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Bridgend County Borough Council



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*Rydym yn croesawu gohebiaeth yn Gymraeg.
Rhowch wybod i ni os mai Cymraeg yw eich
dewis iaith.*

*We welcome correspondence in Welsh. Please
let us know if your language choice is Welsh.*



**Gwasanaethau Gweithredol a Phartneriaethol /
Operational and Partnership Services**

Deialu uniongyrchol / Direct line /: (01656) 643148
Gofynnwch am / Ask for: Mr Mark Anthony Galvin

Ein cyf / Our ref:
Eich cyf / Your ref:

Dyddiad/Date: Friday, 23 September 2016

Dear Councillor,

AUDIT COMMITTEE

A meeting of the Audit Committee will be held in the Committee Rooms 2/3, Civic Offices Angel Street Bridgend CF31 4WB on **Thursday, 29 September 2016 at 10.00 am.**

AGENDA

1. Apologies for Absence
To receive apologies for absence from Members.
2. Declarations of Interest
To receive declarations of personal and prejudicial interest (if any) from Members/Officers in accordance with the provisions of the Members' Code of Conduct adopted by Council from 1 September 2014
3. Approval of Minutes 3 - 10
To receive for approval the minutes of the Audit Committee dated 30 June 2016
4. Final Statement of Accounts 2015-16 11 - 182
5. The Corporate Risk Assessment 2016-17 183 - 238
6. Information and Requests by Committee 239 - 240
7. Internal Audit Outturn report April to August 2016 241 - 264
8. Completed Audits 265 - 274
9. Amendments to Key Audit Documents 275 - 300
10. Updated Forward Work Programme 2016 - 2017 301 - 304
11. Urgent Items

Ffôn/Tel: 01656 643643

Facs/Fax: 01656 668126

Ebost/Email: talktous@bridgend.gov.uk

Negeseuon SMS/ SMS Messaging: 07581 157014

[Twitter@bridgendCBC](https://twitter.com/bridgendCBC)

Gwefan/Website: www.bridgend.gov.uk

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To consider any other items(s) of business in respect of which notice has been given in accordance with Rule 4 of the Council Procedure Rules and which the person presiding at the meeting is of the opinion should by reason of special circumstances be transacted at the meeting as a matter of urgency.

Yours faithfully

P A Jolley

Corporate Director Operational and Partnership Services

Distribution:

Councillors:

GW Davies MBE

JR McCarthy

JE Lewis

C Westwood

Councillors

D Sage

CL Jones

DK Edwards

G Davies

Councillors

CA Green

E Dodd

M Gregory

RE Young

J Williams – Lay Person

MINUTES OF A MEETING OF THE AUDIT COMMITTEE HELD IN COUNCIL CHAMBER,
CIVIC OFFICES ANGEL STREET BRIDGEND CF31 4WB ON THURSDAY, 30 JUNE 2016 AT
10.00 AM

Present

Councillor E Dodd – Chairperson

JR McCarthy
G Davies

JE Lewis
CA Green

CL Jones
M Gregory

DK Edwards

Officers:

Randal Hemingway	Head of Finance & Section 151 Officer
Andrew Rees	Senior Democratic Services Officer - Committees
Helen Smith	Chief Internal Auditor
Nigel Smith	Finance Manager
Mary Williams	Chief Accountant

251. ELECTION OF CHAIRPERSON

RESOLVED: That Councillor E Dodd be elected Chairperson of the Audit Committee for the ensuing Municipal Year.

252. ELECTION OF VICE-CHAIRPERSON

RESOLVED: That Councillor CA Green be elected Vice-Chairperson of the Audit Committee for the ensuing Municipal Year.

253. APOLOGIES FOR ABSENCE

Apologies for absence were received from the following Members:

Councillor GW Davies MBE
Councillor D Sage.

254. DECLARATIONS OF INTEREST

Councillor DK Edwards declared a personal interest in agenda item 8 – Statement of Accounts 2015-16 as the Chair of Governors of Maesteg PFI School.

255. APPROVAL OF MINUTES

RESOLVED: That the minutes of the meeting of the Audit Committee of 21 April 2016 be approved as a true and accurate record subject to the attendance of Mrs J Williams being recorded in the list of attendees.

256. PILOT SCHEME - EXPANSION OF THE COMPUTER AUDIT SERVICE

The Chief Internal Auditor introduced Mr Andrew Wathan, Chief Internal Auditor for both Newport City Council and Monmouthshire County Council.

The Chief Internal Auditor reported on the recent pilot in which the specialist computer skills of the Internal Audit Shared Service have been utilised to undertake an audit for Newport City Council.

The Chief Internal Auditor informed the Committee opportunities for extending the Internal Audit Shared Service to other neighbouring authorities would be explored including expanding the specialist computer audit service. To this end, Newport City Council had expressed an interest in utilising this resource and it was agreed to provide a specialist computer audit review of 20 productive days, which had been completed in 19 days. She informed the Committee that overall, the pilot had proved to be a success resulting in Newport City Council receiving a valuable audit report. It had also been recognised that the area reviewed would not have been covered in such detail in house as Newport City Council's Internal Audit Section does not have the level and depth of specialist knowledge required. The Chief Internal Auditor informed the Committee that since the pilot, the IT Department at Newport was likely to undergo significant change and that the IT Department had not been outsourced as stated in the report.

The Chief Internal Auditor reported that there have been lessons learnt from this pilot which will assist in developing any future work with other local authorities and she listed some of the challenges faced during the process. She informed the Committee that constructive feedback had been provided by Newport City Council which will assist in improving any future service provided to other local authorities / public bodies.

The Chief Internal Auditor Newport City Council informed the Committee that the specialist computer audit review had been an extremely useful piece of work, boosting the audit plan and resulting in a very balanced and fair report. He stated that he had been approached by the Bridgend and Vale Internal Audit Shared Service offering audit services it could provide. He stated that it had proven useful to have the expertise of a computer auditor who was able to discuss IT requirements with the IT Department. He informed the Committee that he would consider approaching the Shared Service in the future but this was dependent on the future of the IT service in Newport.

The Chief Internal Auditor of Bridgend and the Vale informed the Committee that she would make a presentation on the pilot scheme at a future meeting of the Welsh Chief Internal Auditors Group.

RESOLVED: That the report be noted.

257. ANNUAL GOVERNANCE STATEMENT 2015-16

The Head of Finance presented the report of the Corporate Director Operational and Partnership Services which sought approval of the Annual Governance Statement for inclusion in the Council's Statement of Accounts for 2015-16. He stated that the Annual Governance Statement had been led by the Group Manager Corporate Performance, Partnerships and Transformation and her team.

He explained that there are six core principles of good governance in the CIPFA/SOLACE framework contained within Delivering Good Governance in Local Government, which have been adapted for local government purposes. The six principles are also aligned with the principles and values set out by the Welsh Government.

The Head of Finance reported that good corporate governance requires the active participation of Members and officers across the Council and that these arrangements are reviewed annually and the findings used to update the Annual Governance Statement. It also helps to ensure the continuous improvement of the Council's corporate governance culture.

The Head of Finance informed the Committee that the inclusion of the Annual Governance Statement within the Statement of Accounts provides an overall assessment of the Council's corporate governance arrangements and an appraisal of the controls in place to manage the Council's key risks and identifies where improvements need to be made.

The Head of Finance highlighted to the Committee the revised corporate priorities which had been set out on the Corporate Plan. He informed the Committee that the Auditor General's Annual Improvement Report had been positive who had concluded that the Council to make progress in delivering improvements; had recognised the need to support improvement of children's services and that it's forward planning arrangements and track record suggested it was well placed to secure improvement in 2015-16. He stated that the Auditor General did not make any statutory recommendations, but had made 13 specific proposals for improvement.

The Head of Finance informed the Committee that the Auditor General had undertaken a Corporate Assessment of the Council in 2015-16 in order to provide a position statement on the authority's capacity and capability to deliver continuous improvement. He stated that the outcome of the assessment was very positive and found no reason to make any formal recommendations, or conduct an investigation, or recommend that Ministers of Welsh Government intervene, but had made 8 proposals for improvement.

The Head of Finance informed the Committee of changes to the management structure agreed by Council in April 2016 which resulted in the re-allocation of the functions of the Corporate Director Resources and had led to him being appointed the Section 151 Officer and a member of the Corporate Management Board.

He reported on the wide range of issues which had been the subject of consultation and that the Shaping Bridgend's Future consultation had included 15 community engagement events, an on-line survey and access to a budget simulator to capture the views of the public on budget savings in the Medium Term Financial Strategy. He stated that the Council uses social media to promote its services and to engage with the public.

The Head of Finance informed the Committee of the role of the Local Service Board (now the Public Service Board) and on the consultation it had undertaken during 2015-16. He stated that the Wellbeing of Future Generations (Wales) Act 2015 established Public Service Boards in each local authority.

The Head of Finance also informed the Committee of the training undertaken by the Committee in Treasury Management to assist in the scrutinising of the Annual Treasury Management Strategy. He stated that Internal Audit provides independent and objective assurance and undertakes a continuous audit of Council services. The Head of Audit had undertaken a self-assessment to demonstrate the extent to which the Internal Audit Shared Service complied with the Public Service Internal Audit Standards.

The Head of Finance informed the Committee that a Financial Resilience Assessment was undertaken which focused on the delivery of the 2014-15 savings and 2015-16 financial planning period. The assessment concluded that whilst the Council faced significant financial challenges, its current arrangements for achieving financial resilience are sound. He stated that the purpose of the Corporate Assessment undertaken was to provide a position statement of an improvement authority's capacity and capability to deliver continuous improvement. It also considered the authority's track record of performance and outcomes as well as examining the key arrangements necessary to underpin improvements in services and functions. He stated that the Auditor General had concluded that the Council is developing appropriate plans for the future and is well placed to secure improvement.

The Head of Finance informed the Committee that the Public Services Ombudsman for Wales had noted a decrease in the number of complaints received made against the authority. He also stated that the care and Social Services Inspectorate Wales in its Annual Review had concluded that the Council remained realistic about the challenges posed by the need to deliver improving services within the context of reducing financial resources.

The Head of Finance concluded that the challenge facing the Council will be to consider alternative delivery models for services which will be essential to mitigate the impact of cuts. He stated the Council continues to face reduced resources and increased demands on services and it was necessary that the control environment, including governance and risk management remains robust, proportionate and efficient. He also stated there were no significant cross cutting control issues that would impact on the Council's Annual Governance Statement.

A member of the Committee requested that consideration be given to the effectiveness of the Scrutiny function and the Call-in process and devoting more resources to the function.

RESOLVED: That the Committee reviewed the Annual Governance Statement and approved its inclusion in the statement of Accounts 2015-16.

258. STATEMENT OF ACCOUNTS 2015-16

The Section 151 Officer presented the unaudited Statement of Accounts for 2015-16 and the Harbour Authority Return for 2015-16.

He reported on the requirement for the Statement of Accounts for 2015-16 to be signed and dated by the Responsible Financial Officer before 30 June 2016 certifying that it presents a true and fair view of the Council's financial position. He stated that the audited accounts will be brought back to the meeting of the Audit Committee for approval by 30 September 2016. He informed the Committee that the Statement of Accounts comprises a number of different statements relating to financial performance and reserves as well as a statement on corporate governance arrangements.

The Section 151 Officer reported that each year the Council prepares detailed revenue budgets for its activities and regularly reviews these budgets to take account of changes in plans, processes or assumptions and if necessary re-profile the original budgets. He stated that overall there was a net under-spend on Directorates' budgets of £1.639M. After allowing for capital financing and contingency costs, transfers to and from earmarked reserves and additional council tax income is £0.154M. This was transferred to the Council Fund which increased to £7.604M as at 31 March 2016. He outlined the position of the Council's reserves where there had been a drop in earmarked reserves from £35.637M to £35.311M. Total capital spending during 2015-16 was £25.1M.

The Section 151 Officer reported that the Annual Governance Statement highlighted the challenges the Council faced in the delivery of the £35.5M savings in the Medium Term Financial Strategy.

RESOLVED: That the Committee:

1. noted the unaudited Statement of Accounts for 2015-16
2. noted the Harbour Authority Annual Return 2015-16.

259. ANNUAL TREASURY MANAGEMENT REPORT 2015-16

The Section 151 Officer reported on the outturn position for Treasury Management activities, Treasury Management and Prudential Indicators for 2015-16 and highlighted compliance with Council policies and practices prior to them being reported to Cabinet and Council.

He reported that the Council complied with its legislative and regulatory requirements during 2015-16. He stated that no long term borrowing was taken in 2015-16 and no debt rescheduling undertaken as there were no significant savings to be made, however, the loan portfolio would be reviewed during 2016-17. Favourable cash flows had provided surplus funds for investment with the balance on investments at 31 March 2016 being £26.00M with an average interest rate of 0.67%. He informed the Committee that the Council had operated within the treasury limits and Treasury Management and Prudential Indicators set out in the agreed Treasury Management Strategy 2015-16 and also complied within its Treasury Management Practices.

The Section 151 Officer reported that the Treasury Management function would be reviewed by the Council's external Auditors, the Wales Audit Office, during the 2015-16 annual audit which has not yet been completed. He stated that Internal Audit had undertaken an audit of Treasury Management and which noted strengths and areas of good practice in all areas tested and it had concluded that the effectiveness of the internal control environment was considered to be sound. He informed the Committee that the Council's current Treasury Management advisers are Arlingclose.

The Committee requested an explanation of the Halo liability. The Chief Accountant informed the Committee that at the time of the transfer of the Council's leisure facilities to GLL/Halo a programme of capital works was being undertaken at the Bridgend Recreation Centre, GLL undertook £1.5M of capital work which was recouped from the Council through its management fee. Discussions then took place with GLL in relation to their loan and following advice from the Council's Treasury Management advisers, the loan was repaid and the Council now derived monthly savings from a reduced management fee.

The Committee questioned the likely implications on the authority of the recent referendum vote to leave the European Union. The Head of Finance informed the Committee that a report on this subject will be presented to the next meeting of Council. He stated that there had been significant changes to the value of the pound particularly against the dollar; however the FTSE 100 had recovered to its previous levels. There was also uncertainty in the UK economy which may impact on public expenditure. The Head of Finance informed the Committee that all of the Council's investments are held in sterling with no exposure to foreign currency with the Council holding a deposit account a Swedish bank, Sveska Handelsbanken which did not pose an immediate risk, but this situation would be monitored. The Council's long term debt is of a fixed interest rate and would not be affected should there be an increase in interest rates.

RESOLVED: That the Annual Treasury Management Activities for 2015-16 be noted.

260. INFORMATION AND ACTION REQUESTS BY COMMITTEE

The Chief Internal Auditor presented a report which summarised actions and information requests made by the Audit Committee at its last meeting on 21 April 2016.

The Chief Internal Auditor requested clarification of the additional information required on the savings achieved in Legal and Regulatory Services. The Committee had concerns regarding the large proportion of savings made in Legal and Regulatory Services and whether it would have a detrimental impact on services across the Council as it was also a significant concern of the Budget Research and Evaluation Panel.

In addition and in response to a question from the Committee, the Chief internal Auditor stated that she would provide (via email) the Committee with information as to whether there was an overspend on the Porthcawl Harbour project.

RESOLVED: That the report be noted.

261. COMPLETED AUDITS

The Chief Internal Auditor presented a report which summarised the findings of the audits recently completed by the Internal Audit Shared Service.

The Committee questioned the next steps following the completed audit of Harbour Operations which had received Reasonable assurance. The Chief Internal Auditor informed the Committee that an audit report would have been issued to ensure that they undertake reconciliations and that if there were further concerns a report would be brought back to Committee.

The Committee questioned the reason for the password integrity constraints of the Tranman and Triscan Systems not complying with the ICT password policy. The Chief Internal Auditor informed the Committee that a tick box system was used in this system which was not compliant with the Council's ICT policy but would be changed to ensure compliance.

RESOLVED: That the Committee considered the summary of completed audits to ensure that all aspects of their core functions are being adequately reported.

262. INTERNAL AUDIT - OUTTURN REPORT - APRIL TO MAY 2016

The Chief Internal Auditor reported on the actual Internal Audit performance against the two months of the audit plan year covering April and May 2016. She informed the Committee that 148 actual productive days had been achieved, which was less than the expected target of 176 days by 28 days.

The Chief Internal Auditor reported that the overall structure of Internal Audit was based on 18 Full Time Equivalent (FTE) employees; however at the end of the 2015-16 financial year, the section carried 4 FTE vacant posts which continued to be the case at the start of the new financial year.

The Chief Internal Auditor informed the Committee that no significant weaknesses in the system of internal control had been identified in the new audit plan, to date.

RESOLVED: That the Committee considered the Internal Audit Outturn Report covering the period April to May 2016 to ensure that all aspects of their core functions are being adequately reported.

263. EXTERNAL ASSESSMENT

The Chief Internal Auditor reported on the draft scope for assessing the Internal Audit Shared Service compliance with the Public Sector Internal Audit Standards (PSIAS).

The Chairperson informed the Committee of a request by the Chief Executive that it consider a Peer Review be undertaken which would be in compliance with the Public Sector Internal Audit Standards rather than by means of an external assessment due to its cost implications to the authority.

The Chief Internal Auditor reported that in accordance with the requirements of both Councils Audit Committees a procurement exercise will be undertaken to procure the most economically advantageous organisation to undertake an external assessment of the Bridgend and Vale Internal Audit Shared Service, ensuring compliance with the Vale of Glamorgan's Contract and Financial procedure Rules. The Chief Internal Auditor informed the Committee that she would complete the Checklist for Conformance with the PSIAS in advance of the external assessment. She highlighted the scope of the external assessment.

The Chief Internal Auditor reported that she would confirm the Terms of Reference, timescales and convenient dates for the review in consultation with the Section 151 Officer of the Vale of Glamorgan. The outcome of the External Assessment will be reported to the Internal Audit Shared Service Board, both Councils Corporate Management Team / Board and the respective Audit Committees and will be accompanied by an action plan. She stated that any significant areas of non-compliance would be reported in the Annual Report of the Head of Audit for 2016-17 and in the Annual Governance Statement if deemed necessary.

The Committee gave due consideration to the request of the Chief Executive for a Peer Review but expressed a preference for it to be conducted by means of an external assessment

RESOLVED: That the Committee considered the request of the Chief Executive for a Peer Review but expressed a preference for it to be conducted by means of an external assessment and approved the scope for the External Assessment.

264. UPDATED FORWARD WORK PROGRAMME 2016-17

The Chief Internal Auditor presented an update on the 2016/17 Forward Work Programme for the Committee's information.

RESOLVED: That the Committee noted the updated Forward Work Programme to ensure that all aspects of their core functions are being adequately reported.

265. URGENT ITEMS

There were no urgent items.

The meeting closed at 11.22 am

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BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO AUDIT COMMITTEE

29 SEPTEMBER 2016

REPORT OF THE SECTION 151 OFFICER

FINAL STATEMENT OF ACCOUNTS 2015-16

1. Purpose of this report

- 1.1 The purpose of this report is to present the final Statement of Accounts for 2015-16 which is now due to be signed off by our external auditors, Wales Audit Office (WAO), the associated Letter of Representation of the Council and the final audited Annual Return for the Harbour Authority.
- 1.2 WAO will update Members on their main findings and summarise the audit work carried out in respect of the 2015-16 financial year and present their Audit of Financial Statements Report which requires the Appointed Auditor to report these key findings to those charged with governance.

2. Connections to Corporate Improvement Objectives / Other Corporate Priorities

- 2.1 The Council's financial performance is an important element in determining the extent to which the Corporate Objectives can be delivered.

3. Background

- 3.1 The preparation of the Statement of Accounts is a requirement of the Accounts and Audit (Wales) Regulations 2014 and its content is defined by the 'Code of Practice on Local Authority Accounting in the United Kingdom' (the Code) and CIPFA's Service Reporting Code of Practice (SERCOP).
- 3.2 The unaudited Statement of Accounts for 2015-16 was presented to Audit Committee on 30 June 2016 for noting and had been signed by the responsible financial officer on 16 June 2016. During the intervening period, the external audit has taken place resulting in a number of amendments being made to the financial statements.
- 3.3 The audited Statement of Accounts 2015-16 is attached at **Appendix A** and is due to be signed off as presenting a true and fair view of the financial position of the Council as at 31 March 2016 by 30 September 2016.

4. Current Situation / Proposal

- 4.1 The Council Fund and earmarked reserves balances as at 31 March 2016 presented in the pre-audit Statement of Accounts are detailed in the below table:-

Opening Balance 2014-15 £'000	Movement 2014-15 £'000	Closing Balance 2014-15 £'000	Reserve	Drawdown 2015-16	Additions 2015-16	Closing Balance 2015-16 £'000
7,395	55	7,450	Council Fund Balance		154	7,604
2,467	(57)	2,410	Delegated Schools Balance	(256)		2,154
3,051	356	3,407	Maesteg School PFI Equalisation		299	3,706
32,381	3,256	35,637	Earmarked Reserves	(11,316)	10,990	35,311
45,294	3,610	48,904		(11,572)	11,443	48,775

There have been a number of adjustments that impacted on these year-end figures. These are explained below.

