMENDATIONS FOR ACTION

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

LATEST POSITION

- 9 A formal response has been received with a commitment to deliver all recommendations.
- 10 Internal Audit will continue to monitor the internal control environment through the recommendation tracker and regular discussions with management. A further follow up audit will be undertaken in line with the audit protocol.

Directorate / Area	No. of Audits	No. of Red Recs	No. of Red/ Amber Recs	'open recommendations' - by audit assurance rating					'open recommendation' by status			
				No. of Recs Effective	No. of Recs Effective with Opportunity for Improvement	No. of Recs Insufficient with major improvement needed	No. of Recs Unsatisfactory	No. of Recs N/A	No. of Recs with Amended Action Date	No. of Recs where action date has passed	Current target date not yet due	
Economic Development	9	2	20		19	3			18	0	22	
Education & Lifelong Learning - Schools	20	1	40		40	1			28	28	13	7 - overdue action where the evidence is under review by Internal Audit. 4 - overdue actions for which evidence has been requested, in order to close actions. 16 - overdue actions for which an update has been requested. 1 - recently overdue action where an update will be requested in due course.
Education & Lifelong Learning	12	4	19		13	8		2	17	11	12	9 - overdue actions, where an update is under review by Audit. 2 - overdue actions for which an update has been requested. 2 - N/A actions related to instance where Directorate was sampled as part of a wider corporate report, and an opinion was not provided at a directorate level.
Corporate Governance (Resources)	4		4		4				1	2	2	1 - overdue action for which an update has been requested. 1 - overdue action for which an update has not been provided.
External and Grants (Resources)	1		2		2				0	0	2	
Fundamental (Resources)	1		1		1				0	0	1	
Other Assurance (Resources)	1	1	2			3			2	3	0	3 - overdue actions for which an update has been requested.
Resources	4	4	23		3	8	16		6	9	18	1 - overdue action where evidence is under review by Audit. 3 - overdue actions where evidence has been requested in order to close action. 4 - overdue actions where an update is under review by Audit. 1 - overdue action where an update is pending.
Governance & Legal Services												
Planning, Transport & Environment	9	1	14		9	4		2	14	5	10	5 - overdue actions for which an update has been requested 2 - N/A actions related to instance where Directorate was sampled as part of a wider corporate report, and an opinion was not provided at a directorate level.
People and Communities												
Children's Services	4	2	3			4		1	5	0	5	1 - N/A action related to instance where Directorate was sampled as part of a wider corporate report, and an opinion was not provided at a directorate level.
Adults Social Services, Communities & Housing	2	1	2	1		2			2	0	3	
Social Services - General	2		2		1	1			2	0	2	
TOTALS	69	16	132	1	92	34	16	5	95	58	90	

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Resources Directorate Internal Audit Section

Investigation Team Progress Report

2023/24

Planning & Resources

Further to the high-level allocation of days reported to Committee on 24 January 2023, four hundred and fifty-two chargeable days are available based on current resources, indicatively split between strategic (72 days) and operational activities (380 days), as summarised below, for awareness and comment:

Strategic	Policy and procedure review / planning	25	Days
	Fraud awareness / reporting	23	
	Training development / delivery	10	
	Intelligence sharing / working groups / police liaison	8	
	National Fraud Initiative	6	
Operational	Council Tax Liability (CTL)	130	Days
	Council Tax Reduction (CTR)	80	
	Other fraud (Ad hoc and contingency)	60	
	Employee misconduct (disciplinary investigations)	55	
	Tenancy fraud	45	
	Grants	5	
	Advice and guidance	5	

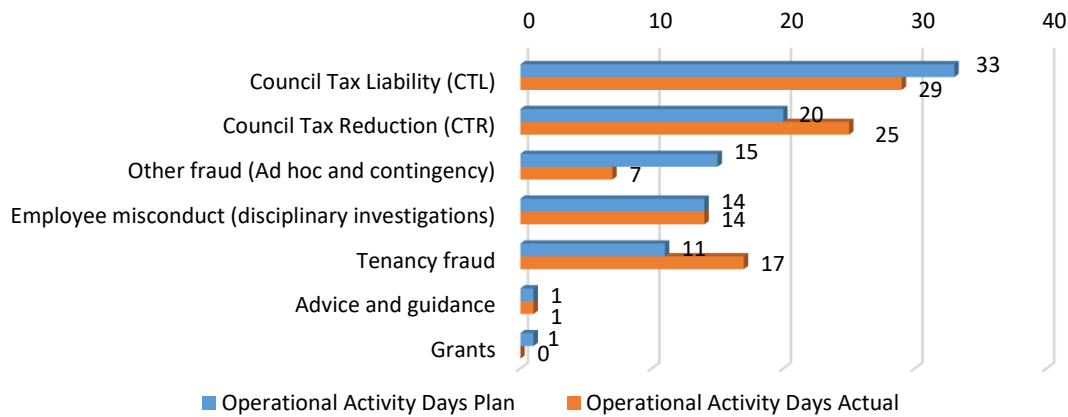
NB – Audit Manager time is not included within the above apportionment.

Activities

In the financial year to 30 June 2023, the team have applied 113 days as follows:



Operational Activity Days



Training and Awareness

Mandatory Fraud Awareness training continues to be delivered. More than six thousand staff and school governors have completed the eLearning or attended a face-to-face session. All staff are required to re-complete the Council’s Fraud Awareness Training by 31 March 2024. Face-to-Face workshops have been arranged for the management of staff who do not use PCs for their work so that they can disseminate the Training.

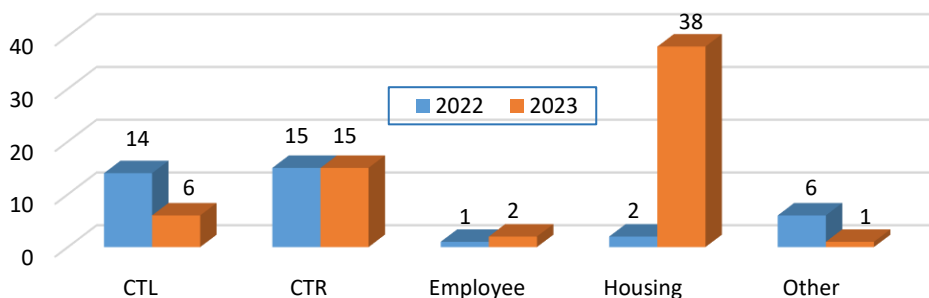
Anti-Money Laundering eLearning training is in place to reinforce the requirements of the Council’s Anti-Money Laundering Policy. The Money Laundering Reporting Officer (MLRO) is a senior officer in the Internal Audit Section, for reporting, advice and guidance needs.

Cases Identified for Investigation

Insurance data is not currently available, the position for insurance cases will next be reported as part of the quarter two Committee update. At this time the outcomes of proactive blue badge work will also be reported.

Sixty-two cases have been identified for investigation so far this year, compared to thirty-eight for the same period last year:

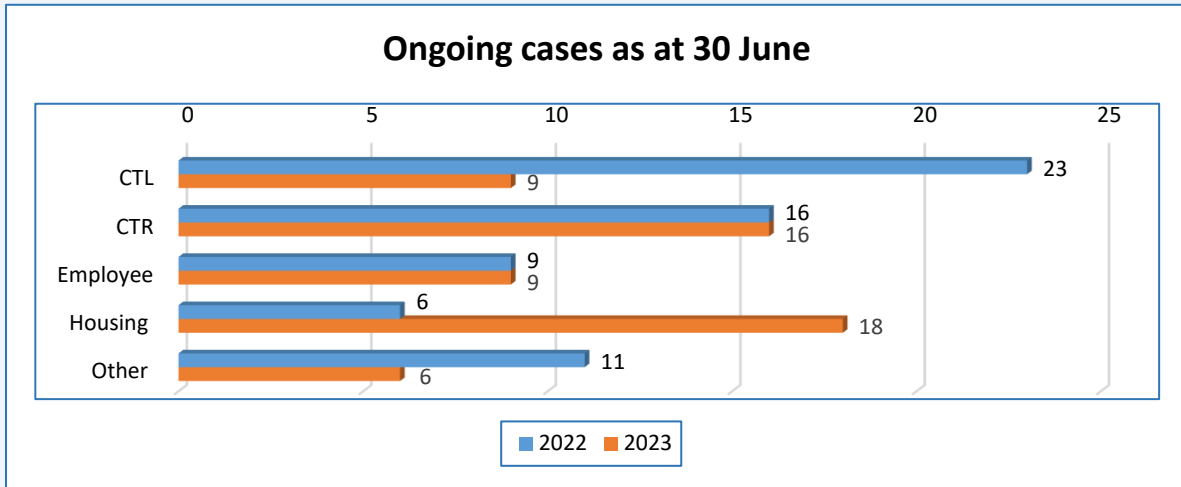
Cases identified for Investigation April to June 2023



The case designated as other this year related to a fraudulent bus pass application.

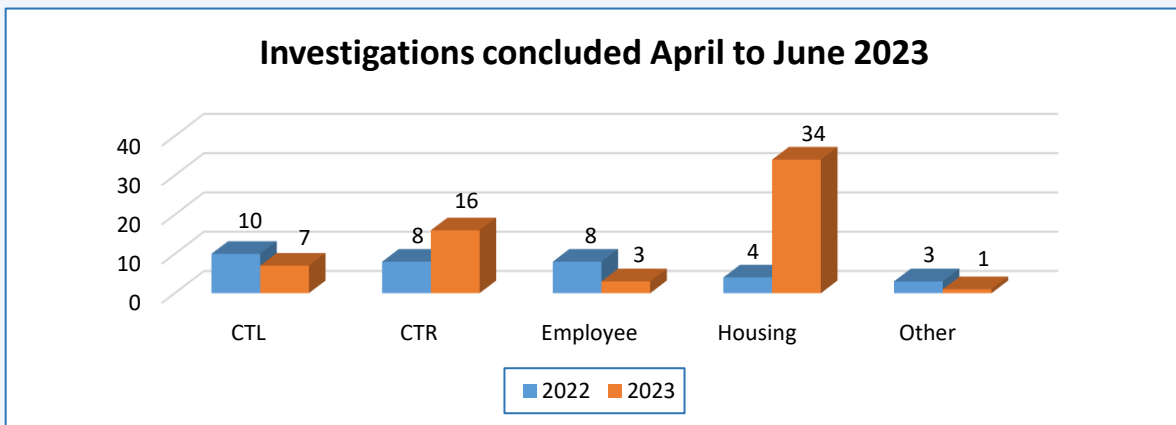
Ongoing Cases

There are currently fifty-eight investigations ongoing, compared to sixty-five, for the same period last year:



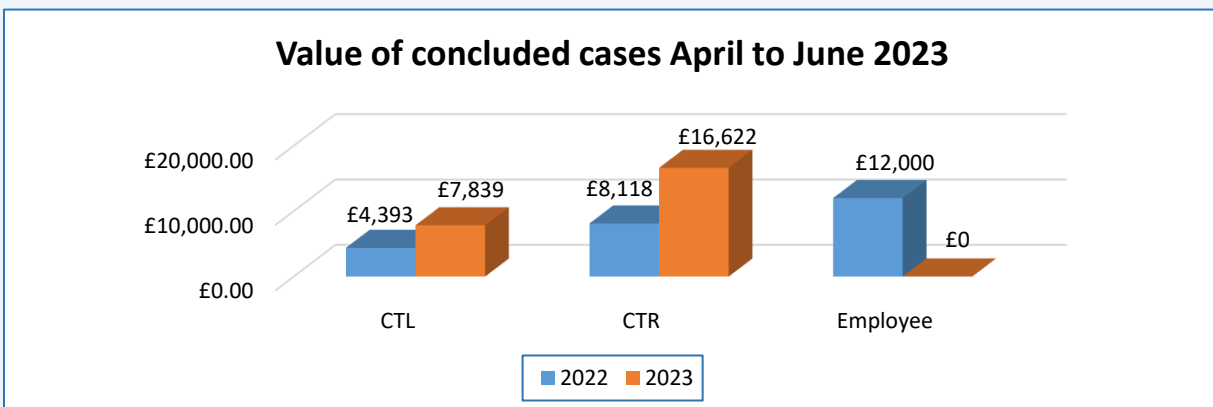
Concluded Cases

Sixty-one investigations have concluded so far this year, compared to thirty-three over the same period last year:



Financial Value

£24,461 has been attributed to concluded cases in the 2023/24 year to date, compared to £24,511 for the same period last year:



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

2022/23 – Year-end position

In advance of the Counter-Fraud Annual Report 2022/23, to be provided to the Governance and Audit Committee on 26 September 2023, the activity and outcomes for 2022/23 are shown below.

Activities

2022/23 – Activity

The substantive position of investigation cases identified and concluded in 2022/23 and compared to the prior year, are shown below:

Cases	2021/22		2022/23	
	Identified	Concluded	Identified	Concluded
Blue Badge	76	73	75	74
Council Tax Liability	157	153	37	46
Council Tax Reduction	74	86	44	36
Employee Misconduct	67	60	15	21
Insurance	12	35	8	21
Tenancy	12	13	120	114
Other Cases	71	69	13	16
Number of Cases	469	489	312	328

Three hundred and twelve cases were identified in 2022/23, compared to Four hundred and sixty-nine the previous year. Three hundred and twenty-eight were concluded during the year, compared to four hundred and eighty-nine last year.

Impact

2022/23 – Impact

Blue Badges

Seventy-five badges were seized, ten offenders received a criminal sanction during the year.

Blue Badge Sanctions	2021/22	2022/23
Caution	2	3
Prosecution	42	7

Council Tax Liability

Council Tax Liability investigations concluded during the year identified £33,985 of under charged liability, to be recovered.

Council Tax Liability	2021/22	2022/23
Investigations concluded	153	46
Overpayment Identified	£72,498	£33,985

Council Tax Reduction

Council Tax Reduction investigations resulted in overpayments of £24,370 to be recovered

Council Tax Reduction	2021/22	2022/23
Investigations concluded	86	36
Overpayment Identified	£9,726	£24,370

Employee Investigations

Twenty-one employee investigations were concluded; this resulted in the following outcomes: 1 management action, 1 written warning, 3 final written warnings, 4 resignations and 3 dismissals. Additional corrective actions, and a number of management recommendations were made, in order to improve systems and controls.

Insurance

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

Insurance	2021/22	2022/23
Investigations concluded	35	21
Prevented payments	£750,332	£310,595

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

Tenancy

One hundred and fourteen tenancy investigations were completed, compared to thirteen during the same period 2021/22. Nothing untoward was identified through these investigations.

Other

Of the sixteen cases concluded, 7 were in respect of grants, 1 of which was investigated by the Corporate Fraud Investigation Team and referred to South Wales Police. The offender admitted the offence and received a community resolution. The 9 other cases included: death in service grant, intercepted cheque, conflict of interest, corruption, false / falsified documents. The total value of these concluded cases was £86,403.

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GOVERNANCE & AUDIT COMMITTEE: 11 July 2023

AUDIT WALES ANNUAL AUDIT SUMMARY 2022

REPORT OF THE CORPORATE DIRECTOR RESOURCES AND CORPORATE DIRECTOR PEOPLE & COMMUNITIES AGENDA ITEM: 10.1

Reason for this Report

1. In accordance with its role, to enable the Governance and Audit Committee to:
 - Consider the external auditor's annual letter, relevant reports, and the report to those charged with governance.
 - Consider specific reports as agreed with the external auditors.
 - Comment on the scope and depth of external audit work and to ensure it gives value for money.

Issues

2. The Annual Audit Summary 2022 (**Appendix 1**) summarises all audit work undertaken since the last Annual Audit Summary in January 2022. During 2021-22 Audit Wales completed work to meet the following duties:
 - **Continuous improvement:** During 2021-22, the Auditor General had to assess whether the Council had met its performance reporting requirements in relation to 2021-22.
 - **Audit of Accounts:** Each year the Auditor General audits the Council's financial statements to make sure that public money is being properly accounted for.
 - **Value for money:** The Auditor General examines whether the Council has put in place arrangements to get value for money for the resources it uses, and he has to be satisfied that it has done this.
 - **Sustainable development principle:** Public bodies need to comply with the sustainable development principle when setting and taking steps to meet their well-being objectives. The Auditor General must assess the extent to which they are doing this.
3. In addition to work undertaken by Audit Wales the report makes reference to recent work by Care Inspectorate Wales, Estyn and Her Majesty's Inspectorate of Probation.

4. The judgements of External Regulatory Bodies represent an important component of the Council's Planning and Delivery Framework and form a part of the evidence base used in the Council's self-assessment process and Annual Wellbeing Report.
5. The Annual Audit Summary also considers the key challenges and opportunities facing the Council. These could have an effect on the Council's ability to meet its legal obligations in relation to the sustainable development principle and the use of its resources, and informs the Audit Wales work programme for 2022-23.
6. As part of the Council's Planning and Delivery Framework a workshop between Senior Auditors and Cardiff Council's Senior Management Team is convened annually to provide the Senior Management's perspectives on the key audit risks. This also serves as an opportunity to inform Audit Wales' forward planning based on the Council's own self-assessment of progress and areas of challenge.
7. All recommendations by external regulatory bodies received by the Council are recorded in the Council's Audit Tracker to ensure that the Council has appropriate arrangements in place to respond and that progress can be monitored. The Audit Tracker is formally considered by the Governance and Audit Committee on a bi-annual basis.

Legal Implications

8. There are no direct legal implications arising from the recommendations of this report.

Financial Implications

9. There are no direct Financial Implications arising from this report.

RECOMMENDATIONS

10. That the Committee:

- Note and consider the content of the Audit Wales's Annual Audit Summary for Cardiff Council 2022 (Appendix 1) and make any appropriate comments.

Gareth Newell

Head of Performance and Partnerships

The following appendix is attached:

Appendix 1 - Audit Wales's Annual Audit Summary for Cardiff Council 2022

Cardiff Council

Annual Audit Summary 2022

This is our audit summary for Cardiff Council. It shows the work completed since the last Annual Audit Summary, which was issued in January 2022. Our audit summary forms part of the Auditor General for Wales's duties.



More information about these duties can be found on our [website](#).

About the Council

Some of the services the Council provides



Key facts

The Council is made up of 79 councillors who represent the following political parties:

- Welsh Labour 55
- Welsh Conservative 11
- Welsh Liberal Democrats 10
- Plaid Cymru Green Party Common Ground 2
- Propel: not politics as usual 1

The Council spent £778 million on providing services¹ during 2021-22².

¹ We define spending on services as the cost of services charged to the general fund from the Expenditure Funding Analysis, less any Housing Revenue Account cost of services, plus precepts, levies and debt interest.

² Source: 2021-22 Statement of Accounts

Key facts

As at 31 March 2022, the Council had £165 million of useable financial reserves³. This is equivalent to 21% of the Council's annual spending on services⁴.

Cardiff has 18% of its 214 areas considered to be within the most deprived 10% of areas in Wales, this is the third highest of the 22 unitary councils in Wales⁵.

The population of Cardiff is projected to increase by 6% between 2020 and 2040 from 366,300 to 386,900, including a 5% decrease in the number of children, a 4% increase in the number of the working-age population and a 29% increase in the number of people aged 65 and over⁶.

The Auditor General's duties

We completed work during 2021-22 to meet the following duties

- **Continuous improvement**
During 2021-22, the Auditor General had to assess whether the Council had met its performance reporting requirements in relation to 2021-22.
- **Audit of Accounts**
Each year the Auditor General audits the Council's financial statements to make sure that public money is being properly accounted for.
- **Value for money**
The Auditor General examines whether the Council has put in place arrangements to get value for money for the resources it uses, and he has to be satisfied that it has done this.
- **Sustainable development principle**
Public bodies need to comply with the sustainable development principle when setting and taking steps to meet their well-being objectives. The Auditor General must assess the extent to which they are doing this.

³ We define useable financial reserves as reserves usable for revenue costs, where the purpose is not protected by law. This is the total of the general fund, earmarked reserves and schools' balances. It excludes Housing Revenue Account reserves, capital receipts and capital grants unapplied.

⁴ Source: 2021-22 Statement of Accounts

⁵ An area in this context is defined as a 'Lower Super Output Area'. Source: Stats Wales

⁶ Source: Stats Wales

What we found

Audit of Cardiff Council's 2021-22 Accounts

Each year we audit the Council's financial statements.



To meet the Auditor General's duties we complete specific projects, but we also rely on other audit work, and the work of regulators such as Care Inspectorate Wales and Estyn (the education inspectorate). We take the findings of our audit work into account when assessing whether the Council has put in place arrangements to secure value for money. Our findings and conclusions are summarised below.

For 2021-22:

- the Auditor General gave an unqualified true and fair opinion on the Council's financial statements on 31 March 2023.
- the Council's Annual Governance Statement and Narrative Report were prepared in line with the CIPFA Code and relevant guidance. They were also consistent with the financial statements prepared by the Council and with our knowledge of the Council.
- the quality of the draft statements presented for audit on 22 June 2022 was good.
- a number of changes were made to the Council's financial statements arising from our audit work, which were reported to the Governance and Audit Committee in our Audit of Financial Statements Report on 21 March 2023.
- in addition to the Auditor General's responsibilities for auditing the Council's financial statements, he also has responsibility for the certification of a number of grant claims and returns. Our work to date has not identified any significant issues.

Continuous improvement

The Auditor General certified that the Council had met its remaining Local Government (Wales) Measure 2009 duties for the financial year 2021-22, as saved by an order made under the Local Government and Elections (Wales) Act 2021.

Assurance and risk assessment review

We reviewed the arrangements the Council has put in place to secure value for money in the use of its resources. Our work focused on the following aspects of the Council's arrangements:

- financial position;
- implications of the Local Government and Elections (Wales) Act; and
- carbon reduction plans

Our findings from this work are set out in our [Assurance and Risk Assessment report](#).

Springing forward review – assets and workforce

During 2021-22, we examined how councils are strengthening their ability to transform, adapt and maintain the delivery of services. Our work focused on the Council's strategic management of its assets and workforce. We found that 'the Council has made valuable progress in developing its hybrid working plans. It has not developed its longer-term workforce plans nor the resources and governance arrangements to support their delivery, fully shaped by the sustainable development principle' and 'the Council has made good progress in delivering its property strategy and has the necessary governance arrangements underpinned by improved performance data, but its approach lacks a focus on service user and longer-term needs'. We made five recommendations in our [full report](#).

Waste Management

During 2021-22, we reviewed whether the Council has robust plans to improve its waste management service to meet its statutory obligations. We concluded 'the Council has poor recycling rates and needs to take urgent action to improve its recycling performance'. We made five recommendations in our [full report](#).

Leisure Services

During 2021-22, we completed a follow-up review on the Leisure Services provided by Greenwich Leisure Limited (GLL) on behalf of the Council. Our [initial review](#) was conducted and completed in 2020. At that time, we made six proposals for improvement. In 2022, we concluded 'the Council has made swift and good progress addressing our proposals for improvement but needs to do more to ensure the sustainable development principle fully drives future leisure provision'. We assessed that the Council has met two proposals for improvement and partially met four. We made a further six recommendations in our [follow-up report](#).

Other inspectorates

We also took into account any recent reports of Care Inspectorate Wales (CIW) and Estyn in 2021-22 as well as any subsequent actions taken by the Council in response.

In November 2021, Estyn inspected the Council's Education Services and published its [report](#) in February 2022.

In 2022, the Cardiff Youth Justice System underwent a reinspection following a 2020 inspection in which it received a rating of Inadequate. The opinion of the inspectorate following the 2022 review, in its [report](#), is 'Requires improvement'.

Local government studies

As well as local work at each council, each year we also carry out studies across the local government sector to make recommendations for improving value for money. Since the last annual improvement report, we have published the following reports.

Joint working between Emergency Services (January 2022)

This report examines whether emergency services in Wales are working more closely together to make better use of resources. Joint working across emergency services to make best use of resources is not a new concept. Emergency services have been working closely together to provide a better service to the public for many years. Innovative partnership initiatives have saved money, reduced local response times and have contributed to protecting the public. Despite this, there are growing expectations from government policy and legislation that collaboration needs to happen more deeply and quickly to ensure front line services can meet the challenges facing 21st century Wales. Overall, in our [report](#), we concluded that blue light emergency service collaboration is slowly growing but requires a step change in activity to maximise impact and make the best use of resources.

Direct Payments (April 2022)

Direct Payments are an alternative to local-authority-arranged care or support and can help meet an individual's or a carer's need. They aim to give people more choice, greater flexibility and more control over the support they get. Our [report](#) looked at how Direct Payments help sustain people's wellbeing and whether they are improving quality of life. We also looked at how local authorities manage and encourage take up of Direct Payments and whether these services present value for money. We found that Direct Payments are highly valued, with the people we surveyed acknowledging that they help them remain independent. But we also found that managing and supporting people to use Direct Payments varies widely resulting in service users and carers receiving different standards of service.

'Time for Change' – Poverty in Wales (November 2022)

Poverty in Wales is not a new phenomenon and tackling poverty, particularly child poverty, has been a priority for both the Welsh Government and councils in Wales. The current cost-of-living crisis means that more people are being affected and families who have been living comfortably are moving into poverty for the first time. Many of the levers that could be used to alleviate poverty are outside of Wales's control. The Welsh Government adopted a Child

Poverty Strategy in 2011, but this is out of date and the target to eliminate child poverty by 2020 was dropped. Councils and partners are prioritising work on poverty, but the mix of approaches and a complicated partnership landscape mean that ambitions, focus, actions, and prioritisation vary widely. The Welsh Government makes significant revenue funding available but, due to the complexity and nature of the issues, the total level of spend is unknown, and no council knows the full extent of its spending on alleviating and tackling poverty. The short-term nature of grant programmes, overly complex administration, weaknesses in guidance and grant restrictions, and difficulties spending monies means that funding is not making the impact it could. Councils find it hard to deliver preventative work because of the sheer scale of demand from people in crisis. Details are in our [full report](#).

‘A missed Opportunity’ – Social Enterprises (December 2022)

Social Enterprises sit between the public and private sectors. They apply commercial strategies to maximise improvements in financial, social and environmental well-being, often for individual groups in society, defined communities or geographical areas. Social enterprise work in every sector of the Welsh economy and in all parts of the country and are increasingly prominent in Welsh Parliament legislation. While local authorities claim they value Social Enterprises, few have mapped their activity and most authorities do not know the scale of provision within their area. Less than a third of local authorities consider themselves to have a proactive and supportive relationship with Social Enterprises and none have a dedicated strategy or policy that charts how they intend to promote and grow the sector. As a result, local authorities are missing out on the potential for Social Enterprises to help deliver services that can improve people’s quality of life. Current procurement and commissioning arrangements often unintentionally discourage Social Enterprises to engage because they are overly bureaucratic. Social value – the added value that commissioning processes can deliver – does not feature as a key driver for many local authorities. Most local authorities are not delivering their responsibilities under the Social Services and Wellbeing (Wales) Act 2014 and effectively promoting Social Enterprises. Details are in our [full report](#).

‘Together we can’ – Community resilience and self-reliance (January 2023)

At a time when there is likely to be further reductions in public spending, local authorities are showing an increasing interest in encouraging and growing community resilience; equipping people to do more for themselves and be less reliant on the state. While 19 of the 22 local authorities are prioritising community resilience, too often the work is poorly defined and the actions that underpin plans are narrowly focussed. Given the societal, financial and demographic challenges facing Wales there is a need to scale and speed up activity. Capacity, resources and skills are scarce, people are facing tougher choices and struggling to cope with the cost-of-living crisis. Communities and local authorities themselves also have different abilities and are starting from different places with their own unique challenges to overcome. We highlight positive practice and examples of how others are seeking to address the challenge of enabling people to be less reliant on local authority services and how they are supporting and enabling this transition. Details are in our [full report](#).

Planned work for 2022-23

We also looked at the key challenges and opportunities facing the Council. These could have an effect on the Council's ability to meet its legal obligations in relation to the sustainable development principle and the use of its resources.

Our planned work for 2022-23 includes:

- Assurance and risk assessment including a focus on:
 - Financial position
 - Capital programme management
 - Use of performance information – with a focus on service user feedback and outcomes
 - Setting of well-being objectives
- Thematic review – unscheduled care. This review covers the health and local government sectors
- Thematic review – digital
- Equalities Review

The Auditor General is independent of government and was appointed by Her Majesty the Queen. The Auditor General undertakes his work using staff and other resources provided by the Wales Audit Office, which is a statutory board established for that purpose and to monitor and advise the Auditor General. The Wales Audit Office is held to account by the Senedd.

The Auditor General audits local government bodies in Wales, including unitary authorities, police, fire and rescue authorities, national parks, and community councils. He also conducts local government value for money studies, assesses compliance with the remaining requirements of the Local Government (Wales) Measure 2009 and may undertake special inspections under the Local Government and Elections (Wales) Act 2021.

Beyond local government, the Auditor General is the external auditor of the Welsh Government and its sponsored and related public bodies, the Senedd Commission, and National Health Service bodies in Wales.

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

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

This document is also available in Welsh.

Cardiff Council

Outline Audit Plan 2023

Audit year: 2022-2023

Date issued: July 2023



This document has been prepared as part of work performed in accordance with statutory functions. Further information can be found in our [Statement of Responsibilities](#).

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

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

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About Audit Wales

Our aims:

Assure



the people of Wales
that public money is
well managed

Explain



how public money
is being used to
meet people's
needs

Inspire



and empower the
Welsh public sector
to improve

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Our ambitions:



Fully exploit our
unique perspective,
expertise and
depth of insight



Strengthen our
position as an
authoritative,
trusted and
independent voice



Increase our
visibility,
influence and
relevance



Be a model
organisation for the
public sector in
Wales and beyond

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Appendix 1 – key changes to ISA315 and impact	10

Introduction

This Outline Audit Plan specifies my statutory responsibilities as your external auditor and to fulfil my obligations under the Code of Audit Practice. It also sets out details of my audit team and key dates for delivering my audit team's activities and planned outputs. I intend sharing a Detailed Audit Plan later in the year following the completion of my planning work. It will set out the work my team intends undertaking to address the audit risks identified and other key areas of audit focus during 2023.



Adrian Crompton
Auditor General for
Wales

My audit responsibilities

I complete work each year to meet the following duties:

- I audit Cardiff Council's (the Council) financial statements to make sure that public money is being properly accounted for.
- the Council has to put in place arrangements to get value for money for the resources it uses, and I have to be satisfied that it has done this.
- the Council needs to comply with the sustainable development principle when setting and taking steps to meet their well-being objectives. The Auditor General must assess the extent to which they are doing this.

Audit of financial statements

I am required to issue a certificate and report on your financial statements which includes an opinion on their 'truth and fairness' and an assessment as to whether the Narrative Report and Annual Governance Statement is prepared in line with the CIPFA Code and relevant guidance and is consistent with your financial statements and my knowledge of the Council.

In addition to my responsibilities for auditing the Council's financial statements, I also have responsibility for:

- certifying a return to the Welsh Government which provides information about the Council to support preparation of Whole of Government Accounts;
- responding to questions and objections about the accounts from local electors (additional fees will be charged for this work, if necessary);
- auditing Cardiff & Vale of Glamorgan's Pension Fund accounts (a separate audit plan has been prepared for the audit of the pension fund);
- the audit of Cardiff Harbour Authority, Cardiff Port Health Authority, Glamorgan Archives Joint Committee and Prosiect Gwyrdd Joint Committee; and
- the certification of a number of grant claims and returns as agreed with the funding bodies.

I do not seek to obtain absolute assurance on the truth and fairness of the financial statements and related notes but adopt a concept of materiality. My aim is to identify material misstatements, that is, those that might result in a reader of the accounts being misled. The levels at which I judge such misstatements to be material will be reported to you in my Detailed Audit Plan.

I will also report by exception on a number of matters which are set out in more detail in our Statement of Responsibilities.

Performance audit work

I carry out a programme of performance audit work to discharge my duties as Auditor General in relation to value for money and sustainable development.

My local performance audit programme will continue to be delivered through a combination of an Assurance and Risk Assessment Project, bespoke local projects and thematic projects examining risks common to all councils.

Fees and audit team

Page 435
In January 2023 I published the fee scheme for the year, approved by the Senedd Finance Committee. This sets out my fee rates and also highlights the impact of the revised auditing standard ISA 315 on my financial audit approach. More details of the revised auditing standard and what it means for the audit I undertake is set out in **Appendix 1**. I will provide an estimate of your fee in my Detailed Audit Plan following completion of my risk assessment.

Your engagement team:

Richard Harries

Engagement Director & Audit Director

Julie Rees

Audit Manager (Financial Audit)

Sara-Jane Byrne

Audit Manager (Performance Audit)

Steve Stark

Audit Lead (Financial Audit)

Samantha

Audit Lead (Performance Audit)

Clements

We confirm that our audit team members are all independent of the Council and your officers.

Audit timeline

We set out below key dates for delivery of our audit work and planned outputs.

Planned output	Work undertaken	Report finalised
Outline Audit Plan 2023	May 2023	June 2023
Detailed Audit Plan 2023	July to September 2023	October 2023
Audit of financial statements work: <ul style="list-style-type: none"> • Audit of Financial Statements Report • Opinion on the Financial Statements. 	October to tbc	tbc
Performance audit work: <ul style="list-style-type: none"> • Assurance and Risk Assessment • Thematic review – commissioning and contract management • Thematic review – financial sustainability in local government • Local work – Transport/Highways 	Timescales for individual projects will be discussed with you and detailed within the specific project briefings produced for each audit.	

Audit quality

My commitment to audit quality in Audit Wales is absolute.

I believe that audit quality is about getting things right first-time.

We use a three lines of assurance model to demonstrate how we achieve this.

We have established an Audit Quality Committee to co-ordinate and oversee those arrangements. We subject our work to independent scrutiny by QAD¹ and our Chair acts as a link to our Board on audit quality. For more information see our [Audit Quality Report 2022](#).



Our People

The first line of assurance is formed by our staff and management who are individually and collectively responsible for achieving the standards of audit quality to which we aspire.

- Selection of right team
- Use of specialists
- Supervisions and review



Arrangements for achieving audit quality

The second line of assurance is formed by the policies, tools, learning & development, guidance, and leadership we provide to our staff to support them in achieving those standards of audit quality.

- Audit platform
- Ethics
- Guidance
- Culture
- Learning and development
- Leadership
- Technical support



Independent assurance

The third line of assurance is formed by those activities that provide independent assurance over the effectiveness of the first two lines of assurance.

- EQCRs
- Themed reviews
- Cold reviews
- Root cause analysis
- Peer review
- Audit Quality Committee
- External monitoring

¹ QAD is the Quality Assurance Department of ICAEW.

Appendix 1 – the key changes to ISA315 and the potential impact on your organisation

Key change	Potential impact on your organisation
<p>More detailed and extensive risk identification and assessment procedures</p>	<p>Your finance team and others in your organisation may receive a greater number of enquiries from our audit teams at the planning stage of the audit. Requests for information may include:</p> <ul style="list-style-type: none"> • information on your organisation’s business model and how it integrates the use of information technology (IT); • information about your organisation’s risk assessment process and how your organisation monitors the system of internal control; • more detailed information on how transactions are initiated, recorded, processed, and reported. This may include access to supporting documentation such as policy and procedure manuals; and • more detailed discussions with your organisation to support the audit team’s assessment of inherent risk.
<p>Obtaining an enhanced understanding of your organisation’s environment, particularly in relation to IT</p>	<p>Your organisation may receive more enquiries to assist the audit team in understanding the IT environment. This may include information on:</p> <ul style="list-style-type: none"> • IT applications relevant to financial reporting; • the supporting IT infrastructure (e.g. the network, databases); • IT processes (e.g. managing program changes, IT operations); and • the IT personnel involved in the IT processes.

Key change	Potential impact on your organisation
	<p>Audit teams may need to test the general IT controls and this may require obtaining more detailed audit evidence on the operation of IT controls within your organisation.</p> <p>On some audits, our audit teams may involve IT audit specialists to assist with their work. Our IT auditors may need to engage with members of your IT team who have not previously been involved in the audit process.</p>
<p>Enhanced requirements relating to exercising professional scepticism</p>	<p>Our audit teams may make additional inquiries if they identify information which appears to contradict what they have already learned in the audit.</p>
<p>Risk assessments are scalable depending on the nature and complexity of the audited body</p>	<p>The audit team's expectations regarding the formality of your organisation's policies, procedures, processes, and systems will depend on the complexity of your organisation.</p>
<p>Audit teams may make greater use of technology in the performance of their audit</p>	<p>Our audit teams may make use of automated tools and techniques such as data analytics when performing their audit. Our teams may request different information or information in a different format from previous audits so that they can perform their audit procedures.</p>

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Cardiff & Vale of Glamorgan Pension Fund

Outline Audit Plan 2023

Audit year: 2022-2023

Date issued: July 2023



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

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Mae'r ddogfen hon hefyd ar gael yn Gymraeg.

About Audit Wales

Our aims:

Assure



the people of Wales
that public money is
well managed

Explain



how public money
is being used to
meet people's
needs

Inspire



and empower the
Welsh public
sector to improve

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Our ambitions:



Fully exploit our
unique
perspective,
expertise and
depth of insight



Strengthen our
position as an
authoritative,
trusted and
independent
voice



Increase our
visibility,
influence and
relevance



Be a model
organisation for the
public sector in
Wales and beyond

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Introduction

This Outline Audit Plan specifies my statutory responsibilities as your external auditor and to fulfil my obligations under the Code of Audit Practice. It also sets out details of my audit team and key dates for delivering my audit team's activities and planned outputs. I intend sharing a Detailed Audit Plan later in the year following the completion of my planning work. It will set out my estimated audit fee and the work my team intends undertaking.

My audit responsibilities

I am required to certify whether Cardiff & Vale of Glamorgan's Pension Fund's financial statements are 'true and fair'. The audit work I undertake to fulfil my responsibilities responds to my assessment of risks. This allows us to develop an audit approach which focuses on addressing specific risks whilst providing assurance for the Pension Fund financial statements as a whole.

I also have responsibility to receive questions and objections to the financial statements from local electors.

I do not seek to obtain absolute assurance on the truth and fairness of the financial statements and related notes but adopt a concept of materiality. My aim is to identify material misstatements, that is, those that might result in a reader of the accounts being misled. The levels at which I judge such misstatements to be material will be reported to you in my Detailed Audit Plan.

I will report by exception on a number of matters which are set out in more detail in our [Statement of Responsibilities](#).



Adrian Crompton
Auditor General for
Wales

Fees and audit team

In January 2023 I published the fee scheme for the year, approved by the Senedd Finance Committee. This sets out my fee rates and also highlights the impact of the revised auditing standard ISA 315 on my financial audit approach. More details of the revised auditing standard and what it means for the audit I undertake is set out in **Appendix 1**.

I will provide an estimate of your fee in my Detailed Audit Plan, to be issued following completion of my detailed risk assessment.

Your engagement team:

Richard Harries
Julie Rees
Steve Stark

Engagement Director
Audit Manager
Audit Lead

We confirm that our audit team members are all independent of the Council/Pension Fund and your officers.

Audit timeline

We set out below key dates for delivery of our audit work and planned outputs.

Planned output	Work undertaken	Report finalised
Outline Audit Plan 2023	May 2023	June 2023
Detailed Audit Plan 2023	July to August 2023	September 2023
Audit of financial statements work: <ul style="list-style-type: none">• Audit of Financial Statements Report• Opinion on the Financial Statements	September - October 2023	30 November 2023

Audit quality

My commitment to audit quality in Audit Wales is absolute.

I believe that audit quality is about getting things right first-time.

We use a three lines of assurance model to demonstrate how we achieve this.

We have established an Audit Quality Committee to co-ordinate and oversee those arrangements. We subject our work to independent scrutiny by QAD¹ and our Chair acts as a link to our Board on audit quality. For more information see our [Audit Quality Report 2022](#).

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Our People

The first line of assurance is formed by our staff and management who are individually and collectively responsible for achieving the standards of audit quality to which we aspire.

- Selection of right team
- Use of specialists
- Supervisions and review



Arrangements for achieving audit quality

The second line of assurance is formed by the policies, tools, learning & development, guidance, and leadership we provide to our staff to support them in achieving those standards of audit quality.

- Audit platform
- Ethics
- Guidance
- Culture
- Learning and development
- Leadership
- Technical support



Independent assurance

The third line of assurance is formed by those activities that provide independent assurance over the effectiveness of the first two lines of assurance.

- EQCRs
- Themed reviews
- Cold reviews
- Root cause analysis
- Peer review
- Audit Quality Committee
- External monitoring

¹ QAD is the Quality Assurance Department of ICAEW.

Appendix 1 – the key changes to ISA315 and the potential impact on your organisation

Key change	Potential impact on your organisation
<p>More detailed and extensive risk identification and assessment procedures</p>	<p>Your finance team and others in your organisation may receive a greater number of enquiries from our audit teams at the planning stage of the audit. Requests for information may include:</p> <ul style="list-style-type: none"> • information on your organisation’s business model and how it integrates the use of information technology (IT); • information about your organisation’s risk assessment process and how your organisation monitors the system of internal control; • more detailed information on how transactions are initiated, recorded, processed, and reported. This may include access to supporting documentation such as policy and procedure manuals; and • more detailed discussions with your organisation to support the audit team’s assessment of inherent risk.
<p>Obtaining an enhanced understanding of your organisation’s environment, particularly in relation to IT</p>	<p>Your organisation may receive more enquiries to assist the audit team in understanding the IT environment. This may include information on:</p> <ul style="list-style-type: none"> • IT applications relevant to financial reporting; • the supporting IT infrastructure (eg the network, databases); • IT processes (eg managing program changes, IT operations); and • the IT personnel involved in the IT processes.

Key change	Potential impact on your organisation
	<p>Audit teams may need to test the general IT controls and this may require obtaining more detailed audit evidence on the operation of IT controls within your organisation.</p> <p>On some audits, our audit teams may involve IT audit specialists to assist with their work. Our IT auditors may need to engage with members of your IT team who have not previously been involved in the audit process.</p>
<p>Enhanced requirements relating to exercising professional scepticism</p>	<p>Our audit teams may make additional inquiries if they identify information which appears to contradict what they have already learned in the audit.</p>
<p>Risk assessments are scalable depending on the nature and complexity of the audited body</p>	<p>The audit team's expectations regarding the formality of your organisation's policies, procedures, processes, and systems will depend on the complexity of your organisation.</p>
<p>Audit teams may make greater use of technology in the performance of their audit</p>	<p>Our audit teams may make use of automated tools and techniques such as data analytics when performing their audit. Our teams may request different information or information in a different format from previous audits so that they can perform their audit procedures.</p>

Audit Wales Work Programme and Timetable – Cardiff Council

Quarterly Update: 31 March 2023

Annual Audit Summary

Description	Timetable	Status
A report summarising completed audit work since the last Annual Audit Summary, which was issued in November 2021	18 April 2023	Complete

Financial Audit work

Description	Scope	Timetable	Status
Audit of the Council's 2021-22 statement of accounts	Providing the audit opinion on the Authority's 2021-22 statement of accounts, including its Housing Revenue Account, Cardiff Harbour Authority, Cardiff Port Health Authority, Glamorgan Archives, Prosiect Gwyrdd.	January 2023	Completed. AGW certified the Council's 2021-22 statement of accounts on 31 March 2023.
Audit of Cardiff and Vale of Glamorgan Pension Fund's Annual Report	Providing the audit opinion on the 2021-22 Cardiff and Vale of	November 2022	Completed November 2022

Description	Scope	Timetable	Status
(including the statement of accounts)	Glamorgan Pension Fund's statement of accounts. The draft statement of accounts was received on 6 September.		
Audit of the Council's 2021-22 Grant Claims	Completing the audits of the Council's DWP Housing Benefit, NNDR & Teachers Pensions Authority grant claims	January/February 2023	NNDR, TPA and SCWDP completed. DWP Housing Benefit still on-going with a few remaining issues to be resolved.

Performance Audit work

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

2022-23 Performance audit work	Scope	Timetable	Status
Thematic review – unscheduled care	We intend to undertake a cross-sector review focusing on the flow of patients out of hospital. This review will consider how the Council is working with its partners to address the risks associated with the provision of social care to support hospital discharge, as well as prevent hospital admission. The work will also consider what steps are being taken to provide medium to longer-term solutions.	October to July 2023	Underway
Thematic review – digital/service user perspective	The audit will cover the Council's strategic approach to digital, and specifically the extent to which this has been developed in accordance with the sustainable development principle; and that it will help to secure value for money in the use of the council's resources	March to July 2023	Underway
Local project - Equalities Impact Assessments	The audit will focus on the Council's arrangements to ensure its staff are completing equality impact assessments which comply with the Council's Equalities and Inclusion strategy.	March to August 2023	Underway

Local government national studies planned/in progress

Study	Scope	Timetable	Status	Fieldwork planned at Cardiff Council
Building Social Resilience and Self reliance	Review of how local authorities can build greater resilience in communities	Autumn 2021 – Autumn 2022	Published January 2023	
Building safety	Review of how well local authorities are delivering their responsibilities for building safety	September 2022 – August 2023	Evidence gathering – fieldwork underway	Yes – interview with nominated officer at the Council and survey.
Planning for sustainable development – Brownfield regeneration	Review of how local authorities are promoting and enabling better use of vacant non-domestic dwellings and brownfield sites	October 2022 – September 2023	Evidence gathering – fieldwork underway	Yes – interview with nominated officer at seven councils and survey.
Governance of special purpose authorities – National Parks	Review of systems and effectiveness of governance	November 2022 – September 2023	Evidence gathering – fieldwork underway	No

Study	Scope	Timetable	Status	Fieldwork planned at Cardiff Council
Corporate Joint Committees (CJCs)	Assessing CJCs' progress in developing their arrangements to meet their statutory obligations and the Welsh Government's aim of strengthening regional collaboration.	September 2022 – June 2023	Draft report has been issued to the four CJCs. Report due to be published May/June	Yes – We explored the Council's perspective via our routine liaison meetings. Fieldwork included interviews with the chief executive, director of finance and chair of each of the four CJCs.

Estyn

Our link inspectors are continuing to work with Torfaen as part of our follow-up process for an authority causing significant concern. Wrexham local authority is still in a causing concern category and we convened a progress conference in December to look specifically at the school improvement recommendation. We are proposing to re-visit Wrexham in the summer term. We will convene an improvement conference in Powys in May to consider aspects of their work on school improvement, the transformation agenda and financial management in schools. We contributed to risk and assurance workshops in conjunction with Audit Wales and CIW in all local authorities during the spring term. We inspected Blaenau Gwent in December, and the report was published on 10 February. We inspected Rhondda Cynon Taf in January, and the report will be published on 31 March.

Field work being carried out across local authorities during the spring term includes a focus on elective home education, support for ALN reform and joint visits with colleagues from the Welsh Government to evaluate the work of local authorities regarding the support they provide to deliver national digital strategies.

Care Inspectorate Wales (CIW)

CIW planned work 2022-23	Scope	Timetable	Status
Programme 2022-23	We will publish our amended Code of Practice for the review of local authority social services in April 2023.	April 2023	Preparing for publication

CIW planned work 2022-23	Scope	Timetable	Status
Joint work	We are finalising our thematic reviews programme of work for 2023-2026. Areas for consideration include, adult safeguarding, carers, CLDT and CAMHS.	Current	In progress
	We continue to work with partners, sharing information and intelligence including completing joint reviews.	Current	In progress
	We are working in collaboration with HIW for a national review of the stroke pathway. A national report will be published early summer.	Current	In progress
	We continue to work in collaboration with HIW in conducting CMHT inspections.	Current	In progress
	CIW is working with partners to complete a rapid review. The overarching objective of the rapid review is to determine to what extent the current structures and processes in Wales ensure children who are in need of care, support and protection are appropriately placed on, and removed from, the Child Protection Register, when sufficient evidence indicates it is safe to do so. This is a collaborative review.	January 2023 – June 2023	In progress

CIW planned work 2022-23	Scope	Timetable	Status
Deprivation of Liberty Safeguards Annual Monitoring Report for Health and Social Care 2021-22	<p>The 2020-21 report was published on 7 February 2021</p>	<p>Published</p>	<p>Published</p>
National review of Care Planning for children and young people subject to the Public Law Outline pre-proceedings	<p>Purpose of the review</p> <p>To provide external scrutiny, assurance and to promote improvement regarding the quality of practice in relation to the care planning for children and young people subject to the public law outline pre-proceedings.</p> <p>To consider the extent to which practice has progressed since the publication of both the CIW 'National Review of care planning for children and young people subject to public law outline pre proceedings' and the publication of the PLO working group report 2021 including best practice guidance.</p>	<p>September 2022 – Spring 2023</p>	<p>Delivery</p>
Joint Inspection Child Protection Arrangements (JICPA)	<p>Cross-inspectorate approach. Areas to be determined. We will complete a further four multi-agency joint inspections in total. Each local authority will have a published letter post inspection.</p> <p>We will publish a national report in late 2023.</p>	<p>Autumn 2022 – late spring 2023</p>	<p>Delivery</p>

Audit Wales national reports and other outputs published since January 2022

Report title	Publication date and link to report
Digital inclusion in Wales (including key questions for public bodies)	March 2023
Orthopaedic Services in Wales – Tackling the Waiting List Backlog	March 2023
Betsi Cadwaladr University Health Board – Review of Board Effectiveness	February 2023
Welsh Government purchase of Gilestone Farm	January 2023
Together we can – Community resilience and self-reliance	January 2023
A Picture of Flood Risk Management	December 2022
'A missed opportunity' – Social Enterprises	December 2022
Poverty Data Tool	November 2022
'Time for change' – Poverty in Wales	November 2022
Learning from cyber-attacks	October 2022 (distributed privately to audited bodies)
National Fraud Initiative 2020-21	October 2022

Report title	Publication date and link to report
COVID-19 business support in 2020-21 – Memorandum for the Public Accounts and Public Administration Committee	October 2022
Payment to the Welsh Government’s Former Permanent Secretary on Termination of Employment	September 2022
Equality Impact Assessments: More than a Tick Box Exercise?	September 2022
Welsh Government – setting of well-being objectives	September 2022
Welsh Government workforce planning and management	September 2022
NHS Wales Finances Data Tool – up to March 2022	August 2022
Public Sector Readiness for Net Zero Carbon by 2030: Evidence Report	August 2022
Public Sector Readiness for Net Zero Carbon by 2030	July 2022
Sustainable Tourism in Wales’ National Parks	July 2022
Third Sector COVID-19 Response Fund – Memorandum for the Public Accounts and Public Administration Committee	July 2022

Report title	Publication date and link to report
The Welsh Community Care Information System – update and data tool	July 2022
Tackling the Planned Care Backlog in Wales – and waiting times data tool	May 2022
The new Curriculum for Wales	May 2022
Unscheduled care – data tool and commentary	April 2022
Direct Payments for Adult Social Care	April 2022
Local Government Financial Sustainability data tool	February 2022
Joint Working Between Emergency Services (including data tool)	January 2022

Audit Wales national reports and other outputs (work in progress/planned)¹

Title	Indicative publication date
NHS quality governance	May/June 2023

¹ We will continue to keep our plans under constant review, taking account of the evolving external environment, our audit priorities, the context of our own resourcing and the capacity of audited bodies to engage with us. Our Annual Plan 2023-24 will confirm plans for new work in other topic areas and we will update this list accordingly at the next quarterly update.

Title	Indicative publication date
Local Government Financial Sustainability Data tool update	April 2023
Springing Forward: Managing assets and workforce in local government	May/June 2023
NHS workforce planning (data briefing)	May/June 2023
Maximising EU funding	May/June 2023
Covering teachers' absence – follow-up	July 2023
NHS finances data tool – to 31 March 2023	July/August 2023
Net zero (pan UK overview)	August/September 2023
Ukrainian refugee services	September 2023
Local government digital strategy review – national summary	October 2023
Local government use of performance information, outcomes and service user perspective – national summary	October 2023
Affordable housing	January/February 2024
Local government capital programme management – national summary	To be confirmed

Title	Indicative publication date
Active travel	To be confirmed
Cancer services	To be confirmed

Good Practice Exchange events and resources

Title	Link to resource
<p>Tackling poverty in Wales: responding to the challenge – this shared learning event brought people together from across public services to share ideas, learning and knowledge on how organisations can respond to the challenges caused by poverty. We shared examples of approaches being taken by organisations within Wales and across the UK.</p>	<p><u>Tackling poverty resources</u></p>
<p>Making Equality Impact Assessments more than a tick box exercise: This shared learning event aims to assist public bodies to improve use and application of EIAs beyond an exercise in compliance by bringing people together from across public services to share ideas, learning and knowledge.</p>	<p><u>Making Equality Impact Assessments more than a tick box exercise resources</u></p>

Title	Link to resource
<p>Together we can – creating the conditions to empower our communities to thrive: This shared learning event will bring people together from across public services to share ideas, learning and knowledge. We will share the findings of our reports on social enterprises and community resilience, including our recommendations going forward.</p>	<p>19 April 2023 – 9 am – 1 pm – Cardiff. To register, please complete our booking form.</p>
<p>A Wales of vibrant culture and thriving Welsh language: Inspired by the Football Association of Wales journey over the past decade, this event will examine and discuss how going beyond expectations creates an inclusive and positive attitude that becomes self-fulfilling.</p> <p>Working in partnership with the Future Generations Commissioner and the Welsh Language Commissioner, this event will assist and inspire public bodies, and the third sector to embrace the cultural diversity of modern Wales and work beyond compliance and into excellence.</p>	<p>To register, please complete our booking form.</p>

Recent Audit Wales blogs

Title	Publication date
<p>Helping people to help themselves</p>	<p>15 February 2023</p>
<p>A perfect storm – the cost of living crisis and domestic abuse</p>	<p>21 November 2022</p>

Title	Publication date
<u>Tackling poverty means tackling poverty data</u>	11 November 2022
<u>Cost of living and putting away the bayonet</u>	21 September 2022
<u>Heat is on to tackle Climate Change</u>	18 August 2022
<u>Direct Payments in Wales</u>	15 June 2022
<u>Unscheduled Care in Wales – a system under real pressure</u>	21 April 2022
<u>Skills Competition Wales</u>	18 February 2022
<u>Cyber resilience – one year on</u>	9 February 2022
<u>Helping to tell the story through numbers</u> (Local government financial sustainability data tool)	3 February 2022
<u>Call for clearer information on climate change spending</u>	2 February 2022
<u>Actions speak louder than words</u> (Building social resilience and self-reliance in citizens and communities)	14 January 2022

GOVERNANCE & AUDIT COMMITTEE: 11 July 2023

GOVERNANCE AND AUDIT COMMITTEE ANNUAL REPORT 2022/23**REPORT OF THE AUDIT MANAGER****AGENDA ITEM: 11.1**

Reason for this Report

1. The Terms of Reference of the Governance and Audit Committee requires that Members:
 - Report to Council on the Committee's findings, conclusions and recommendations concerning the adequacy and effectiveness of the governance, risk management and internal control frameworks, financial reporting arrangements and internal and external audit functions.
 - Report to Council on an annual basis and to publish an annual report on the Committee's work, its performance in relation to its Terms of Reference, and its effectiveness in meeting its purpose including a conclusion on compliance with the CIPFA Position Statement.
 - Raise the profile of probity generally within the Council and to report on matters of concern to the individual Cabinet Member, relevant Scrutiny Committee, Cabinet or to Council as necessary and appropriate.

Background

2. The Annual Report (attached at Appendix A) provides an account of the role, work, observations and opinion of the Governance and Audit Committee in respect of the municipal year 2022/23.
3. The report has been prepared with the Committee Chairperson and it has been aligned to the reporting requirements of the Committee's Terms of Reference.
4. The report is to be considered by the Committee prior to being reported to a meeting of Full Council in the autumn.

Issues

5. The report contains a foreword by the Committee Chairperson, followed by details of the Committee's role, with reference drawn to its Terms of Reference and relevant legislation.

6. Section 3 of the report outlines the Committee's work during 2022/23, separated into items which fall within the Committee's standard work programme and wider reviews. These wider reviews included the control environment for areas of senior officer responsibility, the Committee's inaugural consideration of the Council's Performance self-assessment, and details of its review of complaints handling arrangements.
7. Section 4 of the report outlines an annual self-assessment exercise that has been completed by the Committee. This comprised a Committee self-assessment workshop that was held in January 2023, to review its performance against a best practice CIPFA framework. Following the process introduced in previous years' assessments, Governance and Audit Committee Members were asked to undertake an Individual Assessment against the CIPFA core knowledge and skills areas in advance of the collective workshop. This assessment incorporated the best practices of the CIPFA 2022 guidance for Audit Committees, including the requirements of the CIPFA Position Statement. This enabled the results to be reflected upon when considering the overall assessment.
8. Where the Committee identified areas for improvement from the self-assessment processes, these were included in an Action Plan in Annex 2, to be progressed in the year ahead. In addition, feedback information has also been received from those attending Governance and Audit Committee meetings during the year. The results have been considered by the Committee Chairperson which are summarised in Annex 3 of the report.
9. Section 5 of the report contains the key observations of the Committee, followed by the draft Committee opinion in section 6 for consideration. The draft opinion is that "based on the evidence presented to the Governance and Audit Committee during 2022/23, it is the considered view of the Governance and Audit Committee that the Council does have, for the most part, sound internal controls and governance arrangements in place. Strategic risks representing the true challenges facing the Council are captured and reviewed on a regular basis..." The draft opinion then draws upon examples of concerns in areas that are to be incorporated into its work programme for 2023/24. Once agreed by Committee, the opinion will be contained within the Council's Annual Governance Statement 2022/23, together with the opinion of the Audit Manager on the Council's control environment, and an assurance statement from the Senior Management Team.
10. The report concludes by reflecting on the work programme for 2023/24, providing details of Committee Membership and attendance during the municipal year 2022/23 and by providing key contact information.
11. Within appendices to the report are the Terms of Reference for the Committee relating to 2022/23, the Action Plan arising from the Committee's Self-Assessment, a summary of feedback from those who attended Committee Meetings during the year, and Member Profiles.

Legal Implications

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

Financial Implications

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

RECOMMENDATIONS

14. That the Committee considers and approves its draft annual report to Council on the Committee's work, its performance in relation to its Terms of Reference, and its effectiveness in meeting its purpose including a conclusion on compliance with the CIPFA Position Statement.

CHRIS PYKE
AUDIT MANAGER

The following report is attached:

Appendix A – Governance and Audit Committee Annual Report 2022/23 (draft)

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Cardiff Council

Governance and Audit Committee Annual Report 2022/23

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1. Foreword by Gavin McArthur (Chairperson of the Governance and Audit Committee)

At the financial year end, I became Chairperson of the Governance and Audit Committee following the retirement of David 'Hugh' Thomas as Chairperson and Independent Member of the Committee at the end of March 2023. I have served as Deputy Committee Chairperson for three years, and as an Independent Committee Member for nearly six and a half years overall. I am looking forward to my new role. Details of my background and experience are included within the Member Profiles in Annex 4.

I wish to start our Committee's Annual Report by paying tribute to the outstanding commitment and contribution to public services, and in particular to this committee, of our outgoing Chair, David 'Hugh' Thomas. Hugh stood down after completing 62 years of unbroken public service. Our Committee had the privilege of being led so effectively by Hugh since his appointment as Chair three years ago, and of his experience and input during the eight and a half years that he served as an Independent Member overall. Hugh has vast experience as a retired solicitor who served as Chief Executive of Mid Glamorgan Council for fifteen years, and within a number of public bodies and national voluntary organisations. On behalf of our Committee, and the wider Members and public service officers who you worked with, very best wishes for your well-deserved retirement.

Consequently, an open recruitment exercise was successfully undertaken to fill the Independent Member vacancy. I would therefore like to welcome our new Independent Member, Chris Burns. I look forward to working with Chris who is highly experienced in local government, and I am sure will be an asset to our Committee.

I also wish to thank Councillor Daniel Waldron for his valued service to the Committee; he stood down as a Committee Member following the municipal year-end, We therefore ended the year with one Elected Member vacancy, and we look forward to working with the next Elected Member who is to join us. I must also record my thanks to all Elected Members of the Committee and the Independent Lay Members (whose detailed profiles are set out in Annex 4 of this Report) for serving on the Committee. I believe that a strong sense of teamwork has been engendered, and the meetings have generally been well attended.

The pandemic and subsequent inflationary pressures have presented substantial financial challenges for the Council, at a time when systems needed to be established at pace to support the arrival and settlement of refugees from Ukraine. The Governance and Audit Committee has been mindful of the wide range of financial, economic, and social risks associated with the current environment, and the importance of seeking assurance on the items that come before us. As we seek assurances on good governance, risk management and internal control across the Council, I must recognise the value of the effective professional working relationships we have benefitted from.

The Committee received reports from the Chief Executive on the Council's Control Environment, and members of the Senior Management Team (SMT) on their Directorate Control Environments throughout the year. This has given our Committee a good opportunity to engage with members of SMT individually, and seek relevant assurances in their respective areas of responsibility.

Over the course of the year, the Corporate Director Resources (Section 151 Officer) has kept us fully informed on financial resilience and management challenges, and the Audit Manager has

briefed the Committee on the risk-based work and focus of internal audit, and counter-fraud systems and outcomes. Internal Audit reports have provided assurance that overall adequate arrangements were in place to deliver good governance, risk management and control. With their respective responsibilities for the prudent management of the Council's financial affairs and independent assurance, our engagement with these officers is of particular importance and value.

Throughout the year, our Committee has benefited from the professional support of Senior Officers in Accountancy, Internal Audit, External Audit (Audit Wales), Treasury Management, Risk and Performance Management. Arrangements have been put in place with our Committee and the Council's Scrutiny Committees to share our respective work programmes, enquiries and outcomes. The awareness and insight we receive is valuable as we consider our own work programme and enquiries.

We engage with the Chairpersons and Chief Auditors across Welsh Local Authorities through an All-Wales Governance and Audit Committee Chairs' Network, with formal meetings held at least annually. Meetings have been attended by representatives from Audit Wales, the Chartered Institute of Finance and Accountancy, and the Welsh Local Government Association and we continue to benefit from this important forum of peers and expert advisors. During October, we held a multi-location meeting with sessions delivered by Diana Melville, Governance Advisor of the Chartered Institute of Public Finance and Accountancy (CIPFA). We received an outline of core guidance for Audit Committees from CIPFA (Practical Guidance for Local Authorities and Police), which is widely recognised as leading best practice. It was very timely to discuss the 2022 publication with her which was released during the month of our meeting.

The Governance and Audit Committee Work Programme is received at each Committee meeting. Changing risks and priorities are given due consideration, whether they are put forward by Elected Members, Officers, External Stakeholders, or other Committees of the Council. The importance of our role to a range of stakeholders is recognised. We have reflected on the effectiveness of governance, risk management and control in providing overall assurance opinion and informing the Council's Annual Governance Statement 2022/23.