Bad Debt Provision

- 4.2 An analysis of the bad debt provision showed that the Council has actually over provided during the year for both Council Tax and NNDR. As a result, this will result in £403,000 being released back into the Comprehensive Income and Expenditure Statement. This has allowed two earmarked reserves to be increased, with the Capital Programme Contribution Reserve increasing by £300,000 and the Major Claims Reserve increasing by £103,000.

Debtors/Creditors Review

- 4.3 The Directorate Outturn position within the draft Statement of Accounts 2015-16 presented to Audit Committee in June was:-

	Original Budget 15-16 £'000	Budget Transfers In Year £'000	Revised Budget 15-16 £'000	Actual 15-16 £'000	Variance 15-16 £'000
Directorates					
Education and Transformation	105,775	220	105,995	105,667	(328)
Communities	24,913	315	25,228	25,014	(214)
Social Services and Wellbeing Resources	62,056	(771)	61,285	61,099	(186)
Legal & Regulatory Services	14,672	(100)	14,572	14,058	(514)
	6,053	29	6,082	5,685	(397)
Total Directorate Budgets	213,469	(307)	213,162	211,523	(1,639)

Table 1 : Directorate Outturn Position 2015-16 Pre-Audit

This showed an underspend on Directorate Budgets of £1.639 million with all Directorates in an underspend position. This resulted in some revenue grants and contributions for other sources not being drawn down into the revenue cost centres as income. If they had, the underspends would have increased. This income was left within the

Council's Balance Sheet within the Creditors figure. This was consistent with the approach taken over a number of previous financial years.

- 4.4 However, under proper accounting practice as detailed in CIPFA's Code of Practice on Local Authority Accounting, for any grants and contributions where there are no conditions attached to it or where the conditions are actually satisfied, the income should be released to the service revenue accounts regardless of how this affects the outturn position. It will only remain on the Balance Sheet if the grant monies need to be repaid to the awarding body or where there is reasonable assurance that the conditions will be met, but this has not yet occurred.
- 4.5 WAO has asked the Council to apply this treatment as one of the post audit reviews of Debtors/Creditors. The application means that each individual grant left on the balance sheet has to be assessed and only ones that are genuine repayments of amounts to awarding bodies can remain as creditors on the Balance Sheet.
- 4.6 As a result, a total of £3.238 million will be released back to the service revenue accounts. The following table details the amounts per directorate and the impact of this on the year end variances for each Directorate:-

Directorates	Revised Budget 15-16 £'000	Actual (Pre-Audit) 15-16 £'000	Released Revenue Grants 15-16 £'000	Revised Actual (Post-Audit) 15-16 £'000	Revised Variance 15-16 £'000
Education and Transformation	105,995	105,667	(285)	105,382	(613)
Communities	25,228	25,014	(1,262)	23,752	(1,476)
Social Services and Wellbeing	61,285	61,099	(876)	60,223	(1,062)
Resources	14,572	14,058	(722)	13,336	(1,236)
Legal & Regulatory Serv	6,082	5,685	(93)	5,592	(490)
Total Directorate Budgets	213,162	211,523	(3,238)	208,285	(4,877)

Table 2 : Directorate Outturn Position 2015-16 Post-Audit

- 4.7 As a result of the increased income into the Income and Expenditure Statement a number of existing earmarked reserves were enhanced or new earmarked reserves were created to allow directorates to utilise the monies in subsequent years in accordance with the Council's Reserves and Balances Protocol.

- 4.8 There were a number of historic grant and contribution balances that were also released back to the non-Directorate accounts. The result was the Major Claims Earmarked Reserve could be further enhanced by £100,000.
- 4.9 In summary, as a result of the post audit adjustments of £403,000 for a reduction in the bad debt provision and £3.338 million following the Debtors and Creditors review, earmarked reserves increased by £3.742 million. This is shown in the below table:-

Earmarked Balances :-	Pre-Audit 31-03-16 £'000	Additional Reserves £'000	Post-Audit 31-03-16 £'000
Asset Management Plan	1,492		1,492
Building Control Reserve	12		12
Building Maintenance Reserve	356		356
Capital feasibility fund	631		631
Capital Programme Contribution	5,451	381	5,832
Car Parking Strategy	471	152	623
Change Management	1,950		1,950
Community Safety Reserve	-	31	31
Donations Reserves Account	-	48	48
DDA Emergency Works	103		103
Directorate Issues	1,367		1,367
Digital Transformation	2,500		2,500
School Projects Reserve	-	285	285
Election costs	201		201
Highways Reserve	-	692	692
ICT & Finance Systems	715		715
Insurance reserve	2,035		2,035
Partnership Reserves	-	66	66
Looked After Children	824		824
Major Claims Reserve	10,669	205	10,874
Porthcawl Regeneration	76		76
Property Disposal Strategy	-	234	234
Service Reconfiguration / Severance Costs	5,243	382	5,625
SRF Earmarked Reserve	149	164	313
Unitary Development Plan	141		141
Waste Management Contract	92		92
Webcasting Reserve	-	26	26
Welfare Reform Bill	300	200	500
Wellbeing Projects	533	876	1,409
Balance as at 31 March	35,311	3,742	39,053

4.10 The remaining post audit adjustments did not affect the Council Fund balance as they related to items reversed out through the Movement in Reserve Statement. There were also a number of amendments to the disclosure notes which included some presentational adjustments especially around the removal of internal recharges.

4.11 A Final Letter of Representation is required by the Appointed Auditor to complete the process and enable the accounts to be signed off. This is included as **Appendix B**.

4.12 Under International Auditing Standards (ISA) 260, the External Auditor is required to communicate relevant matters relating to the audit of the financial statements to “those charged with governance”. These matters are incorporated into the Audit of Financial Statements Report,

which is included as **Appendix C**. The appendix also includes the full list of all adjustments made to the accounts as a result of the audit.

- 4.13 **Appendix D** contains the Annual Return for the Porthcawl Harbour Authority. **Appendix E** contains the audit letter that confirms that there have been no adjustments to the draft return presented to Audit committee in June 2016. Audit Committee are required to approve the Annual Return.

5. Effect upon policy framework & procedural rules

- 5.1 There is legal requirement for the Statement of Accounts to be signed by the responsible financial officer and approved by the relevant committee by 30 September following the end of the financial year.

6. Equality Impact Assessment

- 6.1 Whilst the production of the Statement of Accounts itself does not raise any equality issues, it does summarise the financial consequences of the budget reductions and service reconfigurations identified in the Council's Medium Term Financial Strategy. When these proposals were being developed consideration was given to their potential impact on protected groups within the community.

7. Financial implications

- 7.1 These are reflected in the body of the report.

8. Recommendation

- 8.1 It is recommended that Audit Committee:-
- Approve the audited Statement of Accounts 2015-16 (**Appendix A**)
 - Note and agree the Final Letter of Representation to the Wales Audit Office (**Appendix B**)
 - Note the Appointed Auditors' Audit of Financial Statements Report (**Appendix C**)
 - Approve the Annual Return for the Harbour Authority (**Appendix D**) and note the audit opinion (**Appendix E**)

Randal Hemingway CPFA
Head of Finance and Section 151 Officer
22 September 2016

Contact Officer : Randal Hemingway, Head of Finance

Mary Williams, Group Manager – Chief
Accountant

Telephone : (01656) 643605

E-mail : Mary.Williams2@bridgend.gov.uk

Postal address: Raven's Court, Brewery Lane, Bridgend, CF314AP

Background Documents:

Statement of Accounts 2015-16
Harbour Authority Annual Return 2015-16

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Bridgend County Borough Council

Statement of Accounts 2015-16



Civic Offices, Angel Street, BRIDGEND
(01656) 643643

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Narrative Report

1. The Statement Of Accounts

The Accounts for 2015-16 have been produced in line with the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) for 2015-16. This is in accordance with International Financial Reporting Standards (IFRS). The main changes include the adoption of the following standard:-

IFRS 13 – Fair Value Measurement – This requires changes to the measurement for assets classed as surplus assets, which are now required to be valued at fair value. Financial Instruments are also required to be disclosed at fair value.

The accounts consist of the following financial statements:

a) Statement of Responsibilities for the Statement of Accounts

This sets out the respective responsibilities of the Council and its officers for the preparation and approval of the Statement of Accounts.

b) Annual Governance Statement

This statement provides a continuous review of the effectiveness of the Council's governance framework including the system of internal control and risk management systems, so as to give assurance on their effectiveness and/or address identified weaknesses.

c) Statement of Accounting Policies

The purpose of this Statement is to explain the basis of the figures in the Accounts. It outlines the accounting policies that have been adopted.

d) The 'core' financial statements

1. Movement in Reserves Statement (MIRS)

This statement shows the movement in the year on different reserves held by the Council. These are analysed into 'usable reserves' i.e. those that can be applied to fund expenditure or reduce local taxation and other 'unusable' reserves. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the Council's services, details of which can be found in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the Council Fund Balance when the Council sets the annual revenue budget. The Net Increase/Decrease before Transfers to Earmarked Reserves line shows the statutory Council Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council. This shows that the total Council fund balance has increased by £0.154 million.

2. The Comprehensive Income & Expenditure Statement (CIES)

This 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 in cash terms when the budget is set. Therefore, some caution is required in interpreting this statement as the cost of services shown includes

items such as depreciation on property, plant and equipment owned by the Council and the estimated cost of the shortfall on the pension scheme, which are not directly funded by the Council Tax payer in cash terms.

For 2015-16, the Council showed a deficit on the Comprehensive Income and Expenditure Statement of £2.956 million. This contrasts with the budget outturn underspend of £154,000.

3. Balance Sheet

The statement summarises the Council's assets and liabilities and the balances and reserves at the Council's disposal, used in the Council's operations. This shows the Council's net worth was £142.053 million, which is an increase in net worth of £47.353 million from 2014-15 (which was £94.7 million). This increase is in part the result of the Actuarial review of the Council's Pension Fund Net Liabilities as at 31 March 2016, which was assessed to have decreased since 31 March 2015 by £27.740 million, and the recognition on the Comprehensive Income and Expenditure statement of historic grant balances.

4. Cash Flow Statement

This shows the changes in cash and cash equivalents of the Council during the financial year. It illustrates how the Council 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 Council are funded by way of taxation and grant income or from the recipients of services. Investing activities represent the extent to which cash outflows have been made from resources which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of borrowing to the Council. The cash and cash equivalent position of the Council has increased by £0.609 million.

e) **The Notes to the Accounts**

These are disclosures relating to the financial statements and include pensions and financial instruments disclosures.

2. **Funding Council Services**

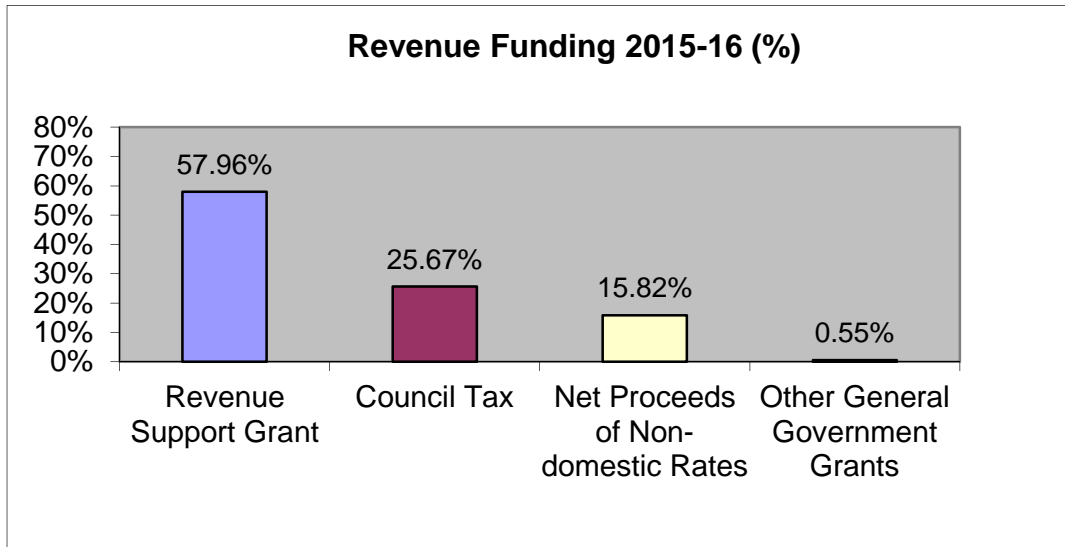
The Council incurs two types of expenditure – revenue expenditure and capital expenditure.

Revenue expenditure covers spending on the day to day costs of services such as staff salaries, maintenance of buildings and general supplies commissioning and equipment. This expenditure is paid for by the income received from council tax payers, business ratepayers, the fees and charges made for certain services and by grants received from government.

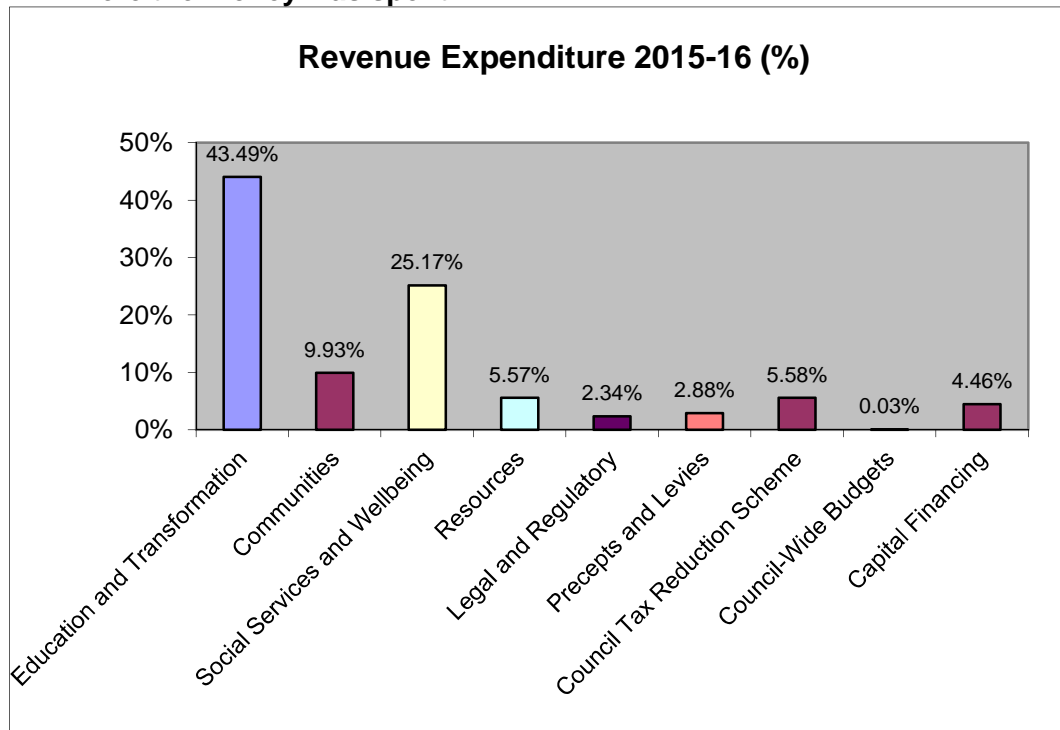
Capital expenditure covers spending on assets such as roads, new schools, redevelopment and the major renovation of buildings. These assets will provide benefits to the community for several years and the expenditure is mainly financed by borrowing and capital grants.

a) Revenue spending on council services

Where the money came from.....



Where the money was spent.....



In 2015-16, the net spend on revenue services was £208.285 million. This compares to £213.162 million anticipated when the budget was revised, resulting in a £4.877 million under-spend on Directorate Budgets. It is important to note that due to moves of services between Directorates year-on-year comparisons can not be made. The

overall position for the Council was a slight under-spend of £154,000 after allowing for appropriations to and from Earmarked Reserves, additional income from Council Tax and an under-spend on council-wide budgets.

The following table shows how the actual expenditure on services during 2015-16 compared with the budget set for the year. Explanations are provided for significant differences between spend and budget.

Comparison of actual spend with budget 2015-16

	Original Budget 15-16 £'000	Budget Transfers In Year £'000	Revised Budget 15-16 £'000	Actual 15-16 £'000	Variance 15-16 £'000
Directorates					
Education and Transformation	105,775	220	105,995	105,382	(613)
Communities	24,913	315	25,228	23,752	(1,476)
Social Services and Wellbeing	62,056	(771)	61,285	60,223	(1,062)
Resources	14,672	(100)	14,572	13,336	(1,236)
Legal & Regulatory Services	6,053	29	6,082	5,592	(490)
Total Directorate Budgets	213,469	(307)	213,162	208,285	(4,877)
Precepts & Levies	6,928	(16)	6,912	6,902	(10)
General Contingencies	5,732	(863)	4,869	3,224	(1,645)
Council Tax Reduction Scheme	14,254	(385)	13,869	13,348	(521)
Insurance Premiums	1,637	(3)	1,634	1,602	(32)
Capital Financing	10,315	57	10,372	10,660	288
General Government Grants	(1,400)	-	(1,400)	(1,400)	-
NNDR Discretionary Rate Relief	111	27	138	134	(4)
Net Expenditure	251,046	(1,490)	249,556	242,755	(6,801)
Appropriation (from) Reserves	-	-	-	(3,786)	(3,786)
Appropriation to PFI Reserve	299	-	299	299	-
Appropriation to Reserves	857	1,490	2,347	14,532	12,185
Net Budget	252,202		252,202	253,800	1,598
Revenue Support Grant	(148,002)	-	(148,002)	(148,002)	-
Non Domestic Rates	(40,408)	-	(40,408)	(40,408)	-
Council Tax	(63,792)		(63,792)	(65,544)	(1,752)
Net (Under)/Overspend on Services	-	-	-	(154)	(154)

Revised budgets differ from those set at the beginning of the year as they reflect any budget transfers from central funds and reserves to cover unplanned expenditure, along with transfers between Directorates resulting from realignment of responsibilities. The transfer of budget to reserves was as a result of budget monitoring throughout the year. At the half year position, an under spend on corporate budgets of £775,000 was identified and transferred to earmarked reserves to support the Council's Capital Programme and a further amount of £750,000 was transferred at quarter 3 offset by other smaller budget virements on reserves.

Reasons for differences between budget and spend

The financial position as at 31 March 2016 showed an under-spend on service expenditure within the year of £4.877 million and overall a balanced budget. A summary of the most significant variances is outlined below:-

Education and Transformation Directorate

The net budget for the Directorate for 2015-16 was £105.995 million and the actual outturn was £105.382 million, resulting in an under spend of £613,000. There was £333,000 drawn down from earmarked reserves during the year for specific pressures, including £256,000 draw down of school balances, £45,000 for demolitions and £285,000 of historic grant balances drawn down during the year.

The most significant variances are detailed below:

EDUCATION & TRANSFORMATION DIRECTORATE	Net Budget	Actual Outturn	Variance Over/(under) budget	% Variance
	£'000	£'000	£'000	
Inclusion	3,570	2,639	(931)	-26.1%
Youth Service	422	326	(96)	-22.7%
School Improvement	785	861	76	9.7%
Home to School / College Transport	4,310	4,648	338	7.8%
Dismissal / Retirement Costs	983	1,403	420	42.7%

Inclusion

- The LEA Special Needs budget under spent by £107,000 due to strict vacancy management pending budget reductions in 2016-17.
- The Schools Special Needs budget under spent by £218,000 primarily as a result of vacancy management (£168,000), and reduced spend on one-to-one support due to difficulties in recruiting staff.
- There was an under spend of £493,000 on the budget for out of county education placements due to a reduction in the number and cost of placements (28 external placements compared with 32 in March 2015) with Recoupment income also exceeding budget by £113,000.

Youth Service

- There was an under spend on the Youth Service budget which was as a result of an under spend on staffing of £29,000 and additional grant income received in year of £52,000.

School Improvement

- There is an over spend on the School Improvement budget of £76,000 as a result of additional support provided by the Corporate Director to schools in difficulty and facing challenges, including additional teaching support and resources. In particular a considerable financial investment was required to support Year 11 pupils in Coleg Cymunedol Y Dderwen to ensure that they had the best opportunity to be successful in this summer's GCSEs.

Home to School / College Transport

- There is an over spend of £338,000 on Home to School / College transport as savings due to further retendering of contracts were less than anticipated. In addition, the 2015-16 MTFs savings have not been fully achieved partly due to the limited rationalisation of contracts because of increases in the number of pupils eligible for transport. Route efficiencies have not been fully realised as the agreed change to the Learner Travel policy by Cabinet will not now be implemented until September 2016 and this will not bring the same level of savings as were originally identified. Further efficiencies to SEN and Looked After Children (LAC) transport have been ongoing but have been impacted by some increased demand for individual transport due to the needs of individual children and our duty as a Local Authority to ensure that they are transported in line with our statutory responsibilities and our current Learner Travel policy.

Dismissal / Retirement Costs

- The over spend of £420,000 relates to an increased number of school redundancies and early retirements in 2015-16, as a result of falling school rolls, or pressure on school budgets, which have been approved by the Corporate Director. An earmarked reserve was established at the end of 2014-15 to meet any additional costs above budget, but this has not been drawn down due to the Directorate's overall under spend.

Schools' Delegated Budgets

- School balances reduced from £2.410 million at the end of March 2015 to £2.154 million at the end of March 2016 (a reduction of £256,000), representing 2.36% of the funding available. Total deficit budgets equate to £621,000 and total surplus budgets equate to £2.775 million.
- There are 6 schools (3 primary, 3 secondary) with deficit budgets and 14 schools (11 primary, 2 secondary, 1 special) with balances in excess of the statutory limits (£50,000 primary, £100,000 secondary and special schools) in line with the School Funding (Wales) Regulations 2010. These balances will be analysed by the Corporate Director, in line with the agreed 'Guidance and procedures on managing surplus school balances'.

Social Services and Wellbeing Directorate

The Directorate's net budget for 2015-16 was £61.285 million and the actual outturn was £60.223 million resulting in an under spend of £1,476,000. This is made up of an under spend of £649,000 on Adult Social Care, an over spend of £29,000 on Sport, Play and Active Wellbeing services and an over spend of £434,000 on Safeguarding and Family Support. There was £244,000 drawn down from earmarked reserves throughout the year for specific pressures, including £117,000 for the Adult Social Care Change Team, £26,000 towards the Looked After Children strategy, £34,000 for residual Job Evaluation costs and historic grant balances draw down of £876,000.

The most significant variances are detailed below:

SOCIAL SERVICES AND WELLBEING DIRECTORATE	Net Budget	Actual Outturn	Variance Over/(under) budget	% Variance
	£'000	£'000	£'000	
Older People Residential Care	8,261	7,607	(654)	-7.9%
Older People Home Care	7,941	8,177	236	3.0%
Learning Disabilities Residential Care	1,487	1,595	108	7.3%
Learning Disabilities Day Opportunities	3,238	3,067	(171)	-5.3%
Administrative and Central Services	606	808	202	33.3%
Looked After Children	10,923	11,420	497	4.6%
Family Support Services	978	795	(183)	-18.7%
Commissioning and Social Work	4,364	4,559	195	4.5%

Older People Residential Care

- A net under spend of £654,000 is a result of increased income from client contributions and for respite care and reductions in nursing placements (£236,000) and running costs (£50,000). A significant increase in income from previous forecast is due to deferred fee income in relation to income secured against clients' property. This income is currently drawn down at year end but will be drawn down and monitored quarterly in 2016-17.

Older People Home Care

- The over spend is due to the increased demand for homecare hours, which are higher than those forecasted by the service. This is as expected as the increased demand is being managed by supporting people within the community rather than through residential care. The Directorate is in the process of remodelling the homecare service with a view to retaining only critical and complex care internally and transferring other care to independent providers.

Learning Disabilities Residential Care

- An over spend of £108,000 has arisen as a result of the continued provision of an increase in the number of residential placements. These placements will continue into the new financial year. The Directorate will monitor this pressure during 2016-17 and re-align budgets where possible.

Learning Disabilities Day Opportunities

- There is an under spend of £171,000 on the day opportunities budget as a consequence of staff vacancies within the service, part of which was held in anticipation of budget reductions in 2016-17. The under spend on these posts will not reoccur in 2016-17.

Administrative and Central Services

- The Directorate is carrying a budget pressure from some unrealised 2015-16 budget reductions. Whilst these have been mitigated by additional savings generated elsewhere in the 2015-16 budget, the Directorate will re-align budgets in 2016-17 where possible to ensure the over spend does not reoccur.

Looked After Children (LAC)

- The number of LAC at 31st March 2016 was 382 compared to 390 at the end of March 2015. However there still remains a budget pressure within this area. There is a £115,000 over spend on out of county residential care based on 12 active placements. In addition, there was a £110,000 over spend on independent fostering placements. There was also a £185,000 over spend against in-house residential and respite provision, related to MTFS efficiencies. The Directorate is working closely with Early Help and Intervention in developing a joint plan.

Family Support Services

- There is an under spend of £183,000, mainly as a result of under-utilised direct payments (£106,000), which have been re-claimed, and partly due to under spends on salary budgets and residence orders, both of which have reduced in total from those granted in 2014-15. In terms of direct payments, the service has recently re-tendered for a direct payment support provider with the intention of increasing the number of direct payments and therefore fully utilise direct payment budgets. The new provider, Avanta, will take over in July 2016.

Commissioning & Social Work

- There is an over spend of £195,000 due to the use of agency staff across the service.

Communities Directorate

The net budget for the Directorate for 2015-16 was £25.228 million and the actual outturn is £23.752 million resulting in an under spend of £1,476,000. There was £727,000 drawn down from earmarked reserves for specific pressures, including £135,000 for the establishment of the Awen Trust, £120,000 for waste management procurement, £124,000 for highways works and £86,000 in respect of lost car parking income following the closure of the Rhiw Car Park, and £1,262,000 drawn down of historic grant balances.

The most significant variances are detailed below:

COMMUNITIES DIRECTORATE	Net Budget	Actual Outturn	Variance Over/(under) budget	% Variance
	£'000	£'000	£'000	
Development	334	265	(69)	-20.7%
Housing and Community Regeneration	1,341	949	(392)	-29.2%
Regeneration	1,780	1,700	(80)	-4.5%
Streetworks	7,899	7,936	37	0.5%
Highways and Fleet	6,273	6,438	165	2.6%
Transport and Engineering	881	898	17	1.9%
Parks and Open Spaces	2,105	2,329	224	10.6%
Culture	3,449	3,365	(84)	-2.4%

Development

- There is an under spend on the Development budget of £69,000. This is mainly due to increased income (£30,000) and staff vacancy management (£22,000) in Development Control, and staff vacancy management (£15,000)

in Development Planning, both offsetting an under-recovery of fee income in Development Technical Support (£12,000).

Housing and Community Regeneration

- There is an under spend of £392,000 on the Housing and Community Regeneration service. This mainly comprises an under spend of £250,000 relating to the ongoing improved management of demand for temporary accommodation. The introduction of Ty Ogwr and Cornerstone (providers of housing related support funded through Supporting People Grant) has seen the under spend on this service area increase during 2015-16 as they accommodate those that previously might have been in B&B settings.
- In addition there are under spends of £50,000 as a result of core funded staff working on grant funded projects during 2015-16, an additional £35,000 of savings across the service which will contribute towards the MTFS for housing in 2016-17, and a £44,000 under spend relating to other budget headings.

Regeneration

- There is an under spend of £80,000 on the Regeneration budget. This is mainly a combination of staff vacancy management (£50,000) and a delay in the implementation of broadband at the Kenfig Nature Reserve that had been planned for 2015-16 (£11,000).

Streetworks

- Included in this budget heading is an over spend on the waste disposal budget (£275,000). This is mainly as a result of increased waste disposal costs arising from a higher than predicted tonnage of black bag waste presented at the kerbside for disposal by residents of the County Borough, along with the delay in the procurement process to appoint a contractor to operate and manage the MREC (£416,000). This has been partly offset by savings from an interim Anaerobic Digestion procurement project (£150,000).
- There has been an under spend on waste collection costs (£119,000) which has mainly been achieved from the closure of the Penllwyngwent HWRC site.
- Other budgets areas (Enforcement/Other Cleaning /Bereavement Services) within Streetworks have also offset the over spend (£141,000) via a combination of staff vacancy management and increased income recovery.

Highways and Fleet

- There is an over spend on Highways maintenance of £212,000. This is mainly due to an over spend on Waterton depot costs (£30,000), a revenue contribution to the Inner By Pass Capital Scheme (£118,000), and higher than usual costs experienced for Highway damage charges (£50,000).
- Fleet services has over spent by £93,000 due to a downturn in income against budget. This has been offset by an under spend on Street lighting energy costs (£72,000) as a consequence of installing more energy efficient units.

Transport and Engineering

- The small net over spend of £17,000 masks a number of large under and over spends.
- There is a £320,000 over spend on the car park budget primarily as a result of the delay in the implementation of MTFS savings targets - charging for blue badges (£165,000) and increase in charges for staff passes (£60,000) - combined with historic staff car pass income shortfalls (£50,000).

- There is an over spend on maintenance at Bridgend Bus Station (£50,000).
- Traffic Management and Road Safety has over spent by £65,000. Of this, £20,000 is due to the shortfall on the MTFs saving relating to School Crossing Patrols (SCPs), due to the decision taken not to remove all SCPs and implement savings in line with GB standards. The balance of the over spend is due to a shortfall in internal fee income (£30,000).
- Policy and Development has over spent by £125,000. This consists of a £50,000 shortfall in fee income, a £15,000 over spend on transport studies and a £60,000 over spend on staffing costs following the use of agency staff to fill vacancies prior to a staff restructure.
- The over spends identified have been offset by Engineering services exceeding their income target (£310,000) primarily due to the proportion of EU/non-EU funded projects that they have worked on compared with previous years, and consequent ability to charge full costs. There has also been an under spend within Transport Co-ordination due to staff vacancy management (£180,000). The staff vacancy management will contribute to the 2016-17 MTFs budget reduction targets.

Parks and Open Spaces

- This service area had a £437,000 savings target for 2015-16. There was a delay in the implementation of the staffing restructure which has led to an over spend of £207,000. The restructure has now been implemented and will be met in full in 2016-17.

Culture

- There has been an under spend under Cultural Services of £84,000. This mainly relates to staff vacancy management under Adult Community Learning (£60,000).

Resources Directorate

The net budget for the Directorate for 2015-16 was £14.572 million and the actual outturn was £13.336 million resulting in an under spend of £1,236,000. There was £338,000 million drawn down from earmarked reserves during the year for specific pressures, including £143,000 for demolition costs, £135,000 feasibility funding for capital schemes and £44,000 for schemes funded from the Change Fund and £723,000 draw down of historic grant balances.

The most significant variances are detailed below:

RESOURCES DIRECTORATE	Net Budget	Actual Outturn	Variance Over/(under) budget	% Variance
	£'000	£'000	£'000	
Property (Estates)	1,776	1,722	(54)	-3.0%
HR	3,932	3,899	(33)	-0.8%
ICT	4,068	3,668	(400)	-9.8%
Finance	1,659	1,564	(95)	-5.7%
Housing Benefit	478	746	268	56.1%
Audit Fees	887	756	(131)	-14.8%

Property Services

- An under spend on Facilities Management of £280,000 has arisen primarily as a result of reduced business rates and running costs on Council premises. This has been partly offset by an over spend relating to voids on non-operational assets (£100,000), and additional costs incurred on the 21st Century Schools programme that were not eligible to be funded from capital (£90,000).

Human Resources

- The net under spend of £33,000 has arisen mainly as a result of an under spend on Disclosure and Barring Service (DBS) checks (£65,000), offset by additional costs associated with staff counselling and occupational health (£30,000).

ICT

- The net under spend of £400,000 has arisen as a result of under spends on software and from staffing vacancies in anticipation of future years budget reductions. This under spend was intended to finance the revenue costs associated with implementing agile working and the move from Raven's Court. However, due to the delay in this project, this funding remains unspent in 2015-16 and an earmarked reserve has been established to meet the costs in 2016-17.

Finance

- The net under spend of £95,000 in relation to accountancy services arose following restructuring of the service during 2015 to meet budget reductions for 2015-16 and 2016-17 and is a combination of reduced staffing costs and additional income generation from agreed charges for services.

Housing Benefit

- The net over spend of £268,000 comprises an over spend of £522,000 on payments of housing benefit, partly offset by an under spend of £254,000 on the administration of housing benefit claims. The over spend has partly arisen due to an increase in bad debt provision following work undertaken by the Inland Revenue to identify people who are working and claiming housing benefit, and the subsequent increase in the level of debtors. The under spend is mainly due to the transfer of fraud activity to DWP and savings generated as a consequence.

Audit Fees

- The under spend of £131,000 comprises an under spend of £55,000 on internal audit fees, as a result of staffing vacancies, and £85,000 relating to reduced external audit fees. This is partly offset by lower income from the recharge of bank charges, in particular CHAPS fees.

Legal and Regulatory Services Directorate

The net budget for the Directorate for 2015-16 was £6.082 million and the actual outturn was £5.592 million resulting in an under spend of £490,000. There was £359,000 drawn down from earmarked reserves during the year for specific pressures, including £295,000 for redundancy costs on establishment of the

Shared Regulatory Service and smaller schemes funded from the Change Fund and draw down of historic grant balances of £93,000.

The most significant variances are detailed below:

LEGAL AND REGULATORY SERVICES DIRECTORATE	Net Budget	Actual Outturn	Variance Over/(under) budget	% Variance
	£'000	£'000	£'000	
Legal Services	2,253	2,010	(243)	-10.8%
Democratic Services	1,561	1,521	(40)	-2.6%
Procurement	284	219	(65)	-22.9%
Partnerships	353	314	(39)	-11.0%

Legal Services

- The under spend on Legal Services is mainly a combination of additional income from the Registrar's service of £60,000, staffing vacancies and recovery of fees for legal services.

Democratic Services

- The under spend is a combination of small under spends on member and officer salaries, resources and training.

Procurement

- The under spend relates to vacancy management in preparation for future MTFS budget reductions. These under spends will not reoccur in 2016-17.

Partnerships

- The under spend on partnerships and performance management relates to vacancy management in preparation for future MTFS budget reductions. These under spends will not reoccur in 2016-17.

Council Wide Budgets

This section of the accounts includes budgets, provisions and services which are council wide, and not managed by an individual Directorate. This includes capital financing and insurance premiums. The revised net budget for council wide services and budgets was £36.394 million and the actual outturn was £34.470 million, resulting in an under spend of £1.924 million.

The most significant variances are detailed below:

CORPORATE BUDGETS	Net Budget	Actual Outturn	Variance Over/(under) budget	% Variance
	£'000	£'000	£'000	
Capital Financing	10,372	10,660	288	2.8%
Council Tax Reduction Scheme	13,869	13,348	(521)	-3.8%
Insurance Premiums	1,634	1,602	(32)	-2.0%
Other Corporate Budgets	10,519	8,860	(1,659)	-15.8%

Capital Financing

- The net over spend of £288,000 is mainly as a result of the repayment of additional premiums to reduce future financing costs, which were partly met from the draw down of earmarked reserves and partly offset by reduced capital financing costs generally.

Council Tax Reduction Scheme

- The under spend of £521,000 is a result of lower demand than forecast for the Council Tax Reduction Scheme. This is a demand led budget which is based on full take up. Budget reduction proposals of £300,000 in both 2016-17 and 2017-18 are built into the MTFS so this level of under spend is not expected to reoccur.

Other Corporate Budgets

- A net under spend of £1.659 million on other corporate budgets has arisen as a result of:
 - Less demand from Directorates to meet in year pay and price inflationary pressures such as energy and software costs;
 - Lower inflation rates generally;
 - Lower demand on price pressures than anticipated;

This under spend has enabled a number of new corporate earmarked reserves to be established to meet pressures in 2016-17, including contributions to the capital reserve, to support the capital programme and funding of demolition works, to avoid costs associated with vacant premises.

The under spend on Directorate budgets has also enabled a number of new Directorate earmarked reserves to be established, to meet service specific pressures that are anticipated to arise in 2016-17, many of which were originally planned to be undertaken in 2015-16.

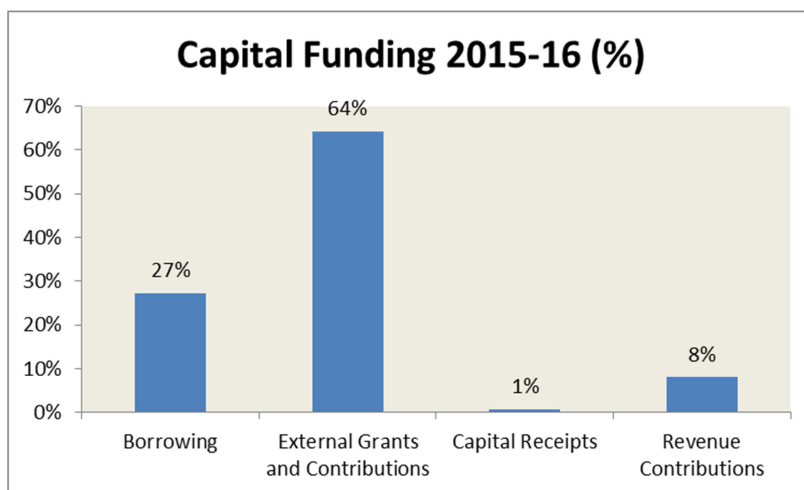
As reported in the MTFS in March 2016, the under spend on accrued council tax income has been transferred into the service reconfiguration reserve to support the cost of transformation programmes, such as the Digital Transformation and Extra Care schemes.

b) Capital spending in 2015-16

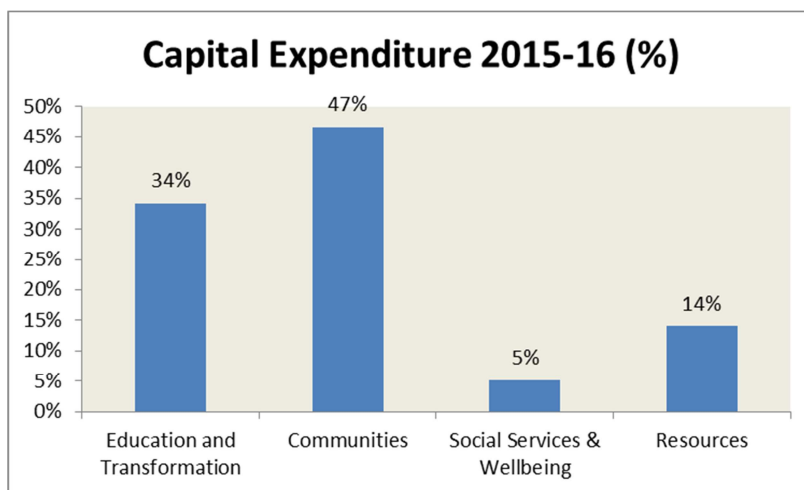
In addition to spending money on providing services on a day to day basis, the Council also spends money on providing new facilities, improving assets and the infrastructure, enhancing assets or providing capital grants to others. The total capital spending in 2015-16 was £26.047 million. Assets created, improved or under development as a result of this spend included:

- Vibrant and Viable developments – replacement of car park and new residential and retail accommodation at The Rhiw
- All Wales Community Care Information System
- Coety Primary School
- Developments at the former Ogmere Comprehensive School
- Celtic Court Refurbishment
- Disabled Facility Grants
- Carriage reconstruction and street lighting

Where the money came from:



What the money has been spent on:



c) Borrowing arrangements and sources of funds

The Council has adopted the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2011 Edition* which requires the Council to approve a Treasury Management Strategy before the start of each financial year. This Strategy fulfils the Council's legal obligation under the *Local Government Act 2003* to have regard to this Code of Practice.

The Council's Treasury Management Practices allow the Council to raise funds from a variety of sources. The Section 151 Officer is authorised to take the most appropriate form of borrowing from approved sources within the overall borrowing limits set by Council.

Each year, in accordance with the Local Government Act 2003, and the Prudential Code, the Council is required to set various limits in relation to its Treasury Management activities including limits for debt:-

The limits set at the start of the financial year were as follows:-

	2015-16 £m
Authorised limit for external debt	
Borrowing	140
Other long term liabilities	30
Total	170
Operational Boundary	
Borrowing	105
Other long term liabilities	25
Total	130

As can be seen from the Balance Sheet as at 31 March 2016 long term borrowing totalled £97.434 million (£97.444 million 2014-15) and long term liabilities totalled £21.759 million (£20.847 million 2014-15) so the Council has operated within the limits set.

3. The Council's Reserves

The financial reserves held by the Council as at 31 March 2016 can be summarised as follows:-

Opening Balance 2014-15 £'000	Movement 2014-15 £'000	Closing Balance 2014-15 £'000	Reserve	Drawdown 2015-16	Additions 2015-16	Closing Balance 2015-16 £'000
7,395	55	7,450	Council Fund Balance		154	7,604
2,467	(57)	2,410	Delegated Schools Balance	(256)		2,154
3,051	356	3,407	Maesteg School PFI Equalisation		299	3,706
32,381	3,256	35,637	Earmarked Reserves	(11,316)	14,732	39,053
45,294	3,610	48,904		(11,572)	15,185	52,517

The Delegated Schools Balances represent amounts held by schools that are committed to be spent on schools and are not available to the Council for general use. Whilst the majority of schools have surplus balances, some are carrying deficits into 2016-17. In line with the the School Funding (Wales) Regulations 2010, and as part of the requirements of the Financial Scheme for Schools, schools have been asked to provide reasons for their balances. Reasons can include issues such as falling rolls, negative retrospective adjustments and planned initiatives.

The Maesteg School PFI Equalisation Fund has been set up to meet the future costs of the PFI contract, and as such is not available to the Council for general use.

Further information about earmarked reserves can be found in the note 31b to the main financial statements.