We continue to promote awareness of our work through the publication of a Committee Newsletter, twice a year, and have done so since October 2018, supporting the Council's culture of accountability and assurance.

We have also taken the time to review our performance, so as to give confidence to those relying on our work. In January 2023, we held a self-assessment workshop against the best practice CIPFA Framework. This involved reflection on the feedback we receive from those attending Committee meetings.

Looking forward to 2023/24, I consider that the financial, economic and social challenges facing the Council, public services, and the community will still be significant. In our role as Governance and Audit Committee in the year ahead, the importance of assurance and oversight will remain critical as we discharge our responsibilities with close attention and care.

Gavin McArthur, Chairperson.

2. The Role of the Governance and Audit Committee

The Governance and Audit Committee has delivered an important role to increase public confidence in the objectivity and fairness of financial and other reporting and provide independent assurance over governance, risk management and control processes.

The Local Government (Wales) Measure 2011 has required the Council to have a Committee to:

- review and scrutinise the authority's financial affairs.
- make reports and recommendations in relation to the authority's financial affairs.
- review and assess the risk management, internal control and corporate governance arrangements of the authority.
- make reports and recommendations to the authority on the adequacy and effectiveness of those arrangements.
- oversee the authority's internal and external audit arrangements, and
- review the financial statements prepared by the authority.

The Council determined that the membership of its Governance and Audit Committee would be twelve Members (eight Elected Members and four Independent Lay Members), which meets the requirement of the Measure and the Local Government and Elections (Wales) Act 2021.

The Terms of Reference of the Governance and Audit Committee for 2022/23 is included within Annex 1 from which an overview of its role is summarised in the following statement of purpose:

Statement of Purpose

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

3. Our Work in 2022/23

The Governance and Audit Committee received regular reports in relation to standard agenda themes and received reports of interest based on risk, governance and internal control matters during 2022/23. Details are provided below.

Standard Items

3.1 Finance

Chris Lee (Corporate Director Resources (Section 151 Officer)) has provided financial updates at every meeting to provide Committee Members with an overview of the financial standing of the Council during a period of ongoing unprecedented financial pressure.

The Committee has noted the challenges facing the Council in respect to its budget strategy for both the year hence and the medium term.

The Committee has received, reviewed and had the opportunity to comment on key finance reports in 2022/23, including:

- Draft Statement of Accounts 2021/22 and ISA 260 Audit Report
- Draft Annual Governance Statement 2021/22
- Cardiff & Vale of Glamorgan Pension Fund Statement of Accounts 2021/22 and ISA 260 Audit Report
- Treasury Management reports, independent review, and updates
- Financial Resilience updates

Each year our Committee plays an important role in reviewing the Draft Statement of Accounts of the Council, Harbour Authority and Pension Fund, and the Council's Annual Governance Statement. Following our review and external audit, approval was received for the 2021/22 accounts by Full Council during November 2022 and March 2023.

The corresponding International Standard on Auditing (ISA) 260 Reports from Audit Wales provided unqualified audit opinions on the accounts and reported no uncorrected misstatements.

There was a delay in the completion of the audit and approval of the accounts as a result of national issues regarding the valuation of assets and presentation within the accounts, in particular infrastructure assets. This included a requirement to introduce regulations at a national level to ensure the audit of accounts of all local authorities could be completed.

The pandemic and subsequent inflationary pressures have presented substantial financial challenges, and the Committee has taken particular interest in the information and updates provided by the (Corporate Director Resources (Section 151 Officer)) in each Committee meeting. Through these updates, we have been kept informed about matters of budget strategy and performance, funding streams and overall financial resilience.

3.2 Governance and Risk Management

The Committee plays a key role in contributing to and challenging the contents to be included in the Annual Governance Statement (AGS). The AGS is an important governance disclosure document and accompanies the Statement of Accounts, and measures and reports assurance of the Council's governance arrangements. Core components of the AGS are:

1. A Senior Management Assurance Statement (SMAS) and assessment of good governance.

2. The Audit Managers opinion on the Council’s control environment based on the programme of Internal Audit work.
3. The Governance and Audit Committee’s opinion of good governance, risk management and internal control.

The Governance and Audit Committee reviewed the AGS 2021/22 in July 2022. The Committee will review the AGS 2022/23 following the financial year-end, in which the ‘Opinion of the Committee for 2022/23’ (section 8) will be disclosed.

The Committee has received and had the opportunity to comment on the following governance and risk management disclosures:

Committee Meeting Date	Item Reviewed
July 2022	<ul style="list-style-type: none"> ▪ Draft Annual Governance Statement 2021/22 ▪ Corporate Risk Management (Q4 Update) 2021/22
September 2022	<ul style="list-style-type: none"> ▪ Corporate Risk Management (Q1 Update) 2022/23
November 2022	<ul style="list-style-type: none"> ▪ Corporate Risk Management (Q2 Update) 2022/23
March 2023	<ul style="list-style-type: none"> ▪ Corporate Risk Management (Q3 Update) 2022/23

Within the Council’s Code of Corporate Governance, the Senior Management Assurance Statement (SMAS) process is a core mechanism for senior management self-review and provides an open disclosure of the application of good governance. We have probed the senior officers we met during the year on their senior management assurance statements that were presented as part of their directorate control environment reports.

Our committee has continued to receive quarterly corporate risk management updates, through which we have considered and discussed the Council’s Corporate Risk Register. The latest update we received is available [here](#). When we invite senior officers to attend committee meetings, we take an interest in understanding the controls in place to manage directorate risks, as part of wider assurance updates. Further information is provided in sections ‘3.7 - Control environment Reviews’, and ‘3.8 - Areas of Particular Focus’ of this report.

3.3 Performance

Our Committee has a responsibility from the Local Government and Elections (Wales) Act 2021 to review the Council’s draft annual Self-Assessment Report and make any appropriate recommendations for changes. This role involves reviewing overall performance systems and arrangements in place, whereas scrutiny Committees are responsible for scrutinising specific performance issues relative to their terms of reference and executive decision making. We discharged this new role for the first time in September 2022.

We reviewed the Council’s draft Annual Self-Assessment report (represented by the [Annual Well-being report](#)) during our meeting in our September meeting, with the report presented by the

Chief Executive, Paul Orders. Alongside this report, we also received a Council control environment update for which details are provided in '3.7 – Control Environment Reviews'.

The meeting was informative, in which we were provided with a clear outline of the different performance and assurance components which make up the overall assessment. We raised questions from our initial consideration of the report and received useful explanations.

Following the meeting, the report's introductory pages were circulated, and we consolidated the views of our committee views and prepared a joint letter for the Leader and Chief Executive. Our Committee considered that the annual report was comprehensive and professionally written, and we recognised the well-structured self-assessment process. The recommendations and observations that we raised with the Leader and Chief Executive from our review related to areas where we considered that the representation of the Council's performance could be enhanced.

We undertake our review formally after the end of each financial year, and in our July Committee meeting we will consider the 2022/23 draft report. At the mid-year stage we are provided with a report and the mid-year assessment of performance, as reported to Cabinet to note progress reported and any updates on the approach ahead of our formal year-end review.

Our Committee has a further performance responsibility arising from the Act, to review and assess the authority's ability to handle complaints effectively, and to make any associated reports and recommendations. Details of this work are included in section '3.8 – Particular Areas of Focus' of this report.

3.4 Treasury Management

Through its Treasury Management role, the Council needs to govern and manage its borrowing and investments effectively, with prudence and in accordance with professional codes, standards, and guidance. The Governance and Audit Committee seeks assurance that the Council has complied with the Treasury Management Strategy and Practices, and has demonstrated effective risk and performance management.

Over the past twelve months, the Committee has received reports on the [Treasury Management Annual Report 2021/22](#), [Treasury Management Mid-Year Report 2022/23](#) and the [Treasury Management Strategy 2023/24](#).

Through the treasury management reports and updates in Committee meetings, Members have taken the opportunity to scrutinise and challenge the approach adopted and decisions taken. This is a complex area, through which the Committee has delivered its role through probing and scrutinising strategies, reports and data provided within difficult economic conditions.

Members have continued to focus attention on the use of reserves, the levels of borrowing and investment, and the management of risk. To support the Governance and Audit Committee in its role, Members of the Committee were provided with treasury management training in January 2023 from the Council's external treasury advisors.

Treasury Management is subject to regular Internal Audit, and during 2019, it was subject to a review commissioned with the Council's treasury management advisors. This review considered the corporate team's skills, compliance with best practice, required regulations and professional

guidance. The report was complimentary, and we received a management response with target dates for the small number of actions raised.

3.5 External Audit (Audit Wales)

The Committee places reliance on the work of Audit Wales as the Council’s external auditors. The Committee has received key documents throughout the year:

- Audit Activity / Progress Updates
- External Review Bodies Recommendation Tracker
- Council Review Reports
- Summary of Risk and Assurance Work 2021/22
- Audit of Accounts Reports 2021/22

The Committee has received regular updates from Audit Wales, led by Derwyn Owen (Engagement / Financial Audit Director, with Richard Harries taking over responsibility from 2023/24), Phil Pugh (Financial Audit Manager) and Sara-Jane Byrne (Performance Audit Manager)).

We received a range of reports from the Council’s external Auditor (Audit Wales) over the year and details of these reviews and the management response are provided below.

Waste Management Review

In March 2022, Audit Wales undertook a follow up review of the Council’s plans to reduce waste and improve its recycling performance to achieve the national recycling targets. Five proposals were raised and agreed covering recycling strategy implementation planning and resources, the mitigation of associated risks, developing an integrated and longer-term waste management approach, and exploring how other organisations have achieved better recycling outcomes to improve performance and longer-term strategy.

We considered the report and were been advised that the Council has continued to work closely with the Welsh Government and the Waste and Resources Action Programme (WRAP) to demonstrate its commitment to meeting the statutory targets. We were also informed that a segregated recycling pilot and a compositional analysis of household and Trade waste in Cardiff informed the development of a new Recycling Strategy 2022-25: ‘Cleaner and Greener’, which aims to achieve a recycling rate of 70% by 2025

Follow-up Leisure Review

We received a follow-up report on the Council’s progress in meeting the proposals for improvement made in the Audit Wales Review of Leisure Services report in 2020. The findings from the review in 2020, based on fieldwork undertaken prior to the pandemic, concluded that the Council had achieved its key aim of keeping its leisure centres open but there was scope for the Council to better apply the sustainable development principle and strengthen arrangements to assure itself that its contract with Greenwich Leisure Limited (GLL) was delivering value for money. Audit Wales undertook a follow-up review during spring 2022 to assess the Council’s progress in addressing six proposals for improvement made in the 2020 report. Two were recognised as met and progress was noted in the remaining four areas.

Audit Wales concluded that the Council has made swift and good progress in addressing the proposals raised but needs to do more to ensure the sustainable development principle fully

drives future leisure provision. The proposals for improvement have been agreed in the management [response](#). In response to the report, we were advised that in October 2022 [Economy and Culture Scrutiny Committee](#) and [Cabinet](#) reviewed the Leisure Services Contract and opportunities to improve the revenue position post-pandemic as identified in a Local Partnerships contract review report.

Summary Report of Assurance and Risk Assessment Work

We received a [report](#) in November 2022, summarising the assurance and risk assessment work undertaken by Audit Wales during 2021/22. One recommendation has been raised associated with determining the resource and cost implications of delivering the Council's 'One Planet Cardiff' Net Zero Carbon 2030 strategy.

We were advised that a management response to the report was being drafted, and we have asked that in future we consider all reports once a management response has been formalised, however, we were assured by management in attendance that there were no issues of concern identified through the Senior Management Team consideration of the report to date.

Combined Springing Forward Report

We received a [report](#) focused on how the Council strategically plans to use its assets and workforce, how it monitors their use and how it reviews and evaluates the effectiveness of its arrangements.

The report raised four recommendations arising from the report for which a management response was being prepared, and concluded that the Council:

- Has made valuable progress in developing its hybrid working plans. It hasn't developed its longer-term workforce plans nor the resources and governance arrangements to support their delivery, fully shaped by the sustainable development principle.
- Has made good progress in delivering its property strategy and has the necessary governance arrangements underpinned by improved performance data, but its approach lacks a focus on service user and longer-term needs.

External Review Body Recommendations

Our Committee receives a consolidated report twice a year of the recommendations which have been received from external review bodies (Audit Wales, Estyn, Care Inspectorate Wales, and Her Majesty's Inspectorate for Probation).

The report contains a management update of how each recommendation is being addressed and details of the relevant oversight board or committee, for our information and assurance. Our latest update was in March and is available [here](#).

Statement of Accounts

The Committee's review of the Audit of Accounts Reports and Audit Certificates 2021/22 is outlined in 'Section 3.1 – Finance'.

3.6 Internal Audit & Investigation Teams

The Committee continues to place reliance on the work of the Council's in-house Internal Audit Team. It receives a progress report from the Audit Manager on a quarterly basis, which includes audit opinions, critical findings and progress against the audit plan, together with wider performance measures and audit recommendation tracking information.

The Audit Manager has had a functional reporting role to the Governance and Audit Committee and reports managerially to the Head of Finance (Deputy Section 151 Officer). The Committee has been assured that throughout the year that there have been no impairments to Internal Audit independence or objectivity in accordance with the Public Sector Internal Audit Standards (PSIAS).

The Internal Audit Charter and the Internal Audit Plan 2022/23 were accepted by the Governance and Audit Committee in March 2022. At this time, the Committee also considered the Audit Strategy. The priorities and approach of the audit team were to deliver a combination of management support through consultation and engagement in high-risk areas, and to progress targeted assurance engagements from the Audit Plan. The Internal audit Team achieved 52% of Audit Plan this year against a target of 70%. A prioritised approach was taken, in the context of reduced staff resources due to vacant audit posts, to ensure all fundamental areas of the plan were delivered, that core areas of corporate governance were reviewed, and that there was sufficient coverage at the directorate level in order to provide a full audit opinion on the Council's control environment. In the context of reduced staff resource, it is considered that an effective outcome was achieved in terms of audit delivery, coverage and focus.

The Committee received the following key documents during the year:

- [Internal Audit Strategy, Charter, and Plan 2023/24](#)
- [External Quality Assurance Report on conformance with the Public Sector Internal Audit Standards](#)
- Internal Audit and Investigation Team Progress Reports
- Internal Audit Recommendation Tracker
- [Internal Audit](#) and [Counter-Fraud](#) Annual Reports

We received an update on the work, initiatives and outcomes of Council's Internal Audit and Counter-Fraud services on a quarterly basis from the Audit Manager. An overview of all issued audit reports has been provided to the Governance and Audit Committee, with emphasis given to recommendations allocated a priority rating of Red or Red / Amber. The Committee has received and had an opportunity to review all audit recommendations and the associated management responses and updates until the point of implementation. We received an overview of the activities and outcomes of the work of the corporate Investigation Team including details of counter fraud initiatives, training and awareness campaigns.

The number of audit recommendations implemented within agreed timescales is improving, but requires further management attention, with performance at 67% against a target of 80%. It is essential that audit clients prioritise delivering audit recommendations within the timescales they agree to, and to support this sentiment, we have written to a small number of directors who have had particularly overdue recommendations in their portfolio.

In March 2023, we received an external quality assessment report, undertaken via a peer assessment process from the Chief Internal Auditor in Newport and Monmouthshire on Cardiff Council's conformance with the Public Sector Internal Audit Standards (PSIAS). The PSIAS requires an external assessment at least once every five years by a qualified, independent assessor or assessment team from outside the organisation. The assessment reported no partial or non-conformance with the requirements of the PSIAS, and conformance with all 304 of the requirements (includes those not applicable).

Prior to the financial year-end we approved the Internal Audit Charter and Plan 2023/24. The Audit Charter defines the internal audit purpose, authority and responsibility. The Audit Charter provides a mandate for the necessary unfettered access of internal audit to records, personnel and properties in order to carry out its importance assurance and advisory work, whilst the Audit Plan sets out the detailed planned audit engagements for the year ahead.

The Committee will receive a full year overview of audit work completed, and key messages, when the Internal Audit Annual Report 2022/23 is presented in our first Committee Meeting of 2023/24. This report will provide the Audit Manager's opinion on the Council's overall position in relation to risk, governance and control and an annual review and assurance statement on conformance with the PSIAS.

Wider Reviews

The Governance and Audit Committee has engaged with senior officers through its programme of work this year for assurance on the control environment for their respective areas of oversight. We have also considered our new performance responsibilities areas, and areas of good governance, risk management and control this year with particular focus and details are provided below.

3.7 Control Environment Reviews

a. Council Control Environment

The Committee receives an annual overview of the Council's control environment from Paul Orders, Chief Executive. The Council's control environment update comprises an outline of, and assurance on, the Council's overall arrangements for governance, risk management and internal control. Our Committee recognises the challenging financial environment facing the authority, and the Chief Executive continues to emphasise the important role of the Section 151 Officer, and SMT in making the interventions necessary to effectively to manage Council finances.

The timing of the Council control environment update has been aligned with the timing of reporting on the annual performance self-assessment, and in September 2022, we received our latest update.

Our Committee received 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 comprised the Council's planning and performance framework, senior management assurance processes and review arrangements, independent assurance arrangements, and risk management arrangements. The overview consolidated the positions and views that we have received from individual Directors.

b. Directorate Control Environment Reviews

Three Directors attended Governance and Audit Committee meetings in 2022/23 to provide an overview of their directorate control environments. We were provided with details of directorate governance, risk management and internal control, and the prominent matters discussed and actions agreed were as follows:

Childrens Services

During our November 2022 meeting, Deborah Driffield, Director of Childrens Services, provided an overview of her service, its statutory obligations and the governance, risk management and control arrangements in place.

We received details of the risk management controls applied within the Directorate and a summary of the key corporate and directorate risks. We were provided with an outline of the senior management assurance and external assurance arrangements in place, together with the position in response to internal audit reports and recommendations. The presentation concluded with information on directorate value for money and complaints handling.

In response to our enquiries on financial management, we were advised that significant work is being undertaken to develop in-house services in Cardiff to mitigate the risk of the high-cost external residential child care provision. Every decision to place a child into care is taken by the Senior Management Team and every decision has oversight. High-cost placements are reviewed weekly, and very high cost or unregistered placements are reviewed twice-weekly. We were advised that there was a need to work on preventative measures to mitigate increases in demand and identify early warning signs, primarily in schools. In respect of workforce planning and resilience, we were advised that Social Work Support Assistants provide administration support and are receiving support to become qualified within three years.

Education and Lifelong Learning

In January 2023, the Melanie Godfrey, Director of Education and Lifelong Learning, provided an overview of the Education Management Team structure, the governance arrangements in respect for the school improvement framework and schools causing concern, and details of risk management, internal audit and senior management assurances. A summary of budget management and value for money was also included. We also received updates that we had requested on the management of school balances, systems to review the affordability of the 21st Century Schools Programme, and complaints handling arrangements.

In response to our enquiries on matters relating to governance, risk management and control, we were advised that in addition to delegated school budgets, due to the pandemic, some schools secured grant support from the Government, and some schools are very good at generating income. The position is monitored with the support of colleagues in Finance. We were informed that Welsh Government sets the priorities for the 21st Century schools Programme, and the Council takes decisions on the specific projects to address need, for which improvements in the understanding of real-time data are needed to ensure school provision addresses the challenge of learner needs. Conditions surveys across the estate were used to inform where best to make such investments over and above any reactive emergency repairs required. We were advised that there are a range of governance arrangements in place for the Central South Consortium, including boards and management arrangements. Support measures are advised to be in place for schools identified as a cause for concern for which assurance is received through the new accountability, improvement and evaluation arrangements from Welsh Government.

We were advised that Internal Audit recommendations are regularly monitored and that addressing them is a priority in January 2023. We wrote a Committee letter for the Director to provide further information and assurances on the response to internal audit recommendations after we reflected on performance in our March meeting.

Adults, Housing and Communities

In March 2023, we received an overview of the control environment within the Adults, Housing and Communities Directorate. We received details of the directorate's services and functions, and the key management and board meetings in place for governance. We received information on performance and risk management arrangements and the details of corporate and directorate risks. An overview was provided of the internal audit engagement and response position, which included a commitment to review and address longstanding recommendations. Senior management, partnership and major project assurances were presented, together with details of external assurance arrangements and areas of oversight. Finally, we received information on complaints handling arrangements and value for money assurances.

In response to our enquiries, we were advised that corporate safeguarding arrangements are in place that can include partnership and multi-agency responses. In social housing for instance, risks are identified, and referral systems are in place. Risks are monitored and domestic abuse services have been subject to review accordingly. We heard that backlogs of deprivation of liberty safeguards are being prioritised and a project has been put in place to act upon new legislation and to prioritise cases. In response to our comments on the presentation, description of controls in place and action dates within risk registers, we were advised that this would be reviewed for consistent and appropriate recording. We concluded the meeting by registering that we will be requesting an update in due course on the response to internal audit recommendations.

3.8 Areas of Particular Focus

In addition to our standard areas of work, the Governance and Audit Committee considered our new performance responsibilities areas, and areas of good governance, risk management and control this year with particular focus. A brief account of our reviews of these areas is included below.

1. Performance Self-Assessment

As outlined within section 3.3 – performance of this report, the Governance and Audit Committee has a responsibility arising from the Local Government and Elections (Wales) Act, to review the Council's draft annual Self-Assessment Report for the financial year each year, and to make any appropriate recommendations for changes.

Prior to undertaking this role for the first time in September 2022, we have engaged with peers the WLGA and CIPFA through the All-Wales Governance and Audit Committee Chairs' Network, to assist in our understanding and effectively delivery of these requirements. We also received useful briefings from Gareth Newell, Head of Performance and Partnerships on our new responsibilities and the Council's assurance and performance governance arrangements.

We have arranged a briefing session to take place in June 2023 on the planning and performance framework prior to completing our review of the 2022/23 report, to provide a good base-level of knowledge across the Committee before we make our enquiries with management on the annual report.

2. Complaints Handling Arrangements

Our committee has a role to review the arrangements for complaints handling within the Council.

During July 2022, we received an update on the implementation of a new corporate complaints system from Isabelle Bignall, Chief Digital Officer, which followed a briefing that we received on the system specification, and the project-based review and decision-making which was used to inform the procurement process.

The report we received ([LINK](#)) provided:

- details of the current level of assurance from internal sources as well as commentary from the Public Services Ombudsman for Wales,
- details of the development and planned deployment of the new corporate complaints system.
- the draft Complaints and Compliments Annual Report 2021/22 for wider context

As there are separate arrangements and responsibilities for officer complaints handling corporately, in schools and within social services, and as referred to within '3.7 – Control Environment Reviews', we have been considering the separate assurance arrangements with the respective Directors.

In our November 2022 [report](#) we were advised that the Project Manager for rolling out the corporate system had since left the Council, that a request for a full-time Project Manager had since been made, but the resource had not yet been identified presenting a challenge for the project. We were advised that there has been no impact upon the ability to respond to complaints on a day-to-day basis. However, the timeline for rolling out the new system would need to be revisited. We will continue to review corporate arrangement and the roll out of the corporate system and receiving overviews of the arrangements in place within directorates when we engage with senior officers to discuss the internal control environment for their areas of responsibility.

3. Waste Management Control Environment

Our Committee has maintained a close interest on the internal control environment in Waste Management for which lower levels of assurance have typically been received from Internal Audit reports than for other areas of the Council. During recent years, the Service Area has also been subject to investigations into financial / control matters for which our Committee has received confidential briefings.

We note that management and Internal Audit have reported a tightening of internal controls, the implementation of a significant number of Internal Audit recommendations and no recent audits have provided an 'unsatisfactory' audit opinion. The focus remains on the journey of improvement.

4. Education and Lifelong Learning Assurance

As referred to in section 3.7 – Control Environment Reviews, for a number of years, we have sought regular Education and Lifelong Learning assurance. This year, we have focussed our attention on:

- i. The arrangements in place to manage school balances.

Our Committee received a briefing on school balances in January 2023, which provided a breakdown of individual school balances at the 2021/22 financial year end with comparative prior year details. We observed significant surplus balances, although projections reported that 35 schools would end the 2022/23 financial year in a deficit position. The Committee has been advised of the control arrangements in place to address both surplus and deficit school balances and we are keen to observe appropriate and effective application and local authority governance.

- ii. The implementation of audit recommendations.

The implementation of internal audit recommendations is important across all areas in order to deliver good governance, risk management and control. The timely response to audit recommendations has been an area for improvement in the Education and Lifelong Learning directorate, and notable within schools for a number of years. Accordingly, we have written a letter to the Director for further information and assurances on the response to internal audit recommendations going forward.

4. Governance and Audit Committee Self-Assessment

Context and approach

In January 2023, the Governance and Audit Committee held a Self-Assessment Workshop, to review its performance against a best practice CIPFA framework. Following the process introduced in previous years' assessments, Governance and Audit Committee Members were asked to undertake an Individual Assessment against the CIPFA core knowledge and skills areas in advance of the collective workshop. This assessment incorporated the best practices of the CIPFA 2022 guidance for Audit Committees, including the requirements of the CIPFA Position Statement. This enabled the results to be reflected upon when considering the overall assessment.

Self-Assessment

Individual Assessments were completed by eight of the twelve Governance and Audit Committee Members.

From the Individual Assessments completed, whilst there was strong self-assessed performance in each core area, Internal Audit and Risk Management represented the lowest self-assessed areas overall. A proportion of individual Committee Members have self-assessed as at least strong for knowledge and application in each of the ten core areas.

In respect of the collective Self-Assessment Workshop held in January 2023, the results were as follows.

Through our review of good practice, Governance and Audit Committee self-assessed:

- Twenty-four areas were assessed as 'full complies – no further improvement'.
- Five areas were assessed as 'partially complies – minor improvement needed'.

For the areas reported as ‘partially complies – minor improvement needed’, the Committee considered:

- We will review seek further partnership and HR assurance going forward.
- We will benefit from establishing private meetings with our external auditors.
- There is sufficient knowledge across the Committee, but Members would benefit from further training on the role and work of Internal Audit and on Risk Management.
- Committee meetings are effective, but we do not have regular discussion and engagement from all Members.
- We have generally maintained non-political in discussions, which is something for us to continue to focus on.

For our review of Governance and Audit Committee effectiveness, we considered our strengths and areas for improvement against 10 areas of effectiveness. We considered a strong overall assessment, in which we have been effective in meeting our purpose and complying with the CIPFA Position Statement. Where we identified areas for improvement, these were included in an Action Plan for us to progress in the year ahead.

The Action Plan and feedback information from those attending Governance and Audit Committee are included in Annex 2 and Annex 3 of this report respectively.

5. Key Observations 2022/23

The Governance and Audit Committee Work Programme has been developed and discharged with the support of Audit Wales, Internal Audit and other Council Officers, to deliver the Governance and Audit Committee terms of reference with a focus on the significant risks and challenges facing the Council.

The Committee has achieved an overview of the Council’s priorities, risks and controls through the many items received through its Work Programme. The Committee has focussed on achieving assurance on the effective arrangement across directorates to respond to the challenges of maintaining controls, displaying good governance and managing risks. Through engagement with senior officers, and receiving a range of management and independent assurances, the Committee has gained a good understanding of the services provided and the challenges faced. We have responded proportionately with assurance and challenge, as appropriate, and documented within section 3 of this report, ‘Our Work’.

In addition, the Committee has had the opportunity to challenge and discuss actions taken in response to External and Internal Audit Reports, and we have undertaken reviews of particular matters of good governance, risk management and control, through inviting senior officers to Committee meetings to provide information and assurance. Through this information and engagement, we have identified the assurance and coverage required to deliver our role, from which our Annual Opinion for 2022/23 and areas of particular interest going forward are documented in the following section.

6. Opinion of the Committee for 2022/23

Based on the evidence presented to the Governance and Audit Committee during 2022/23, it is the considered view of the Governance and Audit Committee that the Council does have, for the most part, sound internal controls and governance arrangements in place. Strategic risks representing the true challenges facing the Council are captured and reviewed on a regular basis. Examples of where the Committee continues to have concerns, which will be incorporated into the Committee's Work Programme for 2022/23, include:

6.1 Budget Management

The Committee recognises the sustained financial pressure that the Council is under and notes that whilst the overall financial position was balanced, some particular directorates had significant overspends for which control improvements are needed, and management attention and actions are required in directorates to achieve budget savings proposals put forward. Sound budget management is essential in the context of a challenging economic environment, continued constrained finances and an ever-increasing demand for services.

The financial challenge continues to be significant, with a budget gap of £113.4 million reported based on current financial modelling over the next four years. The Committee is keen to observe effective arrangements for budget management and control during 2023/24. The Committee will carefully consider budget management arrangements over the year to come, through observing the use of appropriate management controls and interventions and continuing to reinforce expectations for delivery.

6.2 Internal Control

Assurance on compliance and control is essential. For a number of years there have been continued constraints on resources, together with a growing population and greater demand for public services. As the Council faces significant challenges in how it delivers services, it remains essential that internal controls are not neglected or impaired, and that strong controls operate throughout reformed processes and systems. Additionally, the pandemic has necessitated the adaptation of systems, and in some cases the design of new systems, in order to respond to new priorities. We have been advised of the consultation, advice and guidance provided by the Internal Audit and Investigation Teams to support management to design and uphold robust controls as they have navigated new priorities and responsibilities.

The Committee has invited senior officers to attend its meetings this year, to account for their delivery of good governance, risk management and control. In addition, the Committee has continued to receive the details of all Internal Audits completed, and the respective assurance ratings. This year we have observed isolated internal control gaps through reports of insufficient assurance, and one unsatisfactory audit opinion. Whilst the number of unsatisfactory Internal Audit opinions remain low, management must maintain sound systems of internal control and promptly address identified weaknesses.

We have maintained close interest on the robustness of controls in relation to the Waste Management function. In recent years, alongside a police referral and investigation, a wide-scale

internal investigation into allegations of fraud was completed and disciplinary proceedings have concluded. Through discussions with the Director and the Audit Manager we are advised that there has been steady and sustained progress in recent years in the internal control environment, led by the senior management in place. Our Committee has been advised that there are mechanisms for delivering and acting on improvement actions, and that there is a constructive two-way relationship with Internal Audit, in the planning of, and response to, assurance work. We recognise the progress made for which continued management attention and assurance are required.

The Committee has access to all Internal Audit recommendations raised and agreed, and visibility of updated management comments until the point of implementation. Whilst the Committee has an overall assurance of internal control, we continue to require officers to account for services or functions where internal control weaknesses have been identified. We continue to challenge any impairment in stewardship and control of public funds and assets, seeking prompt and proportionate management actions. The Committee has considered and approved the Internal Audit Plan for 2023/24, and will closely monitor its progress and findings over the year ahead.

6.3 Financial Resilience (including Treasury Management)

In a position of constrained finances, the Committee will continue its consideration of the framework for financial decisions. The Committee has received regular updates on financial resilience and, in recent years has welcomed the independent assurance of the Council Treasury Management activities, by the Council's Treasury Management advisors, further to the regular assurance provided by Internal Audit.

The Governance and Audit Committee will continue to look to gain assurance of sound treasury management practices and strategy. This is vital work, which will both safeguard and deliver best value from the Council's borrowing and investments. The Committee has and will continue to seek assurance that the levels and profiles of investments and borrowing are appropriate and in line with the Treasury Management Practices, Strategy and Reports presented.

6.4 Schools Governance

The Committee has sought regular reports from senior management in the Education and Lifelong Learning directorate seeking ongoing assurance on the arrangements to manage school balances, and to address audit recommendations. Our Committee has raised concerns over delays in implementing school audit recommendations, and the Director of Education and Lifelong Learning has committed to providing a full analysis of outstanding audit recommendations by the end of this academic year.

Our Committee has noted positive improvements made, as recognised by Estyn, and we will continue to keep a keen interest in the governance arrangements and assurance we receive in respect of schools. This is with the understanding that the Governance and Audit Committee can request the attendance of those directly responsible for governance at an individual school level, to a Committee meeting, in the event that assurances are not considered as sufficient.

The Committee acknowledges that the Council is not able to set rules for schools to adhere to regarding contracting matters, albeit advice can be offered on good practice. This area of interest

remains a priority of the Committee and we continue to support the production and use of best practice guidance in schools to strengthen financial stewardship and control.

7. Looking ahead to 2023/24

During the forthcoming municipal year, we will continue to be guided by the professional advice of our Corporate Director Resources, Audit Manager and the Internal and External Audit teams.

Our work programme will cover all areas of our terms of reference and we will monitor the management of the existing matters highlighted in section 6 of this report (the 'Opinion of the Committee for 2022/23') as well any new issues, which require our attention.

We will continue to deliver our responsibilities with the necessary level of flexibility to discharge our role comprehensively, through relevant engagement and consultation with relevant officers and stakeholders both within and outside of formal Committee meetings.

8. Committee Membership 2022/23

The Committee consists of four Independent Lay Members and eight Councillors, elected by Council (detailed in Annex 4). Independent members are appointed for no more than two administrative terms with Council Members reappointed annually.

- On 25 November 2021, Council re-appointed Gavin McArthur and David Price as Independent Members of the Committee, for a second 5-year term.
- Hugh Thomas, Chair of the Governance and Audit Committee, who was already serving a second term, stood down from the Committee at the financial year end (31.03.23).
- Gavin McArthur (Deputy Chair) became Chair of the Governance & Audit Committee on 31.03.23, when Hugh Thomas stood down.
- Two Independent Members are serving in their first terms. Dr Janet Wademan, Independent Lay Member of the Committee, was appointed on 30 September 2021. Chris Burns was appointed following the financial year-end, at Annual Council on the 25 May 2023.
- There is one Elected Member vacancy arising from Cllr Waldron stepping down following the financial year-end.

The position in respect of Committee Membership is shown in Annex 4.

The Committee has been serviced by Council Officers, principally the Corporate Director Resources (Section 151 Officer), and the Audit Manager. Representatives from Audit Wales have also attended Committee meetings.

9. Attendance in 2022/23

The Governance and Audit Committee met on 6 occasions throughout the municipal period 2022/23 on the following dates: 19 July 2022, 27 September 2022, 15 November 2022 (Special Meeting), 29 November 2022, 24 January 2023, and 21 March 2023.

Committee Meeting Attendance

Attendance 2022/23	Possible	Actual
Independent Lay Members		
Hugh Thomas (Chairperson until 31.03.2023)	6	4
Gavin McArthur (Deputy Chairperson until 31.03.2023)	6	6
David Price	6	5
Janet Wademan	6	6
Chris Burns (appointed to Committee on 25.05.2023)	0	0
Elected Members		
Councillor Saleh Ahmed	6	3
Councillor Kate Carr	6	6
Councillor Russell Goodway	6	2
Councillor Margaret Lewis	6	5
Councillor Jess Moultrie	6	5
Councillor Marc Palmer	6	5
Councillor Daniel Waldron (stepped down at year-end)	6	5
Councillor Joel Williams	6	5

All Committee Members received induction training prior to attending Governance & Audit Committee meetings.

10. Contacts

Gavin McArthur Chairperson of the Governance and Audit Committee	Please contact via the Audit Manager
Christopher Lee Corporate Director Resources	029 2087 2300 Christopher.lee@cardiff.gov.uk
Chris Pyke Audit Manager	029 2087 3455 cpyke@cardiff.gov.uk
Richard Harries Engagement Director (Financial Audit), Audit Wales	Richard.Harries@audit.wales
Phil Pugh Audit Manager (Financial Audit), Audit Wales	07964 118615 phil.pugh@audit.wales
Sara-Jane Byrne Audit Manager (Performance Audit), Audit Wales	07786 111385 sara-jane.byrne@audit.wales

Governance and Audit Committee Terms of Reference 2022/23

Statement of Purpose

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

Governance, Performance, Risk & Control

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

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

Internal Audit

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

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

External Audit

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

Financial Reporting

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

Accountability Arrangements

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

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

Training & Development

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

Self-Assessment Action Plan

January 2023

	Action	Status / Target
1.	Refresher Committee training to be delivered on Risk Management and Internal Audit.	To be arranged in 2023/24
2.	Periodic private meetings to be arranged for the Committee and Audit Wales, which will not be attended by management.	To be arranged in 2023/24
3.	As background information, Committee to receive the Standards and Ethics Committee Annual Report each year.	Report to be circulated when published
4.	Senior officers currently provide information on partnership assurances within their control environment reports to Committee. The reflection of Committee is that there is scope to engage further in this area with senior officers.	From January 2023
5.	The Corporate Director Resources to provide HR information and assurances when next presenting on the directorate control environment.	Upon next attendance of Corporate Director Resources
6.	Committee to raise comments with officers on Committee papers as appropriate where they consider improvements may assist in future / ongoing Committee's reviews.	From January 2023
7.	Governance and Audit Committee to share relevant information with Scrutiny Committees of where it feels important assurances could be sought as part of a scrutiny process e.g., matters which could be explored as part of pre-decision scrutiny.	From January 2023
8.	Committee to continue to seek more value for money assurance from those it engages with.	From January 2023

The Committee requested feedback from those it engaged with in Committee meetings in respect of ‘performance’, ‘assurance and influence’ and ‘discussion and engagement’.

The results for 2022/23 were as follows.

Key	Score
1	Poor
2	Satisfactory
3	Good
4	Excellent



Current Membership

 <p>Gavin McArthur (Chair) (Independent Lay Member)</p>	<p>Gavin McArthur is an experienced internal audit and governance professional and qualified accountant. He was Head of Governance and Assurance for the Ministry of Justice Estates Directorate. He has also held senior management roles in internal audit functions in the private sector, local and central government.</p> <p>Following a degree in Geological Sciences from Birmingham University, Gavin qualified as a CIPFA accountant with Coventry City Council where he undertook a range of financial management and accounting roles, including audit.</p> <p>His professional experience and expertise lie in the fields of internal control, risk management, governance, internal audit, business case review, and performance management. He was appointed as Vice Chair of the Governance and Audit Committee of Cardiff Council in January 2020, and is Vice Chair of the Warwickshire Police Joint Audit and Standards Committee.</p> <p>On 31/03/2023, Hugh Thomas stepped down from the Governance & Audit Committee, at which point Gavin (previously Deputy Chair), assumed the role of Chair.</p> <p>A keen sportsman, who played semi-professional football, Gavin has coaching qualifications in rugby, goalkeeping and strength & conditioning. He currently coaches goalkeeping for a university football team and for many years coached at a local rugby club, he is also an experienced Tai chi practitioner.</p>
 <p>David Price (Independent Lay Member)</p>	<p>David Price is an independent management consultant, executive coach and interim manager who works primarily with tertiary education organisations. He formerly spent 25 years working for a number of UK universities and non-governmental departmental bodies in strategic planning and policy roles. His last permanent role was Pro Vice-Chancellor (Strategy & Performance) at Cardiff Metropolitan University.</p> <p>Over the last two years David has been the interim Director of the Open University in Wales, interim Chief Executive of Colegau Cymru/Colleges Wales (the representative body for the further education sector in Wales), provided consultancy services for Universities Wales (the representative body for higher sector in Wales), the University of South Wales and the British University in Egypt, served as an independent member of Cardiff Council’s Governance and Audit Committee and acted as a charity trustee.</p> <p>Educated at the universities of Sheffield and Newcastle-Upon-Tyne and at schools in the UK and abroad, David is a graduate of the Leadership Foundation for Higher Education’s Top Management Programme.</p> <p>David’s professional interests focus on the development and application of performance systems, business intelligence, risk management, regulation and governance.</p>



Dr. Janet Wademan
(Independent Lay Member)

Janet Wademan was awarded the degrees of BA and PhD in Pure Mathematics from Cardiff University. After graduation she enjoyed a corporate R&D career in the systems engineering, programme management, international marketing and bid directorship of safety critical applications in defence and civil domains. In 1995, Janet founded her advisory practice specialising in technology and innovation representing Wales and Welsh companies via the WDA's Global Link programme. She has advised consortia of international corporates resulting in winning substantial bids and the creation of 100s of STEM jobs.

Janet's underpinning professional interests are: sustainable regional development, building organizational resilience and the realization of societal impact from R&D. She was a Member of the Ministerial Advisory Group for the then Department of the Economy and Transport (2006-09). She also served as a Member of the First Minister's Economic Research Advisory Panel (2002-12). Having developed a breadth of experience as a non-executive since 1998, Janet currently serves as: Vice-Chair, Joint Audit Committee, Office of the Police & Crime Commissioner Gwent Police; Trustee and Chair of the Audit, Risk and Assurance Committee, National Library of Wales; Member, Wales Productivity Forum. She is a Fellow of the Chartered Management Institute and of the RSA.



Cllr Saleh Ahmed
(Welsh Labour)

Serving the **Fairwater** Ward

Terms of Office: 09/05/2022 - 09/05/2027

Serving on the following Committees:

- [Children and Young People Scrutiny Committee](#)
- [Community & Adult Services Scrutiny Committee](#)
- [Council](#)
- [Governance and Audit Committee](#)



Cllr Kate Carr
(Welsh Labour)

Serving the **Whitchurch and Tongwynlais** Ward

Terms of Office: 09/05/2022 - 09/05/2027

Serving on the following Committees:

- [Council](#)
- [Governance and Audit Committee](#)

Appointments to Outside Bodies:

- [South Wales Fire & Rescue Authority](#)



Cllr Russell Goodway
(Welsh Labour)

- Serving the **Ely** Ward

Terms of Office: 04/05/1995 - 08/05/2022
09/05/2022 - 09/05/2027

Serving on the following Committees:

- [Cabinet](#)
- [Cabinet \(Trustee Maindy Park Trust\)](#)
- [Constitution Committee \(Chair\)](#)
- [Council](#)
- [Democratic Services Committee](#)
- [Governance and Audit Committee](#)

Appointments to Outside Bodies:

- [Cardiff Airport Consultative Committee](#)
- [Consortium of Local Authorities in Wales \(CLAW\)](#)
- [WLGA](#)



Cllr Margaret Lewis
(Welsh Labour)

Serving the **Butetown** Ward

Terms of Office: 09/05/2022 - 09/05/2027

Serving on the following Committees:

- [Community & Adult Services Scrutiny Committee](#)
- [Corporate Parenting Advisory Committee](#)
- [Council](#)
- [Glamorgan Archives Joint Committee](#)
- [Governance and Audit Committee](#)

Appointments to Outside Bodies:

- [Cardiff Bay Advisory Committee](#)



Cllr Jess Moultrie
(Welsh Labour)

Serving the **Pentwyn** Ward



Terms of Office: 09/05/2022 - 09/05/2027

Serving on the following Committees:


- [Children and Young People Scrutiny Committee](#)
- [Constitution Committee](#)
- [Council](#)
- [Governance and Audit Committee](#)

Appointments to Outside Bodies:

- [Cardiff Mind](#)

 <p>Cllr Marc Palmer (Welsh Labour)</p>	<p>Serving the Whitchurch and Tongwynlais Ward</p> <p>Terms of Office: 09/05/2022 - 09/05/2027</p> <p>Serving on the following Committees:</p> <ul style="list-style-type: none"> • Council • Democratic Services Committee • Governance and Audit Committee • Licensing Committee • Licensing Sub Committee • Public Protection Committee • Public Protection Sub Committee
 <p>Cllr Joel Williams (Welsh Conservatives)</p>	<p>Serving the Pontprennau & Old St Mellons Ward</p> <p>Terms of Office: 04/05/2017 - 08/05/2022 09/05/2022 - 09/05/2027</p> <p>Serving on the following Committees:</p> <ul style="list-style-type: none"> • Council • Employment Conditions Committee • Governance and Audit Committee • Policy Review and Performance Scrutiny Committee (Chair)

Members who stood down from the Committee at the Year-End
(prior to the first meeting of 2023/24)

 <p>Hugh Thomas (Chairperson until standing down on 31.03.2023) (Independent Lay Member)</p>	<p>Hugh Thomas, a retired Solicitor, pursued a Local Government career for forty years culminating in his being Chief Executive of Mid Glamorgan County Council (the largest local authority in Wales) for fifteen years. During this time, he served as Clerk to the South Wales Police Authority and Honorary Secretary of the Assembly of Welsh Counties. He retired in 1995.</p> <p>He has since chaired a number of public bodies and national voluntary organisations including those in the health and higher education sectors. He was Vice Chairman and Chair of the Audit Committee of the Wales Centre for Health.</p> <p>He was also a non-Executive Director of Welsh Water. He served as Chairman of The Regulatory Board for Wales 2010 – 2016.</p> <p>He has served a term of fifteen years as a Trustee of The National Library of Wales. For more than 5 year's he occupied the position of the Deputy Chairperson of the Audit Committee of Cardiff Council, and was appointed as Chairperson in January 2020.</p>
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Cllr Daniel Waldron
(Welsh Liberal Democrats)

Serving the **Cyncoed** Ward

Terms of Office: 09/05/2022 - 09/05/2027

Serving on the following Committees:

- [Council](#)
- [Governance and Audit Committee](#)
- [Policy Review and Performance Scrutiny Committee](#)



GOVERNANCE & AUDIT COMMITTEE 11 JULY 2023

GOVERNANCE UPDATE SENIOR MANAGEMENT ASSURANCE STATEMENT 2022/23

REPORT OF CORPORATE DIRECTOR RESOURCES AGENDA ITEM: 11.2

Reason for Report

1. This report provides an update on the Senior Management Assurance Statement and the progress on the drafting of the Annual Governance Statement 2022/23
2. The Governance and Audit Committee's Terms of Reference requires Members to review the Annual Governance Statement prior to approval and consider whether it properly reflects the risk environment and supporting assurances, taking into account the internal audit opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and internal control.
3. Specific components of the AGS reported individually to the Audit Committee are the biannual Senior Management Assurance Statements (SMAS) and the AGS Action Plan of significant governance issues, following approval by the Senior Management Team.

Background

4. Senior Management Assurance Statements (SMAS) are used to assess governance maturity in application of the 'Delivering Good Governance in Local Government' framework, developed by CIPFA / SOLACE.
5. Through the SMAS, each Director responds to 29 good governance statements using a 5-point maturity scale for their areas of responsibility ranging from 'not in place', 'limited application', 'mixed application', 'strong application' to 'embedded'. Prior to submitting their returns, each Director is required to obtain underlying assurances from their management teams to support a directorate-wide response to each statement.
6. The 29 Good Governance Statements can be found in the attached Appendix A. The questions have been both amended and extended in order to ensure that all areas of good governance are covered and with a focus on areas identified for improvement.
7. The Action Plan for 2021/22 had identified the need to embed into the self assessment the 5 ways of working in respect to the Future Generations Act. In addition, to extend and deepen the areas of SMT investigation in respect to compliance, risk and outcomes as well as gathering evidence on the quality of performance reviews..

Issues

Senior Management Assurance Statements

8. The Senior Management Assurance Statements have been completed for each directorate and have been informally discussed at Senior Management Team. In considering the individual statements, the Senior Management Statement is currently being drawn up and will be presented to the Governance and Audit Committee in September 2023 when the draft Annual Governance Statement for 2022/23 will be considered.
9. Each directorate undertook a Half-yearly self-assessment in November / December 2022 and this informed Challenge Sessions held by the Chief Executive with each directorate to consider the merits of the self-assessment, the progress made and identify any areas of concern.
10. The Annual Governance Statement will include the Senior Management Statement along with the statements from the Governance & Audit Committee and the Audit Manager. The Senior Management Statement will in its considerations set out the progress made against its actions and also set out its view of suggested actions for 2023/24.

Reason for Recommendation

11. To provide the Governance and Audit Committee with an update on Senior Management Assurance Statement and progress on the Annual Governance Statement.

Legal Implications

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

Financial Implications

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

Recommendation

14. The Governance & Audit Committee to note the report.

Christopher Lee
Corporate Director Resources
11 July 2023

The following Appendices are attached:

Appendix A – Senior Management Assurance Statement Questions

Appendix A Senior Management Assurance Statement Questions

Risk

1. All relevant risks to directorate and corporate priorities and objectives are identified promptly and I receive a complete and comprehensive directorate risk register at least quarterly.
2. My quarterly risk identification, assessment and review processes include effective engagement with all relevant managers, partner organisations, stakeholders and boards, through which I ensure good awareness and use of all relevant risk information.
3. I have at least one dedicated risk champion for my directorate, and I meet with my lead risk champion at least quarterly to review my directorate and corporate risks and ensure all risk registers are complete, accurate, effectively assessed and reported to the Risk Management Team each quarter.
4. I ensure proportionate risk responses are applied to manage all directorate risks in a timely manner and to an acceptable level, and I escalate all 'red' risks to SMT at least quarterly.
5. I have strategies in place to ensure that all corporate risks allocated to me are managed to an acceptable risk level in a timely manner.

Partnership Working

6. There is a well-developed understanding of how key decisions/ actions impact on other Council departments and I can evidence that my Directorate management team proactively seek opportunities to work across Council departments.
7. I can evidence that my Directorate management team proactively seek opportunities to work with other public bodies.
8. I receive timely and complete reports from all directorate partnership and collaborative arrangements, from which I can report assurance on robust governance, risk management and control.

Engagement and Equalities

9. I can demonstrate that there is an understanding of who needs to be involved in any decision about changes to my services, and why, in any engagement activity. This includes clear evidence that the views of the hardest to reach groups are considered and that all statutory requirements in relation to consultation and engagement are met.
10. I can demonstrate how decisions taken within my directorate are made giving consideration to groups protected by the Equalities Act and the Equalities Impact Assessments are undertaken where appropriate.

Compliance

11. The results of compliance and review reports demonstrate sound compliance with policies, rules, legal, regulatory and safeguarding requirements across my areas of responsibility.

12. I am aware of and deliver clear actions promptly to address all areas of non-compliance e.g. training, work instructions, systems development, application of HR policy, safeguarding, Health and Safety, Information Governance etc.

Project Initiation

13. Prior to initiating any new programmes or projects: I demonstrate the rationale and methodology which supports prioritising the project or programme, Where relevant the broad scope is considered whether or not the resource to manage is within the directorate."
14. All programmes and projects for which I am responsible have robust briefs, plans and business cases which have been appropriately approved in a timely manner, and include clearly defined financial and non-financial outcomes and benefits
15. All programmes and projects proactively manage the achievement of key milestones and record and manage associated opportunities, risks and issues. This is evidenced in timely and robust reporting to oversight boards.

Budget

16. Throughout my directorate, there are robust mechanisms in place to deliver the Revenue and Capital budget with strong and effective budget monitoring and control. I can demonstrate that decisions are implemented with the funding already in place.
17. Throughout my directorate, there are robust mechanisms in place to deliver all savings and income targets.

Planning & Performance

18. My directorate has worked effectively to deliver the Corporate Plan, and my Directorate Delivery Plan clearly sets our contribution to achieving corporate priorities and objectives and managing associated risks.
19. I can demonstrate preventative actions that are likely to contribute to better outcomes and which represent more effective use of resources over the longer term, even where this may limit the ability to meet some short-term needs.
20. I can demonstrate that I have a clear understanding of current and future demand pressures and trends that will impact on my service, and that these inform my services priorities and risks.
21. KPI and benchmarking data is collected for all key areas of service and are used to measure performance and to drive improvement actions.
22. All relevant staff have completed their Performance Reviews using S.M.A.R.T objectives with evidence used to produce development plans.
23. Robust business cases outline the savings and the mitigation of associated risks such as sale of assets, technology changes, reduced staffing, restructure or alternative service delivery models.

Control

24. There are Clear Roles and Responsibilities combined with a clear and effective authorisation processes
25. Robust and complete policies and procedures with Robust monitoring, reporting and review arrangements to enable timely identification and mitigation of control weaknesses
26. There is a culture of clear accountability for upholding strong internal controls within the directorate and managing any non-conformance.
27. Across all functions, partnerships and collaborations, robust safeguards are in place for:
 - Physical and information assets
 - Financial Stewardship
 - Authorisation and approval procedures
 - Systems

Fraud

28. I have robust controls in place to prevent and promptly detect fraud, bribery and corruption
29. I can evidence effective application of the Fraud, Bribery & Corruption Policy and the Disciplinary Policy

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**GOVERNANCE & AUDIT COMMITTEE:
11 JULY 2023**

CORPORATE RISK MANAGEMENT - QUARTER FOUR 2022/23**REPORT OF CORPORATE DIRECTOR RESOURCES AGENDA ITEM: 11.3**

Reason for this Report

1. To update Governance & Audit Committee on the risk management position at quarter four 2022/23 and to highlight any changes from the quarter three 2022/23 report.
2. The Governance & Audit Committee's Terms of Reference sets out their responsibility:
 - To monitor and scrutinise the effective development and operation of the risk management arrangements within the Council, and
 - To oversee progress in addressing risk-related issues reported to the Committee, such as the Corporate Risk Register (CRR).

Background

3. Governance & Audit Committee receives a risk management update each financial quarter with the opportunity to make comments. The last Governance & Audit Committee review was on the 15th of March 2023, at which time the risk management position at quarter three 2022/23 was presented.
4. Each Directorate holds a Directorate Risk Register (DRR) and the Senior Management Team (SMT) collectively own a Corporate Risk Register (CRR). The CRR records the main risks to the delivery of corporate objectives and priorities, whilst the DRRs record the key risks to the delivery of Directorate functions and priorities.
5. A risk escalation process is in place, whereby each Director is required to take ownership of all residual (current) risks rated as 'red/amber' and above on their DRR and, at a minimum, to escalate all 'red' residual risks to SMT for collective ownership and review.
6. This reporting process allows SMT to determine if any changes are required to the CRR each quarter. The remaining escalated risks continue to be held on DRRs and are reviewed by SMT each quarter until it is agreed that mitigation is sufficient for risk ownership to transfer back to the Directorate. All escalated DRRs are reviewed by the Corporate Risk Team, to ensure they are relevant for discussion at SMT.

Issues

7. Each Director has worked with their Risk Champion(s) to undertake their quarter four risk management review. The Risk Management Team has also provided advice and guidance on the measurement and reporting of risks. The quarter four risk assessments are presented on the Corporate Risk Register Summary Snapshot (Appendix A) and the Detailed Corporate Risk Register (Appendix B).
8. The Risk Management Review process has two tiers (Directorate and Corporate) and the actions at each for quarter four are detailed as follows.

Directorate Risks

9. At the quarter four position, 242 risks were reported from DRRs. All escalated risks and requests for de-escalation were discussed and approved in SMT on the 27th of June 2023.
10. It was agreed that seventeen Directorate risks would be carried forward as SMT escalated risks at quarter four. Where a risk has been escalated it is primarily due to either mitigations being required from other directorates or a need to monitor the position so prompt corporate action is undertaken as and when required. Updates on the escalated risks are reported to Senior Management Team throughout the quarter and they are formally considered as part of the Quarterly review process.
11. The table below sets out the number of risks identified by each directorate and the number of risks each directorate has escalated.

Directorate	Directorate Risks	Risks at SMT Escalation Point
Economic Development (inc Waste)	37	2
Education	22	0
Housing & Communities	23*	4
Performance & Partnerships	14	1
Social Services	12**	9 (1 shared)
Planning, Transport & Environment	24	0
Resources	96	1
Governance & Legal Services	17	1 (1 shared)
Total	245	17*

* Includes 1 shared

** The HAC and Adults Services number of DRR risk is significantly different as they conducted a full review of their risks this quarter.

Corporate Risks

12. SMT collectively reviewed the escalated directorate risks and corporate risk updates at the end of quarter four.
13. For Q4, The Budget Monitoring corporate risk was discussed at SMT, as its residual risk has changed from B2 to D2. The reason for this change was the improving financial position arising out of Q4 to a final outturn balanced position and the Budget being set for 2024/25 in March 2023. The Budget setting process having considered any financial pressures arising from 2023/24 and where appropriate allocating financial resource to address those issues going forward.
14. SMT considered a request that the Welfare Reform corporate risk is removed from the Corporate Risk Register. The reason for the request to remove is that the Welfare Reform Act was introduced in 2012 and since then, many of the mitigations put in place to achieve the residual risk rating have become business as usual for services within Housing & Communities. Housing & Communities also have a new escalated risk on their Directorate Risk Register that monitors the support residents of the city are receiving during the Cost-of-Living crisis which is more relevant in addressing current economic pressures. There is also an escalated risk on Temporary Accommodation which mitigates against many of the risks previously covered in the Welfare Reform risk. SMT agreed to remove the Welfare Reform Corporate Risk from the Corporate Risk Register but with the proviso that the escalated risks of resident support and temporary accommodations continue to be reported and monitored at the corporate level for the next few months at least.

Reason for Recommendation

15. To enable the Governance & Audit Committee to monitor risk management activity and consider the Risk Management Review – quarter four 2022/23.

Legal Implications

16. 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

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

RECOMMENDATIONS

18. Governance & Audit Committee to note and comment upon the risk management activity and the contents of the Corporate Risk Register, and to consider the information given, in the programming of its work.

Chris Lee
Corporate Director Resources

The following Appendices are attached:

Appendix A - Corporate Risk Register Summary Snapshot – Q4 2022/23

Appendix B - Detailed Corporate Risk Register – Q4 2022/23

The following background papers have been taken into account:

- *Directorate Risk Registers Q4 2022/23*

Corporate Risk Register Summary Snapshot Quarter 4 2022/23

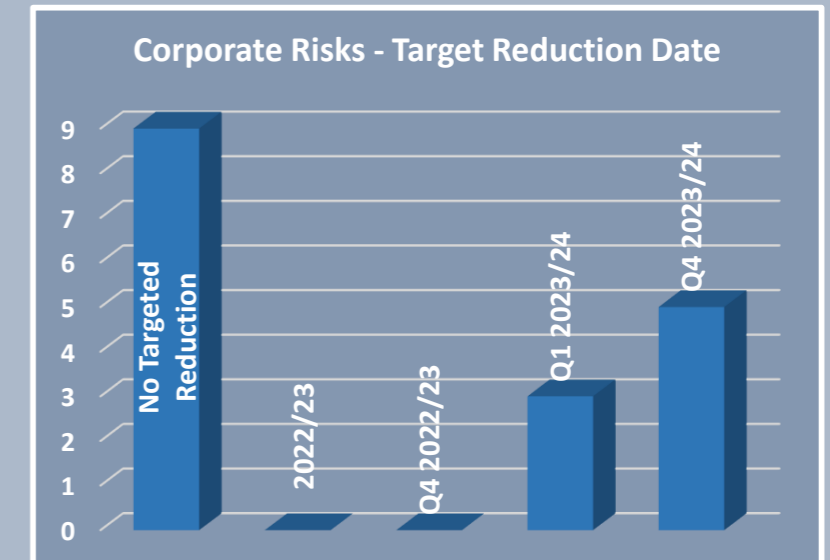
Appendix A

Likelihood	Impact			
	1	2	3	4
A	A1: 11	A2: 1	A3	A4
B	B1: 6	B2: 4	B3	B4
C	C1	C2	C3	C4
D	D1	D2	D3	D4
E	E1	E2	E3	E4

Likelihood	Impact			
	1	2	3	4
A	A1	A2: 1	A3	A4
B	B1: 1	B2: 5	B3: 1	B4
C	C1: 2	C2: 4	C3	C4
D	D1: 3	D2: 4	D3: 1	D4
E	E1	E2	E3	E4

Likelihood	Impact			
	1	2	3	4
A	A1	A2	A3	A4
B	B1: 1	B2: 1	B3: 1	B4
C	C1	C2: 5	C3: 2	C4
D	D1: 4	D2: 5	D3: 2	D4
E	E1	E2	E3: 1	E4

Inherent Risk Rating	Corporate Risk Title	Residual Risk		Target Risk	
		Rating	Movement from Q2	Rating	Movement from Q2
A1	Climate Change	B2	↔	C2	↔
	City Security	B1	↔	B1	↔
	Air Quality & Clean Air Strategy	B2	↔	C3	↔
	Cyber Security	C1	↔	D1	↔
	Budget Monitoring (Control)	D2	↓	D2	↔
	Financial Resilience	C2	↔	C2	↔
	Schools Organisation Programme (Band B)	C2	↔	E3	↔
	Health and Safety	D3	↔	D3	↔
	Non-completion of Stat Building Eqpt Maintenance	C2	↔		↔
	Information Governance	D1	↔	D2	↔
A2	Ensuring Access	A2	↔	B2	↔
A2	Welfare Reform	B2	↔	B2	↔
B1	Coastal Erosion	B2	↔	C2	↔
	Waste Management	B2	↔	C2	↔
	Increase in Demand (Children's Services)	C1	↔	D1	↔
	Education – Schools Delegated Budgets	D2	↔	D2	↔
	Business Continuity	D1	↔	D1	↔
B2	Safeguarding	D1	↔	D1	↔
	Education Consortium & Attainment	B3	↔	C3	↔
	Legal Compliance	C2	↔	C2	↔
	Performance Management	D2	↔	D2	↔
	Fraud, Bribery and Corruption	D2	↔	D2	↔



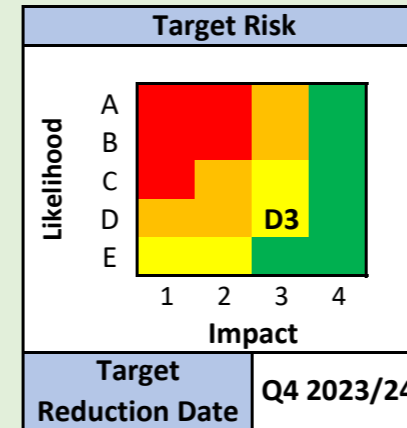
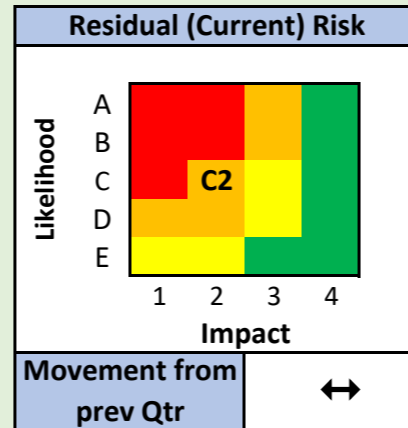
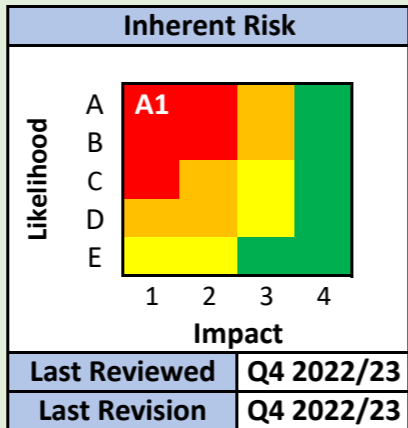
High (Red)	Medium (Red-Amber)
Medium (Amber-Green)	Low (Green)
↓ Decrease from previous quarter	
↔ No change from previous quarter	
↑ Increase from previous quarter	

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Non-completion of Statutory Building Equipment Maintenance

Appendix B

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



Risk Owner(s)

Neil Hanratty (Donna Jones) Councillor Russell Goodway Investment & Development

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

Contractor

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

RAMIS IT Software

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

Corporate Landlord Programme

- County Estates senior management structure established supporting - Strategic Asset Management, Capital Delivery and Property Services, to manage and deliver all the Council's non-domestic property functions within one portfolio. County Estates - Assistant Director appointed October 2020.
- The 'One Front Door' approach was rolled out across the corporate estate by end of Q4 19/20.