4. Pension Fund Liability

Disclosure information about retirement benefits in the Statement of Accounts is based on International Accounting Standard (IAS) 19. The pension fund liability that is disclosed in the Balance Sheet is the net position taking into account this Council's notional value of the fund assets, and the amount of money that needs to be set aside to meet the pension earned up to 31 March 2016. This deficit will change on an annual basis dependent on the performance of investments, the actuarial assumptions that are made in terms of current pensioners, deferred pensions and current employees, and the contributions made to the fund. The Pension Liability for 2015-16 is £245.270 million (£273.010 million in 2014-15), a reduction of £27.74m. It is matched on the Balance Sheet with a pension reserve.

The assumptions used to calculate the pension liability are heavily prescribed by the relevant accounting standard (IAS19). However, the Actuary has more autonomy to apply differing, more council specific, assumptions when carrying out a triennial revaluation of the Pension Fund, which is used to determine the employer's contribution rates necessary to cover 100% of the pension fund liabilities. The triennial revaluation is therefore arguably a more accurate indication of the deficit that will be payable in the future, and employer contribution rates are set to cover this deficit. Statutory arrangements require benefits earned to be financed as the Council makes employers contributions to pension funds. Consequently, whilst the Council is required to carry out and disclose the IAS19 based pension fund liability, statutory arrangements,

combined with triennial actuarial assessments of employer's liabilities, will ensure that funding will have been set aside by the time the benefits come to be paid.

5. The Main Changes to the Accounts for 2015-16 compared to 2014-15

The Council's accounts for the financial year 2015-16 have been prepared in accordance with the requirements of the Code of Practice on Local Authority Accounting in the United Kingdom 2015-16 ('the Code'). This specifies the principles and practices of accounting required to prepare a Statement of Accounts which presents fairly the financial position and transactions of a Local Authority. As identified at the beginning of the Narrative Report, the main change is the introduction of IFRS13 and this has been reflected in the production of the Statement of Accounts for 2015-16

6. The Impact of the Current Economic Climate on the Council

The Council's Medium Term Financial Strategy indicates that a number of budget reductions will be challenging and a number of proposals are dependent on re-engineering and remodelling services. It is important that proposals are progressed as quickly as possible and timescales adhered to. The level of balances held is sufficient to enable the Council to respond to unforeseen eventualities and be maintained at a minimum level of £7 million, with a planned rise in line with the Council's Medium Term Financial Strategy of 2.7% of Gross Revenue Expenditure by 2019-20. Service spending must be controlled within budgets to ensure that the financial position of the Council is not compromised. Whilst projections of future funding have been made available these are only indicative estimates and the position could change for future years.

The Statement of Responsibilities for The Statement of Accounts

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 this Council that officer is the Head of Finance.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts.

Chair of Audit Committee Certificate

Signed :

Date:

Section 151 Officer's Responsibilities

The Section 151 Officer is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this Statement of Accounts, the Section 151 Officer has:

- selected suitable accounting policies and then applied them consistently
- made judgements and estimates that were reasonable and prudent
- complied with the Local Authority Code.

The Section 151 Officer has also:

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

Section 151 Officer's Certificate

I certify that the Statement of Accounts presents a true and fair view of the financial position of Bridgend County Borough Council at 31 March 2016 and of its income and expenditure for the year ended 31 March 2016.

Signed :

Section 151 Officer :

Date :

Annual Governance Statement 2015-16**1. Scope of Responsibility**

- 1.1 Bridgend County Borough Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively.
- 1.2 The Council also has a duty under the Local Government (Wales) Measure 2009 to make arrangements to secure continuous improvement in the exercise of its functions in terms of strategic effectiveness, service quality, service availability, fairness, sustainability, efficiency and innovation.
- 1.3 In discharging its overall responsibilities, the Council is responsible for ensuring that it has proper arrangements for the governance of its affairs and a sound system of internal control which facilitates the effective exercise of its functions and which includes arrangements for the management of risk.
- 1.4 The Council has approved and adopted a Code of Corporate Governance which is consistent with the framework developed by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE).

2. The Purpose of the Governance Framework

- 2.1 The governance framework comprises the systems, processes and values by which the Council is directed and controlled and the means by which it accounts to, engages with and leads the local community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.
- 2.2 The system of internal control is a significant part of that framework and is designed to make appropriate use and prevent loss of public funds. It also assists with managing the risk of failure to achieve policies, aims and objectives. It does not eliminate all risk; the system of internal control is designed to identify and prioritise risks, evaluate the likelihood of those risks materialising and to manage their impact.
- 2.3 The following paragraphs summarise the governance framework and the system of internal control, which has been in place within the Council for the year ended 31 March 2016. The description of the arrangements in place is built around the core principles set out in the Council's Code of Corporate Governance. During 2015-16 the Bridgend and Vale Internal Audit Shared Service carried out an audit work of the Council's governance framework. On the basis of the audit work and taking into account all available evidence, the Head of Internal Audit has concluded that "a satisfactory assurance level can be applied to standards of internal control at Bridgend CBC for the period stated". The Annual Opinion Report of the Head of Internal Audit for the period April 2015 to March 2016 is available via this link: <https://democratic.bridgend.gov.uk/ieListDocuments.aspx?CId=132&MId=2316&Ver=4&LLL=0>

3. The Governance Framework

3.1 The six principles of corporate governance that underpin the effective governance of all local authority bodies as defined by CIPFA and SOLACE, incorporating the WG governance principles (shown in italics) are as follows:

- Focusing on the Council's purpose and on outcomes for the community and creating and implementing a vision for the local area; (*Putting the Citizen First; Achieving Value for Money*).
- Members and officers working together to achieve a common purpose with clearly defined functions and roles; (*Knowing Who Does What and Why*);
- Promoting values for the Council and demonstrating the values of good governance through upholding high standards of conduct and behaviour; (*Living Public Service Values*);
- Taking informed and transparent decisions which are subject to effective scrutiny and managing risk; (*Fostering Innovative Delivery*);
- Developing the capacity and capability of Members and officers to be effective; (*Being a Learning Organisation*);
- Engaging with local people and other stakeholders to ensure robust public accountability; (*Engaging with Others*).

3.2 The Council has followed these principles and has identified the following points whilst gathering evidence to gain assurance that governance within the Council is robust.

4. Principle 1 - Focusing on the purpose of the Authority and on outcomes for the community and creating and implementing a vision for the local area (*Putting the Citizen First; Achieving Value for Money*).

4.1 The Council reviewed and published its Corporate Plan 2013-2017, including the Improvement Priorities, for 2015-16. The priorities were aligned with the key outcomes of the Local Service Board's 'Bridgend County Together' Single Integrated Partnership Plan. This ensured that the Council delivered on the commitments made with partner organisations. The Plan also took into account a number of factors including service demands, legislative requirements, citizens' needs, resource availability, the priorities of partner organisations, together with the expectations of the Welsh Government and regulatory bodies.

4.2 The Plan included the following six improvement priorities:

- Working together to develop the local economy
- Working together to raise ambitions and drive up educational achievement
- Working with children and families to tackle problems early
- Working together to help vulnerable people to stay independent
- Working together to tackle health issues and encourage healthy lifestyles
- Working together to make the best use of our resources

4.3 These improvement priorities gave direction for Directorate Business Plans. Arrangements were in place for progress against the improvement priorities to be reviewed on a quarterly basis. The Corporate Plan identified a number of outcome-focused success indicators, some of which were benchmarking measures. All of the indicators included in the Plan were aimed at measuring the success of our joined up working with citizens and partners.

- 4.4 During the year, the Council developed a revised set of corporate priorities and a new corporate plan for 2016-2020, taking account of the significant challenges ahead of our communities – not least the increasing demands made on many of our services against the background of a shrinking budget. The new plan sets out how the Council is to change and what its focus will be over the next four years. The three corporate priorities are as follows:
- Supporting a successful economy
 - Helping people to become more self-reliant
 - Smarter use of resources
- 4.5 Alongside the corporate plan, the Council approved a Medium Term Financial Strategy (MTFS) for the period 2016-17 to 2019-20. This provides an integrated planning and financial framework for the next four years, including the detailed budget strategy for the next financial year. The annual revenue budget and forward financial planning together with the capital programme enables the Council to align its financial resources with its new priorities. Quarterly budget monitoring reports are submitted to Cabinet and to Scrutiny Committee, with the Corporate Resources and Improvement Scrutiny Committee nominated as the lead Scrutiny Committee.
- 4.6 The Council has a range of projects and programmes in progress to ensure that the improvement priorities are achieved. The corporate Programme Management Board (PMB) is overseeing a number of major initiatives under its Transformation Management Programme including:
- School modernisation programme;
 - Remodelling Adult Social Care;
 - Remodelling Childrens Social Services;
 - Successful Economy Programme;
 - Strategic Review of the School Curriculum and Estate;
 - Third Sector Programme;
 - Digital Transformation programme;
 - Rationalising the Estate programme;
 - Corporate Procurement Review; and
 - Strategic collaboration projects e.g. City Deal.
- 4.7 The Auditor General's latest Annual Improvement Report on the Council was received in September 2015. The overall conclusion was that the Council continued to make progress in delivering improvements in its priority areas and recognised the need to support improvement of children's services, and that its forward planning arrangements and track record suggested it was well placed to secure improvement in 2015-16. The Auditor General did not make any statutory recommendations, but made 13 specific proposals for improvement. Those proposals, which is accessible via this link: <http://www1.bridgend.gov.uk/media/294873/wales-audit-annual-improvement-report-2015.pdf>, have been considered and actions have been or are being taken to tackle those areas where improvement should be made.
- 4.8 The Auditor General carried out an audit of the Council's Improvement Plan for 2015-16 and certified in May 2015 that "the Council has discharged its duties under section 15(6) to (9) of the Measure and has acted in accordance with Welsh Government guidance sufficiently to discharge its duties".

4.9 The Auditor General also audited the Council's assessment of its performance in 2014-15 in accordance with the Measure and his Code of Audit Practice and certified in November 2015 that the Council has discharged its duties under sections 15(2), (3), (8) and (9) of the Measure and has acted in accordance with Welsh Government guidance sufficiently to discharge its duties.

4.10 The Auditor General undertook a Corporate Assessment of the Council in 2015-16. The purpose of the assessment was to provide a position statement on the Council's capacity and capability to deliver continuous improvement. The focus of the assessment was on the extent to which arrangements are helping to improve service performance and outcomes for citizens.

The assessment considered the Council's track record of performance and outcomes as well as examining the key arrangements necessary to underpin improvements in services and functions.

The auditors interviewed, met with, observed, and conducted online surveys of elected members, senior officers and frontline staff, both individually and collectively.

The outcome of the assessment is very positive. The Auditor General's overall conclusion is that *"the Council is developing appropriate plans for the future and subject to aligning ICT and human resource functions with the transformation programme, is well placed to secure improvement"*.

The Auditor General found no reason to make any formal recommendations, or conduct an inspection, or recommend that Ministers of Welsh Government intervene. He did, however, make eight proposals for improvement (including some of those included in the above mentioned AIR report). The Council has already taken initial actions to address five of the proposals, with action being taken to improve the remainder. The Council endeavours to make further improvement in all of the identified areas.

4.11 Other activities that demonstrate the Council's commitment to Principle 1 - **"Putting the Citizen First"**, included:

- Ongoing use of the Citizens' Panel and extensive public consultation and engagement activity undertaken with customers on various council services and policies and in particular on the new corporate priorities and budget reduction proposals;
- Delivery of the Council's Communications, Marketing and Engagement Strategy 2015-16; and
- Customer contact centre as focal point for customer engagement.

5. **Principle 2 - Members and Officers working together to achieve a common purpose with clearly defined functions and roles (*Knowing Who does What and Why*).**

5.1 The Council aims to ensure that the roles and responsibilities for governance are defined and allocated so that accountability for decisions made and actions taken are clear. It operates a Leader and Cabinet system within which:

- The Council sets the overall budget and appoints the Leader of Council;

- The Leader appoints members of the Cabinet and announces the Deputy Leader and the portfolio of Cabinet Members;
 - Audit Committee has a clearly defined function providing an independent assurance of the adequacy of the risk management framework and the associated control environment, independent scrutiny of the Council's financial and non-financial performance to the extent that it affects the Council's exposure to risk and weakens the control environment, and to oversee the financial reporting process;
 - Scrutiny Committees advise on policy formulation and hold the Cabinet to account in relation to specific matters. They may also review areas of activity which are not the responsibility of the Cabinet or matters of wider local concern;
 - Regulatory Committees (e.g. Licencing, Development Control) are in place to determine matters as defined within the Council's Constitution;
 - The Cabinet makes decisions within this framework but some decisions are delegated to individuals in the Cabinet, committees of the Cabinet or officers; and
 - Clear arrangements are in place to record decisions made by Cabinet Members and officers under delegated powers.
- 5.2 There is a Standards Committee to promote and maintain high standards of conduct by Town and Community Councillors and County Borough Councillors, co-opted members and Church and Parent Governor Representatives.
- 5.3 The Constitution is at the heart of the Council's business and assigns responsibility within the Council. It also provides a framework that regulates the behaviour of individuals and groups through codes of conduct, protocols and standing orders.
- 5.4 The Constitution is a comprehensive document that is kept under continual review by the Monitoring Officer. It provides a point of reference for individuals and organisations both inside and outside the Council. Its Rules of Procedure govern the overall framework within which the Council operates. Procedural rules and codes of conduct outline how the Constitution will be put into effect. Whilst the Constitution is required by statute its content is not fully prescribed. The Council is satisfied that it is consistent with statute, regulations and guidance. To ensure continued compliance, the Assistant Chief Executive is the Monitoring Officer appointed under Section 5 of the Local Government and Housing Act 1989.
- 5.5 All Committees have clear terms of reference that set out their roles and responsibilities and work programmes. These are reviewed by the committee during the year and updated as required. The Audit Committee, through its work programme, provides assurance to the Council on the effectiveness of the governance arrangements, risk management framework and internal control environment.
- 5.6 The Council's Chief Executive (as Head of Paid Service) leads the Council's officers and chairs the Corporate Management Board. Due to the resignation of the Corporate Director – Resources, changes to the management structure were proposed by the Chief Executive and were agreed by Council in April 2016.

- 5.7 All staff, including senior management, have clear terms and conditions of employment and job descriptions which set out their roles and responsibilities. Terms and conditions of employment are monitored by the Human Resources Department.
- 5.8 The Corporate Director - Resources was the Section 151 Officer appointed under the 1972 Local Government Act and carried overall responsibility for ensuring that the Council's financial management arrangements conformed with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010). The corporate finance function provides a range of support to departments and determines the budget preparation and financial monitoring process. In April 2016, the post of Corporate Director - Resources was deleted from the management structure following the departure of the post holder. Functions and responsibilities of the role have been accommodated amongst the remaining members of the Corporate Management Board. The newly designated Head of Finance has assumed the Section 151 responsibilities previously undertaken by the Corporate Director – Resources, as agreed by Council in April 2016. The newly appointed Section 151 Officer is a member of the Corporate Management Board on the same basis as other members of CMB.
- 5.9 The Corporate Director – Social Services and Wellbeing is statutory Director for Social Services, as defined by the Local Authority Social Services Act 1970, which outlines the six core responsibilities across all the Social Services functions, including ensuring that the Council has proper safeguards to protect vulnerable children and adults.
- 5.10 The role of the Assistant Chief Executive was changed at Council in April 2016 to that of Corporate Director of Operational and Partnerships Services, acknowledging the scale and complexity of an increased portfolio of services. The post holder also continues to carry out the role of Monitoring Officer which holds overall responsibility for ensuring compliance with the law and his staff work closely with departments to advise on legal matters.
- 5.11 The Corporate Director – Education and Family Support (formerly Corporate Director – Education and Transformation, until April 2016) is the Chief Education Officer, as prescribed by the Education Act 1996 and statutory Director for Children and Young People, as defined by the Children Act 2004.
- 5.12 Following changes made in December 2014, the Corporate Director – Social Services and Wellbeing held line management responsibility for the social care functions for children and adults. This has enabled the new ways of working laid down by the Social Services and Wellbeing (Wales) Act 2014 to be embedded within the service. The CSSIW report of 2014-15, published in October 2015, recognises that these changes have created additional leadership capacity to meet the challenges ahead within social services.
- 5.13 The Council's Performance Management Framework, revised and adopted by Cabinet in June 2014, continues to guide the Council's integrated Corporate, business and financial planning and performance management processes and practice. The document clearly defines the Council's processes and procedures and the roles and responsibilities of managers within the process. It includes expectations around the style and behaviour of managers to support the further evolution of a strong culture of self-assessment. During 2014-15, the Council introduced CMB challenge on Performance Management, which complements the Corporate Performance Assessment (CPA). This structured challenge focuses on a wide range of issues as well as Performance Indicators. The introduction of a bespoke Performance

Management system provides timely, consistent management information for managing service improvement and decision making.

5.14 In his Corporate Assessment report, published in January 2016, the Auditor General for Wales noted that the Council has clarified roles and responsibilities and established effective arrangements for holding people to account. He also found that Cabinet members and the Corporate Management Board were working closely together to develop the options for the future role of the Council and to identify new opportunities for engaging with local communities.

6. Principle 3 - Promoting Values for the Council and Demonstrating the Values of Good Governance through upholding High Standards of Conduct and Behaviour (Living Public Service Values).

6.1 The Council's core values encapsulated in the acronym FACE demonstrate the Council's commitment to the Public Service values. It stands for:

Fair (taking into account everyone's needs and situation);

Ambitious (always trying to improve what we do and aiming for excellence);

Citizen focused (remembering that we are here to serve our local communities); and

Efficient (delivering services that are value for money).

6.2 In developing its new Corporate Plan for 2016-2020, the Council identified a new set of principles. These have been developed to help steer the Council to become the sort of organisation that it needs to be in order to meet new challenges:

- Wherever possible the Council will support communities and people to create their own solutions and reduce dependency on the Council.
- The Council will focus diminishing resources on communities and individuals with the greatest need.
- The Council will use good information from service users and communities to inform its decisions.
- The Council will encourage and develop capacity amongst the third sector to identify and respond to local need.
- The Council will not let uncertainty over the future of public services prevent meaningful and pragmatic collaboration with other public sector bodies.
- The Council will work as one Council and discourage different parts of the organisation from developing multiple processes or unnecessarily different approaches.
- The Council will transform the organisation and many of its services and in so doing will deliver financial budget reductions as well as improvements.

6.3 The Council has a clear and simple vision, that is, always to act as **'One Council working together to improve lives'**.

6.4 The behaviour of elected members and officers is governed by codes of conduct, which include a requirement for declarations of interest to be made. There is also a gifts and hospitality register.

6.5 The Council takes fraud, corruption and maladministration very seriously and has the following policies, which aim to prevent or deal with such occurrences;

- Anti-Fraud and Bribery Policy
- Whistleblowing Policy
- Anti-Money Laundering Policy
- HR policies regarding the disciplining of staff involved in such incidents
- Corporate Complaints Policy

The first three policies above were reviewed, updated and approved by Cabinet during 2014-15.

6.6 Conduct of Members is monitored by the Public Services Ombudsman for Wales. The Council's Standards Committee also considers any reports submitted by the Ombudsman and the Monitoring Officer and any representations received relating to alleged breaches of the Code of Conduct.

6.7 A corporate complaints policy is in place for the Council to receive and investigate complaints made against it and this is overseen by the Monitoring Officer.

6.8 The Audit Committee helps raise the profile of internal control and risk management within the Council. This enhances public trust and confidence in the financial governance of the Council.

6.9 The Council has a "Bridgend County Borough Council, social media and you" protocol which is available on the website. The aim of this is to be clear about how the Council will engage with users and manage expectations.

7. Principle 4 - Taking Informed and Transparent Decisions which are subject to effective scrutiny and Managing Risk (*Fostering Innovative Delivery*).

7.1 The Council's Constitution sets out how the Council operates and the process for policy and decision-making. Within this framework, key decisions are made by the Cabinet. All Cabinet meetings are open to the public (except on the limited occasions where items are exempt or confidential).

7.2 All decisions made by the Cabinet are taken on the basis of written reports, including assessments of the legal, financial, and equalities implications. Consultation (including with ward members when appropriate) is a routine part of the process.

7.3 The decision-making process is monitored by five Overview and Scrutiny Committees, which support the work of the Council as a whole. The Council's Constitution provides for the Chairs of these committees to be appointed based on the political balance of the elected members that form the Council. The members of a Scrutiny Committee can "call in" a decision that has been made by the Cabinet but not yet implemented. They may recommend that the Cabinet reconsider the decision. They may also be consulted by the Cabinet or the Council on forthcoming decisions and on the development of policy.

7.4 Other decisions are made by Cabinet Members individually or by officers under delegated powers. The authority to make day-to-day operational decisions is detailed within the Schemes of Delegation.