Statutory Obligation Compliance

- Continue to commission work to undertake required compliance testing (and works required) where Building Services has responsibility to do so, as defined on RAMIS.
- Continue to share testing/remedial performance statistics with all Directorates on a monthly basis.

COVID-19

- Following initial restrictions on the type of statutory compliance testing being undertaken in Council buildings a full testing programme is now in place. Access issues to some buildings following the COVID pandemic has caused delays to the undertaking of some testing and remedial works which has impacted upon the compliance statistics (service area responsibilities - target 80%, actual 69%; Building Services responsibilities - target 80%, actual 86%; completion of remedial works - target 50%, actual 72%).
- Resolved remaining access issues to buildings that remained closed following COVID-19 all required statutory obligations testing has resumed and resulting remedial works identified.

Landlord / Occupancy Agreement

- Service area / County Estates building management principles established as business as usual in the Corporate Property Strategy 2021-26.
- Ongoing management through the established asset management / county estates controls and business processes

What we plan to do to meet target

Statutory Obligation Compliance

- Continue to commission investigations / work to complete required compliance testing (and works required) in respect of 'gaps' in compliance identified by reports from RAMIS. **ONGOING**
- Complete a review of arrangements in place to contract statutory inspections/maintenance for non-domestic Council premises, which are currently not being commissioned through the Statutory Maintenance Team - move to SED pending restructure. (now moved to **Q4, 2023/24** to align with restructuring critical teams). Q4, 2022/23 update - Commencement of new Framework partner to deliver statutory compliance work. Under new Framework, tighter controls established within the new contract to ensure good performance. Enhanced governance with Building Managers to ensure essential works are progressed to ensure compliance.

Potential Impact(s)

Potential consequences of non-compliance with statutory maintenance:

- Fatalities or serious injuries
- Closure of part or whole of facilities with major disruption to service delivery
- HSE interventions and consequential actions including fines and prosecution;
- Significant additional expenditure requiring realignment of Corporate budgets;
- Temporary relocation of staff
- Temporary loss of operational service
- Invalidation of insurance policy
- Serious adverse impact on reputation
- Damage to fabric of building or other equipment

Type(s) of Impact

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

Health & Safety

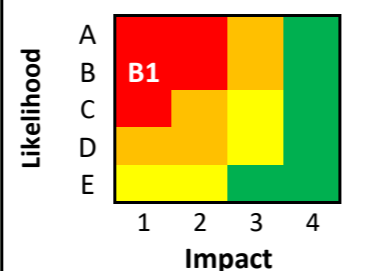
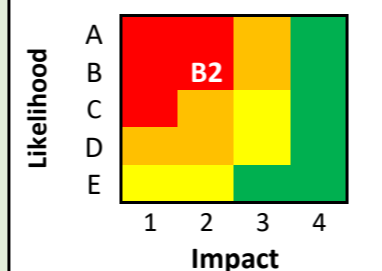
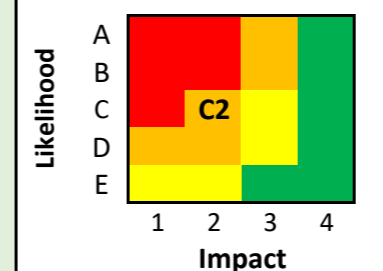
Key Indicators / Measures used to monitor the risk

Compliance stats from the Corporate Health & Safety Team.

Health & Safety

Description	Inherent Risk	Residual (Current) Risk	Target Risk	Risk Owner(s)									
<p>Non Compliance with corporate Health and Safety arrangements to control key risks across the Council in line with statutory requirements.</p>	<p>A1</p>	<p>D3</p>	<p>D3</p>	<p>Neil Hanratty (Donna Jones)</p>	<p>Councillor Chris Weaver Finance, Modernisation and Performance</p>								
	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Last Reviewed</td> <td>Q4 2022/23</td> </tr> <tr> <td>Last Revision</td> <td>Q3 2022/23</td> </tr> </table>	Last Reviewed	Q4 2022/23	Last Revision	Q3 2022/23	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Movement from prev Qtr</td> <td style="text-align: center;">↔</td> </tr> </table>	Movement from prev Qtr	↔	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Target Reduction Date</td> <td>N/A</td> </tr> </table>	Target Reduction Date	N/A		
Last Reviewed	Q4 2022/23												
Last Revision	Q3 2022/23												
Movement from prev Qtr	↔												
Target Reduction Date	N/A												
	<p style="text-align: center;">What we've done/are currently doing to achieve the Residual Risk Rating</p> <ul style="list-style-type: none"> • RAMIS - reporting recommenced using the new platform, reports submitted to Corporate Health & Safety Forum and Senior Management Team. • Condition Surveys School Buildings - Complete Dissemination of Condition Survey information to schools as and when COVID-19 restrictions permit. • Due to the continued pandemic H&S and OH resources will continue to be repurposed to support the workforce and limit the transmission of the virus in Council workplaces, as well as setting policy and guidance in relation to infection control and mental health and wellbeing support. From September 2021 the H&S Team resumed normal operations in addition to supporting issues related to COVID-19. In Q4, 2021/22 OH resumed face to face appointments and health surveillance. • HSE visited 10 Cardiff Schools to review COVID-19 arrangements went well with positive feedback provided and no corrective actions required. • Procedures to support the safe operation of the fire suppression system in Lamby Way MRF completed and Fire Risk Assessment updated, closing out insurance fire safety improvements. • Training webinars for building management for community organisations operating Council premises to roll out when COVID-19 restrictions permit. • Continue Asbestos Training - Online and face to face in line with COVID-19 Safety measures is currently taking place, the Asbestos Team recently gained approval from UKATA to deliver Non-Licensable Asbestos training. Commenced briefing sessions for technical departments and Building Managers to ensure they understand their responsibilities under the Corporate Asbestos Management (CAM) Plan. 			<p style="text-align: center;">What we plan to do to meet target</p> <ul style="list-style-type: none"> • Continue to monitor embedding of current controls to reduce the overall risk ONGOING 									
<p style="text-align: center;">Potential Impact(s)</p> <ul style="list-style-type: none"> • Fatalities • Serious injuries • Prosecution – fines for corporate body and/or fines/imprisonment for individual • Civil Claims • Negative Publicity 	<p style="text-align: center;">Type(s) of Impact</p> <ul style="list-style-type: none"> • Service Delivery • Reputational • Legal • Financial 			<p style="text-align: center;">Linked Risks</p> <p>Non-completion of Statutory Building Equipment Maintenance</p>									
			<p style="text-align: center;">Key Indicators / Measures used to monitor the risk</p> <p>RAMIS is used to monitor statutory risk in relation to premises safety, bi-monthly reporting to SMT, quarterly reporting to Health and Safety Forum.</p> <p>Compliance against annual Corporate H&S Objectives, used to monitor improvement secured in Service Areas, reported to Health and Safety Forum.</p>										

Recycling Performance

Description	Inherent Risk	Residual (Current) Risk	Target Risk	Risk Owner(s)
<p>Failure to deliver recycling performance to meet statutory recycling performance targets within waste directive</p> <p>On 26 November, the final validated 2019-20 Local Authority Recovery Target (LART) showed Cardiff achieved a recycling performance of 58.14% compared to the target of 64%</p>	 <p style="text-align: center;">Likelihood</p> <p style="text-align: center;">Impact</p> <p style="text-align: center;">Last Reviewed Q4 2022/23</p> <p style="text-align: center;">Last Revision Q4 2022/23</p>	 <p style="text-align: center;">Likelihood</p> <p style="text-align: center;">Impact</p> <p style="text-align: center;">Movement from prev Qtr ↔</p>	 <p style="text-align: center;">Likelihood</p> <p style="text-align: center;">Impact</p> <p style="text-align: center;">Target Reduction Date Q4 2023/24</p>	<p style="text-align: center;">Risk Owner(s)</p> <p style="text-align: center;">Neil Hanratty (Matt Wakelam)</p> <p style="text-align: center;">Councillor Caro Wild Climate Change</p>

Potential Impact(s)
<p>Financial</p> <ul style="list-style-type: none"> Penalties and loss of grant support Continuing financial costs to service <p>Legal & Regulatory</p> <ul style="list-style-type: none"> Failure to comply with waste directive, leading to sanctions, penalties or interventions <p>Strategic/ Reputational</p> <ul style="list-style-type: none"> Reputational consequence with citizens and key stakeholders

What we've done/are currently doing to achieve the Residual Risk Rating
<p>Cardiff's Recycling Strategy</p> <ul style="list-style-type: none"> Recycling Strategy for Cardiff, which sets out the Council's long-term objectives over the next 5 years and considers economic, social and environmental aspirations, to ensure Cardiff is one of the leading cities in the world for recycling was approved at September 22nd 2022 Cabinet meeting; <p>Agreement in principle be given to the programme of change set out in the Recycling Strategy 2022-25: 'Greener and Cleaner' and this report and delegate authority to the Director of Economic Development in consultation with the Cabinet Member for Climate Change to roll-out the phased implementation of the programme including: Agreement in principle be given to the programme of change set out in the Recycling Strategy 2022-25: 'Greener and Cleaner' and this report and delegate authority to the Director of Economic Development in consultation with the Cabinet Member for Climate Change to roll-out the phased implementation of the programme including:</p> <ul style="list-style-type: none"> The phased roll-out of segregated recycling as set out in this report across household properties in Cardiff. The phased roll-out of reduced residual waste collections as set out in this report to improve the level and quality of recycling across household properties in Cardiff Undertake further pilot work in relation to Houses of Multiple Occupancy and Flats to improve recycling performance including the testing of communal segregated recycling bins. Review the expansion of kerbside collection services to cover items currently not collected at the kerbside. Enhance and strengthen education and enforcement to deliver improved recycling compliance across household properties in Cardiff. Develop the business case to move from a Material Recovery Facility to a Material Handling Facility required to manage segregated recycling <p>Improvements to the trade / business waste model to improve recycling and meet new legislative requirements.</p> <p>Identification of wider Council / service area change to value resources and minimise the Council's impact on climate change.</p> <ul style="list-style-type: none"> the plans to enhance the cleansing service, including the move balanced resourcing and 'same day cleanse' following collections for inner wards be noted. the development of a business case for a future repair and re-use 'superstore' be noted. A further report will be brought regarding the business case. <ul style="list-style-type: none"> Pilot for reusable sacks and segregated recycling commenced 24th Jan 2022 - participation 4000 properties and is now complete. Expansion of segregated recycling implemented in existing pilot areas, alongside further ward expansion from 29th Nov 2022 - completed, and participation now totals 13,000 properties. <p>Wider Governance & Compliance</p> <p>On 18 November 2021, the final validated 2020-21 Local Authority Recovery Target (LART) showed Cardiff achieved a recycling performance of 55.79% compared to the target of 64%.</p> <ul style="list-style-type: none"> Working in partnership with WG, WRAP & WLGA to deliver new Recycling Strategy, Implementation Plan & individual business cases segregated recycling modelling and business case material recovery facility to material handling facility, outline design and business case. development of blueprint model for flats, working in partnership with Swansea council trade business waste recycling review in preparation of new legislation Programme Board developed to review individual business cases prior to decision making process - Officer/ Cabinet/ Council decisions - A review of the performance of the Recycling Centres has been undertaken as part of Recycling Strategy, reviewing the controls at the recycling centres - completed Update provided to Welsh Government Officers on current position in terms of recycling performance and programme for improvements as part of the delivery of the Recycling Strategy 2022-25 - complete

What we plan to do to meet target
<p>Cardiff's Recycling Strategy</p> <ul style="list-style-type: none"> The pilot data is informing the development of the business case for the phased citywide roll out - this needs to be re-evaluated using data from the expansion, due to the impact of the cost of implementation on the MTFP evaluation ongoing - Q1 2023/24 Outline business case to be developed for a future repair and re-use 'superstore' - No outline business plan developed to date. Meeting and information on Manchester re-use and repair hub obtained - Q3/Q4 2023/24. Recycling Performance Targets set within the Strategy are: 2021/22 = 64% - final validated performance for year is 58.19% 2022/23 = 64% - final unvalidated performance for year is 61.58% 2023/24 = 66% 2024/25 = 70% <p>Wider Governance & Compliance</p> <ul style="list-style-type: none"> Senior Management to have ongoing regular engagement and discussions with WG and WRAP on Cardiff's Recycling Strategy and collaborative working model - fortnightly meetings ONGOING Quarterly meetings with Julie James MS, Minister for Climate Change, and WG to monitor actions to improve recycling performance ONGOING Response to Minister re 2020/21 recycling performance - Meeting Minister on February 27th 2023 to discuss below target recycling performance (58.19% against target 64%) - complete, awaiting Ministerial response

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

Linked Risks
<p>Workforce & supply chain issues - Directorate Risk Register risks:</p> <p>RNS7 - Rising Fuel Costs</p> <p>RNS8 - Extreme Global External Factors</p>

Key Indicators / Measures used to monitor the risk
<ul style="list-style-type: none"> Quarterly monitoring recycling % from waste data flow - 21/22: Q1= 59.14% Q2= 57.71% Q3= 57.38% Q4= 58.47% Total final validated 21/22= 58.19% Monthly tonnage monitoring Monthly financial monitoring in each area of waste

Air Quality & Clean Air Strategy

Description	Inherent Risk	Residual (Current) Risk	Target Risk	Risk Owner(s)									
<p>Air quality in Cardiff does not meet statutory requirements set by legislation and continues to have a detrimental impact on health for residents and visitors to Cardiff.</p>	<p>A1</p>	<p>B2</p>	<p>C3</p>	<p>Andrew Gregory (Jason Bale)</p>	<p>Councillor Caro Wild Climate Change</p>								
	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="background-color: #d9e1f2;">Last Reviewed</td><td>Q4 2022/23</td></tr> <tr><td style="background-color: #d9e1f2;">Last Revision</td><td>Q4 2022/23</td></tr> </table>	Last Reviewed	Q4 2022/23	Last Revision	Q4 2022/23	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="background-color: #d9e1f2;">Movement from prev Qtr</td><td style="text-align: center;">↔</td></tr> </table>	Movement from prev Qtr	↔	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="background-color: #d9e1f2;">Target Reduction Date</td><td>Q2 2023/24</td></tr> </table>	Target Reduction Date	Q2 2023/24		
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Target Reduction Date	Q2 2023/24												
What we've done/are currently doing to achieve the Residual Risk Rating			What we plan to do to meet target										
<p>RESIDUAL RISK RATING AFTER CURRENT CONTROLS BELOW - B2 = LIKELY/ SIGNIFICANT</p> <ul style="list-style-type: none"> • Non-automatic nitrogen dioxide (NO2) monitoring sites at 136 locations. • Data includes monitoring at schools as part of the TRO pilot projects at schools • There are three live 24/7 monitoring stations: <ul style="list-style-type: none"> - Cardiff Frederick Street: measuring levels of NO2, PM10 & PM2.5, SO2, CO and O3 - Richard's Terrace, Newport Road: measuring levels of NO2 & PM10 - Castle Street measuring levels of NO2 PM10 and PM2.5 • 7 near real time indicative automatic analysers located predominantly in Cardiff's City Centre (5), one in Llandaff within the established AQMA and one in Canton on Landowne Road. These sites measure on a 24/7 basis, continuously monitoring for Nitric Oxide, Nitrogen Dioxide, Ozone, PM10 & PM2.5, and does so every 15 minutes • Additional 47 real time monitors installed across Cardiff, with support of One Planet Funding. This will be a 2 year pilot to assist the Council in improving collection of data including PM2.5 and PM10. Data will be used to assess any additional areas of concern and trends in pollutant levels in existing AQMAs, to help identify and target further interventions. <p>Air Quality Management Areas (AQMA's)</p> <ul style="list-style-type: none"> • Cardiff has 4 existing declared Air Quality Management Areas (AQMA's) all as a result of elevated NO2 concentrations from road traffic emissions. <p>Clean Air Plan</p> <ul style="list-style-type: none"> • Provisional annual average for Castle Street was is 33.8 µg/m3 for NO2 for 2022. • Interim Castle Street Option still being implemented • Mitigation measures to be detailed to WG if annualised results exceed agreed two threshold values of 35 µg/m3 and 38 µg/m3. • Construction of Ph1 City Centre West scheme (Wood St & Central Square) – ongoing due completion Q4 22/23. • Completion of Bus Retrofitting Programme of 49 buses – buses have been fitted with exhaust technology which reduces NOx emissions from the buses by 90% • Further assessment works for permanent scheme for Castle Street are progressing. Transportation modelling completed end of December. This will allow updated detailed air quality modelling to be completed in January 2023. <p>Ongoing discussions with WG on Castle Street Options in terms of agreement for timescales / funding.</p> <p>Taxi Scheme</p> <ul style="list-style-type: none"> • 5 WAV EV taxis - Concession agreement contract with Days Hire Limited to facilitate leasing of vehicles. Welsh Gov has agreed to establish a T&F group to assess how better the taxi lease scheme can be taken up due to failure of uptake. Still not leases taken up as of end of Dec 22 <p>Clean Air Strategy and Action Plan - A wider Clean Air Strategy and Action Plan has been developed to satisfy the requirements of LAQM. The strategy includes measures that will likely provide further AQ improvements including AQMAs.</p>			<p>TARGET RISK RATING AFTER ACTIONS BELOW - C3 = POSSIBLE/ MODERATE</p> <p>'Implement Clean Air Plan</p> <ul style="list-style-type: none"> • Package of measures as detailed in Final Plan: • Further assessment on Castle Street completed in February/ March and report will be presented to Cabinet meeting in April . Results show that Option 1 for all traffic still achieved compliance and owing to wider network impacts will be recommended as preferred option for Cabinet to approve. WG have indicated there is a risk that they may not have full funding available in 23/24. Decision due Q1 23/24. • If decision made on funding and approval of final plan the revised programme is anticipated; <ul style="list-style-type: none"> - Q1 Commence tender process - Q3 Complete tender process an New Cabinet Paper to award tender - Q4 On site (with the road closed - this will be achieving compliance) - 2025 Completion <p>Clean Air Strategy and Action Plan</p> <ul style="list-style-type: none"> • Roll out of measures (subject to grant bids/ funding) <ul style="list-style-type: none"> - Pilot project Non Idling Zones – Work with WG and Active travel team on potential, targeted around schools – Q2 2023/24 - Due to resource issues this project has not been fulfilled and potentially picked up in 23/24 subject to resources - Living Walls and other Green Infrastructure – this project has been completed and will be reported in the 2023 APR Q1 2023/24 - Progression of EV Infrastructure - Q2 2023/24 subject to WG funding award - Update Air Quality Planning Guidance - Schools Active Travel - Continued support on TRO projects and expansion of project has been completed in 22/23 and will be reported in the Q1 2023 APR Q1 2023/24 - Behavioural Change Promotion, Consolidation of a dedicated Behavioural Change Programme linked to the Behavioural Change Strategy to be developed for One Planet Cardiff. <p>Review of Clean Air Strategy and Action Plan in Q4 2023/2024</p>										
Type(s) of Impact	Linked Risks		Key Indicators / Measures used to monitor the risk										
<ul style="list-style-type: none"> • Health • Regulatory • Financial • Strategic 	<ul style="list-style-type: none"> • Reputational 		<ul style="list-style-type: none"> • Implementation Plan for measures (funding dependent) • Monitoring and Evaluation Plan for Clean Air Plan • Ongoing monitoring and reporting under LAQM 										

City Security

Description	Inherent Risk	Residual (Current) Risk	Target Risk	Risk Owner(s)									
<p>Major security-related incident in 'crowded places' as a result of international or domestic terrorism.</p>				<p>Chris Lee (Gavin Macho)</p> <p>Andrew Gregory</p>	<p>Councillor Huw Thomas Leader</p>								
	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Last Reviewed</td> <td>Q4 2022/23</td> </tr> <tr> <td>Last Revision</td> <td>Q4 2022/23</td> </tr> </table>	Last Reviewed	Q4 2022/23	Last Revision	Q4 2022/23	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Movement from prev Qtr</td> <td style="text-align: center;">↔</td> </tr> </table>	Movement from prev Qtr	↔	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Target Reduction Date</td> <td>N/A</td> </tr> </table>	Target Reduction Date	N/A		
Last Reviewed	Q4 2022/23												
Last Revision	Q4 2022/23												
Movement from prev Qtr	↔												
Target Reduction Date	N/A												
	What we've done/are currently doing to achieve the Residual Risk Rating			What we plan to do to meet target									
	<ul style="list-style-type: none"> All existing identified high-risk, crowded places have been formally assessed Some crowded places have an extremely limited and in some cases 'third party managed' access control process to operate them; providing little/no challenge CONTEST Protect/Prepare Task & Finish Group maintains the City Gateways Public Realm Enhancement Scheme, with agreed options for suitable PAS 68/69 mitigation for appropriate boundary locations; referred to as 'gateways' The work done in the city to address security concerns has been predominantly focused on the provision of physical assets to mitigate against the threat of hostile vehicles Areas protected against the threat of hostile vehicles include the Principality Stadium, St Mary Street, Queen Street, St David's Dewi Sant and Cardiff Bay. The Cardiff City Centre Access Control Protocol is currently operating at the heightened response level, reflecting the UK National Threat Level; permitting vehicles onto the pedestrianised areas within Cardiff City Centre using strict parameters The Government announced in May the Protect Act (Martyn's Law) had finally been adopted as a white paper and as such will begin its journey through Parliament. Subsequently Cardiff Council Officers have attended National briefing sessions with the Home Office so as best be able to brief our many City partners and avoid any confusion as unscrupulous companies seek to exploit the confusion surrounding the new act. The first of these briefings occurred on the 15th May at the Principality Stadium where a selected group of delegates from Central Square took part in an interactive workshop to consider the challenges of managing the unique location. Subsequent Sessions are currently being planned for the Bay and the City Centre . The Security Partnership training and awareness products for City Centre Partners is under way. 			<ul style="list-style-type: none"> The PSPG Chair has commissioned a Director led review across all relevant Service areas to assess current operational and tactical arrangements for City Security to see if they are effective. All opportunities for improvement to captured and costed. ONGOING The PSPG is broadening its remit by taking on a more comprehensive portfolio of security issues inclusive of Cyber Security ,Insider threat and personal security. Training and development being planned, projects managed at director level. ONGOING Consideration to be given to incorporating structured and strategic conversations about security and counter terrorism into pre application stage of major developments. ONGOING The PSPG will try to engage with Government to find funding to improve and develop Cardiff's security arrangement. Shovel ready projects ready to go. ONGOING 									
Potential Impact(s) <u>Immediate / Short-Term</u> <ul style="list-style-type: none"> Large numbers of fatalities, injuries to public Extensive structural damage and/or collapse of buildings Closure of roads having impact on transport network and access to businesses and properties. Damage/disruption to utilities (gas, electricity, water etc.) Immediate impact to core business, retail and sporting district in the centre of Cardiff <u>Ongoing / Longer Term</u> <ul style="list-style-type: none"> Reputational risk due to a public perception Cardiff is an unsafe place Area viewed as a risk for potential future business investment. Inability to attract major future national and international events (political, sporting etc.) Increase in demand for Council services/support for all affected. Current economic climate to reduce the effectiveness of any recovery/regeneration of the area. 													
Type(s) of Impact <ul style="list-style-type: none"> Service Delivery Reputational Legal Financial Health & Safety Partnership Community & Environment Stakeholder 	Linked Risks			Key Indicators / Measures used to monitor the risk									
				<ul style="list-style-type: none"> National Threat Level and period at level No of 'Crowded Places' not protected to PAS 68/69 level 									

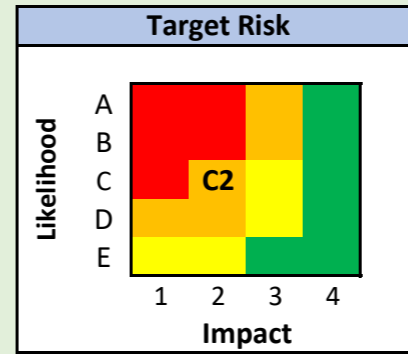
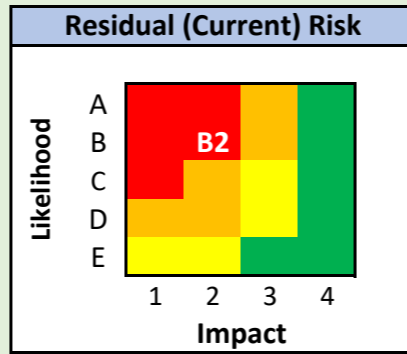
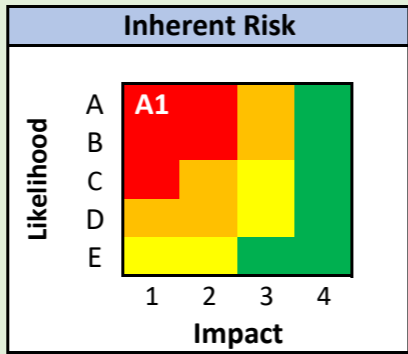
Climate Change & Energy Security

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

Potential Impact(s)

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

Type(s) of Impact	
<ul style="list-style-type: none"> • Service Delivery • Reputational • Legal • Financial 	<ul style="list-style-type: none"> • Health & Safety • Partnership • Community & Environment • Stakeholder



Last Reviewed	Q1 2022/23
Last Revision	Q1 2022/23

Movement from prev Qtr	↔
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Target Reduction Date	Q2 2023/24
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What we've done/are currently doing to achieve the Residual Risk Rating

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

The following specific risk areas have been identified:

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

Linked Risks

- Coastal Erosion
- Air Quality
- Business Continuity

Linked Documents

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

Risk Owner(s)	
Andrew Gregory	Councillor Caro Wild Climate Change

What we plan to do to meet target

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

Key Indicators / Measures used to monitor the risk

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

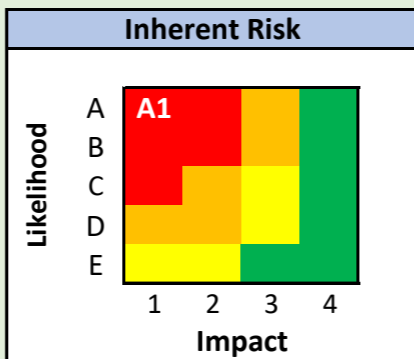
Climate Change - Biodiversity

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

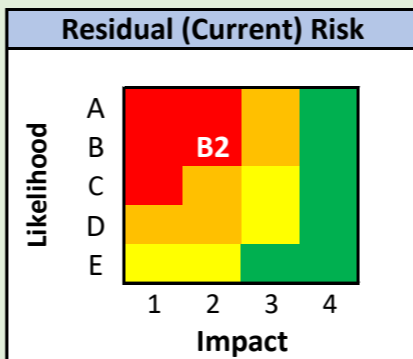
Potential Impact(s)

- Loss of biodiversity leads to reduction in ecosystem resilience, and reduction in ecosystem resilience will compromise the provision of ecosystem services. These are the services or benefits which we gain from the natural environment.
- Ecosystem services include climate change mitigation and adaptation.
- Climate change mitigation includes the sequestration and storage of carbon by plants, especially long-lived species such as trees. Reduction of this ecosystem service makes it harder to reduce net carbon emissions. Annually Cardiff's trees (not including other aspects of green infrastructure) provide ecosystem services worth £3.31 million, of which £1.9 million is in carbon storage and sequestration (iTree Study, Sept 2018).
- Climate change adaptation services include storm water attenuation by vegetation and reduction of surface water volume through evapotranspiration
- Trees, green walls and green roofs allow cooling and shading, thereby mitigating the urban heat island effect which may become more prevalent with a warmer climate.
- Hotter summers also increase risk of aerial pollution through air stagnation, and green infrastructure can remove certain pollutants from the air as well as having a cooling effect.
- The National Priorities of the WG Natural Resources Policy include 'Delivering Nature-based Solutions'. Failure to ensure protection of biodiversity and ecosystem resilience risks failure to deliver these nature-based solutions, which include climate change mitigation and adaptation.

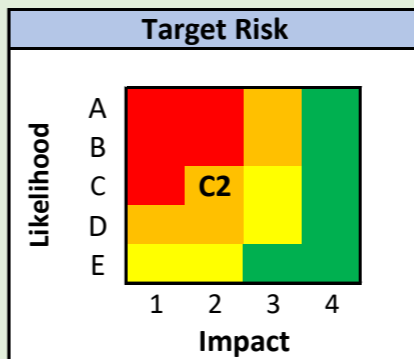
- Type(s) of Impact**
- Service Delivery
 - Reputational
 - Legal
 - Financial
 - Health & Safety
 - Partnership
 - Community & Environment
 - Stakeholder



Last Reviewed Q3 2022/23
Last Revision Q3 2022/23



Movement from prev Qtr ↔



Target Reduction Date Q2 2023/24

Risk Owner(s)

Andrew Gregory
(Simon Gilbert/ Jon Maidment)

Councillor Caro Wild
Climate Change

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

- Cabinet Report of 14/10/21 Recommended the Council sign the Edinburgh Declaration.
 - Developed a Biodiversity and Resilience of Ecosystems Duty Forward Plan, to implement the statutory duty to seek to maintain and enhance biodiversity and in doing so to promote ecosystem resilience.
 - Undertaken an 'iTree-Eco' study to look at the value of trees in terms of the ecosystem services that they provide.
 - Working with neighbouring Local Authorities through the Local Nature Partnership Cymru project to share ideas and best practise for enhancing biodiversity across the City and identifying opportunities for cross-boundary projects to improve habitat and species connectivity and increase ecosystem resilience.
 - Contributed to the Central South Wales Area Statement recently published by Natural Resources Wales.
 - In September 2021 the Council agreed the Vision, Issues and Objectives for the new LDP.
- Objective 10 is: "To ensure the resilience of ecosystems by protecting and enhancing Cardiff's Green and blue Infrastructure, its biodiversity and other natural assets."
- The Coed Caerdydd Project has also resulted in further officer resource to support volunteer activity relating to tree planting and maintenance / aftercare and whereby grant funding has enabled the appointment of a Volunteer Co-ordinator on a fixed term contract up until July 2023.
 - Successful appointment of Principal Planner (Ecology) in Q4 2022/23
 - Regular meetings of Council "Green Infrastructure Officer Group" including colleagues from Planning, Parks, Drainage, and Public Rights of Way - re-commenced in Q4 2022/23 following appointment of Principal Ecologist post and ongoing
 - Further funding has been obtained which has resulted in the LNP Co-ordinator post being extended at full time hours up until 31/3/23. This funding has also enabled the creation of a temporary Community Ranger Post until 31/3/23 to assist with the delivery of Local Places for Nature funded Projects.
 - Deliver an enhanced tree planting programme for 2022/23 provisional planting numbers of 25,000 trees and hedging plants, with the inclusion of land in private ownership to be completed by 31/3/23 - A planting total 30,264 was achieved, exceeding the target set.

What we plan to do to meet target

- A Habitat Regulations Screening Assessment has been commissioned as part of "Integrated Sustainability Appraisal" of the Replacement LDP. This is being prepared to inform the next consultation stage (LDP Preferred Strategy) in Q2 2023/24
- Update the Cardiff Biodiversity and Resilience of Ecosystems Duty Forward Plan, including the Action Plan, in 2022 in line with legislative requirements - Q2 2023/24
- Recruitment of vacant Planner (Ecology) post and consideration of additional resources to enhance the Planning (Green Infrastructure) functions, subject to available candidates and resources.
- Officer attendance at all Wales Planning and Diversity Forum - Q1, Q2, Q3, Q4 2023/24
- Seek opportunities for partnership working under the 5 main themes of the South Wales Area Statement (building resilient ecosystems, working with water, connecting people with nature, improving our health, improving our air quality). - ONGOING
- Develop the local Nature Recovery Action Plan through the Local Nature Partnership (LNP) - ONGOING - work is progressing well in partnership with the LNP steering group partners e.g. NRW, RSPB, WTSWW. Consultation workshops with the public and interest groups are planned for this summer to feed into the NRAP.
- Discussions between the Council, Welsh Government and the Wales Council for Voluntary Action concerning LNP grant funding for a further 2 years is ongoing. -- We have had indication of a further 2 years funding but WG have delayed issuing the formal confirmation for this due to the all Wales roll of WCVA being advertised. This has now been awarded to WCVA and we are awaiting the formal letter of the award for funding. They have indicated that there is likely to be a further 2-3 years funding following this period but this is ongoing. Q1 2023/24

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

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

Key Indicators / Measures used to monitor the risk

Extent of Green Infrastructure in the City.

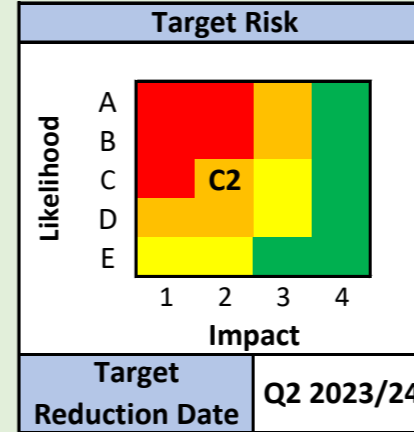
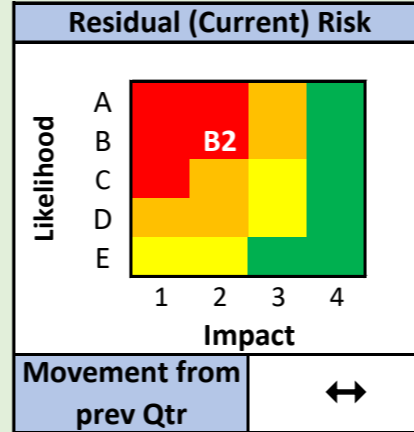
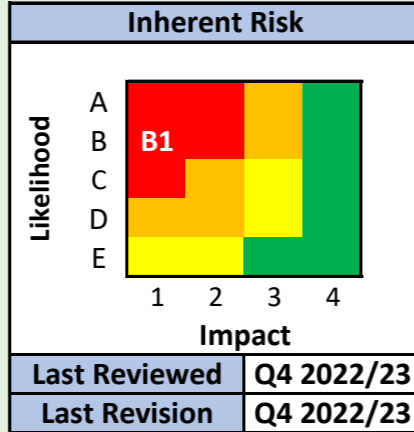
Climate Change - Energy Security & Decarbonisation

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

Potential Impact(s)

- Energy security (energy efficiency & decarbonisation of supply)**
- Inconsistent energy supply
 - Increased costs
 - Inability to deliver public services
 - Decrease in economic output
 - Disruption to the supply of utilities
 - Increased transport costs
 - Increased costs for heating / providing services to buildings
 - Increased fuel poverty

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Risk Owner(s)

Andrew Gregory (Gareth Harcombe/ Liz Lambert)	Councillor Caro Wild Climate Change
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What we've done/are currently doing to achieve the Residual Risk Rating

- Energy security (energy efficiency & decarbonisation of supply)**
- Climate Emergency Declared by Council
 - Council approved the final "One Planet Cardiff" Strategy on October 14th 2021 which addresses the Climate emergency and sets a pathway to a carbon neutral Council by 2030.
 - Established internal and external partnership and governance boards to steer our response to the climate emergency.
 - Energy efficiency measures being installed through Re-Fit and Salix projects - Now managed by FM
 - Phase 2 of Re-Fit project finalised and going through due diligence with Salix funding organisations - Schools focus for this tranche
 - NPS Consortium approach to purchasing energy to secure best prices - continuing by Economic Development
 - Lamby Way solar farm complete including the private wire connection to the Welsh Water Waste Treatment Works.
 - District Heat Network - Construction commenced on site in Jan 22 with a 3 year programme to completion
 - Carbon baselining and impact modelling reported to Welsh Govt and included in One Planet Cardiff. This has been used to inform the priorities in the action plan and progress will be monitored and reported annually.
 - Scoping additional carbon reduction projects for future action as part of the One Planet Cardiff project with key target areas confirmed in the One Planet Cardiff Action Plan - Funding secured to develop final business case for two major ne renewables schemes
 - Delivering Low Emission Transport Strategy - approved April 2018 and implementation of action plan underway:
 - first tranche and second phases of residential chargers delivered, and further phases in Council car parks and other residential areas underway - over 70 now installed
 - WG funding secured to install EV chargers at council buildings for small fleet vehicles
 - ULEVTF funding secured to install charging infrastructure in car parks and additional in-year funding awarded to implement Rapid charging infrastructure at Lamby Way depot for 12 electric refuse collection vehicles, and to engage consultant/ specialist to scope/design & specification for renewable connection & switch gear to produce green energy from landfill gas and/or the solar farm.
 - Working with the Cardiff City Region to develop a new domestic retrofit grant scheme using Energy Company Obligation funding. Plans for a major energy retrofit of council owned low-rise domestic blocks also in preparation and Welsh Government ARBED grant funding being targetted at "Hard to Treat" steel framed properties for implementation later this year. Outline of options to accelerate Domestic Retrofit presented to OPC Cex meeting April 23
 - OPC commits to a long term strategy for public engagement and behaviour change to build public resilience and positive action through advice and guidance and based on best practice and observed impact of initiatives elsewhere. This work is guided by advice from the Centre for Climate Change & Social Transformations (CAST) .

What we plan to do to meet target

- Energy security (energy efficiency & decarbonisation of supply)**
- Implement and monitor the One Planet Cardiff Strategy with carbon reduction targets and associated action plan for delivery over the to 2030 - Overall target March 2030 with specific project based targets stated in the detailed action plan **ONGOING**
 - Implement schemes to secure low/zero carbon development and retrofit in the Council's Estate - (Strategic Estates/ Schools/ Housing) by 2030
 - Promote and implement the approved policy position to guide new private sector development in the city - Ongoing - Relates to the Planning/development control process **ONGOING**
 - Complete Phase 1 of the Cardiff District Heat Network – by **Q4 2023/24**
 - Develop a pipeline of new renewable generation assets for cabinet approval in 22/23 - by **Q4 2023/24**
 - Deliver Steel Frame Retrofit scheme by Q4 24/25 and work with CCR to finalise arrangements for "LA Flex" Energy Company Obligation funded works and small measures retrofit initiatives by **Q4 23/24**
 - Electric Vehicle strategy - Proposals to convert council fleet to electric being reviewed/ assessed to allow for impact of Covid-19 and changes to requirements/ working practices **ONGOING**
 - Funding secured from Innovate UK to recruit a new post focussed on integrating Climate Change and Carbon reduction into Council's decision making and budget processes. Aim to recruit by **Q2 23/24** with programme of action developed by end **Q4 23/24**

Type(s) of Impact

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

Coastal Erosion
Air Quality
Business Continuity

Linked Documents

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

Key Indicators / Measures used to monitor the risk

Energy use / renewable energy production of Cardiff Council

Climate Change - Extreme Weather

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

Potential Impact(s)

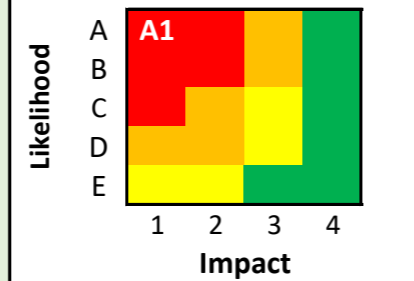
- Loss of life and risk to life
- Damage to infrastructure & utilities
- Service delivery
- Increase in health related issues including air quality
- Blight of development
- Migration of ecosystems

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Type(s) of Impact

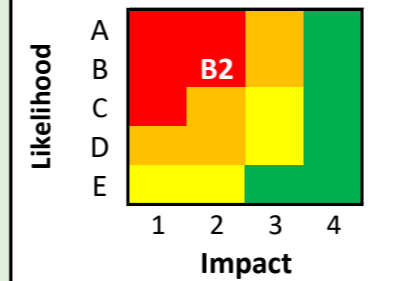
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| <ul style="list-style-type: none"> • Service Delivery • Reputational • Legal • Financial | <ul style="list-style-type: none"> • Health & Safety • Partnership • Community & Environment • Stakeholder |
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Inherent Risk



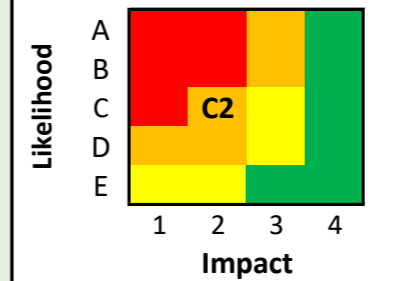
Last Reviewed	Q4 2022/23
Last Revision	Q2 2022/23

Residual (Current) Risk



Movement from prev Qtr	↔
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Target Risk



Target Reduction Date	Q2 2023/24
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Risk Owner(s)

Andrew Gregory (EMU/Gary Brown)	Councillor Caro Wild Climate Change
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What we've done/are currently doing to achieve the Residual Risk Rating

The Council has declared a Climate Emergency

Extreme Heat

- Working with Partners in the LRF to warn them of anticipated heatwave impacts upon vulnerable groups and support response to such a risk
- Supporting the enhancement of the public's own resilience through advice and guidance available from the EVAC Cardiff Website

Extreme Cold/ Snow

- Implementation of Council's Cold Weather Response Plans
- Winter Service review undertaken to consider the potential impact of Covid-19:
 - concentration made to build resilience into Winter Service as high risk to staff resource due to illness and the requirements of isolation
 - required training and staff rotas put in place, however there is a limited available resource with the required skillsets within the authority
 - investigations into feasibility/ availability of external assistance
 - Winter Service 21/22 delivered in line with statutory requirements

What we plan to do to meet target

Extreme Heat

- Develop a 20 year heat mitigation strategy for the city. Working with partner agencies and commercial stakeholders to support development of heat reduction programmes.- **2023/24**
- Engage with Welsh Government with in WLGA, and PSB to ensure consistent support in managing this risk ensuring the planning process works for all stakeholders to ensure we develop sustainable planning strategy's for future developments, planning the management of this risk (WG Technical Advice Note (TAN) 15) - a new updated Technical Advice Note TAN 15 is due to be published in June 2023 **Q1 2023/24**

Extreme Cold/ Snow

- Investigate further whether external assistance can be utilised/is available to build future resilience - risk remains for disruption to the service next winter if the current pandemic continues/ other new external factors emerge - **2023/24**

Linked Risks

Coastal Erosion
Air Quality
Business Continuity

Linked Documents

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

Key Indicators / Measures used to monitor the risk

Climate Change - Flooding

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

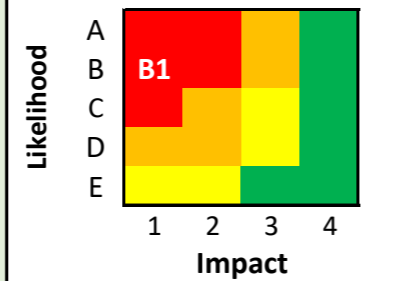
Potential Impact(s)

- Flood & Storm**
- Loss of life and risk to life
 - Direct damage to property, utilities and critical infrastructure
 - Blight of Land and Development
 - Disruption to service delivery
 - Contamination and disease from flood and sewer water and flood on contaminated land
 - Increase in health issues
 - Break up of community and social cohesion
 - Increase cost of insurance
 - Migration of ecosystems
 - Associated impacts of river flooding not owned by NRW

Type(s) of Impact

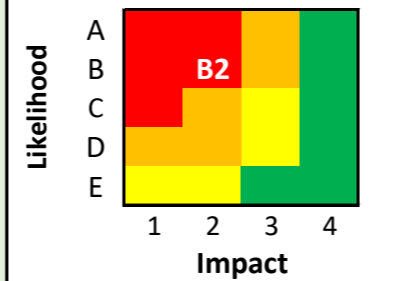
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|--------------------|---------------------------|
| • Service Delivery | • Health & Safety |
| • Reputational | • Partnership |
| • Legal | • Community & Environment |
| • Financial | • Stakeholder |

Inherent Risk



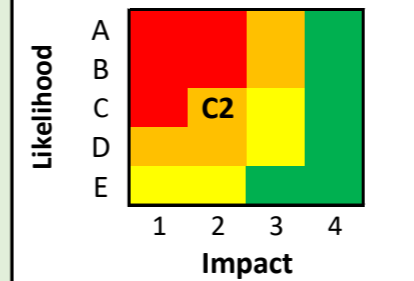
Last Reviewed	Q4 2022/23
Last Revision	Q4 2022/23

Residual (Current) Risk



Movement from prev Qtr	↔
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Target Risk



Target Reduction Date	Q2 2023/24
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Risk Owner(s)

<p>Andrew Gregory (Gary Brown/ Simon Dooley Simon Gilbert/ Stuart Williams)</p>	<p>Councillor Caro Wild Climate Change</p>
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What we've done/are currently doing to achieve the Residual Risk Rating

- The Council has declared a Climate Emergency
- Flood & Storm**
- Working with partners within the Local Resilience Forum (LRF) to support the management of this risk including supporting the emergency response to this risk
 - Supporting the enhancement of the public's own resilience through advice and guidance available from the EVAC Cardiff Website
 - Implementation of Schedule 3 of the Flood and Water Management Act 2010 requires all new development over 100m2 to implement sustainable drainage, resilient to flooding
 - We have introduced Flood Incident Management software to provide better understanding of spatial distribution of flood events filtered by source, and determine priority areas for future flood alleviation schemes to be implemented (subject to WG funding bid opportunities). Successful funding bids were submitted and funding awarded in 20/21 for Business Justification Cases for a number of these schemes, with grant funding also now awarded for 21/22 for continuation of these schemes.
 - Applications to WG were successful for grant funding in 2021/22 to support studies and implementation of localised flood prevention schemes.
 - Ongoing CCTV and asset capture work taking place in drainage networks to review high risk areas.
 - Asset management - Delivery of Flood Management and Coastal Improvement Schemes and rationalise/ prioritise gully maintenance schedule based on the outputs of the Flood Incident Management software - Phase 1 of new gully maintenance schedule completed.

What we plan to do to meet target

- Flood & Storm
- The following actions are ongoing :
- Completion by October 2023 of a draft combined Flood Risk Management Strategy and Flood Risk Management Plan as required by The Flood and Water Management Act (2010) and The Flood Risk Regulations (2009) respectively. The final strategy must be submitted to Welsh Government and published by March 2024 **Q4 2023/24**
 - Develop enhanced engagement programme with partners supporting the public in enhancing their own resilience - this will be a key aspect of the above Plan - initial discussions with Dwr Cymru/Welsh Water and Natural Resources Wales (NRW) have taken place, work is ongoing - Target **Q3 2023/24**
 - Improve communication on what to do in a flood and raise awareness of risk - as above - initial talks underway to produce a role & responsibilities video, as well as flood safety guidance in co-operation with Dwr Cymru/Welsh Water, NRW and Blue Light organisations **ONGOING**
 - Improve the service provided by the SuDS Approval Body (SAB) - ongoing - improvements planned with additional resource Recruitment process commenced and due to be implemented in Q3/4 2022/23. Recruitment has been unsuccessful to date, review of grades ongoing, target date **Q1 2023/24**
 - Deliver guidance to increase standards and ease of development - in development **Q2 2023/24**
 - Asset management - The Highway Asset Management Plan (HAMP) is due to go to Cabinet in May 2023. This captures the asset types, responsibilities and financial challenges. **Q1 2023/24**
 - Develop Flood Risk Management Strategy - Phase 2 of new gully maintenance schedule delivered by **Q3 2023/24**
- The Flood Risk Management Team have been successful in achieving Welsh Government funding to undertake full business case development to identified flood risk areas in the City in **2023/24**.

Linked Risks

- Coastal Erosion
- Air Quality
- Business Continuity

Linked Documents

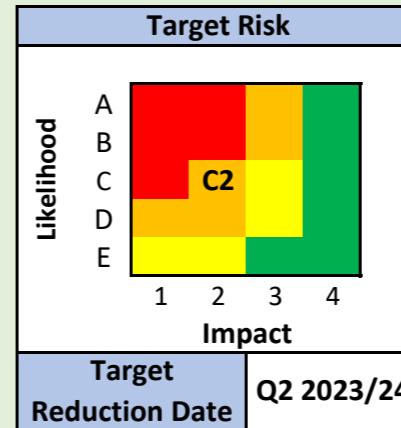
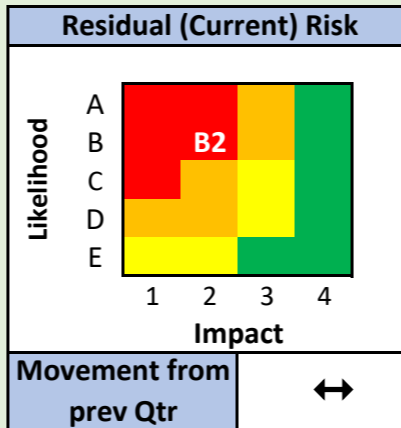
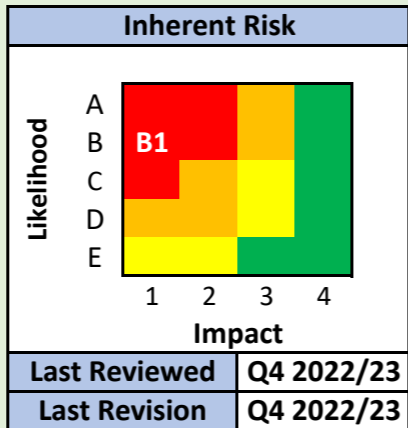
- <https://www.evaccardiff.co.uk/>
- <https://www.cdp.net/en>

Key Indicators / Measures used to monitor the risk

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

Coastal Erosion

Description
Breach of current defences resulting in widespread flooding (current defences are ad hoc and are in a very poor condition)



Risk Owner(s)

Andrew Gregory
(Matt Wakelam/ Gary Brown/ Simon Dooley)

Councillor Caro Wild
Climate Change

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

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

Scheme Delivery Progress update:

- Tenders returned in Feb 2022 and although clarifications, advice and extensions of time were granted, only one contractor made a submission. The estimated costs of circa £30M, that included risk and optimism bias, was far exceeded and an estimated cost, including risk, of circa £40 - £45M was received.
- The Cabinet report to seek approval to award the contract to the successful contractor and commit to the 15% Council contribution was due to be entered into the March 2022 cabinet - due to the necessity to fully analyse and understand the submission and establish reasons for the significant increase, the March Cabinet Report was withdrawn.
- Further meetings with WG have taken place, they expressed concerns over the price increase and explanations have been presented. The funding for the east side would present an additional cost of circa £7 to 9M for Cardiff Council if it chose to protect the tip from erosion and coastal inundation.
- Cabinet report taken to September 22 Cabinet to seek approval to go to tender with the reduced scheme
- Funding pressure bid submitted in October 2022 as part of the capital programme submission for 2023/24
- Planning committee target date November/ December 2022 - planning consent achieved Q3 2022/23
- Tender analysis completed Jan 2023
- Submission of the Final Business Case (FBC) to Welsh Government for approval Q4 2022/23

What we plan to do to meet target

We will be designing & delivering an effective coastal flood protection scheme as a matter of priority - Anticipated construction starting 2023, with completion 2025/26.

Due to the costs of funding the East side (Lamby Way), that WG will not fund, it has been removed from the scheme.
Scheme commencement now not forecast until **Q1 2023/24**
Following completion of scheme the risk to properties will be addressed, however, a risk to significant infrastructure including Lamby Way landfill will remain in place, and will be dealt with as a directorate based risk.

Keysteps:

- Approval by Welsh Government of the FBC and funding allocation
- Award tender and start construction - anticipated to commence in **Q1 2023/24**, following WG extension of funding programme due to various challenges.

Potential Impact(s)

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

Type(s) of Impact

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

Climate Change risks

Key Indicators / Measures used to monitor the risk

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

Performance Management

Description

The risk that the Council's Performance Management arrangements do not provide timely performance information to allow the Council's political and managerial leadership to effectively deliver corporate priorities, statutory services or performance improvement

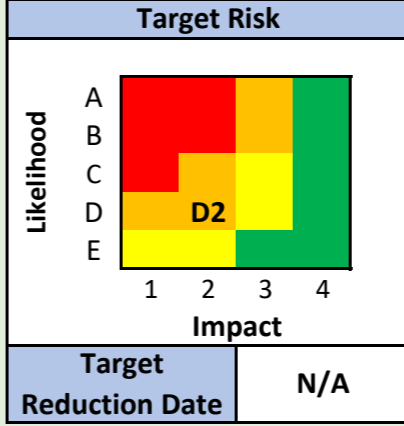
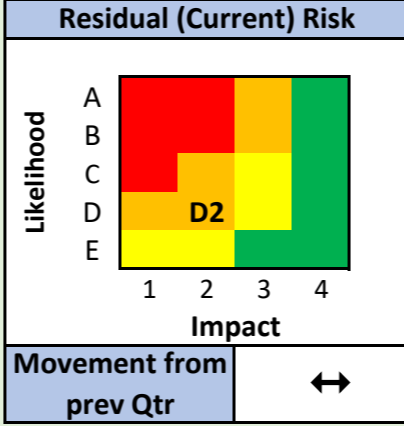
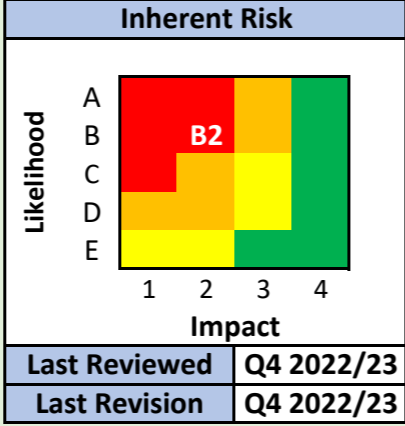
Performance Management arrangements are essential for discharging statutory requirements, delivering the administration's priorities and ensuring Council core business is delivered effectively. Weak corporate performance management arrangements heighten the risk of poor performance, service failure, financial overspend or legal non-compliance going unidentified, unchallenged and unresolved.

The Council must therefore maintain a focus on the Key Performance Indicators it has identified within the Corporate Plan as a pointer to overall organisational success. The Council must also ensure that more granular indicators of performance- the Council's Core Data which is managed by individual Directorates- are established and monitored to provide more detailed insight into the drivers of corporate performance.

Changes to the Statutory Performance Requirements have been set out in Local Government & Elections Act, and new processes have been put in place within the Council to embed these requirements in the performance management framework.

- Potential Impact(s)**
- Council unable to effectively deliver corporate priorities, statutory services or performance improvement
 - Failure to comply with performance duties set out in the Wellbeing of Future Generations Act and Local Government and Elections Act.
 - Compliance failure leading to external sanctions and reputational damage.

- Type(s) of Impact**
- Service Delivery
 - Reputational
 - Stakeholder



Risk Owner(s)

Sarah McGill
(Gareth Newell)

Councillor Chris Weaver
Finance, Modernisation and Performance

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

The Council's Mid-Year Performance Assessment was formally considered in January by the Performance Panel (which brings together all Scrutiny Chairs), PRAP Scrutiny Committee and Cabinet. This ensured that the Council's political governance formally considered the Council's performance, recognise areas of progress, make recommendations for improvement in areas of challenge help shape the Corporate Plan 2023/26.

The Council's Corporate Plan for 2023-26 has been adopted following formal consideration by:

- the Performance Panel, which brings together all Scrutiny Chairs, on 9th February 2023
- PRAP Scrutiny Committee on 1st March 2023
- Cabinet on 2nd March 2023
- Council on 9th March 2023

A joint regulatory assessment was provided to the Council's Senior Management Team on 14 February 2023. Q4 22/23 This assessment was consistent with the Council's own self-assessment of performance. Audit Wales also considered that the Council has made good progress in putting in place arrangements to meet the requirements of the Local Government and Elections (Wales) Act 2021.

Audit Wales have undertaken an assessment of the Council's process for setting of well-being objectives while developing the Corporate Plan, and the links to the partnership Well-Being Plan. The Audit Wales report is due in June 2023.

What we plan to do to meet target

As part of the Council's Audit Programme, an audit of performance management will be undertaken across all Directorates during Quarter 1 2023/24. That audit will provide assurance that:

- There are robust performance management arrangements and systems at the Directorate level.
- Directorate performance management arrangements are effectively applied at all stages of planning, monitoring, review and reporting.
- There are effective Directorate oversight, escalation and improvement arrangements in place. **Q1 23/24**

The overall purpose of the audit is to provide assurances that there is a sound system of internal control within the area under review. Where it is considered that improvements to the internal control environment can be made, these will be highlighted and discussed with you, so that controls can be enhanced.

To inform the Council's annual performance report (it's Well-Being Report), a series of assurance sessions with the CEX will be scheduled where directors will present their directorate self-assessment exercises, all of which will be considered in the end-of-year report to be considered by PRAP, Performance Panel, and Governance & Audit Committee before going to Cabinet and full Council.

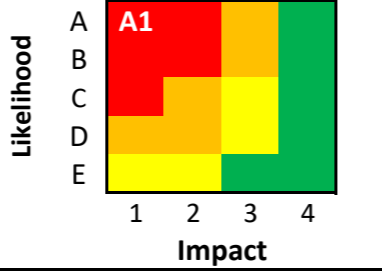
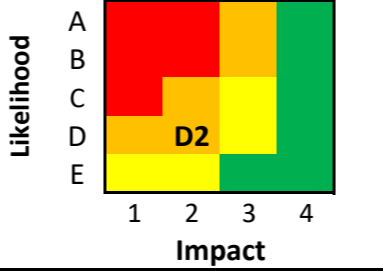
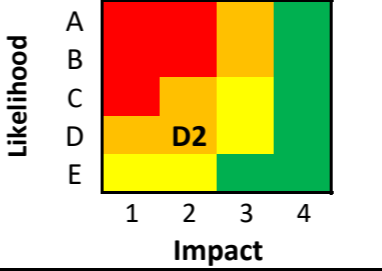
Parallel to the development of the Corporate Plan, Performance & Partnerships have been developing the Corporate Performance Dashboard, which displays quarterly updates on steps and KPIs for officers and members.

Linked Risks

Key Indicators / Measures used to monitor the risk

Quarterly monitoring of corporate plan indicators (159) provide a pointer to organisational health and corporate performance. Corporate Plan indicators are also risk assessed as part of the performance monitoring process.

Budget Monitoring (Control)

Description	Inherent Risk	Residual (Current) Risk	Target Risk	Risk Owner(s)																
<p>Failure to achieve the budget set, inclusive of budgeted spend and savings across Directorates, with increased use of emergency finance measures and the unplanned drawdown of reserves.</p>	 <table border="1" style="width: 100%; text-align: center; font-size: small;"> <tr><td colspan="2">Last Reviewed</td><td colspan="2">Q4 2022/23</td></tr> <tr><td colspan="2">Last Revision</td><td colspan="2">Q4 2022/23</td></tr> </table>	Last Reviewed		Q4 2022/23		Last Revision		Q4 2022/23		 <table border="1" style="width: 100%; text-align: center; font-size: small;"> <tr><td colspan="2">Movement from prev Qtr</td><td style="font-size: 2em;">↓</td></tr> </table>	Movement from prev Qtr		↓	 <table border="1" style="width: 100%; text-align: center; font-size: small;"> <tr><td colspan="2">Target Reduction Date</td><td colspan="2">Achieved</td></tr> </table>	Target Reduction Date		Achieved		<p>Chris Lee (Ian Allwood)</p>	<p>Councillor Chris Weaver Finance, Modernisation and Performance</p>
Last Reviewed		Q4 2022/23																		
Last Revision		Q4 2022/23																		
Movement from prev Qtr		↓																		
Target Reduction Date		Achieved																		
What we've done/are currently doing to achieve the Residual Risk Rating			What we plan to do to meet target																	
<ul style="list-style-type: none"> Clear financial procedure rules that reduce the level of risk of financial commitments being identified late in the financial year. The rules clearly set out the roles and responsibilities for budget management and are an area of interest for internal audit. Month 9 Monitoring report indicated a reduction in the projected overspend but with further work required until the end of the year to achieve a balanced position. Management controls have been put in place which include reviews on all vacant posts as well as controls on spend. The Corporate Director of Resources and Chief Executive continued to hold challenge meetings with each individual Director in order to ensure joint understanding of financial matters and any mitigations to be put in place. Regular meetings held in respect to key overspend areas in Children's Services and Education (Home to School Transport). These meetings were used to both manage current year position and inform the budget setting process for 2023/24. Maintained oversight on work undertaken so that short and medium term impacts of price inflation were built into both in year monitoring reports and the 2023/24 budget report. Close working with Service areas in order to identify cost pressures and compensating mitigation strategies that impact on delivery of Capital Programme and repair schedules to ensure works remain within budget. Where those budgets cannot be maintained then consideration of delays / reprofiling of programme are undertaken. Regular review and refresh of key matters / risks in order to ensure focus is maintained in areas of high uncertainty and cost impact as a result of exceptional inflationary pressures that arise 			<p>2022/23 and the Medium Term</p> <ul style="list-style-type: none"> Outturn Report to be presented to Cabinet in June 2023 Q1 2023/24 2023/24 Month 4 monitoring report scheduled for September 2023 Q2 2023/24 																	
Type(s) of Impact		Linked Risks		Key Indicators / Measures used to monitor the risk																
<ul style="list-style-type: none"> Service Delivery Reputational Legal Financial 		<p>Financial Resilience</p>		<ul style="list-style-type: none"> Monthly Directorate Monitoring reports detailing likely outturn position and performance against savings accepted Review of use of earmarked reserves and balances - Half Yearly Amount of Hardship Support claimed successfully 																
<ul style="list-style-type: none"> Stakeholder 																				

Financial Resilience

Description

- Failure to deliver a balanced annual budget and a fully informed Medium Term Financial Plan.
- Lack of appropriate mechanisms to identify and manage unexpected financial liabilities.
- The current outlook is that there is a Budget Gap of £113 million for the period 2024/25 to 2027/28.