- 7.5 Policies and procedures that assist the governance of Council's operations include Financial Procedure Rules (FPRs); Contract Procedure Rules (CPRs); and the Risk Management Policy. All managers have responsibility to ensure compliance with these policies.
- 7.6 The Council's Performance Management Framework describes the 'Golden Thread' for planning which links the Council's vision of "Working together to improve lives" through services delivered at the frontline of the Council and how external factors influence the vision. The external factors include national priorities from both Welsh and UK Government and local priorities from Citizens, Partners, and the Local Service Board via the Single Integrated Partnership Plan (SIPP) entitled "Bridgend County Together". The vision and priorities that are set out in the Corporate Plan have a direct relationship with directorate business plans, service delivery plans, group delivery plans and the individuals' objectives within staff appraisals.
- 7.7 The Corporate Performance Assessment (CPA) is undertaken on a quarterly basis and is attended by Cabinet Members, Corporate Management Board, and Heads of Service and is supported by the Corporate Improvement and Finance teams. The purpose of the CPA is as follows:
- Obtain a holistic view of the Council's performance;
 - Identify and explore cross-cutting issues;
 - Critically challenge areas of poor performance; and
 - Identify service improvement opportunities, risks to delivery and resource implications.
- 7.8 Specifically, the CPA monitors:
- The overall financial position;
 - The Council's improvement priorities as defined by the Corporate Plan;
 - Agreed key indicators/measures and service actions that are linked to directorate priorities as defined by the Corporate Plan;
 - The budget allocated to delivering improvement priorities; and
 - Corporate risks.
- When necessary, the CPA may also, by way of exception, monitor progress against relevant national and collaborative initiatives.
- 7.9 The Council has developed a robust approach to the management of risk. The risk management policy is aligned with Directorate Business Plans and the Council's performance management framework. All risks identified are assessed against the corporate criteria.
- 7.10 Risks are viewed from both a Service and Council-wide perspective which allows the key risks to be distilled in the Corporate Risk Register. Most major risks are managed within one of the key strategic programmes. Following a change made in 2014-15 the task of reviewing the risk register was carried out by the Senior Management Team (SMT). SMT regularly reviews the risk register and actions being taken to mitigate the risks. The Corporate Risk Register is also presented to Audit Committee for review.

The main risks facing the Council that were identified during 2015-16 included:

Risk Description	Potential Impact
Welfare Reform Bill	Changes being made by the UK Government to benefit entitlements mean that demands on some services are likely to increase as the Council's resource base reduces.
Using resources effectively	The Council has to consider its resources very carefully and make difficult spending decisions. This will carry on over the next few years as the public finance outlook continues to be bleak. If there is a shortfall in savings the Council might fail to achieve its MTFS. This could necessitate the unplanned use of reserves to bridge the funding gap or unplanned cuts to services which put vulnerable people at risk.
Local Government Reorganisation	Delivering the transformative change required to make MTFS savings, at a time when demand for some services is up, is already challenging. Without specific funding Local Government Reorganisation will add to these cost pressures and mean that larger savings will be required to balance the budget. This will make it harder to provide good quality public services.
Supporting vulnerable people,	Failure to remodel services will restrict the council's ability to safeguard people and respond to assessed needs as set out in the Social Services Act. It will also result in longer stays in hospital, greater need for expensive treatment and vulnerable people leading less fulfilled lives.
School Modernisation	Insufficient progress may have a negative impact on pupils' learning and wellbeing.
The economic climate and austerity	There could be further job losses and business failures within the local economy. Town centres will continue to suffer without regeneration because they will be less attractive places to visit and unable to compete with neighbouring centres.
Supporting vulnerable children, young people and their families	The wellbeing and safety of children may be compromised. They may be unable to thrive and make the best use of their talents.
Disposing of Waste	Failure to achieve recycling/composting targets could result in inefficient use of

	resources with waste going to landfill sites and penalties against the Council.
Healthy lifestyles	Unhealthy lifestyles have many affects including shortened life expectancy, worse emotional health and a loss of independence. High rates of obesity results in significant costs to the economy, health and social services.
Maintaining the infrastructure	A poor highways network leads to increased third party liability claims, a loss of reputation, a possible adverse impact on the economy and reduced quality of life for citizens.
Equal pay claims	The result of the Abdulla case means that there is a risk of further equal pay claims against the Council.
The impact of homelessness	Homelessness can lead to increased stress, depression and isolation. The use of bed and breakfast accommodation results in high costs both in terms of finance for the Council and the wellbeing of individuals.
Collaboration with partners	If the Council fails to collaborate successfully with partners some of the most vulnerable people in the community will not have their needs met.
Educational attainment	There are risks to the emotional wellbeing of young people, their future employment prospects, the local economy and a range of Council services if young people leave education ill-equipped for employment.

- 7.11 In April 2015 SMT received a report on Health and Safety gap analysis. It was decided that the risk should be escalated to the corporate risk register. The risk describes the Council's duties and identifies that there are areas where there can be improvement in some health and safety arrangements.
- 7.12 The Council's approach to risk management ensures that key risks are considered when determining Council priorities, targets and objectives. These are incorporated in Directorates' Business Plans.
- 7.13 The financial management of the Council is conducted in accordance with all relevant legislation and the Constitution. In particular, the Financial Procedure Rules and Contract Procedure Rules and the scheme of delegation provide the framework for financial control. The Section 151 Officer has responsibility for establishing a clear framework for the management of the Council's financial affairs and for ensuring that arrangements are made for their proper administration. As part of its performance management framework, the Council links the strategic planning process with the budget process and ensures alignment between them, facilitating the allocation of resources to corporate priorities. Chief Officers are responsible for financial management within their respective services. Monthly financial monitoring is undertaken by CMB and quarterly reports are produced for Cabinet and Scrutiny

Committee. This work informs the production of the statutory annual Statement of Accounts.

7.14 The Council is committed to demonstrating due regard to the Equality Act 2010 and the Public Sector Equality Duty. It published its Strategic Equality Plan 2016-2020 on 1 April 2016. The plan outlines the Council's approach to ensuring equality of opportunity for customers, citizens, residents and visitors and seeks to ensure that Bridgend County Borough is a fair and welcoming place to be. The plan has been written based on what we know about our services and on the views and needs of Bridgend County Borough citizens and the people who use them. The council has a duty to publish Strategic Equality Plan annual reports with the most recent going to Cabinet Equalities Committee in January 2016. The annual reports review and reflect on previous work and outline progress made by the Council on each of its equality objectives and themes. Heads of Service and Senior Service Managers are responsible for ensuring the actions in the Strategic Equality Action Plan are achieved. Updates are provided to the Cabinet Equalities Committee and to the Bridgend Equality Forum. Committee and Council reports requiring a policy decision are supported by equality impact assessments.

8. Principle 5 - Developing the Capacity and Capability of Members and Officers to be Effective (*Being a Learning Organisation*).

8.1 The Council aims to ensure that members and officers of the Council have the skills, knowledge and capacity they need to discharge their responsibilities. New members and staff are provided with an induction to familiarise them with protocols, procedures, values and aims of the Council.

8.2 There is an Elected Member Learning & Development Strategy 2012-17, which provides a framework for supporting elected members in the roles that they are required to undertake both within, and outside, the Council. The Strategy assists members to develop and strengthen their ability to be confident and effective political and community leaders.

8.3 While undertaking his Corporate Assessment of Bridgend County Borough Council, the Auditor General for Wales found that Elected Members of the Council benefitted from a range of opportunities that equipped them with the skills they needed to discharge their roles effectively.

8.4 The Council's appraisal process enables individuals to understand how they contribute to achieving the aims of the Council. Appraisals give individuals and their manager an opportunity to review performance, agree personal objectives and learning and development requirements, which will help to achieve those objectives. Appraisals take place between January and June each year and targets are linked to service priorities reflected in annual business plans. There is also a Six Month Appraisal Review which identifies progress on targets or any additional objectives that need to be included.

8.5 The appraisal process also incorporates management competencies that reflect the types of behaviours the Council wishes to promote and develop. These help to foster an understanding of expectations and support the identification of learning and development needs and performance management arrangements. The Appraisal system is an important part of the Council's Performance Management Framework.

- 8.6 The Member Development Programme is regularly reviewed by the Democratic Services Committee to ensure that any training activities are appropriate, relevant and timely.
- 8.7 In 2015-16 a cross party group of 3 Elected Members participated in the Leadership academy co-ordinated by the Welsh Local Government Agency (WLGA) consisting of 3 modules including Leading through relationships, Leading Innovation and Change and Community Leadership. The Academy also supported the personal development of these Members and promoted collaborative working across Wales.

9. Principle 6 - Engaging with local people and other stakeholders to ensure robust public accountability (*Engaging with Others*);

- 9.1 The Council is committed to understanding and learning from the views of the public and using their feedback to help shape our services and policies. The Council has a consultation and engagement toolkit in place to help managers to ensure consultation activities are robust as well as following Participation Cymru's National Principles for Public Engagement in Wales that have been adopted by the council. The Council's planning and decision-making processes are designed to include consultation with stakeholders. The Council's Communications, Marketing and Engagement Strategy provides a framework for engagement activities, which are undertaken by the Council.
- 9.2 The Council has a Citizens' Panel made up of people aged 16 or over from across the county borough. Its panel members agree to take part in three or four surveys a year about a range of issues relating to council services and policies. Previously, members of the Citizens' Panel have given their views on a range of topics including street cleanliness, customer service and the local housing strategy. This has helped the Council to understand residents' opinions about the services the Council provides and to help improve things in the future.
- 9.3 During 2015-16, the Council consulted on a wide range of issues including the following (this list is not exhaustive):
- Shaping Bridgend's Future (Corporate Priorities and MTFS review);
 - Blue badge parking;
 - Active travel 2015;
 - Household waste and recycling review;
 - Various schools proposals.

The Shaping Bridgend's Future consultation included 15 community engagement events throughout the county borough, an on-line survey and access to a budget simulator which captured the views of the public on how to achieve the budget savings necessary over the whole MTFS period.

The Council is also using social media to promote its services and engage with the public, holding regular Q&A sessions/debates as part of consultation exercises to capture citizen's feedback. This has been successfully implemented as part of the "household waste and recycling review" and the "Shaping Bridgend's Future" consultations.

- 9.4 The Council operates a corporate complaints procedure and uses this to identify areas where service quality is not satisfactory, and to take action to improve. Complaints can

be made electronically or in writing and the Council has set target times for responding to all complaints received to ensure accountability.

9.5 All Council meetings are open to the public except where personal or confidential matters are discussed. All public agendas, reports and minutes are available on the Council's website. The Council also implemented a webcasting facility in early 2016, which provides live streaming and an archive facility for those meetings which are considered to be of key public interest.

9.6 The Local Service Board (now the Public Service Board) brings together representatives from organisations across a range of service areas in Bridgend to work together to improve the quality of life for people living and working in Bridgend. The members of the LSB during the year were:

- Abertawe Bro Morgannwg University Health Board
- Bridgend Association of Voluntary Organisations
- Bridgend Business Forum
- Bridgend College
- Bridgend County Borough Council
- Community Rehabilitation Company Wales
- National Probation Service
- Natural Resources Wales
- Public Health Wales
- South Wales Fire and Rescue Authority
- South Wales Police
- Valleys to Coast Housing Association
- Welsh Government

During 2015-16, the LSB consulted widely with children, young people and local citizens. The purpose of the consultation was to find out why residents in some areas felt more unsafe and disengaged from their communities and service delivery than others and then to work with those communities to develop activities and inform service delivery to address this. Every secondary school age student in the borough was given the opportunity to take part through their ICT lessons. Over 3000 students responded. The survey helped identify two communities in Bridgend County who felt most disengaged. Further consultation with these two communities is underway.

Citizen involvement will continue to be a key feature of the work of the Public Services Board which was developed during the year and established on 1 April 2016.

9.7 The Wellbeing of Future Generations (Wales) 2015 Act (Act) gained royal assent on 29 April 2015. The Act establishes Public Services Boards in each local authority, which replaced Local Service Boards from 1 April 2016.

The four statutory members of Bridgend Public Services Board are:

- Bridgend County Borough Council
- Abertawe Bro Morgannwg University Health Board
- South Wales Fire and Rescue Authority
- Natural Resources Wales

9.8 In the first year the main focus of the PSB will be the statutory requirement to publish the Assessment of Local Wellbeing by April 2017. The PSB will also be responsible for

implementing Bridgend County Together, the Single Integrated Partnership Plan for Bridgend, until it publishes its Wellbeing Plan in April 2018.

- 9.9 In the Medium Term Financial Strategy 2016-17 to 2019-20, over 10% of budget reductions identified over the 4 year period were identified as coming from collaboration and service transformation. Council had recently agreed that collaboration should focus on projects which have the potential to generate the greatest benefit, make a clear contribution to the Council's corporate priorities and result in a clear service benefit.

10. Review of Effectiveness

10.1 The Council has responsibility for annually reviewing the effectiveness of its governance framework, including the system of internal control and the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010). This is informed by the work of Internal Audit and chief officers within the Council who have responsibility for the development and maintenance of the internal control environment. The Council also draws assurance on its governance arrangements from independent sources and in particular Internal Audit, External Audit and other external regulators.

10.2 The following elements are key to the Council in monitoring and reviewing its governance:

- The Constitution, which sets out how the Council operates, how decisions are made and the procedures which are followed to ensure that these are efficient, transparent and accountable to local people. It also includes the Codes of Conduct for both members and employees.
- The Cabinet (as Executive) who are responsible for considering overall financial and performance management and receive comprehensive reports on a regular basis. The Cabinet is also responsible for key decisions and for initiating corrective action in relation to risk and internal control issues.
- The Scrutiny function which holds the Cabinet to account. The Corporate Resources and Improvement Overview and Scrutiny Committee is responsible for maintaining an overview of financial performance including value for money. The Partnerships and Governance Overview and Scrutiny Committee maintain an overview of cross-cutting matters. In the Committee's Terms of Reference it has a responsibility "to consider the Council's policies and strategies in relation to collaborative and partnership working arrangements". The Committee Chairpersons liaise with each other to ensure the effective scrutiny of collaborative collaboration topics to ensure that work programmes are co-ordinated to prevent duplication.
- The Audit Committee which provides the focus for reviewing the effectiveness of the system of internal control. This is primarily based upon reviewing the work of Internal Audit and receiving reports from the Council's external auditors. The Committee met regularly throughout the year and provided independent assurance to the Council in relation to the effectiveness of the risk management framework, internal control environment and governance matters.

- 10.3 Additional requirements of the Local Government (Wales) Measure 2011 have included:
- the election of the Chairperson of the Audit Committee by the Audit Committee itself rather than by an appointment by Council;
 - the requirement that Audit Committee must have at least one lay-member, a professional representative with no connections to the Council that is able to assist in the role of the Audit Committee. The number of lay-members required to support the committee is being kept under review;
 - the appointment of a Head of Democratic Services.
- 10.4 Training has been provided to ensure that all members (including the Lay-Member) have the opportunity to gain a comprehensive understanding of their role. In February 2016, all Elected Members were offered training on Treasury Management to assist them in scrutinising the Annual Treasury Management Strategy of the Council. The effectiveness of member training was recognised by the most recent Estyn Inspection which noted that training provided to elected members to increase their understanding and ability to interrogate data to enable them to challenge the performance of the Children's Directorate and schools was well received.
- 10.5 The Council has adopted the WLGA model of role descriptions for all committee Member and Chairpersons including the Audit Committee. These have been adapted to reflect the specific roles undertaken in the Council. The role descriptions form part of Personal Development Review Process which enables members to better understand their role, reflect on how they have undertaken their duties in the previous year and identify any further support or training that they require to effectively carry out their duties. This will increase the ability of Audit Committee members to analyse, monitor and challenge the effective performance of the Council.
- 10.6 The Cabinet and Scrutiny Committee functions provide a further mechanism for review and challenge of any issues that may impact upon the system of internal control. Scrutiny Committees establish Research and Evaluation panels (including to the review of budget proposals); they undertake reviews of specific areas of Council operations and make recommendations to Cabinet for improvement.
- 10.7 Internal Audit also provides independent and objective assurance. It undertakes a continuous audit of Council services that are assessed and prioritised according to relative risk. This risk assessment draws upon the corporate and service risks identified as part of the Service planning process. During 2015-16, in carrying out its duties, Internal Audit worked to the Public Sector Internal Audit Standards (PSIAS). The PSIAS is applicable to all areas of the United Kingdom public sector and is based on the Chartered Institute of Internal Auditor's (CIIA's) International Professional Practices Framework. The Head of Audit undertook a self-assessment to demonstrate the extent to which the Internal Audit Shared Service complied with the PSIAS and to identify areas where further work was required to demonstrate compliance. The Council's External Auditors have recently undertaken a desk top assessment of compliance and have verbally reported that the Internal Audit Shared Service is compliant. It is planned that, in accordance with the Standards and during 2016-17 the Shared Service will undergo an external assessment, which has been agreed by the Council's Audit Committee.

- 10.8 Internal Audit completed a programme of reviews in accordance with the Annual Audit Plan for 2015-16. As part of the normal audit reporting process, recommendations were made and agreed with the relevant chief officers to address any issues that could impact upon the system of internal control. The internal audit arrangement enables the Chief Internal Auditor to provide an opinion on the internal control, risk management and governance arrangements. In addition, Internal Audit undertakes fraud investigation and is proactive in fraud detection work. This includes reviewing the control environment in areas where fraud or irregularity has occurred. Significant weaknesses in the control environment identified by Internal Audit are reported to senior management, the Audit Committee and Cabinet as appropriate.
- 10.9 Based on the internal audit work carried out for the year, the Head of Internal Audit concluded that the Council's framework of governance, risk management and control is considered to be reasonable and that "there are no significant cross cutting internal control weaknesses identified which would have an impact on the Council's Annual Governance Statement". She did, however, specify some weaknesses and made a total of 58 recommendations, of which management has given written assurance that all of these will be implemented.
- 10.10 The Head of Internal Audit has found that Bridgend County Borough Council is committed to the principles of good governance and as a result has adopted a formal Code of Corporate Governance (COCG) for the last six years. In 2015-16, the Council's financial management arrangements were found to be conforming to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010).
- 10.11 The Council is subject to an annual programme of independent external audits and statutory inspections which report on the Council's governance, performance and accounting arrangements. During 2015-16 the Council was subject to two significant pieces of assessment work both of which were undertaken on behalf of the Auditor General for Wales, the Financial Resilience Assessment and the Corporate Assessment.
- 10.12 The Financial Resilience Assessment was undertaken during May to October 2015 and focused on delivery of the 2014-15 savings plans and the 2015-16 financial planning period. The assessment considered whether the Council has appropriate arrangements in place to secure and maintain its financial resilience in the medium term (typically three to five years ahead). While there may be more certainty for the Council over an annual cycle, financial pressures impact beyond the current settlement period. When reaching their view, the auditors considered evidence of the Council's approach to managing its finances in the recent past and over the medium term. The work focused on answering the following question: Is Bridgend CBC managing budget reductions effectively to ensure financial resilience? Whilst also considering whether:
- financial planning arrangements effectively support financial resilience;
 - financial control effectively supports financial resilience; and
 - financial governance effectively supports financial resilience.

Overall the assessment concluded that "Whilst the Council faces significant financial challenges, its current arrangements for achieving financial resilience are sound".

- 10.13 The purpose of the Corporate Assessment was to provide a position statement of an improvement authority's capacity and capability to deliver continuous improvement. It also considered the authority's track record of performance and outcomes as well as

examining the key arrangements that were necessary to underpin improvements in services and functions. The fieldwork focused on the extent to which arrangements were contributing to delivering improved service performance and outcomes for citizens. The corporate assessment sought to answer the following question, "Is the Council capable of delivering its priorities and improved outcomes for citizens?"

As a result of this work, the Auditor General has concluded that the Council is developing appropriate plans for the future and is well placed to secure improvement. The Auditor General came to this conclusion because the Council:

- is consulting on key strategic themes designed to improve its focus on priority activity for the future;
- has effective governance arrangements in place to support improvement and drive change;
- has performance management arrangements that are driving improvement in key service areas but the way in which performance evaluation is presented is inconsistent;
- strong financial and asset management arrangements are in place but the Council has not yet established a vision for the way in which human resource and ICT services will be delivered in the future and;
- collaborates across a wide range of activities and whilst it is able to identify improved outcomes from some activities it is not yet able to evaluate the impact of Local Service Board activity.

10.14 The Public Services Ombudsman for Wales reports on each council in Wales the number of complaints received and investigated. In August 2015 the Council received its Annual Letter for 2014-15. The letter noted a decrease in the number of complaints received, 33 in 2014-15 compared to 39 in 2013-14. The comparative figure for the local authority average was 42 for 2014-15 (40 for 2013-14). No investigations were commenced by the Ombudsman in 2014-15. The letter noted that whilst there had been a decrease in the number of complaints relating to Children's Social Services, there had been an increase in complaints relating to Adult Social Services. The Ombudsman issued one "upheld" report but there were no Quick Fixes or Voluntary Settlements recording during the year.

10.15 The Care and Social Services Inspectorate Wales (CSSIW) Annual Review for Bridgend 2014-15 concluded that the Council remained realistic about the challenges posed by the need to deliver improving services within the context of reducing financial resources. This has accelerated the drive to greater efficiency, improving strategic partnership working, more integrated services and a growing commitment to regional commissioning which aligns with the preparations for the new Social Services and Wellbeing (Wales) Act 2014. The review identified that, in January 2015, the Corporate Director – Social Service and Wellbeing assumed line management responsibility for children's social services and overall line management of children's safeguarding. In addition, the appointment of a new head of adult social care has provided additional leadership capacity for the council's challenges.