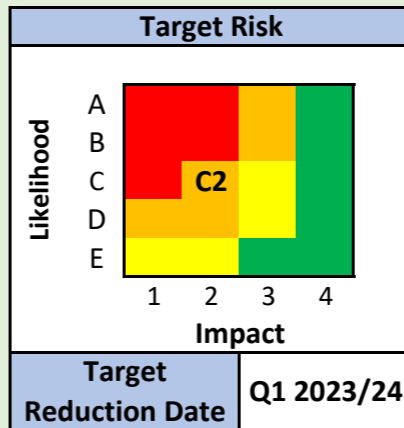
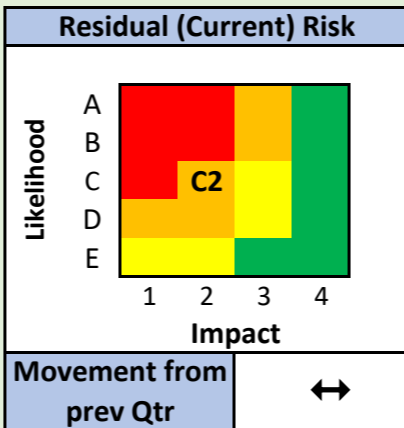
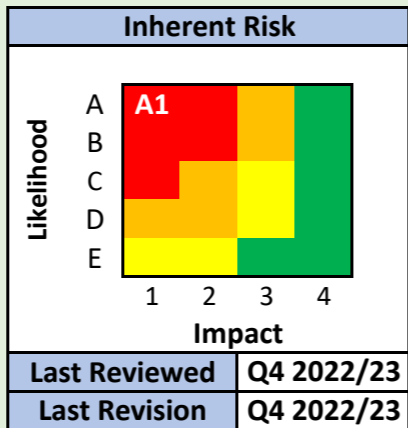
Potential Impact(s)

Failing to meet statutory obligations and potential for service delivery to be adversely affected.

- Reputational damage to the Council.
- Needing to draw down significant unplanned amounts from reserves.
- Inability to progress policy initiatives through incomplete Full Business Cases and no forthcoming external funding to bridge any affordability gap
- Inability to manage adverse external factors - e.g. adverse settlements, WG rent policy etc.
- Financial constraints and budget proposals result in unintended consequences such as increased instances of non-compliance and financial impropriety.
- Requirement for significant savings at short notice that are therefore not identified in a coherent, strategic way and which impact on service delivery.
- Level of borrowing limits the ability of future generations to take forward new priorities.
- Reaching the point where a s114 notice is required to be issued by the S151 Officer.

Type(s) of Impact

<ul style="list-style-type: none"> • Service Delivery • Reputational • Legal • Financial 	<ul style="list-style-type: none"> • Stakeholder
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Risk Owner(s)

<p>Chris Lee (Ian Allwood)</p>	<p>Councillor Chris Weaver Finance, Modernisation and Performance</p>
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What we've done/are currently doing to achieve the Residual Risk Rating

2022/23 and Medium Term

- Regular monitoring to understand the in-year position and gain early insight into emerging risks that need to be factored into the MTFP work. This includes the identification of earmarked reserves that were either increased during outturn of 2021/22 and those being reviewed to establish level of need reflecting the current priority is balanced budget.
- Engaging and working in partnership with directorates during the budget process to ensure that budget proposals and services are deliverable within timescales and quantum (revenue and capital)
- Mechanisms in place such as Treasury Management Reserve and Financial Resilience Mechanism in order to dampen the impact of a worse than anticipated financial climate / settlements.
- Preparation of Prudential Indicators to help assess the affordability, prudence and sustainability of the capital programme and associated levels of borrowing
- Close alignment with Corporate Plan objectives, to ensure resources are allocated appropriately, and that longer term financial savings are developed in enough time to be realised.
- Annual review of contingent assets and liabilities, and provisions to ensure the Council has adequate cover for emerging liabilities.
- An approved TM Strategy that identifies borrowing interest cost as a significant risk to be managed. Security, Liquidity and Yield in that order to preserve investments.
- A Major Projects accountancy function supporting the identification of key risks / financial issues in relation to large schemes. Targetted accountancy support to Children's Services, VAT and Outside Bodies.
- Maintaining approach to robust financial control mechanisms and strengthening complex / areas of risk through training e.g. VAT.
- Undertaken intial assessment against CIPFA FM code with high level findings. There will be a future need to review and refresh.
- Inclusion within the 2022/23 Budget of a £10 million COVID Contingency Budget to protect the Council's resilience in light of the ending of the Hardship Fund on 31/3/22. This assisted in achieving a balanced outturn position for 2022/23 and provided capacity to facilitate more permanent realignments as part of the 2023/24 Budget Process.
- Established a corporate approach to business case development, approval and post project monitoring to ensure expenditure assumed to pay for itself can do so over its expected life thus providing assurance that financial resilience will not be undermined by projects exceeding their cost parameters.

What we plan to do to meet target

2023/24 and the Medium Term

- Strengthening links between financial planning and asset management strategies, which consider the current condition of assets and future requirements. **Q2 2023/24**
- Work with Property Service to ensure clear, detailed plans and timescale for delivery of capital receipts targets. **Q2 2023/24**
- Enhance focus on a multi-year position (recognising limitations where settlement information is for one year only.) **Q2 2023/24**
- Review approach to governance and financial monitoring of special purpose vehicles to ensure liabilities and any financial guarantees are understood and are appropriate. **Q2 2023/24**
- Refresh self-assessment against the CIPFA FM code and Balance Sheet Review and develop implementation plan in respect of any findings or recommendations, which provide further financial resilience. **Q3 2023/24**
- Confirm approach and reporting of commercial investments as part of standard monitoring processes and reports. **Q3 2023/24**
- Continue to work within current structures to ensure appropriate governance is undertaken. **ONGOING**

Linked Risks

Budget Monitoring (Control)

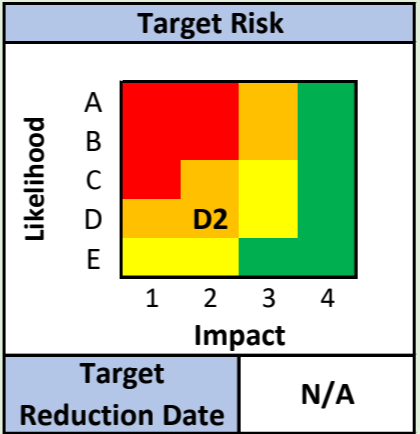
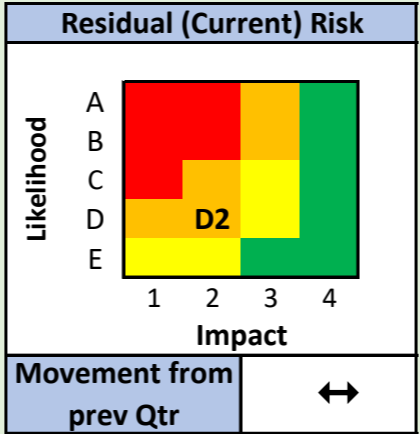
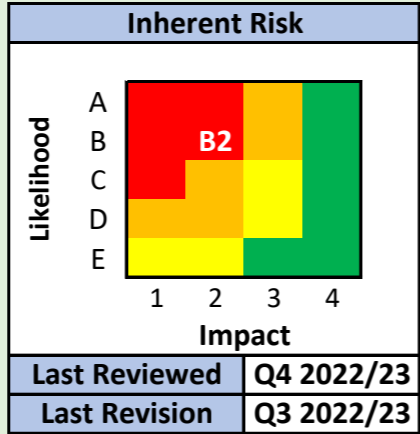
Key Indicators / Measures used to monitor the risk

- Financial Snapshot which highlights historical & current performance with regards budget monitoring, achievability of savings, levels of borrowing, and financial ratios.
- Outturn vs Budget: Main budget lines under or overspend as a % of budgeted expenditure.
- Delivery of planned savings: Total (£) unachieved planned savings as a % of total (£) planned savings.
- Use of reserves: 1) Ratio of useable reserves to Net Revenue Budget (NRB), 2) Amount of useable reserves used to balance budget as % of NRB.
- Council tax: 1) Council tax and other income as % of NRB, 2) Council tax collection rates (in-year actual).
- Borrowing: 1) Total commercial investment income as % of total net general fund budget, 2) Total (£) commercial investments and (£ plus%) amount funded from borrowing, 3) Borrowing related to commercial investments as % of General Fund total borrowing, 4) Capital interest costs and MRP as a proportion of NRB.
- Performance against Budget Timetable.
- Frequency / timeliness of engagement with SMT/Cabinet.
- Proportion of Savings Proposals in Realised or at Delivering stage.
- Section 151 Officer Statement in respect of capital strategy, adequacy of reserves and other statutory commentary.
- Consider usefulness of benchmarking data re: financial resilience produced by External Audit Bodies - e.g. Audit Wales

Fraud, Bribery & Corruption

Description

Fraud, financial impropriety or improper business practices increase as internal controls are weakened as resources become severely stretched.



Risk Owner(s)

Chris Lee
(Ian Allwood)

Councillor Chris Weaver
Finance, Modernisation and Performance

- What we've done/are currently doing to achieve the Residual Risk Rating**
- The Council communicates a zero-tolerance approach to fraud, bribery and corruption.
 - Regular review of relevant policies and procedures e.g. the Fraud, Bribery and Corruption Policy, Anti-Money Laundering Policy and Disciplinary Policy.
 - Financial Procedure Rules and Contract Standing Orders and Procurement Rules and training.
 - National Fraud Initiative data matching exercises in collaboration with the Cabinet Office and Audit Wales.
 - Receipt and dissemination of fraud intelligence alerts from law enforcement agencies.
 - Regular counter-fraud updates to the Section 151 Officer, Governance and Audit Committee, Portfolio Cabinet Member and the Chief Executive.
 - Governance and Audit Committee review of the risk management, internal control and corporate governance arrangements of the authority.
 - Independent assurance from Internal and External Audit on the effectiveness of governance, risk and control.
 - Mandatory disciplinary e-learning module for all managers to complete and a programme of mandatory e-learning modules and training for Disciplinary Hearing Chairs, Investigating Officers and Presenting Officers.
 - Fraud Publicity Strategy, to publicise the Council's approach to counter fraud work / sanction activity and explain the roles and responsibilities of key parties.
 - Counter-Fraud and Corruption Strategy, with associated Fraud Awareness eLearning and face-to-face training rolled out.
 - Annual participation in International Fraud Awareness week.
 - Investigation Team provision of investigation and counter-fraud advice, guidance and support.
 - SMT annual participation in CIPFA fraud tracker assessment and response.
 - Revised 'Anti-Money Laundering Policy' approved by Cabinet in Q3 2020/21 and eLearning rolled out to officers with key roles and those working in high-risk areas.
 - 'Authorisation and Protocol Requirements for Review of Work Activities' approved by Cabinet in Q4 2020/21.

- What we plan to do to meet target**
- Review the suite of Counter-Fraud Operational Policies alongside the review of the Council's Disciplinary Policy underway. Targeted to conclude during **2023/24**.
 - Monitoring and reporting completion rates of mandatory fraud awareness training and anti-money laundering training. **Ongoing**

- Potential Impact(s)**
- Increase in frauds and losses to the Council
 - Reputational risk as more frauds are reported
 - Increased time investigating suspected fraud cases impacting on capacity

- Key Indicators / Measures used to monitor the risk**
- Mandatory Fraud Awareness eLearning completion and face-to-face attendance rates
 - Anti-Money Laundering eLearning completion rates
 - Delivery of Fraud Awareness week campaign annually
 - Delivery of Policy updates in accordance with associated targets
 - Delivery of mandatory investigating officer training and the note taker training
 - Timely completion of casework and investigations
 - Provision of timely investigation and counter-fraud advice, guidance and support to Directorates
 - Adherence to the NFI Security Policy and annual completion of compliance forms

Type(s) of Impact

- Service Delivery
- Reputational
- Legal
- Financial

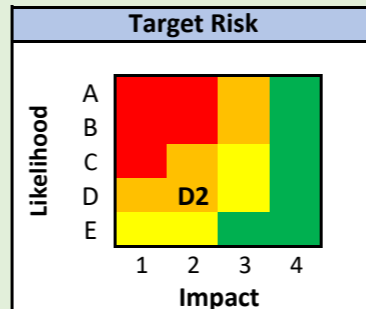
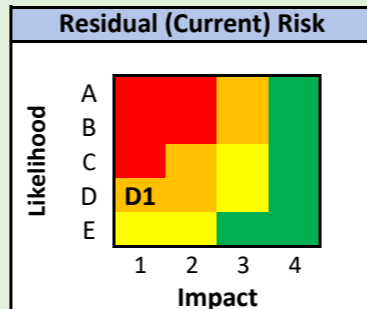
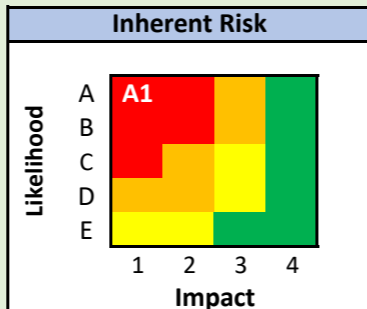
• Stakeholder

Linked Risks

Information Governance

Description

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



Last Reviewed: Q4 2022/23
Last Revision: Q4 2022/23

Movement from prev Qtr: ↔

Target Reduction Date: Q2 2023/24

Risk Owner(s)

Chris Lee (Dean Thomas)
Councillor Chris Weaver
Finance, Modernisation and Performance

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

- Gold level assurance has been achieved through the annual Cyber Security Plus ISAME Accreditation in September 2022, the next annual accreditation of this process will take place in September 2023
- A quarterly Information Governance Report and briefings of decisions or recommendations are provided on a quarterly basis to the Information Governance & Security Board, along with any concerns and risks from IG risk registers.
- A corporate Information Asset Register is held which details personal data assets held by each Council directorate. The next review scheduled for August 2023.
- Service Level Agreements in place for Schools Information Governance Support (All Cardiff Schools) and where Cardiff Council is the Data Controller for regional services, including Rent Smart Wales, National Adoption Service and Cardiff Capital City Deal.
- Corporate Retention schedule is in place and updated annually in line with any legislative changes or in line with any requests from services to update.
- Information Governance Maturity Model established to monitor risks against areas of information governance to feed into corporate risk status.
- The Digitisation of Paper Records Strategy and associated business process changes are in place with alternative delivery contracts in place to support increased paper storage demands, with processes established to support corporate programmes.
- Data Protection e-learning training available for Council staff to complete. Managers are able to monitor compliance with information provided as part of the Information Governance Board Report.
- National and Regional Information Governance Agreements in place in respect of covid-19 data processes
- An Information Governance Champions Group has been established.
- The Data Protection Officer has established a Data Protection Impact Assessment Panel to ensure that all changes to data processing activities are considered and any risks documented and escalated where necessary.
- Corporate escalation processes have been agreed to improve directorates failure demand with answering and providing information in respect of FOI requests .
- Support is being provided to Legal Services and HR with ensuring that an appropriate agreement is put in place to manage data protection risks associated with employee information data transfers and handling with TCS.
- Continue working with Childrens Services to finalise the new service delivery model for management of social services requests to improve compliance, accountability and processes.
- Continue to review data breach claim processes and reports and determine support models for future claim handling.
- Released training and education communications to support schools with their Information Governance responsibilities.
- All Directors have received a copy of the Record of Processing Activity (RoPA) and have been asked to prioritise this review for their respective directorates supported by Information Governance. The ROPA return will be used to support ICT with gathering information on non personal data systems and a review of security and protection linked with Cloud Impact Assessment processes
- A process has been established with procurement to identify new tenders involving personal data. Results from the Pre Tender Reports are then provided to ISB to enable Information Governance & Security Board to have oversight of DPIA's completed against Procurement Contract Awards
- A paper was taken to ISB in relation to compliance with the 12 principles of the Surveillance Camera Code of Practice, A response has also been issued to the Surveillance Camera Code of Practice Annual survey and action plan for improvements will be initiated to improve accountability and compliance with CCTV operations when a response is recieved

What we plan to do to meet target

- Take forward, with support of an external supplier, options for alternative service delivery models for the Council's Records Centre. **Q2 2023/24**
- Develop an online Publication Scheme taking onward recommendations from the Information Governance & Security Board. **Q1 2023/24**
- An Information Governance Framework will be developed to help provide assurance of IG processes within Directorates. Development to take place during **Q2 2023/24**
- A new FOI e-learning module is being designed and will be made available via Cardiff Academy. Training options will be presented to IGSB to decide who the training will be available to **Q1 2023/24**
- A review of training options to Schools will be undertaken to ensure suitable refresher training on FOI and Data Protection will be available to all school staff **Q1 2023/24**

Potential Impact(s)

Leads to the Information Commissioner issuing notices of non-compliance

These could consist of:

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

Type(s) of Impact

- Service Delivery
- Reputational
- Legal
- Financial
- Stakeholder

Linked Risks

Cyber Security

Key Indicators / Measures used to monitor the risk

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

Cyber Security

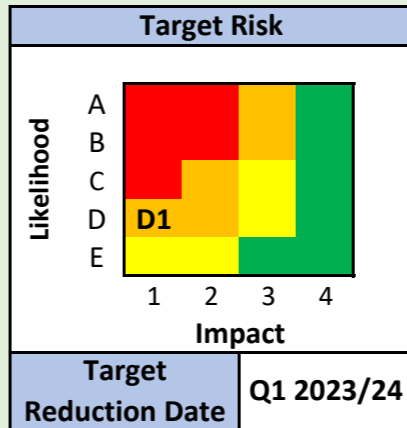
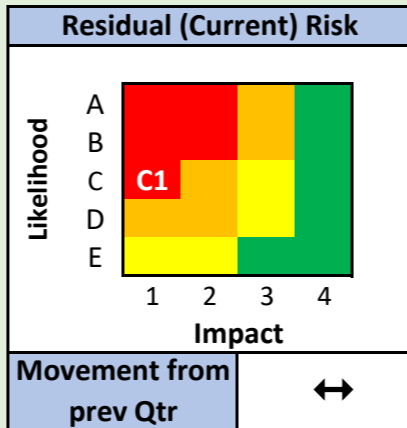
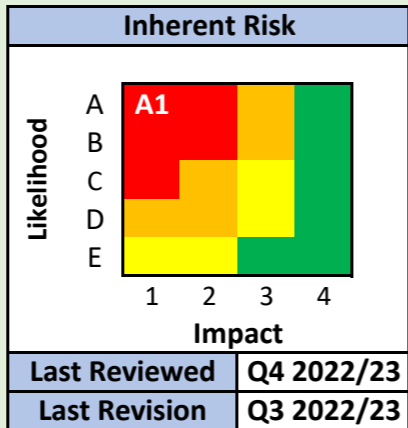
Description

There are 10 areas of potential risk identified within the National Cyber Security Centre cyber risk model. These cover :-

- Risk management
- Engagement and training
- Asset management
- Architecture and configuration
- Vulnerability management
- Identity and access management
- Data security
- Logging and monitoring
- Incident management
- & Supply chain security

<https://www.ncsc.gov.uk/collection/10-steps>

Cardiff uses this framework to continually assess our cyber security maturity level and improve both proactive measures to prevent attacks, and reactive measures to deal with potential incidents



Risk Owner(s)

Chris Lee
(Phil Bear)

Councillor Chris Weaver
Finance, Modernisation and Performance

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

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

- Cybersecurity risk assessments
- Audits and remediation of identified issues
- Network access controls
- Implementing cyber security systems & tools to prevent attack
- Active patch management
- Network traffic monitoring
- Incident response planning
- Links to physical security measures
- Attack surface minimisation
- Employee education on cybersecurity best practices and policies
- Supply chain management

What we plan to do to meet target

- A continuing focus on improving cyber security processes within the council
- Threat intelligence reporting which will inform any required changes to our cyber security processes and policies
- Liaison with key cyber security agencies to both receive and share information and guidance on best practice
- Monitoring of progress on cyber security improvement actions
- Reporting to relevant internal governance boards on cyber compliance status, threats and risks

Potential Impact(s)

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

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

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

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

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

Linked Risks

Information Governance

Key Indicators / Measures used to monitor the risk

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

Type(s) of Impact

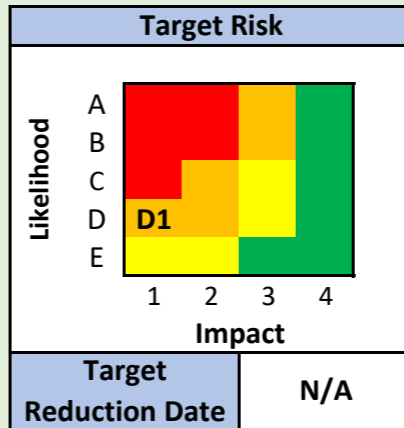
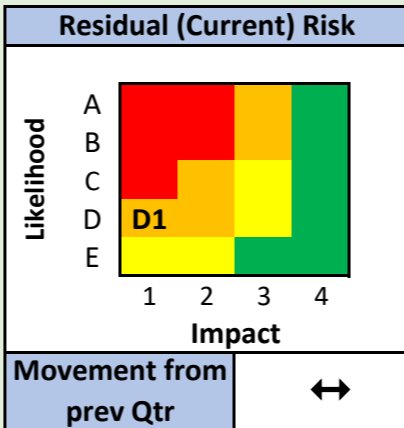
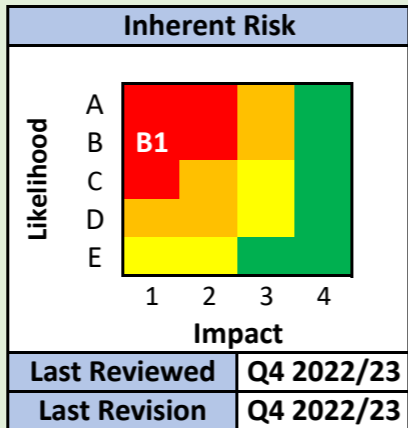
<ul style="list-style-type: none"> • Service Delivery • Reputational • Legal • Financial 	<ul style="list-style-type: none"> • Health & Safety • Stakeholder
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Business Continuity

Description

Large scale incident/loss affecting the delivery of services.

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



Risk Owner(s)

Chris Lee

Councillor Huw Thomas
Leader

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

- The Council has a BCM Champion who sponsors BCM at a strategic level
- We have an approved Business Continuity Policy which is aligned to ISO22301
- BCM toolkit is available on CIS or by contacting the Resilience Unit, as the organisation continues its transition to SharePoint.
- The Council employs a Business Continuity Officer who is a qualified ISO22301 lead auditor.
- The Council has a 24 hour Incident Management structure for Gold and Silver Officers.
- Cardiff Council is a member of the Core Cities Business Continuity Group
- Q2 of 2022/2023 saw the council undertake a full review and update of the activities delivered across the council allowing us to focus on the resilient delivery of key activities. This was carried out by Each Directorate Management Team.
- As a result of the Covid-19 pandemic areas were forced to change to a far more agile way of operating with our core ICT requirements changing to support far more agile/home working. The mode of delivery worked exceptionally well and provides the potential for longer-term resilient agile working in, in addition to positively supporting other aims and corporate risks, as long as the ICT that supports this mode of working can be delivered resiliently.
- The Emergency Management Unit has developed an Incident Management Plan (Cardiff Council's Emergency Management Plan) to ensure alignment with ISO22301. This was fully reviewed and updated in 2021
- Internal Audit completed an audit of the Business Continuity Risk in Q4 of 2021/2022 and the assurance statement was "Effective with opportunity for improvement".
- The Resilience Unit supported directorates in looking at supply chain risks following the tragic war in Ukraine, this work will be on going as the risk horizon changes as a result of the conflict.
- The Business Continuity Programme recommenced in Q1 of 2022/2023.
- In Quarter 2 the Resilience Unit initiated a Horizon Scan on energy security and potential issues for the security of gas and electricity provision for Winter of 2022/2023 and how the UK position could impact on key service delivery.
- The Resilience Unit delivered a briefing to the SMT on the emerging risks around the security of energy supplies for winter 2022/2023. As a result SMT asked the Resilience Unit, to carry out targeted work to supporting the wider organisation in some targeted risk and resilience work around this potential risk. This work continued into Q3 to support the resilient deliver of key services should the UK experience risks to energy supply.
- In Q4 2022/23 the Resilience Unit engaged with ICT around future enhancements to delivery of key ICT services this engagement will be ongoing.

What we plan to do to meet target

- The BC Officer is working to develop and enhance individual Directorate response capability to ensure Directorates are in a stronger position to respond to incidents which could impact on the Council and our most time sensitive activities this work is ongoing. This work is on going and cyclical and will be reviewed again in **Q3 2023-24**.
- The BC officer is continuing a review of 4x4 resources across the council to support our response capability to deal with the potential of winter storms. The next updated review will be carried out in **Q3 of 2023/24**.
- The Business Continuity Officer will support areas in identifying key learning from the pandemic and ensure that key risks/lessons/processes that feed into the councils resilience capability are incorporated into our ongoing planning to support us in being ready for ongoing risks. This will, where appropriate, involve a review and update of individual BC plans by Directorates and also a review and update of the councils Emergency Management Plan. **Q1 2023/24**
- The Business Continuity Officer will support areas in undertaking targeted work around the emerging Energy security Risk focussed on key Red activities delivered by the council. This work remains on going and under review as the UK risk around energy resilience remains for 2023/2024, targeted work with key service areas remains ongoing with target of **Q3 2023/2024**.
- The Business Continuity Officer is to engage with ICT to look at the existing ICT resilience in delivery of core services and look at how services will be delivered in 2023/2024 and beyond.
- The Resilience Unit is looking to engage with internal stakeholders around current agile working and management of the corporate estate to ensure future workplace office solutions consider resilience as a key factor for supporting delivery of key services as we move into a period of change.
- The Resilience Unit is working with ICT around the cyber risk and ensuring we continue to manage this risk effectively. We will review work around this risk in **Q4 2023/2024**.

Potential Impact(s)

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

Type(s) of Impact

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

Brexit Risk

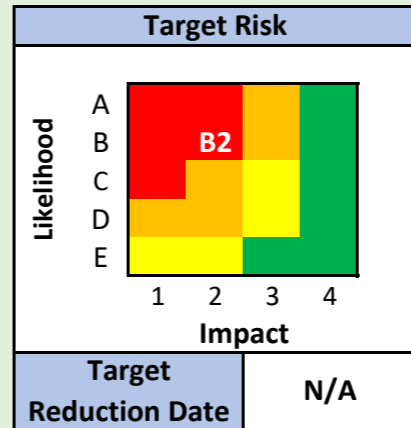
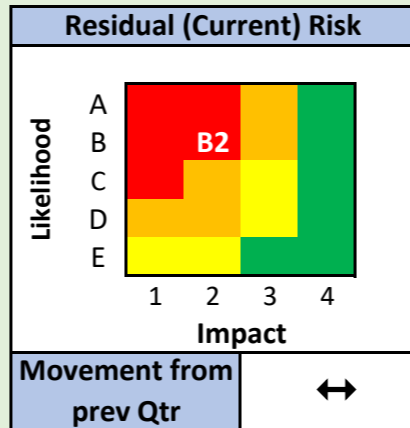
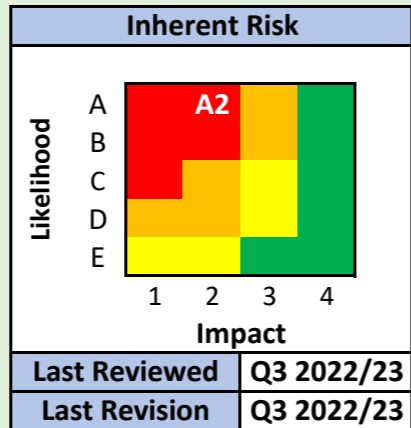
Key Indicators / Measures used to monitor the risk

The Red activity BC plan status is reviewed via a report to SMT . Additionally the risk is managed as part of the Corporate Risk Management process via the CRR returns and the BC risk is also audited by Internal Audit . The last Internal Audit of the Business Continuity Risk was in in 2021/2022.

Welfare Reform

Description

That the Council cannot meet its statutory obligations with the increased demands and reduced budgets placed upon it by the Welfare Reform including: Universal Credit, further reduction in Benefit Cap and size restrictions for social tenants. The potential impact of these changes on rent arrears, homelessness and child poverty make these changes a significant risk. In 2022 the DWP will commence the rollout of migration for claimants from legacy benefits to Universal Credit.



Risk Owner(s)

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

- Aligning the Welfare Liaison team with the Money Advice Team, and providing support to Council Tenants in Community Hubs from **Q4 22/23**
- Work with WG to ensure that any new financial support schemes are designed in consultation with us. **ONGOING**
- Complete review into PRS. As part of our new LETS (Landlord Enquiries & Tenant Support Service) initiative we are contacting landlords to discuss the various options that we can offer, such as the Welsh Government Leasing Scheme and our own tenant matching scheme. The schemes offer a range of support services and benefits to the applicant and to the private landlord with the aim of making tenancies successful for both parties. **Q4 2022/23**
- Introduction of landlord portal so that HA's and in the future, private landlords can access information quickly about amount of and dates of payments due online **Q4 2022/23**
- Additional training will be provided when the migration of UC commences. **(ONGOING)**

Potential Impact(s)

Benefit claimants are priced out of the private rented sector market

- Private landlords stop renting to benefit claimants
- Private landlords leaving the rental housing market
- Social housing rents become unaffordable to some claimants, in particular those with large families
- Increased homelessness and demand for temporary accommodation – increased numbers seeking help with homelessness due to loss of private sector accommodation has already been seen. This is expected to increase further with the end of the evictions ban.
- Increased rough sleeping
- Increased rent arrears, increased evictions - The impact on Council tenant rent arrears has already been considerable and is having an impact?? on the HRA, this will continue to increase as more tenants move onto Universal Credit. Increased council rent arrears could impact on HRA and lead to barriers to building additional affordable housing
- Redeployment / Severance for housing benefits staff
- Changing demands on Council stock resulting in increased voids and/or undersupply of smaller properties
- LA less likely to pre-empt those who may be affected by changes and therefore unable to put mitigation steps in place This has already had a negative impact as the number of families affected by the Benefit cap who the advice teams have been able to initiate contact has reduced.
- Increase in poverty and child poverty, potentially an increase on demand on social services

Rise in cost of living pushing people further to crisis point, and affecting those who wouldn't ordinarily require support from Council Services i.e. those in work, those with mortgages/homeowners.

Increase in interest rates meaning mortgages become more unaffordable, rise people in mortgage arrears, more landlords increasing rent prices to cope with interest rate increase and more landlords selling properties or requiring them back for themselves.

Rise in cost of fuel and food prices, making more people choose between heating and eating.

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

- Communities staff continue to work closely with private sector landlords and advice agencies to mitigate wherever possible the reduction in benefit income to help prevent eviction. The Rent Arrears Pathway has been created using a one front door approach, supporting people to access the help they need to pay their rent or any arrears they have accrued.
- New schemes and incentives have been created to support both Landlords and tenants to obtain and retain accommodation in the PRS these include rent in advance and bonds, help with the cost of repairs and bespoke packages.
- Housing Options have undertaken a review of staffing levels due to increased demand on the service with prevention of homelessness its core objective. A range of support interventions are offered to tenants and landlords to reduce those needing to access homeless services.
- Increased partnership working to ensure that specific groups are encouraged to access help at the earliest opportunity. The service is being marketed to reach as many vulnerable clients as possible, working with Rent Smart Wales, Community Hubs, CAB and Cardiff Credit Union.
- Housing Solutions and Housing Help line has moved to the Advice service. This will ensure that those who are homeless or threatened with homelessness can access advice and support in their own community, or over the phone and be triaged into the right help. A successful initial pilot was carried out for Prevention Advice in Hubs, to test further expansion.
- Housing Options service are working with third sector partners to help clients move into settled accommodation in the private rented sector, primarily for single people with low support needs who have lived in supported accommodation.
- A streamlined process is in place for re-housing tenants who need to downsize as a result of the social housing size restrictions. DHP is being used to pay removal costs and to cover shortfall while tenants are waiting to move. Welfare Liaison team within the housing service is in place to assist tenants affected by the changes. Work has been carried out to identify those affected by the Benefit Cap and to advise them accordingly and to identify the most vulnerable families and award DHP.
- DHP process has been reviewed to ensure that all those who request a DHP are given budgeting, income maximisation and debt advice.
- Digital inclusion training and Universal Credit Support has been rolled out across all the Community Hubs, Adviceline and Housing Helpline.
- Further additional resource has been agreed for supporting council tenants following the implementation of Universal Credit Full Service as rent arrears have increased significantly, staff have been recruited to assist with this and the new team is working well. Rent arrears procedure has been reviewed to include a more preventative and flexible approach and more assistance for more vulnerable tenants.
- Regular meetings are held with social housing providers to monitor and improve processes.
- In depth assessments continue to be completed at point of presentation to include a financial statement which will allow discussion to be had around possible expenditure concerns.
- Expansion of the Private Rented Sector Housing Solutions Team to include a dedicated single point of contact for landlords, and dedicated phone line for landlords will mean contact is easier.
- Digital and budgeting support available from Into Work and Money Advice on a Saturday for the first time for those who are claiming UC and in work.
- Prevention team now moved over to Advice Service, aligning with the Housing Solutions team; review of the service has been carried out and will remove duplication of work. Prevention Officers will provide support from Community Hubs across the city in January 2023
- Utilising different funding streams to support people during the cost of living – Housing Prevention Fund, Cost of Living Discretionary Fund, Together for Cardiff Funding.
- Utilising Cost of Living Discretionary fund for Fuel Voucher Scheme, partnering with ACE to distribute vouchers. Further working with Food Cardiff and Foodbanks, Money Advice team to support at locations across the city; using Food Poverty grant to support schools with food vouchers and clearing school meal debt.
- Funding has been allocated to the Money Advice Team for 1 year to increase staffing, which will help with the negative impacts of both Welfare Reform and the pandemic on citizens. A request will be made to extend this by another year. Funding has been secured to expand the Money Advice Team through Multiply (Shared Prosperity Fund), this will allow the team to carry out more indepth support at additional venues.

Type(s) of Impact

Linked Risks

Key Indicators / Measures used to monitor the risk

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

Increase in Demand (Children's Services)

Description

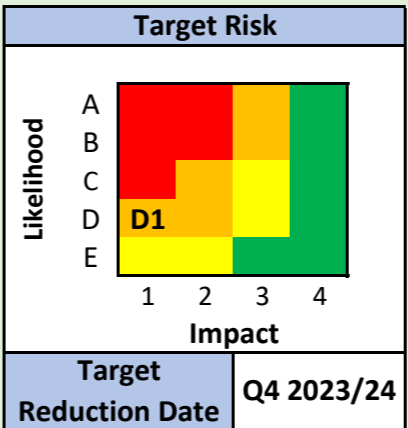
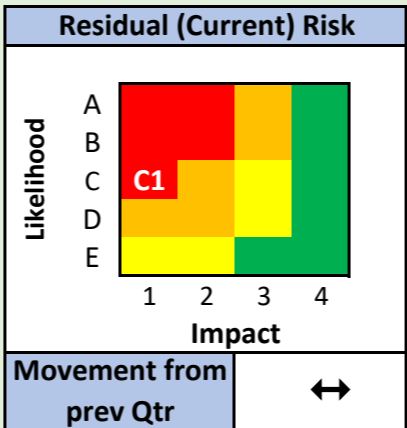
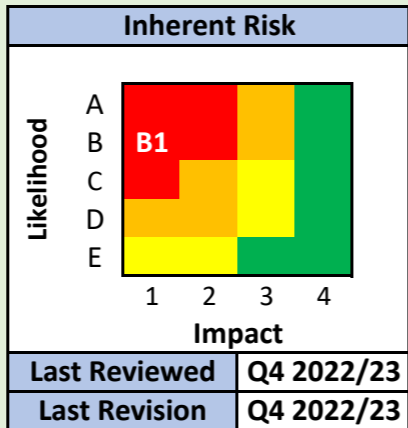
Failure to effectively manage demand (and respond to increasing demand due to Covid-19), resulting in increase in number of children requiring services and financial pressures this presents.

Potential Impact(s)

- Family breakdown leading to children becoming looked after.
- Growth in the number of children entering the looked after system and associated costs for the Authority.
- Insufficient placements to meet need resulting in increase in numbers living outside Cardiff.
- Challenges in improving outcomes for children leading to children being less likely to achieve their potential and to be fully participating citizens.
- Delays in issuing care proceedings because of existing capacity in Children's Services and consequential impact on budgets if work needs to be outsourced.
- Challenges in effectively managing service and financial pressures.
- Impact of high caseloads on staff and potential increase in social worker turnover.
- Reliance on newly qualified social workers and non qualified social care practitioners to deral wtih complex cases and statutory work.
- Welsh Government programme of work to eliminate profit from the care sector and potential impact on destabilisation of placements.
- Increase in use of unregulated placements.
- Inability of Interventions Hub to meet demand for family support leading to delays in response times and / or the need to outsource the service.

N.B. All demand risks carry safeguarding implications.

Type(s) of Impact	
<ul style="list-style-type: none"> • Service Delivery • Reputational • Legal • Financial 	<ul style="list-style-type: none"> • Community & Environment • Stakeholder



Risk Owner(s)

<p>Sarah McGill (Deborah Driffield)</p>	<p>Councillor Ashley Lister Children & Families</p>
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What we've done/are currently doing to achieve the Residual Risk Rating

- Early Help - Cardiff Family Advice and Support Services for families who do not require statutory services.
- Interventions Hub - additional resource agreed to manage waiting list and to extend Family Support Service to include out of hours family support.
- Referrals to services such as Safe Families and Ymbarel made as required to provide support to families.
- Dedicated worker to focus on young carers in post.
- Increased in house residential provision, including emergency pop up / pop down provision.
- Option for families to use Direct Payments available (review being undertaken and will consider potential use for children other than children with disabilities).
- Shifting the balance of care and associated workstreams being progressed - new operating model (prudent social work) and new practice model (trauma informed and strength based) under development.
- Children's Services Strategy reviewed and supported by Workforce Strategy, Accommodation Strategy and Commissioning Strategy to address recruitment and accommodation sufficiency issues and manage the market.
- 4th team implemented in each locality to increase management capacity.
- OM1 posts provide strategic overview of case management and support services.
- Working hours are flexible to meet service and personal needs.
- Provision and analysis of performance information is tailored to meet arising issues.
- Appropriate use of COVID-19 expenditure claims and Recovery Fund from Welsh Government and other funding streams; and financial planning around how longer term needs will be met.
- Temporary Resource Assistants recruited for OMs and social workers to test proof of concept.
- Vulnerability Change Project is reviewing the police mechanism for referrals to Children's Services - with the aim of reducing PPNs on low level cases.
- Resource Panel in place to oversee decisions regarding placements.
- Family Drug and Alcohol Court pilot ongoing to better support parents with drug and alcohol issues through the care proceedings process.
- 2 urgent projects launched to address demand and accommodation sufficiency issues - one to specifically focus on services for children with disabilities and another to consider the wider cohort of children looked after.
- Consideration being given to Rapid Response workers being reintegrated into locality teams in response to feedback from staff.
- Reviewing Hub in place to ensure cases are stepped down (or up) appropriately.

What we plan to do to meet target

- Business processes to be reviewed as part of implementation of Eclipse system 2023 - Autumn.
- Work with judiciary re: planned changes to private and public law **Q4 2023/24**.
- Review the Early Help offer and consider how this dovetails with the Interventions Hub to ensure that interventions are not being duplicated **Q1 2023/24**.
- Implementation of Accommodation Strategy **2023-26**.
- Implementation of Workforce Action Plan **Q4 2023-24**.
- Review Direct Payments Policy and implement uplift **Q1 2023-24**.

Linked Risks

- Workforce Planning (Social Services)
- Safeguarding

Key Indicators / Measures used to monitor the risk

Children's Services:

- Early Help 3 - Number of people supported by the Family Support Team
- Contacts 1 - Number of Contacts / Referrals Received
- CH/012 - Percentage of assessments completed for children within statutory timescales
- CS LAC 3e - Number of children looked after

Corporate Safeguarding

Description	Inherent Risk	Residual (Current) Risk	Target Risk	Risk Owner(s)
Systemic failure in the effectiveness of the Council's safeguarding arrangements together with other statutory safeguarding partners.	<p>Last Reviewed Q4 2022/23 Last Revision Q4 2022/23</p>	<p>Movement from prev Qtr ↔</p>	<p>Target Reduction Date N/A</p>	<p>Councillor Huw Thomas Leader</p> <p>Councillor Susan Elsmore Social Care, Health & Well-being</p> <p>Councillor Graham Hinchey Children & Families</p> <p>Councillor Chris Weaver Finance, Modernisation and Performance</p>

Potential Impact(s)
<ul style="list-style-type: none"> A child(ren) or adult(s) suffer(s) preventable abuse or neglect which may result in harm or death Reputation of Council and partners Severe adverse publicity Potential regulator intervention Loss of confidence by community in safety of children and adults Loss of confidence of staff in the overall "safety" of the service, impacting on morale, recruitment and retention Potential litigation with associated financial penalties Significant financial implications of formal intervention

What we've done/are currently doing to achieve the Residual Risk Rating
<p>Regional</p> <ul style="list-style-type: none"> Regional Safeguarding Board oversee the safety and well-being of children and young people across the partnership. <p>Corporate</p> <ul style="list-style-type: none"> Annual report 2022/23 has been published and the annual plan 2023/24 has been developed and ratified Governance arrangements are under review with the hope to streamline the current structure in order to build capacity within the team to progress the workstreams outlined in the Annual Plan Corporate Safeguarding Board strengthened with development of Steering Group and appointment of Directorate Lead Officers Improved data capture and reporting on training compliance allowing targeted action by managers. New self-assessment form and process introduced, with identified improvement actions built into Directorate Delivery Plan. Initial Analysis of referral data completed, with further work underway to enable a more granular breakdown. Recruitment and Selection Policy updated, including additional information on safeguarding Recommendations of Audit Wales review actioned. Appropriate safeguarding arrangements in place for staffing local government elections. Education provision secured for high risk children throughout the COVID-19 crisis. The Safeguarding Policy has been reviewed following the publication of best practice by Welsh Government. Output of self-assessments has been quality assured and is included and tracked through Directorate Delivery Plans. New Corporate Safeguarding Policy approved by Cabinet and Corporate Safeguarding Board, following consideration at scrutiny Training compliance rates now at 82% across the Council with pilots underway in areas of low compliance. Internal audit report received with overall finding 'Effective with opportunities for improvement' Work commenced with Procurement team to strengthen safeguarding arrangements in contract award and management. Positive feedback reviewed from initial paper based pilot - will roll out to all staff by May 2023 <p>Contextual Safeguarding</p> <ul style="list-style-type: none"> Exploitation Strategy - led corporately with community safety approach. Safeguarding Adolescents from Exploitation model developed, SAFE partnership in place and working effectively. Large programme of consultation undertaken to review the strengths and risks in our communities in relation to exploitation. A number of key priorities are being taken forward including, embedding and delivering a parent and carer engagement and support plan, developing SAFE curriculum resources to support schools, strengthening partnership working through multi agency events and practice development opportunities, consultation and engagement with young people and the development of local contextual safeguarding solution frameworks. Also developing multi disciplinary team models to submit for potential YEF funding applications. <p>Children's Services (Summary Position)</p> <ul style="list-style-type: none"> In terms of business continuity, our operational approach to child protection remains unchanged. Child protection procedures continue to take precedence and children at the highest risk will be prioritised. Operating model is review regularly. Systems in place to learn lessons from Child Practice Reviews, Adult Practice Reviews and multi agency practitioner forums. Safeguarding Adolescents From Exploitation (SAFE) approach reframed in light of experience and being implemented city wide. Quality Assurance Framework in place; learning workshops introduced to complete feedback loop. Action plan in response to complaints to be developed. Wales Safeguarding Procedures in place - training held and systems updated. High Risk Panel facilitates robust and timely multi-agency decision making at senior management level for our highest risk young people. OMs have oversight of all high risk cases and share decision making responsibility. Practice development group set up with leads allocated to workstreams to shape good practice. Children's Services and Education working closely, including in the development of locality working. Close partnership working (via Regional Partnership Board and Starting Well Programme) in response to the emerging crisis regarding young people with serious mental health and emotional wellbeing issues is ongoing (i.e. increase in eating disorders, self harm, and attempted and actual suicide). Close partnership working in relation to serious youth violence, including with Violence Prevention Unit and Community Safety is ongoing. Close partnership working in response to complex safeguarding concerns with providers, with particular emphasis on emerging issues with providers of accommodation and support for children with additional and complex needs is ongoing. Revised Supervision process launched following feedback from pilot and a new recording mechanism now in place Child Sexual Abuse practice leads training programme with Centre of Excellence in place. Review of escalating concerns process underway to strengthen arrangements and interface with safeguarding procedures and large scale enquiries. Practice leads appointed in locality teams to support newly qualified staff and improve quality and consistency of practice. Cardiff to be one of the lead UK sites for implementation of the Safe and Together approach in relation to safeguarding and domestic abuse. MISPER co-ordinator in post and working with the Police to ensure a consistent approach to missing young people. <p>Adult Safeguarding (Summary Position)</p> <ul style="list-style-type: none"> Review of escalating concerns process underway to strengthen arrangements and interface with safeguarding procedures and large-scale enquiries. Development completed of an improved quality assurance process for care homes that includes monitoring visits undertaken by social workers in addition to Contracts staff and the commitment to undertake urgent (same day) on-site monitoring when serious concerns are raised. Advice / guidance has been produced for family members to inform them of what they should look for when choosing a care home for a loved one / when visiting a loved one in a care home and what they should do if they are worried / concerned about the quality of care. Quality Assurance Frameworks have been included with the DAPL and DPS Framework and this has been implemented. Contributing to and supporting the regional review of MARACs (domestic abuse MARAC, SWOT MARAC and Human Trafficking MARAC). We will now be taking this learning into practice. Supporting people who hoard and self-neglect and developing sustainable and holistic approaches to achieving outcomes has now been completed and is being shared with staff teams. Phase 2 of this project has now commenced. Young person's MDT in partnership with Children's services and Housing to address the needs of young people with complex transitional arrangements, behavioural difficulties or known risks has now been launched and is fully operational. <p style="text-align: right;">Targeted Continue to review the Safeguarding Policy following publication of best practice by Welsh Government</p>

What we plan to do to meet target
<p>Corporate</p> <ul style="list-style-type: none"> Targeted training work in front facing services with low take up Q2 2023/24 Data development work on cross council referrals Q3 2023/24 Work to ensure safeguarding messages are accessible by wider partner organisations <p>December 2024</p> <ul style="list-style-type: none"> Additional training and support for DSPs to build confidence in their responsibilities. <p>September 2024</p> <p>Children's Services</p> <ul style="list-style-type: none"> Strengthen contractual arrangements in relation to safeguarding (March 2024). <p>Adult Services</p> <ul style="list-style-type: none"> Develop whole home large scale enquiry process - to be completed 09/2023 (this is now to be completed regionally not locally) Partnership development activity between Learning Disabilities Team, third sector services and Adult Safeguarding to better address incidents of Service User on Service User abuse in supported living services setting - target removed as project on hold due to current work pressures. Develop and improve our public facing Safeguarding communications to build trust and confidence with the public. Ensure there is consistency in external and internal reporting of Safeguarding referrals - Target April 2023.

Type(s) of Impact	Linked Risks	Key Indicators / Measures used to monitor the risk
<ul style="list-style-type: none"> Service Delivery Reputational Legal Financial 	<ul style="list-style-type: none"> Increase in Demand (Children's Services) Workforce - Social Services 	<ul style="list-style-type: none"> SCC.014 Percentage of initial child protection conferences carried out within statutory timescales during the year SCC.034 Percentage of child protection reviews carried out within statutory timescales during the year SSWB 27 Percentage of re-registrations of children on local authority Child Protection Registers SSWB 28 Average length of time for all children who were on the CPR during the year Res 15 - Percentage of Council staff completing Safeguarding Awareness Training

Legal Compliance

Description

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

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

In each case leading to increased risk of challenges.

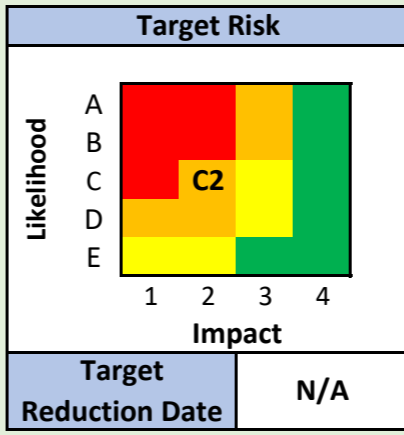
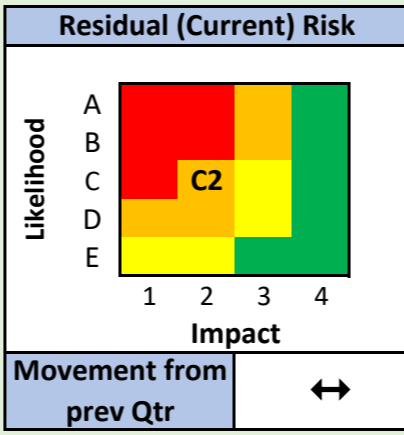
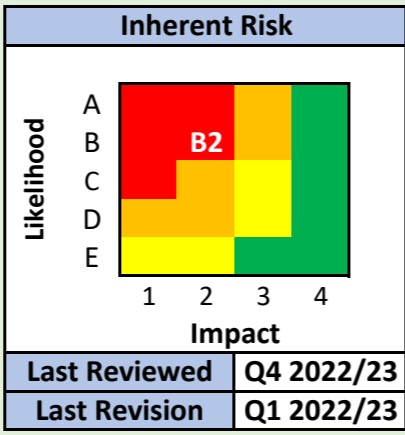
Reduction and changes in front-line services, discretionary and statutory, will lead to increased risks of challenge from users and other stakeholders affected.

Potential Impact(s)

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

Type(s) of Impact

- Service Delivery
- Reputational
- Legal
- Financial



Risk Owner(s)

Davina Fiore

Councillor Huw Thomas
Leader

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

- Professional internal legal and financial advice provided to a high standard.
- Maintaining robust decision-making process by providing legal implications on all Council, Cabinet and Committee reports and Officer Decision Reports at Director level
- Appropriate use of NPS Legal Services by Solicitors Framework to increase resilience where it is necessary to outsource legal work
- Dedicated Corporate teams in specialist areas e.g., equalities, FOI / DPA
- Sharing training/publications received internally to the legal department and when necessary to client departments
- Encourage Directorates to ensure Committee and Cabinet reports are discussed at preliminary stage in development to ensure all legal issues are addressed early through client department relationships
- Decision Making Training to both the Senior Management Forum and the Managers Forum carried out in 2020 and Pre-Election Period and Decision-making Pre and Post the Local Election briefings given to the Senior Managers Forum and the Cardiff Managers Forum in January 2022
- Decision Making training session held for the Environment Directorate managers in Jan 2022
- Decision making training provided to Councillors and Cabinet as part of induction training.

What we plan to do to meet target

- Where identified, provide guidance based on standard precedents for use in cases of low value/low risk/repetitive matters to minimise the gaps in Council wide knowledge **ONGOING**
- Provide, if requested, ad-hoc legal training to Directorates to develop knowledge within Directorates of specific statutory functions. **ONGOING**

Linked Risks

Key Indicators / Measures used to monitor the risk

Number of Judicial Reviews and Number of Successful Challenges

Governance and Audit Committee Action Plan and Recommendations
(Updated following meeting held on 21 March 2023)

1. Action Plan

Minute No. /Agenda No.	Actions	Timeline	Action Owner
	Finance (Budget)		
	No Outstanding Actions		
	Governance & Risk Management		
	No Outstanding Actions		
	Audit Wales (AW)		
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		
	No Outstanding Actions		
	Treasury Management		
	No Outstanding Actions		
	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		
	No Outstanding Actions		
	Performance		
19.07.22	Committee to be provided with the suite of complaints handling KPIs once approved by the Halo Board.	Completed Draft KPIs provided to G&A Committee on 29.11.22 These have been subsequently approved by the Board.	IB
	Work Programme		
	No Outstanding Actions		
	Outstanding Actions		
	No Outstanding Actions		
	Correspondence		
	No Outstanding Actions		
	Scrutiny Engagement / Letters		
	No Outstanding Actions		

2. Recommendations

Committee Meeting Date	Agenda Item	Recommendation	Date Raised	Management Response	Target Action Date	Status
27.09.22	Paul Orders, Chief Executive Draft Well-being (Self-Assessment) Report 2021/22	1. We recommend that the draft Strategic Assessments under each Wellbeing Objective are reviewed to: - a. ensure the overall evaluative conclusions are explicitly recorded, b. consider if they provide sufficient emphasis on outcomes.	10.10.22	Accepted - For each Well-being Objective section of the draft report, the Strategic Evaluation section has been reviewed following Committee and amended to provide a stronger evaluative assessment of performance. The Council commits to work in consultation with the Committee on further implementing this recommendation in the forthcoming mid-year assessment and in future Annual Well-being Reports.	17.10.22	Open
		2. The Committee recognises the well-structured and comprehensive self-assessment process. However, we recommend the Council considers if the Annual Well-Being Report adequately records conclusions on the extent to which it meets its "performance requirements" namely: - a. It is exercising its functions effectively, b. It is using its resources economically, efficiently and effectively, c. Its governance is effective for securing the above		Accepted - The Council has clarified in the revised draft report that it considers that the self-assessment process and the Annual Well-being Report ensures that Council is meeting the statutory performance requirements. The Council commits to work in consultation with the Committee on continuing to strengthen the Council's approach to future Annual Well-being Reports.	17.10.22	Open
		3. It is considered that the narrative self-assessment within the "Key Successes" sections have an emphasis on input activities, we recommend that for future annual Self-Assessment Reports, that the Council consider whether a stronger focus on outcomes can be applied.		Accepted - The Council will review the Key Successes sections of future reports to ensure an appropriate balance between input, output and outcomes is presented.	15.12.22	Open

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.

As part of this process, the Chair of the Governance and Audit Committee and the Audit Manager have been copied into 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 relevant 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 since the last Committee meeting were as follows.

For wider information the published Scrutiny Committee work programmes are also linked within this document.

Chris Pyke

**Audit Manager
30 June 2023**

Children and Young People Scrutiny Committee

Committee Date	Agenda/ Minute No	Item Background Papers	Correspondence Following Committee Meeting
Monday 20 th March 2023	Agenda Item 4	Central South Consortium - Annual Cardiff Local Authority Report 2021-22/ Curriculum for Wales Update	Link to the Correspondence will be provided when it becomes available
Monday 20 th March 2023	Agenda Item 3	Youth Justice Service Update Response from Independent Chair	Link to the Correspondence will be provided when it becomes available
Monday 15 th May 2023	Agenda Item 4	Corporate Parenting Advisory Committee (CPAC) Annual Report 2022/23	Link to the Correspondence will be provided when it becomes available

Community and Adult Services Scrutiny Committee

Committee Date	Agenda/ Minute No.	Item Background Papers	Correspondence Following Committee Meeting
Monday 20 th March 2023	Agenda Items 4 & 5	HRA Business Plan 2023-24 and Energy Efficiency Retrofit Scheme	Link to Correspondence (pages 3-8)
Monday 24 th April 2023	Minute No. 58	Cardiff Council's Approach to Addressing & Preventing Street Homelessness	Link to Correspondence (pages 3-9)
Monday 15 th May 2023	Agenda Item 4	Revised Cardiff & Vale Violence Against Women, Domestic Abuse & Sexual Violence Strategy 2023 - 2028	Link to Correspondence (pages 3-5)
Monday 15 th May 2023	Agenda Item 5	Quarter 4 Performance Response to Quarter 4 Performance	Link to Correspondence (pages 7-9) Link to Correspondence (pages 11-12)

Joint Scrutiny Committee

Committee Date	Agenda/ Minute No	Item Background Papers	Correspondence Following Committee Meeting
Monday 15 th May 2023	Agenda Item 4	Joint Scrutiny Committee of The Children and Young People and Community & Adult Services Scrutiny Committee – 15 May 2023 – Cardiff & Vale Joint Area Plan 2023-28	Link to Correspondence (pages 3-6)

Economy and Culture Scrutiny Committee

Committee Date	Agenda/ Minute No	Item Background Papers	Correspondence Following Committee Meeting
Tuesday 21 st March 2023	Agenda Item 3	Euro's 2028 Final Bid (Public Letter)	Link to Correspondence (pages 3-4)
Tuesday 21 st March 2023	Agenda Item 4	Atlantic Wharf Update (Public Letter)	Link to Correspondence (pages 9-10)
Tuesday 25 th April 2023	Agenda Items 4-6	Economy and Culture Scrutiny Committee – 25 April 2023: <ul style="list-style-type: none">Physical Activity and Sport Strategy – Year 1 update.GLL Contract Monitoring.Community Sport Recommendations.	Link to Correspondence (pages 3-7)
Wednesday 31 st May 2023	Agenda Item 4	St. David's Hall: next steps St David's Hall Public Letter	Link to Correspondence (pages 3-6) Link to Correspondence (pages 9-14)
Tuesday 20 th June 2023	Agenda Item 6	Pentwyn Leisure Centre	Link to Correspondence (pages 3-6)
Tuesday 20 th June 2023	Agenda Item 7	Tennis In Parks	Link to Correspondence (pages 11-13)

Environmental Scrutiny Committee

Committee Date	Agenda/ Minute No	Item Background Papers	Correspondence Following Committee Meeting
Monday 24 th April 2023	Agenda Item 4 (minute no. 80)	Castle Street – City Centre Traffic Management Arrangements & Review of Road User Payment Options	Link to Correspondence (pages 3-8)
Thursday 11 th May 2023	Agenda Items 4 & 5	Highways Asset Management Plan & Passenger Transport Procurement Responses to points raised in the above letter	Link to Correspondence (pages 3-8) Link to Correspondence (pages 9-11)
Thursday 15 th June 2023	Agenda Item 6	Planning, Transport & Environment Directorate Delivery Plan	Link to Correspondence (pages 7-10)
Thursday 15 th June 2023	Agenda Item 4	Replacement Local Development Plan – Preferred Strategy	Link to Correspondence (pages 3-6)

Governance & Audit Committee

Committee Date	Agenda/ Minute No	Item Background Papers	Correspondence Following Committee Meeting
Tuesday 21 st March 2023		Education & Lifelong Learning Internal Audit Recommendations Response to Chair - Education & Lifelong Learning Internal Audit Recommendations	Link to Correspondence (pages 3-4) Link to Correspondence (page 5)

Policy Review and Performance Scrutiny Committee

Committee Date	Agenda/ Minute No	Item Background Papers	Correspondence Following Committee Meeting
Wednesday 22 nd March 2023	Agenda Item 4	Participation Strategy	Link to Correspondence (pages 3-9)
Tuesday 16 th May 2023	Agenda Item 4	Workforce Strategy 2023-27 Response to Recommendations	Link to Correspondence (pages 3-7) Link to Correspondence (pages 9-10)
Tuesday 16 th May 2023	Agenda Item 5	Hybrid Working Policy Framework Response to Recommendations	Link to Correspondence (pages 11-15) Link to Correspondence (pages 17-18)
Tuesday 16 th May 2023	Agenda Item 6	Digital & Customer Services Response to Digital & Customer Services Letter Cardiff Council's Response to CDDO Accessibility Review April 2022	Link to Correspondence (pages 19-21) Link to Correspondence (pages 23-24) Link to Correspondence (pages 25-81)
Tuesday 20 th June 2023	Agenda Item 6	Core Office Strategy	Link to Correspondence (pages 3-6)
Tuesday 20 th June 2023	Agenda Item 7	Legal Services	Link to Correspondence (pages 7-10)

Scrutiny Work Programmes

Committee Date	Agenda/ Minute No	Item Background Papers	Latest Published Work Programme
Tuesday 13 th December 2022	Agenda item 5	Children and Young People Scrutiny Committee	Draft Forward Work Programme 01.01.23-01.04.23
Monday 14 November 2022	Agenda Item 25	Community & Adult Services Scrutiny Committee	Work Programme 2022/23
Tuesday 20 th June 2023	Agenda Item 8	Economy & Culture Scrutiny Committee	Work Programming 2023/24
Thursday 10 November 2022	Minute No. 40	Environmental Scrutiny Committee	Draft Forward Work Plan 2022/23
Wednesday 14 December 2022	Minute No. 39	Policy Review and Performance Scrutiny Committee	Forward Work Programme January-March 2023

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1. Current Work Programme 2023/24:

Area	Tuesday 11.07.23 (1pm)	Tuesday 26.09.23 (4.30pm)	Tuesday 28.11.23 (2pm)	Tuesday 23.01.24 (4:30pm)	Tuesday 26.03.24 (2pm)	Tuesday 09.07.24 (2pm) TBC
Audit Wales (AW)	Annual Audit Plan 2023					Annual Audit Plan 2024
	Cardiff & Vale Pension Fund Audit Plan 2023	* ISA 260 and Audited Statement of Accounts 2022/23 for Cardiff & Vale of Glamorgan Pension Fund	Digital and Performance Information Reports	Capital Programme Management		Cardiff & Vale Pension Fund Audit Plan 2024
	Annual Audit Summary Report	* ISA 260 and Audited Statement of Accounts 2022/23 for Cardiff Council including; Cardiff Harbour Authority & Trust Funds				Annual Audit Summary Report
	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 Annual Well-being (Self-Assessment) Report 2022/23			Mid-Year Self-Assessment Report Update		Draft Year-End Annual Well-being (Self-Assessment) Report 2023/24
		Council Complaints and Compliments – Arrangements and Annual Report 2022/23		Council Complaints – Mid Year Report		
Treasury Management		Treasury Management Annual Report	Half Year Report	Draft Treasury Management Strategy 2024/25	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 2022/23				Statement of Accounts 2023/24: Accounting Policies and Timescales	Draft Statement of Accounts 2023/24
Internal Audit	Audit and Investigation Team - Progress Update	Counter-Fraud and Corruption Strategy and Operational Policies - 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 2022/23	Counter-Fraud Annual Report 2022/23		Draft Internal Audit Charter & Summary Audit Plan 2024/25	Audit Charter and Audit Plan 2024/25	Internal Audit Annual Report 2023/24
Governance and Risk Management	Governance and Audit Committee Annual Report 2022/23					Governance and Audit Committee Annual Report 2023/24
	Governance Senior Management Assurance Statement 2022/23	Draft Annual Governance Statement 2022/23		Senior Management Assurance Statement and AGS Action Plan 2023/24 (Mid-Year)		Draft Annual Governance Statement 2023/24
	Corporate Risk Management (Year-End)	Corporate Risk Management Update	Corporate Risk Management 2023/24 (Mid-Year)		Corporate Risk Management (Q3)	Corporate Risk Management (Year-End)
		Recommendation Tracker – Reports of External Review Bodies			Recommendation Tracker – Reports of External Review Bodies	
Senior Officer Updates (Operational Matters / Key Risks / Other)	Update on the Council's Control Environment		TBC - Sarah McGill – Update on Directorate Control Environment	TBC - Andrew Gregory – Update on Directorate Control Environment	TBC - Neil Hanratty – Update on Directorate Control Environment	TBC - Chief Executive – Update on the Council's Control Environment

2. Matters to be addressed outside of formal Committee meetings during 2023/24:

Governance and Audit Committee

- Annual self-assessment workshop
- Training and development sessions.

General

- Correspondence, publications and reports for information purposes
- Time sensitive consultation.

Director / Senior Officer Assurance

- Use of letters, correspondence, and video / telephone meetings as necessary.

* Timing of item could be deferred to October, subject to completion of external audit

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