CSSIW report recognised that within adult social care the Council's remodelling and transformation programme continued to be the central foundation for strengthening the prevention and wellbeing agenda across Bridgend, and regionally across the Western Bay Health and Social Care Collaboration (Western Bay). A number of specific areas for follow up and improvement were identified in

the body of this report. In relation to adult social services this included the ongoing implementation of the service changes in readiness for the Social Services and Wellbeing (Wales) Act and the progress made towards the implementation of the extra care model, as well as bringing the district nursing service into the integrated referral management centre.

The report also set out the progress that had been made within children's social services, primarily the reduction in the numbers of children looked after and introduction of safeguarding hubs. Areas for improvement included the improvement of review performance and outcomes, the redesign of looked after children provision for adolescents with complex needs and challenging behaviour, the monitoring of the re-referrals rate as well as monitoring the LAC reduction Strategy. Strengthened political support was recognised, with the Council having two cabinet members for social services, one for children's and one for adults.

- 10.16 In October 2012, Estyn Inspection carried out a major inspection of the quality of education services for children and young people in Bridgend. The Report identified that the Council had more strengths than areas for improvement, but concluded that the Council fell into the category of follow-up activity. There were follow up visits in March and December 2014. Estyn concluded in its letter to the Council in January 2015 that the Council "is judged to have made sufficient progress in relation to the recommendations following the inspection of October 2012. As a result, Her Majesty's Chief Inspector of Education and Training in Wales considers that the Council is no longer in need of Estyn monitoring and is removing it from further follow-up activity".
- 10.17 The budget approved for 2015-16 included savings proposals of £11.225 million (5.27% of net service budgets). However £1.909 million of these proposals were not realised, but the expenditure associated with them has been offset by vacancy management and other savings elsewhere within the budget. The impact of this is that there is still a recurrent pressure on 2016-17 budgets which will need to be addressed by implementing the proposals or identifying and delivering alternatives. Future monitoring reports will review achievement against these targets in addition to current year budget reductions.

11. Significant Governance Issues

- 11.1 Across the whole of the United Kingdom, local councils are facing unprecedented challenges following reduced Government funding and increased demands on essential services. Between 2016-17 and 2019-20, the Council is expecting to have to make budget reductions of £35.5 million. Budget cuts of this scale present a significant challenge that will require the Council to make many difficult decisions about which services can be maintained and which cannot. It will mean that "business as usual", however well managed, will not be enough. The challenge will be to consider alternative delivery models for services across the Council and this will be essential to mitigate the impact of cuts and assist in continuing to provide priority services. As the Council continues to experience reduced resources, increased demands on services and new and innovative forms of delivery, it is necessary to ensure that the control environment, including governance and risk management, remains robust, proportionate and as efficient and effective as possible.
- 11.2 The Council remains unwavering in its commitment towards improving and finding ways of delivering local services, providing better outcomes for residents and achieving savings that will ensure they can deliver a succession of balanced budgets.

11.3 Based on the internal and external audit work completed for the year 2015-16 there are no significant cross cutting control issues that would impact on the Council’s Annual Governance Statement. The weaknesses that have been identified are service specific and the recommendations made to improve the overall control environment have been accepted and are being / will be implemented.

12. Certification of Annual Governance Statement

Steps to address and mitigate the matters referred to in section 11 above will be taken to further enhance our governance arrangements.

Signed:

Section 151 Officer.....Date.....

Chief Executive Officer.....Date.....

Leader of the Council.....Date.....

Statement of Accounting Policies

1. General principles

The Statement of Accounts summarises the Council's transactions for the 2015-16 financial year and its position at the year end of 31 March 2016. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (Wales) Regulations 2014 in accordance with proper accounting practices. These practices comprise the *Code of Practice on Local Authority Accounting in the United Kingdom* (the Code) 2015-16 and the *Service Reporting Code of Practice 2015-16* supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

2. Accruals of income and expenditure

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

- Revenue from the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Revenue from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as stocks on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- 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 debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

3. Provisions, Contingent Liabilities and Contingent AssetsProvisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For example, the Council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation, and are 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 carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year and where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Council settles the obligation.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Contingent Assets

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

4. Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the Council Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the Council Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, employee and retirement benefits and do not represent usable resources for the Council – these reserves are explained in the relevant policies.

5. Government grants and contributions

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Council when there is reasonable assurance that:

- the Council will comply with the conditions attached to the payments, and
- the grant / contribution will be received.

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ringfenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the Council Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

6. Employee benefits

Benefits Payable During Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave and bonuses for current employees and are recognised as an expense for services in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlement earned by employees but not taken before the financial year-end which employees can carry forward into the next financial year. The accrual is charged to the Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in the Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

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 Non Distributed Costs line in the Comprehensive Income and Expenditure Statement when the Council is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

Where termination benefits involve the enhancement of pensions, statutory provisions require the Council Fund balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination 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.

Post Employment Benefits

Employees of the Council are members of two separate pension schemes. Both schemes provided defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Council.

- The *Teachers' Pension Scheme*, administered by Teachers' Pensions on behalf of the Department for Education (DfE). The arrangements for this scheme mean that liabilities for benefits cannot ordinarily be identified specifically to the Council. The scheme is therefore accounted for as if it were a defined contributions scheme and no liability for future payment of benefits is recognised in the Balance Sheet. The Children's and Education Services line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to Teachers' Pensions in the year.
- The *Local Government Pension Scheme - Other Employees* are members of the Rhondda Cynon Taf County Borough Council Pension Fund. The Local Government Scheme is accounted for as a defined benefit scheme:-

- The liabilities of the pension scheme attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method i.e. 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, etc and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate.
- The assets of the pension fund attributable to the Council are included in the Balance Sheet at their fair value:-
 - i. Quoted securities – current bid price
 - ii. Unquoted securities – professional estimate
 - iii. Property – market value
- The change in the net pensions liability is analysed into the following components:-
 - iv. Current service cost – the increase in liabilities as result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked
 - v. Past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs
 - vi. Net interest on the net defined benefit liability (asset), i.e. net interest expense for the Council – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.
 - vii. Remeasurements comprising:-
- The return on plan assets – excluding amounts included in the net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve and Other Comprehensive Income and Expenditure
- Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions reserve as Other Comprehensive Income and expenditure
 - viii. Contributions to the pension fund – cash paid as employer's contribution to the pension fund in settlement of liabilities; not accounted for as an expense.
- 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 transfers 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 any amounts payable to the fund 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 earned by employees.

- The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff (including teachers) are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

7. VAT

Income and expenditure excludes any amounts related to VAT, as all VAT collected is payable to Her Majesty's Revenue and Customs and all VAT paid is recoverable from them.

8. Overheads and support services

The costs of overheads and support services are charged to services that benefit from the supply or service in accordance with the costing principles of the CIPFA *Service Reporting Code of Practice 2015-16 (SeRCOP)*. For 2015-16, most support service costs have been apportioned by a variety of methods. The most important being:

- actual use of support service
- estimated staff deployment, in some cases backed by formal time recording systems
- apportionments based on related financial or physical quantities (e.g. employee numbers, number of deliveries etc)

Support services defined as Corporate and Democratic Core and Non-Distributed Costs are not chargeable to direct services in accordance with the *SeRCOP*.

- Corporate and Democratic Core are costs relating to the Council's status as a multi-functional, democratic organisation.
- Non distributed costs are the costs of discretionary benefits awarded to employees retiring early and any impairment losses chargeable on Assets Held for Sale.

These two categories are defined in *SeRCOP* and accounted for as separate headings in the Comprehensive Income and Expenditure Statement as part of the Net Expenditure on Continuing Services.

9. Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment. Assets that are part-way through creation at year end and are not yet in a usable condition are classified as Assets Under Construction.

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

Measurement

Assets are initially measured at cost, comprising:

- the purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Council). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Council.

Assets are then carried in the Balance Sheet using the following measurement bases:

- infrastructure and community assets – depreciated historical cost
- surplus assets – fair value, which is at 'highest and best' use in line with IFRS13
- assets held for sale – lower of fair value and market value less costs of sale
- all other assets – fair value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value.

Where non-property assets have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value.

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains.

Where decreases in value are identified, they are accounted for by:

- 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)
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

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

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by:

- 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)
- where there is no balance in the Revaluation Reserve or an insufficient balance, 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.

Depreciation

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

Depreciation is calculated on the following bases:

- buildings – Depreciated on a straight-line basis according to estimated asset lives (ranging from 1 to 79 years) based on the value at the start of the year except for land, which is not depreciated.
- vehicles, plant, furniture and equipment – Depreciated on a straight-line basis according to estimated asset lives (ranging from 3 to 10 years).
- infrastructure – Depreciated on a straight-line basis over 30 years on Bridges and 15 years on Roads.

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately according to the residual life.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Disposals and Non-current 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. The asset is revalued immediately before reclassification in line with IFRS13 at Fair Value, deemed to be the value at which the asset could be sold in an orderly market transaction. Where there is a subsequent decrease to fair value less costs to sell, the loss 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.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale (adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale) and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. The receipts are required to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the Council Fund Balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the Council Fund Balance in the Movement in Reserves Statement.

10. Heritage Assets

Heritage Assets are those assets that are intended to be preserved in trust for future generations because of their cultural, environmental or historical associations. Heritage Assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council's accounting policies on property, plant and equipment. The Council recognises its civic regalia as a Heritage Asset,

and these items are reported in the Balance Sheet at insurance valuation which is based on market values.

The carrying amounts of heritage assets are reviewed where there is evidence of impairment for heritage assets, e.g. where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Council's general policies on impairment. If the Council disposes of a heritage asset, the proceeds are accounted for in accordance with the Council's general provisions relating to the disposal of property, plant and equipment. Disposal proceeds are disclosed separately in the notes to the financial statements and accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts.

11. Charges to revenue for non-current assets

Services, support services and trading accounts are debited with the following amounts to record the real cost of holding fixed assets during the year:

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

The Council is not required to raise council tax to fund depreciation, revaluation or impairment losses or amortisation. However, it is required to make an annual prudent provision from revenue to contribute towards the reduction in its overall borrowing requirement. This is detailed in the Council's Annual Minimum Revenue Provision Statement, and differentiates between supported capital expenditure, unsupported capital expenditure, and Finance Leases / PFI. Depreciation, revaluation and impairment losses and amortisations are therefore replaced by this *Minimum Revenue Provision* (MRP) by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

12. Revenue Expenditure Funded from Capital Resources under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of non-current assets has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Examples of such expenditure include home improvement grants, town improvement grants, demolitions and land feasibility studies. Where the Council has determined to meet the cost of these 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 there is no impact on the level of council tax.

13. 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.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

The Council as a Lessee

Finance Leases

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability, and
- a finance charge (debited to the Financing and Investment Income and Expenditure section in the Comprehensive Income and Expenditure Statement).

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the Council at the end of the lease period).

The Council is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the Council Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. if there is a rent-free period at the commencement of the lease).

The Council as a Lessor

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 Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (eg there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

14. Financial Liabilities

Financial liabilities are initially measured at fair value and carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure Section of 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. For most of the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable together with any accrued interest and interest charged to the Comprehensive Income and Expenditure Statement for the year according to the loan agreement.

The Council has three Lender's Option Borrower's Option loans (LOBOs) with stepped interest rates. An effective interest rate has been used for these so that these are remeasured amounts for the LOBOs on the Balance Sheet.

Where premiums and discounts on early repayment have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the Council Fund to be spread over future years. The Council has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the Council Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

15. Financial Assets

Loans and Receivables are assets that have fixed or determinable payments but are not quoted in an active market. They are initially measured at fair value and carried at their amortised cost. Annual credits to the Income and Expenditure Account for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument.

16. Inventories and Long Term Contracts

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. Work in progress is subject to an interim valuation at the year end and recorded in the Balance Sheet at cost plus any profit reasonably attributable to the works.

Long term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year.

17. Private Finance Initiatives (PFI)

PFI contracts are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the PFI contractor. As the Council is deemed to control the services that are provided under the PFI scheme and as ownership of the property, plant and equipment will pass to the Council at the end of the contracts for no additional charge, the Council carries the assets used under the contracts on its Balance Sheet as part of Property, Plant and Equipment.

The original recognition of these assets was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment.

Non-current Assets recognised on the Balance Sheet are revalued and depreciated in the same way as property, plant and equipment owned by the Council.

The amounts payable to the PFI operators each year are analysed as follows:-

- fair value of the services received during the year – debited to the relevant service in the Comprehensive Income and Expenditure Statement
- finance cost – an interest charge on the outstanding Balance Sheet liability, debited to Financing and Investment Income and Expenditure section of the Comprehensive Income and Expenditure Statement
- payment towards the liability – applied to write down the Balance Sheet liability towards the PFI operator

PFI assets are subject to MRP. The Annual MRP Policy for the Council has deemed this charge to be equivalent to the finance lease liability written down for the year.

PFI Credits

Government grants received for PFI schemes, in excess of current levels of expenditure, are carried forward as an earmarked reserve to fund future expenditure.

18. Joint Arrangements

The Council has administrative responsibilities for County Borough Supplies and Coychurch Crematorium. Independent financial statements continue to be prepared and reviewed for each of these joint committees. The activities of these joint arrangements are excluded from the Council's single entity financial statements on the basis of materiality of both assets and population.

19. Council Tax Income

All Council Tax income is shown in the Comprehensive Income and Expenditure Statement of the Council with the major preceptors' precepts (South Wales Police) being included as expenditure.

20. Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

A change to the treatment of trading operations transactions has required a Prior Period Adjustment to the Comprehensive Income and Expenditure Statement. There is no impact upon the 2014-15 Balance Sheet or Cash Flow Statement. The changes in policy are due to Code of Practice guidance that only significant trading operations need to be disclosed separately. None of the Council's trading operations are considered to be significant and all transactions are therefore now included in Net Cost of Services. This change to accounting policy results in a nil overall effect on Total Comprehensive Income and Expenditure.

21. Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty of notice of not more than 24 hours. Cash equivalents are investments that mature in no more than a month or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

22. Events After the Balance Sheet Date

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events
- those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

23. Foreign Currency Translation

Where the Council has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the date the transaction was effective. Where amounts in foreign currency are outstanding at

the year-end, they are reconverted at the spot exchange rate at 31 March. Resulting gains or losses are recognised in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

24. Investment Property

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's-length. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

The Council instructed external valuers Cooke & Arkwright to provide valuations as at 31 December for all of the Council's investment portfolio in line with IFRS13. When the fair values of Investment Properties, Surplus Assets and Assets Held for Sale cannot be measured based on quoted prices in active markets (ie Level 1 inputs), their fair value is measured using the following valuation techniques:

Level 2 inputs: quoted prices for similar assets or liabilities in active markets at the valuation date

Level 3 inputs: valuations based on most recent valuations, adjusted to current valuation by the use of indexation and impairment review

The majority of the investment properties were valued at Level 2 inputs with a number valued at Level 3 inputs.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the Council Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the Council Fund Balance. The gains and losses are therefore reversed out of the Council Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

25. Carbon Reduction Commitments Allowances

The Council is required to participate in the Carbon Reduction Commitment (CRC) Energy Efficiency Scheme. The Council is required to purchase and surrender allowances, currently retrospectively, on the basis of emissions ie carbon dioxide produced as energy is used. As carbon dioxide is emitted (ie as energy is used), a liability and an expense are recognised. The liability will be discharged by surrendering allowances. The liability is measured at the best estimate of the expenditure required to meet the obligation, normally at the current market price of the number of allowances required to meet the liability at the reporting date. The cost to the Council is recognised and reported in the costs of the services and is apportioned to services on the basis of energy consumption.

26. Local Authority Schools

The Code of Practice on Local Authority Accounting confirms that the balance of control for local Council maintained schools (i.e. those categories of school identified in the School Standards and Framework Act 1998, as amended) lies with the Council. The Code also stipulates that those schools' assets, liabilities and cash flows are recognised in the Council's financial statements (and not the Group Accounts). Therefore, schools' transactions, cash flows and balances are recognised in each of the financial statements as if they were of the Council.



Core Financial Statements 2015-16

Statement of Accounts

2015-16

Movement in Reserves Statement For Years Ended 31 March 2015 & 2016

	Council Fund Balance	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Total Unusable Reserves	Total Authority Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2014 carried forward	7,395	37,899	10,245	509	56,048	103,396	159,444
Movement in Reserves during 2014-15							
Surplus or (deficit) on provision of services Other Comprehensive (Expenditure) and Income	(70,036)				(70,036)	5,292	(70,036)
Total Comprehensive (Expenditure) and Income	(70,036)	-	-	-	(70,036)	5,292	(64,744)
Adjustments between accounting basis & funding basis under regulations (Note 4)	73,646		4,289	(356)	77,579	(77,579)	-
Net Increase/(Decrease) before Transfers to Earmarked Reserves	3,610	-	4,289	(356)	7,543	(72,287)	(64,744)
Transfers to Earmarked Reserves (Note 31)	(3,555)	3,555	-	-	-	-	-
Increase/(Decrease) in 2014-15	55	3,555	4,289	(356)	7,543	(72,287)	(64,744)
Balance at 31 March 2015 carried forward	7,450	41,454	14,534	153	63,591	31,109	94,700
Balance at 31 March 2015 carried forward	7,450	41,454	14,534	153	63,591	31,109	94,700
Movement in Reserves during 2015-16							
Surplus or (deficit) on provision of services Other Comprehensive (Expenditure) and Income	(2,956)				(2,956)	50,309	(2,956)
Total Comprehensive (Expenditure) and Income	(2,956)	-	-	-	(2,956)	50,309	47,353
Adjustments between accounting basis & funding basis under regulations (Note 4)	6,569		3,818	30	10,417	(10,417)	-
Net Increase/(Decrease) before Transfers to Earmarked Reserves	3,613	-	3,818	30	7,461	39,892	47,353
Transfers to Earmarked Reserves (Note 31)	(3,459)	3,459	-	-	-	-	-
Increase/(Decrease) in 2015-16	154	3,459	3,818	30	7,461	39,892	47,353
Balance at 31 March 2016 carried forward	7,604	44,913	18,352	183	71,052	71,001	142,053

Comprehensive Income and Expenditure Statement 2015-16

2014-15 restated				2015-16			Notes
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure	
£'000	£'000	£'000		£'000	£'000	£'000	
217,863	(29,573)	188,290	Children's and Education Services	164,237	(29,578)	134,659	
61,067	(15,951)	45,116	Adult Social Care	58,490	(17,260)	41,230	
25,620	(7,067)	18,553	Highways, Roads and Transport Services	23,934	(7,098)	16,836	
58,704	(55,802)	2,902	Housing Services	61,999	(59,701)	2,298	
32,633	(5,950)	26,683	Central Services to the Public	31,108	(5,115)	25,993	
17,215	(2,568)	14,647	Cultural and Related Services	11,486	(1,831)	9,655	
16,099	(4,132)	11,967	Environmental and Regulatory Services	16,073	(4,259)	11,814	
14,749	(9,433)	5,316	Planning Services	12,336	(9,166)	3,170	
4,928	(404)	4,524	Corporate and Democratic Core	4,479	(445)	4,034	
560	-	560	Non-Distributed Costs	590	-	590	
449,438	(130,880)	318,558	Cost Of Services	384,732	(134,453)	250,279	
			Other Operating Expenditure				
11,199	-	11,199	Payments of precepts	11,944	-	11,944	5
6,894	-	6,894	Levies payable	6,823	-	6,823	5
718	-	718	(Gain) / loss on disposal of non current (fixed) assets	2,181	-	2,181	
18,811	-	18,811	Other Operating Expenditure	20,948	-	20,948	
			Financing and Investment Income and Expenditure				
4,577	-	4,577	Interest payable on debt	4,546	-	4,546	
167	-	167	Interest element of finance leases (lessee)	69	-	69	
1,471	-	1,471	Interest payable on PFI unitary payments	1,434	-	1,434	12
10,090	-	10,090	Net Interest on Net Defined Benefit Liability	8,450	-	8,450	36
-	(853)	(853)	Investment Interest & Other Interest Receivable	-	(903)	(903)	
-	(647)	(647)	Changes in fair value of investment properties (Gain) / loss on trading accounts (not applicable to a service)	-	(1,082)	(1,082)	6
16,305	(1,500)	14,805	Financing and Investment Income and Expenditure	14,499	(1,985)	12,514	
			Taxation and Non-Specific Grant Income				
	(150,943)	(150,943)	RSG		(148,002)	(148,002)	7
	(43,794)	(43,794)	NNDR		(40,274)	(40,274)	10
	(73,164)	(73,164)	Council Tax		(77,487)	(77,487)	9
	(12,825)	(12,825)	Recognised capital grants and contributions		(13,622)	(13,622)	8
	(1,412)	(1,412)	Non service related government grants		(1,400)	(1,400)	8
-	(282,138)	(282,138)	Taxation and Non-Specific Grant Income	-	(280,785)	(280,785)	
484,554	(414,518)	70,036	(Surplus) or Deficit on Provision of Services	420,179	(417,223)	2,956	
	(74,036)	(74,036)	(Surplus) or deficit on revaluation of Property, Plant and Equipment		(19,595)	(19,595)	
48,654		48,654	Impairment losses on non-current assets charged to the Revaluation reserve	3,614		3,614	
20,090		20,090	Actuarial (gains) / losses on pension liabilities	(34,330)		(34,330)	36
		(5,292)	Other Comprehensive (Income) and Expenditure			(50,311)	
		64,744	Total Comprehensive (Income) and Expenditure			(47,355)	

Balance Sheet for Years Ended 31 March 2015 and 2016

31 March 2015		31 March 2016	Notes
£'000		£'000	
	Property, Plant & Equipment		22
354,330	- other land and buildings	377,815	
7,927	- vehicles, plant, furniture and equipment	10,198	
83,373	- infrastructure	77,261	
4,808	- community assets	4,808	
15,848	- assets under construction	6,299	
9,767	- surplus assets not held for sale	8,256	
73	Heritage Assets	73	24
	Investment Property		
4,103	- Investment property	5,185	23
	Long Term Investments		
-	- Long Term Investments	2,007	
	Long Term Debtors		
17	Housing Advances	12	25
261	Finance Leases	133	25
480,507	Long Term Assets	492,047	
	Short Term Investments	14,543	37
11,027	Assets held for sale	4,035	27
7,478	Inventories	419	
463	Short Term Debtors	27,346	26
29,272	Cash and Cash Equivalents	7,182	
6,573			
54,813	Current Assets	53,525	
	Short Term Borrowing	(960)	37
(879)	Short Term Creditors	(32,772)	28
(43,458)	- Provisions due in 1 year	(1,118)	
(44,337)	Current Liabilities	(34,850)	
	Provisions	(2,362)	29
(2,424)	Long Term Borrowing	(97,434)	37
(97,444)			
	Other Long Term Liabilities		
(20,847)	PFI & Other Long Term Liabilities	(21,759)	30
(273,010)	Net pensions liability	(245,270)	32b
	Capital Grants Receipts in Advance	(1,844)	
(2,558)			
(396,283)	Long Term Liabilities	(368,669)	
94,700	Net Assets	142,053	
	Usable reserves		31
7,450	- Council Fund	7,604	
41,454	- Earmarked reserves	44,913	31b
14,534	- Capital Receipts Reserve	18,352	31a
153	- Capital Grants Unapplied	183	
	Unusable Reserves		32
115,916	- Revaluation Reserve	127,291	32a
(273,010)	- Pensions Reserve	(245,270)	32b
196,059	- Capital Adjustment Account	192,078	32c
(3,632)	- Financial Instruments Adjustment Account	(739)	32d
(4,224)	- Short-term Accumulating Compensated Absences Account	(2,359)	32e
94,700	Total Reserves	142,053	

Cash Flow Statement as at 31 March 2015 and 2016

2014-15 £'000 restated		2015-16 £'000	Notes
70,036	Net (surplus) / deficit on the Provision of Services	2,956	
(103,147)	Adjustments to net deficit on the provision of services for non-cash movements	(28,969)	40
19,121	Adjustments for Items included in the net deficit on the provision of services that are investing and financing activities	17,582	
(13,990)	Net Cash Flows from Operating Activities	(8,431)	41
24,075	Investing Activities	23,081	42
(12,189)	Financing Activities	(15,259)	43
(2,104)	Net increase in Cash & Cash Equivalents	(609)	
(4,469)	Cash & Cash Equivalent at the beginning of the Reporting Period	(6,573)	
(6,573)	Cash & Cash Equivalents at the end of the Reporting Period	(7,182)	

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. Due to a review of the methodology for preparing the 2015-16 statement, the previous year's Statement has had to be restated. The adjustments were to remove some non-cash items and a reclassification of some items. These adjustments however had no impact on the bottom line.



Notes to the Core Financial Statements 2015-16

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1. Accounting Standards that have been Issued but not yet Adopted

The Code of Practice on Local Authority Accounting in the United Kingdom 2015-16 (the Code) requires that the Council discloses information relating to the anticipated impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. This requirement applies to the adoption of the following new or amended standards within the 2015-16 Code:

- IAS 19 – Employee Benefits
- Amendment to IFRS 11 Joint Arrangements (Accounting for Acquisitions of Interests in Joint Operations)
- Amendment to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets (Clarification of Acceptable Methods of Depreciation and Amortisation)
- Annual Improvements to IFRSs 2010-2012 Cycle
- Annual Improvements to IFRSs 2012-2014 Cycle
- Amendment to IAS 1 Presentation of Financial Statements
- Changes to the format of the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement and the introduction of the new Expenditure and Funding Analysis
- Changes to the format of the Pension Fund Account and the Net Assets Statement

The Council does not believe that any of the above would have a material impact on the information provided within these Statements. The CIPFA Code of Practice on Transport Infrastructure Assets takes effect from 1 April 2016 but does not require any retrospective adjustment to the 2015-16 accounts. Under this provision a new asset category of Highways Network Asset will be created and will be measured at depreciated replacement cost.

2. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out above, 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 is a high degree of uncertainty about future levels of funding for local government. However, the Council has determined that this uncertainty is not yet sufficient to provide 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.

The Council is deemed to control the services provided under the outsourcing agreement for the provision of a Comprehensive School in Maesteg and also to control the residual value of the school at the end of the agreement. The accounting policies for PFI schemes and similar contracts have been applied to the arrangement and the School (valued at £24.4 million) has been recognised as Property, Plant and Equipment on the Council's Balance Sheet.

The Council has a number of interests in other entities. On 1 October 2015, cultural related services transferred from the Council into a not-for-profit organisation now trading as the 'Awen Trust'. The Trust is managed by a Board of Trustees and will deliver cultural related services on behalf of the Council for a management fee. Following an assessment of all of the Council's interests in other entities, the arrangements are not sufficiently material to warrant producing consolidated financial statements when reviewing both quantitative and qualitative information. In order to ensure compliance with the Code, a range of narrative disclosures have been made in other sections of the accounts.

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

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Council's Balance Sheet at 31 March 2016 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Plant, Property and Equipment

The Council's portfolio of School Land and Buildings was revalued at 31 December 2015. All other assets had desk top valuations on a DRC basis on the 31 March 2015 following a full revaluation at 1 April 2014. The value of those assets is based upon calculations and estimation techniques following the Royal Institute of Chartered Surveyors (RICS) guidance, and in accordance with IFRS.

Depreciation of Property, Plant and Equipment

Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate may result in spending on repairs and maintenance having to be reduced thus, bringing into doubt the useful lives assigned to assets. If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets will fall.

Investment Properties, Surplus Assets and Assets Held for Sale

Fair Value estimations

The Council instructed external valuers Cooke & Arkwright to provide valuations as at 31 December 2015 for all of the Council's investment portfolio. These were valued in line with IFRS13.

When the fair values of Investment Properties, Surplus Assets and Assets Held for Sale cannot be measured based on quoted prices in active markets (ie Level 1 inputs), their fair value is measured using the following valuation techniques:

1. For Level 2 inputs, quoted prices for similar assets or liabilities in active markets at the balance sheet date;
2. For level 3 inputs, valuations based on the most recent valuations adjusted to current valuation by the use of indexation and impairment review.

Where possible, the inputs to these valuation techniques are based on observable data, but where this is not possible, judgment is required in establishing fair values. These judgments typically include considerations such as uncertainty and risk. Changes in assumptions used could affect the fair value. The external valuers used the most appropriate valuation techniques to determine fair value.

Pensions Liability

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.

Notes to the Movement in Reserves Statement**4. 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.

The following sets out a description of the reserves that the adjustments are made against.

Council Fund Balance

This is the statutory fund into which all the receipts of an Council are required to be paid and out of which all liabilities of the Council are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the Council Fund Balance, which is not necessarily in accordance with proper accounting practice. The Council Fund Balance therefore summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment (or the deficit or resources that the Council is required to recover) at the end of the financial year.

Capital Receipts Reserve

The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year-end.

Capital Grants Unapplied

The Capital Grants Unapplied Account holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

The tables below detail the adjustments for 2014-15 for comparative purposes and the adjustments for 2015-16:-

Statement of Accounts

2015-16

2015-16	Council Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Usable Reserves	Revaluation Reserve	Pensions Reserve	Capital Adjustment Account	Financial Instruments Adjustment Account	Short term Compensated Absences	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Adjustments between accounting basis & funding basis under regulations										
Adjustments Primarily Involving the Capital Adjustment Account										
Reversal of Items Debited or Credited to the Comprehensive Income and Expenditure Statement										
Charges for Depreciation & Impairment of Non-Current Assets	23,082			23,082			(23,082)			(23,082)
Revaluation losses on Property, Plant & Equipment	3,258			3,258			(3,258)			(3,258)
Movement in market value of investment property	(1,082)			(1,082)			1,082			1,082
Capital grant and contributions applied	(13,606)			(13,606)			13,606			13,606
Revenue Expenditure Funded from Capital under Statute	696		14	710			(710)			(710)
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 Account	6,140			6,140	(2,142)		(3,998)			(6,140)
Adjustment between CAA and Revaluation Reserve for depreciation that is related to the revaluation balance rather than Historic Cost.					(2,464)		2,464			-
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement										
Statutory Provision for the financing of capital investment	(8,513)			(8,513)			8,513			8,513
Capital expenditure charged against the Council Fund balance	(1,262)			(1,262)			1,262			1,262
Adjustments primarily involving the Capital Grants Unapplied Account :										
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	(16)		16	-						-
Application of grants to capital financing transferred to the Capital Adjustment Account				-						-
Adjustments primarily involving the Capital Receipts Reserve										
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(3,959)	3,959		-						-
Use of Capital Receipts Reserve to finance new capital expenditure		(146)		(146)			146			146
Other Amounts (including Mortgage Repayments)		5		5			(5)			(5)
Adjustments primarily involving the Financial Instrument Adjustment Account										
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(2,893)			(2,893)				2,893		2,893
Adjustments primarily involving the Pensions Reserve										
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	26,600			26,600		(26,600)				(26,600)
Employer's contributions to pension schemes	(20,010)			(20,010)		20,010				20,010
Adjustments primarily involving the Accumulated Absences Account										
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(1,865)			(1,865)					1,865	1,865
Total Adjustments 2015-16	6,570	3,818	30	10,418	(4,606)	(6,590)	(3,980)	2,893	1,865	(10,418)

Statement of Accounts

2015-16

2014-15	Council Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Usable Reserves	Revaluation Reserve	Pensions Reserve	Capital Adjustment Account	Financial Instruments Adjustment Account	Short term Compensated Absences	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Adjustments between accounting basis & funding basis under regulations										
Adjustments Primarily Involving the Capital Adjustment Account										
Reversal of Items Debited or Credited to the Comprehensive Income and Expenditure Statement										
Charges for Depreciation & Impairment of Non-Current Assets	28,008			28,008			(28,008)			(28,008)
Revaluation losses on Property, Plant & Equipment	59,716			59,716			(59,716)			(59,716)
Movement in market value of investment property	(646)			(646)			646			646
Capital grant and contributions applied	(12,817)			(12,817)			12,817			12,817
Revenue Expenditure Funded from Capital under Statute	774		(340)	434			(434)			(434)
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 Account	7,014			7,014	(5,574)		(1,440)			(7,014)
Adjustment between CAA and Revaluation Reserve for depreciation that is related to the revaluation balance rather than Historic Cost.					(2,695)		2,695			
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement										
Statutory Provision for the financing of capital investment	(8,020)			(8,020)			8,020			8,020
Capital expenditure charged against the Council Fund balance	(1,803)			(1,803)			1,803			1,803
Adjustments primarily involving the Capital Grants Unapplied Account:										
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	(8)		8							
Application of grants to capital financing transferred to the Capital Adjustment Account			(24)	(24)			24			24
Adjustments primarily involving the Capital Receipts Reserve										
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(6,296)	6,296								
Use of Capital Receipts Reserve to finance new capital expenditure		(2,019)		(2,019)			2,019			2,019
		12		12			(12)			(12)
Adjustments primarily involving the Financial Instrument Adjustment Account										
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(1,688)			(1,688)				1,688		1,688
Adjustments primarily involving the Pensions Reserve										
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	26,800			26,800		(26,800)				(26,800)
Employer's contributions to pension schemes	(17,780)			(17,780)		17,780				17,780
Adjustments primarily involving the Accumulated Absences Account										
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	392			392					(392)	(392)
Total Adjustments 2014-15	73,646	4,289	(356)	77,579	(8,269)	(9,020)	(61,586)	1,688	(392)	(77,579)

Notes to the Comprehensive Income and Expenditure Statement

5. Precepts and levies

Precepts are the amounts paid to non-billing authorities (e.g. community councils) so that they can cover their expenses. Levies are the amounts payable when services are operated over areas covering more than one Council, either on a joint service basis, where one Council administers the service where other Councils contribute to the costs, or by external bodies who levy on the appropriate Councils. The amounts paid were as follows:

2014-15 £'000		2015-16 £'000
	Precepts	
9,625	Police and Crime Commissioner for South Wales	10,207
1,574	Community Councils	1,737
11,199	Sub total	11,944
	Levies	
6,585	South Wales Fire and Rescue Authority	6,484
208	Coroners Service	223
95	Archive Service	96
(13)	Margam Crematorium Joint Committee	1
19	Swansea Bay Port Health Authority	19
6,894	Sub total	6,823
18,093	Total	18,767

6. Trading activities

As stated in the Prior Period Adjustments note, the Council has no significant trading operations that should be accounted for separately.

7. Revenue Support Grant

This is the principal source of finance towards revenue expenditure from Welsh Government with the amount receivable fixed at the start of each financial year. The amount received in 2015-16 was £148.0 million (£150.9 million for 2014-15).

8. Government grants

In addition to the Revenue Support Grant, the Council received the following specific government grants :-

2014-15 restated £'000	Specific Grants credited to Services	2015-16 £'000
49,512	Housing Benefit Subsidy	49,536
6,307	DCELLS Post 16 Grant	6,502
4,146	Foundation Phase Grant/Education Improvement Grant	5,213
7,384	Other Children	5,672
825	Other Wellbeing	1,687
3,171	Others	4,845
6,152	Supporting People	5,816
388	Sport Play & Active Wellbeing	401
2,806	Concessionary Fares Grant	2,973
3,025	Flying Start	3,178
2,854	Sustainable Waste Grant	2,796
807	Housing/Council Tax Benefit Administratic	708
390	Local Transport Services	-
1,511	Communities First	1,478
1,840	Families First	1,898
91,118	Total	92,703

2014-15 £'000	Other Government Grants credited to Taxation and Non-specific Grant Income	2015-16 £'000
1,412	Improvement Agreement Grant	1,400
12,825	Capital Grants and Contributions	13,622
14,237	Total	15,022
105,355	Total	107,725

Grant income sits within the gross income column within services except for the Improvement Agreement Grant and capital grants and contributions.

9. Council Tax

Council Tax Income derives from charges raised according to the value of residential properties, which have been classified into ten valuation bands estimating 1 April 2005 values for this specific purpose. Charges are calculated by taking the amount of income required for Bridgend County Borough Council, each Community Council and the South Wales Police Authority and dividing this by the Council Tax base. The Council Tax base is the total number of properties in each band adjusted by a proportion to convert the number to a Band D equivalent and adjusted for discounts – 51,071.48 dwellings for 2015-16 (50,566.20 in 2014-15). The average amount for a Band D property is £1,482.94 in 2015-16 (£1,413.33 in 2014-15 on average) and is multiplied by the proportion specified for the particular band to give the individual amount due.

Council Tax bills were based on the following multipliers for bands A* to I and the number of properties in each band were as follows:

Band	A*	A	B	C	D	E	F	G	H	I
Multiplier	5/9	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	21/9
Chargeable Dwellings	25	10,088	14,761	13,804	9,805	7,022	3,973	1,363	283	86

Analysis of the net proceeds from Council Tax is as follows:

2014-15 £'000		2015-16 £'000
73,164	Council Tax Collectable	77,487
	Less:	
(1,574)	Payable to Community Councils	(1,737)
(9,625)	Payable to South Wales Police	(10,207)
	Provision for non-payment of Council Tax	
(1,159)	(Increase)/decrease	386
60,806	Net Proceeds from Council Tax	65,929

10. National Non-Domestic Rates (NNDR)

NNDR is organised on a national basis. The Welsh Government (WG) specifies the rate in the pound to be charged and, subject to the effects of transition arrangements, local businesses pay rates calculated by multiplying their rateable value by the rate in the pound. This was 48.2p in 2015-16 (47.3p in 2014-15). The Council is responsible for collecting rates due from ratepayers in its area but pays the proceeds into the NNDR pool administered by WG. WG then redistributes the sums payable back into local authorities on the basis of a fixed amount per head of population.

The Council receives a contribution from the NNDR pool direct. The income from this should be reflected separately in the Comprehensive Income and Expenditure Statement. This amount was £40.274 million in 2015-16 (£43.794 million in 2014-15).

11. Leases

Council as a Lessee

Finance Leases (excluding Private Finance Initiative)

In 2012-13 the Council entered into a contract for the management of its leisure facilities, which included a major capital investment contract that is being funded via the contracted management fee. This element of the management fee was being treated as a finance lease, however the Council paid off the liability at the end of the financial year, leaving no future liability as set out in the tables below.

31 March 2015 £'000		31 March 2016 £'000
807	Leisure Contract - capital investment	-
807	Total	-

Operating Leases

The future minimum lease payments due under non-cancellable leases in future years are :-

31 March 2015 £'000		31 March 2016 £'000
1,058	Not later than one year	787
2,469	Later than one year	2,021
8,034	Later than five years	7,583
11,561	Total	10,391

Expenditure charged in the year to the Service areas was £0.851 million made up of minimum lease payments of £0.404 million and £0.447 million for contingent rents (£0.975 million in 2014-15 made up of £0.401 million minimum lease payments and £0.574 million contingent rents).

Council as a LessorOperating Leases

The Council leases out property for economic purposes to provide affordable accommodation for local businesses. The future rentals receivable under operating leases are:-

31 March 2015 £'000		31 March 2016 £'000
39	Not later than one year	48
170	Later than one year	120
824	Later than five years	800
1,033	Total	968

12. Private Finance Initiative (PFI)

During the 2008-09 financial year, the Council commenced payment under the Private Finance Initiative (PFI) arrangement for the provision of a Secondary School in Maesteg that was entered into in 2007-08 and this arrangement will run until August 2033. There is a commitment of £30.5 million (Net Present Value) over the duration of the contract, which is to be funded by a combination of PFI Credits, agreed by the Welsh Government, and Council/Delegated School resources.

The total unitary payment is divided into the service charge element, the repayment of the liability element and the interest element. The charges are shown below:-

2014-15 £'000	Unitary Charge	2015-16 £'000
635	Service Charge Element	636
1,471	Interest Element	1,434
476	Finance Lease Liability	513
2,582	Total	2,583

These payments will be made over the life of the PFI contract and estimates for subsequent years are as detailed below at current prices:-

Unitary Charge	2016-17	2017-18 to	2022-23 to	2027-28 to	2032-33 to
	£'000	2021-22	2026-27	2031-32	2033-34
		£'000	£'000	£'000	£'000
Service Charge Element	502	2,511	2,511	2,511	997
Interest Element	1,395	6,264	4,702	2,436	147
Finance Lease Liability	552	3,470	5,032	7,298	2,435
Total	2,449	12,245	12,245	12,245	3,579

The Council meets the costs of the Unitary Charge from its own resources and funding from the WG. The profile of funding from WG reduces annually until the expiry of the contract term whereas the unitary charge payable by the Council increases annually over the same period. This results in a "surplus" of resources for PFI when compared to payments for the initial period of the contract period. These surplus amounts are set-aside in an earmarked reserve to fund the later part of the contract period where annual payments are greater than annual resources.

As at 31 March 2016, the balance on the PFI equalisation earmarked reserve is £3.706 million (£3.407 million as at 31 March 2015).

13. Section 33 NHS (Wales) Act 2006

There are some formal pooled budget arrangements between the Council and Abertawe Bro Morgannwg University Local Health Board and these are detailed below :-

2014-15			Partner	Purpose of Partnership	2015-16		
Gross Income Of Partnership £'000	Gross Expenditure of Partnership £'000	Authority's Contribution £'000			Gross Income Of Partnership £'000	Gross Expenditure of Partnership £'000	Authority's Contribution £'000
608	608	325	Abertawe Bro-Morgannwg University Health Board	Integrated Service Provision using a Pooled Fund. Provision of day opportunities for people recovering from mental health problems.	615	615	328
2,261	2,686	492	Rhondda Cynon Taff CBC Merthyr Tydfil CBC Cwm Taf LHB Abertawe Bro Morgannwg University Health Board	Integrated commissioning from a pooled fund for procuring specified community equipment for eligible people within the partnership's administrative area. Rhondda Cynon Taf are the lead partner	2,654	2,625	569
0	0	0	Abertawe Bro-Morgannwg University Health Board	Integrated service provision using a pooled fund for the purpose of providing community support services	4,414	4,414	2,346

14. Minimum Revenue Provision

The Council is required by statute to set a prudent Minimum Revenue Provision (MRP) for the repayment of external debt. In accordance with this requirement the provision for 2015-16 has been calculated as shown in the table below. It is based on the opening Capital Financing Requirement (CFR) of the Council.

2014-15		2015-16
£'000		£'000
177,033	CFR 1 April	176,010
0	Crematorium Adjustment *	(177)
108	HALO Adjustment	124
(19,776)	PFI School	(19,300)
(816)	Innovation Centre	(770)
(41)	Finance Leases	
(1,078)	Leisure Contract Capital Liability	(1,086)
(82)	Factor A Adjustment	(82)
(3,946)	Supported Borrowing significant asset Adj	(3,813)
(24,845)	CFR Adj Para 19 2008/Unsupported Borrowing Adj	(24,974)
126,557	Adjusted CFR	125,932
5,062	Basic MRP 4%	5,037
132	MRP significant asset	132
476	PFI School - MRP Charge	513
47	Innovation Centre MRP Charge	51
41	Finance Leases MRP Charge	-
117	HALO MRP Charge	1,086
0	Crematorium MRP Charge	49
2,145	Unsupported Borrowing MRP	1,646
8,020	Total MRP	8,514

*The adjustment to the opening CFR relates to the separation out of loans relating to Coychurch Crematorium. The Joint Committee has decided to pay additional MRP in order to pay off the balance of the loans earlier. Therefore, for transparency, it has been separated out on the above table from 2015-16.

15. Officers' Remuneration

Four separate disclosure are required to ensure compliance with either the Accounts and Audit (Wales) Regulations 2014, or the CIPFA Code.

Disclosure 1 – Ratio of the Remuneration of the Chief Executive to the median remuneration of all the body's employees

The ratio for Bridgend is 6.64 and median salary is £19,742, i.e. the Remuneration of the Chief Executive is 6.64 times more than the median remuneration of the Council's employees. The comparable ratio in 2014-15 was 6.49 and the median salary was £19,742.

Disclosure 2 : Table of Officers' Remuneration over £60k

The number of employees (including teachers) whose remuneration, excluding pension contributions, was £60,000 or more for the year is as follows:

2014-15 inc Redundancy Costs	Remuneration Band	Number of Employees				
		Movement in Bandings	2015-16 inc Redundancy Costs	2015-16 exc Redundancy Costs	Number of Teachers inc in Figures exc Redundancy	Number of Non- Teachers inc in Figures exc Redundancy
18	£60,000-£64,999	5	23	18	15	3
14	£65,000-£69,999	5	19	15	15	-
6	£70,000-£74,999	-1	5	4	4	-
5	£75,000-£79,999	2	7	6	1	5
3	£80,000-£84,999	6	9	3	1	2
1	£85,000-£89,999	1	2	1	1	-
4	£90,000-£94,999	-	4	2	2	-
4	£95,000-£99,999	-3	1	1	-	1
4	£100,00-£104,999	4	8	6	2	4
-	£105,000-£109,999	-	0	-	-	-
-	£110,000-£114,999	1	1	-	-	-
-	£115,000-£119,999	2	2	-	-	-
-	£120,000-£124,999	-	-	-	-	-
1	£125,000-129,999	-1	-	-	-	-
-	£130,000-£134,999	1	1	1	-	1
-	£160,000-£164,999	1	1	-	-	-
60		23	83	57	41	16

Note 1: There are 57 individuals with remuneration of £60,000 or more, comprising:-

- a) 41 Headteachers and Deputy Headteachers, and
- b) 12 Senior Managers of the Council, including the Senior Officers shown in Disclosure 3 below, and Heads of Service.

Statement of Accounts**2015-16****Disclosure 3 : Table of Senior Officer's Remuneration (including Pensions Contributions)**

Job Title	Salary		Pension Contributions		Total Remuneration including Pension Contributions	
	15-16	14-15	15-16	14-15	15-16	14-15
	£	£	£	£	£	£
Chief Executive Officer & Head of Paid Service (see Note 1 below)	131,091	128,169	27,529	26,051	158,620	154,220
Corporate Director - Education and Transformation	102,355	99,646	21,494	20,726	123,849	120,372
Corporate Director - Communities	104,068	101,857	21,854	21,186	125,922	123,043
Corporate Director - Social Service & Wellbeing	102,355	99,646	21,494	20,726	123,849	120,372
Corporate Director - Resources & s151 Officer	104,068	104,068	21,854	21,646	125,922	125,714
Assistant Chief Executive - Legal & Regulatory Services	96,002	93,661	20,160	19,482	116,162	113,143

Notes

Note 1 : The Chief Executive Officers Salary excludes payment for Election Duties. These amounted to £5,250 for the Parliamentary Election, two local elections and five Community Council Elections

Note 2 : Pension Contributions relate to actual payments made

Statement of Accounts**2015-16****Disclosure 4: Table on Exit Packages**

The number of exit packages with total cost per band (£'s) and total cost of the compulsory and other redundancies are set out in the table below:

Exit Package Cost Band (including Special Payments)	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	
	15-16	14-15	15-16	14-15	15-16	14-15	15-16 £	14-15 £
£0 - £20,000	38	73	31	45	69	118	604,894	955,813
£20,001 - £40,000	11	21	41	27	52	48	1,458,778	1,391,579
£40,001 - £60,000	10	7	9	5	19	12	953,031	563,059
£60,001 - £80,000	1	1	2	-	3	1	204,767	67,383
£80,001 - £100,000	1	-	2	-	3	-	266,552	-
£100,001 - £120,000	-	-	-	1	-	1	-	112,117
£120,001 - £140,000	-	-	1	1	1	1	139,431	125,483
	61	102	86	79	147	181	3,627,453	3,215,434

16. Members' allowances

As a result of the December 2011 Report of the Independent Remuneration Panel for Wales, a new system of 'salary' payments for Members came into effect in full from 16 May 2012. The Council now has in place a 'Basic Salary' for all members, a 'Senior Salary', and a Civic Salary.

2014-15 £'000		2015-16 £'000
515	Basic Salary (all Members)	544
524	Senior Salary	508
40	Civic Salary	37
1,079	Total	1,089

Full details of the 'salary' arrangements are available on the Council's website, and details of all Member earnings are also published annually on the Council's website.

17. External audit costs

In 2015-16 Bridgend County Borough Council incurred the following fees relating to external audit and inspection:

2014-15 £'000		2015-16 £'000
196	Financial Statement Audit	196
98	Performance Audit	97
294	External Audit Services	293
1	Statutory Inspection	-
47	Grant Claims and Returns	47
342	Total	340

18. Associates, Subsidiaries, Joint Ventures and Joint Operations**Associates, Subsidiaries and Joint Ventures**

The Council has no Subsidiary or Associate companies as defined by the CIPFA Code.

Capita Glamorgan Consultancy Ltd

Capita Glamorgan Consultancy Ltd is a Joint Venture between Capita Symonds and Bridgend, Merthyr Tydfil and Rhondda Cynon Taf County Borough Councils. The Council owns 14.7% of the shares of the company, and holds voting rights to this value on the board. The Corporate Director – Communities is a member of the Board. During 2015-16 the Council was charged £867,435 (2014-15: £817,204) in respect of goods, services and capital works.

Joint Operations

The Council participates in a number of Joint Operations and, in accordance with the CIPFA Code, recognises all revenue and expenses, and any material assets and liabilities within its single entity accounts. Joint Operations include:-

Glamorgan Archives Joint Committee

The Glamorgan Record Office is managed and administered by the Glamorgan Archives Joint

Committee under powers conferred by the Local Government (Wales) Act 1994. During 2015-16, the Council contributed to the Joint Committee an amount of £95,436 (£95,437 in 2014-15). This was calculated proportionately based upon population. Financial statements for this Joint Committee are available on the Cardiff CC website (www.cardiff.gov.uk)

Coychurch Crematorium

Coychurch Crematorium is subject to the control of a Joint Committee of Members from Bridgend CBC, Rhondda Cynon Taf CBC and the Vale of Glamorgan CBC. The Crematorium is self-financing through income and no partner contributions are made. The Annual Report for this Joint Committee are available on the Bridgend CBC website (www.bridgend.gov.uk).

Margam Crematorium

Margam Crematorium is subject to the control of a Joint Committee of Members from Neath Port Talbot County Borough Council, who manage the Crematorium. Bridgend Council's contribution to Margam Crematorium for 2015/16 was £1,312 (2014-15 – refund of £14,416). The Annual Report for this Joint Committee are available on the Neath Port Talbot CBC website (www.npt.gov.uk)

County Borough Supplies

County Borough Supplies ceased trading on 31 March 2016. Until this time it was administered by the Council and supplies goods such as stationery. It was a Joint Committee with Members from Bridgend CBC, Rhondda Cynon Taf CBC, Merthyr Tydfil CBC and Caerphilly CBC. The service is financed through income from sales and no additional partner contributions are made. Any final surplus/deficit will be shared between the partner authorities once confirmed. Closing financial statements for this Joint Committee are available on the Bridgend CBC website (www.bridgend.gov.uk).

Central South Consortium Joint Education Service

The Central South Consortium Joint Education Service (CSCJES) provides a range of school improvement services within the local authority areas of Bridgend, Cardiff, Merthyr Tydfil, Rhondda Cynon Taf and the Vale of Glamorgan. Bridgend's contribution to the joint arrangement for the year was £692,350 (2014-15 - £630,119).

Integrated Family Support Service (IFSS)

This is a joint arrangement between Bridgend CBC (lead authority), Neath Port Talbot CBC and City and County of Swansea Council. During 2015-16 the contribution to the joint service by Bridgend CBC was £278,973. Prior to 1 April 2015 the service was fully grant funded by the Welsh Government and so Bridgend's net contribution in 2014-15 was £nil.

Joint Adoption Service

The joint service is between Bridgend CBC, Neath Port Talbot CBC and City and County of Swansea and was established from 1 April 2015. Bridgend's contribution to the service in 2015-16 was £593,512 (2014-15 - £Nil)

Shared Regulatory Service

This is a joint arrangement between Bridgend CBC, Cardiff City Council and the Vale of Glamorgan CBC for the provision of a joint regulatory service. This was established in 2015-16 and Bridgend's contribution to the joint service was £1,761,998 (2014-15 - £Nil)

Joint Vehicle Maintenance Service

Bridgend CBC and South Wales Police₇₉ moved to joint premises during the year for the

delivery of their vehicle maintenance services. The contribution from Bridgend CBC to South Wales Police for the joint facility was £110,773 (2014-15 – £Nil)

Western Bay Youth Justice and Early Intervention Service

This is a joint arrangement between Bridgend CBC (who is the lead), Neath Port Talbot CBC and City and County of Swansea Council for the provision of Youth Justice and early intervention services for children and young people. The contribution to the joint service by Bridgend CBC for the year was £366,621 (2014-15 - £311,921)

Civil Parking Enforcement

Bridgend provides Civil Parking Enforcement for both Bridgend CBC and Vale of Glamorgan CBC. The cost of providing Vale of Glamorgan CBC are fully recharged to them, the total cost being £174,280 (2014-15 - £167,135).

Joint arrangements under Section 33 NHS (Wales) Act 2006

The Council is also in joint arrangements under Section 33 NHS (Wales) Act 2006 arrangements involving pooled funds. Further details of these are provided in note 13 to the accounts.

19. School Accounting

The 2014-15 CIPFA Code stipulates that schools' assets, liabilities and cash flows are recognised in the Council financial statements (and not the Group Accounts). The associated guidance recommends that this is supplemented by a summary of the number of schools included in its single entity accounts, supported by a summary of budget, expenditure, and balances (surpluses). This is shown in the table below.

School Types	Nos in Category	2015-16 Budget £'000	2015-16 Spend £'000	2015-16 Closing Balances £'000
Primary Schools	50	44,610	43,077	1,533
Secondary Schools	9	41,861	41,699	162
Special Schools	2	7,482	7,022	460
Total	61	93,953	91,798	2,155

20. Related Party Transactions

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.

Welsh Government

Welsh Government has significant influence over the general operations of the Council – it is responsible for providing the statutory framework, within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. council tax bills). Grants received from government departments are set out in Notes 7 and 8 above.

Members

Members of the Council have direct control over the council's financial and operating policies. Members' external interests are maintained in a register, which is available for inspection on the Council's website. The total of members' allowances paid in 2015-16 is shown in Note 16. Grants were made to organisations whose senior management included Members including Groundwork Bridgend and Neath Port Talbot £Nil in 2015-16 (£43,748 in 2014-15), Bridgend County Borough Citizens Advice Bureau £190,339 (£210,624 in 2014-15) and Bridgend Association of Voluntary Organisations £244,375 in 2015-16 (£139,795 in 2014-15). In all instances, the grants were made with proper consideration of declarations of interest. The relevant members did not take part in any discussion or decision relating to the grants.

Chief Officers

During 2015-16 the Corporate Director – Communities sat on the Board of Capita Glamorgan Consultancy Ltd. The Council owns 14.7% of the shares of the company and holds voting rights to this value on the Board. During 2015/16 the Council was charged £867,435 (2014/15: £817,204) in respect of goods, services and capital works.

Joint Committees**Glamorgan Archives Joint Committee**

The Glamorgan Record Office is managed and administered by the Glamorgan Archives Joint Committee under powers conferred by the Local Government (Wales) Act 1994. During 2015-16, the Council contributed to the Joint Committee an amount of £95,436 (£95,437 in 2014-15). This was calculated proportionately based upon population. Financial statements for this Joint Committee are available on the Cardiff CC website (www.cardiff.gov.uk)

Coychurch Crematorium

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Margam Crematorium

Margam Crematorium is subject to the control of a Joint Committee of Members from Neath Port Talbot County Borough Council, who manage the Crematorium. Financial Statements for this Joint Committee are available on the Neath Port Talbot CBC website (www.npt.gov.uk)

County Borough Supplies

County Borough Supplies ceased trading on 31 March 2016. Until this time it was administered by the Council and supplies goods such as stationery. It was a Joint Committee with Members from Bridgend CBC, Rhondda Cynon Taf CBC, Merthyr Tydfil CBC and Caerphilly CBC. Closing financial statements for this Joint Committee are available on the Bridgend CBC website (www.bridgend.gov.uk).

Other Public Bodies

The Council has a number of pooled budget arrangements with Abertawe Bro-Morgannwg University Health Board as detailed in Note 13. It also pays a management fee to the Awen Trust for cultural related services which is a not for profit organisation.

21. Amounts Reported for Resource Allocation Decisions

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the *Service Reporting Code of Practice*. However, decisions about resource allocation are taken by the Council's Cabinet on the basis of budget reports analysed across Directorates. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- no charges are made in relation to capital expenditure (whereas depreciation, revaluation and impairment losses in excess of the balance on the Revaluation Reserve and amortisations are charged to services in the Comprehensive Income and Expenditure Statement)
- the cost of retirement benefits is based on cash flows (payment of employer's pensions contributions) rather than current service cost of benefits accrued in the year
- expenditure on some support services is budgeted for centrally and not charged to Directorates.

The income and expenditure of the Council's principal Directorates recorded in the budget reports for the comparative year (2014-15) is as follows:

Statement of Accounts**2015-16**

Directorate Income and Expenditure 2014-15 Restated	Education & Transformation £'000	Wellbeing & Social Services £'000	Communities £'000	Other Services £'000	Total £'000
Fees, charges & other service income	(18,645)	(14,901)	(14,992)	(18,353)	(66,891)
Government grants	(22,968)	(2,554)	(14,815)	(50,781)	(91,118)
Total Income	(41,613)	(17,455)	(29,807)	(69,134)	(158,009)
Employee expenses	111,040	25,826	18,237	21,191	176,294
Other operating expenses	55,569	34,888	37,952	68,474	196,883
Total operating expenses	166,609	60,714	56,189	89,665	373,177
Net Cost of Services	124,996	43,259	26,382	20,531	215,168

Directorate Income and Expenditure 2015-16	Education & Transformation £'000	Wellbeing & Social Services £'000	Communities £'000	Other Services £'000	Total £'000
Fees, charges & other service income	(16,271)	(16,145)	(14,587)	(16,692)	(63,695)
Government grants	(22,470)	(3,309)	(14,953)	(51,773)	(92,505)
Total Income	(38,741)	(19,454)	(29,540)	(68,465)	(156,200)
Employee expenses	103,694	32,315	15,583	18,588	170,180
Other operating expenses	40,429	47,362	37,709	68,805	194,305
Total operating expenses	144,123	79,677	53,292	87,393	364,485
Net Cost of Services	105,382	60,223	23,752	18,928	208,285

Statement of Accounts**2015-16****Reconciliation of Directorate Income and Expenditure to Cost of Services in the Comprehensive Income and Expenditure Statement**

The below reconciliation shows how the figures in the analysis of Directorate income and expenditure relate to the amounts included in the Comprehensive Income and Expenditure Statement for the comparative year :-

	2015-16 £'000	2014-15 £'000
Reconciliation to Net Cost of Services in Comprehensive Income and Expenditure Statement		
Cost of Services in Service Analysis	208,285	215,168
Add services not included in main analysis	21,368	18,931
Add amounts not reported to management	22,049	86,017
Remove amounts reported to management not included in Comprehensive Income and Expenditure Statement	(1,423)	(1,558)
Net Cost of Services in Comprehensive Income and Expenditure Statement	250,279	318,558

Statement of Accounts**2015-16****Reconciliation to Subjective Analysis**

This reconciliation shows how the figures in the analysis of Directorate income and expenditure relate to a subjective analysis of the Surplus or Deficit on the Provision of Services included in the Comprehensive Income and Expenditure Statement :-

Reconciliation to Subjective Analysis 2015-16	Directorate Analysis £'000	Services not in Analysis £'000	Not reported to mgmt £'000	Not included in I&E £'000	Net Cost of Services £'000	Corporate Amounts £'000	Total £'000
Fees, charges & other service income	(63,695)	-	-	-	(63,695)	-	(63,695)
Surplus or deficit on associates and joint ventures	-	-	-	-	-	-	-
Interest and investment income	-	-	-	-	-	(903)	(903)
Income from council tax	-	-	-	-	-	(77,487)	(77,487)
Government grants and contributions	(92,505)	(198)	-	-	(92,703)	(203,298)	(296,001)
Total Income	(156,200)	(198)	-	-	(156,398)	(281,688)	(438,086)
Employee expenses	170,180	1,834	(3,726)	-	168,288	8,450	176,738
Other service expenses	194,305	19,732	(1,262)	(1,423)	211,352	-	211,352
Support Service recharges	-	-	-	-	-	-	-
Depreciation, amortisation and impairment	-	-	27,037	-	27,037	-	27,037
Interest Payments	-	-	-	-	-	6,049	6,049
Precepts & Levies	-	-	-	-	-	18,766	18,766
Gain or Loss on Disposal of Non Current Assets	-	-	-	-	-	1,100	1,100
Total Expenditure	364,485	21,566	22,049	(1,423)	406,677	34,365	441,042
Surplus or deficit on the provision of services	208,285	21,368	22,049	(1,423)	250,279	(247,323)	2,956

Statement of Accounts**2015-16**

Reconciliation to Subjective Analysis 2014-15 restated	Directorate Analysis £'000	Services not in Analysis £'000	Not reported to mgmt £'000	Not included in I & E £'000	Net Cost of Services £'000	Corporate Amounts £'000	Total £'000
Fees, charges & other service income	(66,891)	-	-	-	(66,891)	-	(66,891)
Surplus or deficit on associates and joint ventures	-	-	-	-	-	-	-
Interest and investment income	-	-	-	-	-	(853)	(853)
Income from council tax	-	-	-	-	-	(73,164)	(73,164)
Government grants and contributions	(91,118)	-	-	-	(91,118)	(208,974)	(300,092)
Total Income	(158,009)	-	-	-	(158,009)	(282,991)	(441,000)
Employee expenses	176,294	2,738	(678)	-	178,354	10,090	188,444
Other service expenses	196,883	16,193	(1,803)	(1,558)	209,715	-	209,715
Support Service recharges	-	-	-	-	-	-	-
Depreciation, amortisation and impairment	-	-	88,498	-	88,498	-	88,498
Interest Payments	-	-	-	-	-	6,215	6,215
Precepts & Levies	-	-	-	-	-	18,092	18,092
Gain or Loss on Disposal of Non Current Assets	-	-	-	-	-	72	72
Total Expenditure	373,177	18,931	86,017	(1,558)	476,567	34,469	511,036
Surplus or deficit on the provision of services	215,168	18,931	86,017	(1,558)	318,558	(248,522)	70,036

Notes to the Balance Sheet

22. Tangible Fixed Assets

a) Capital commitments

As at 31 March 2016 commitments of approximately £3.651 million existed on capital works contracts started before that date, details of which are shown in the table below.

2014-15 £'000		2015-16 £'000
894	Ogmore Comprehensive	65
5,049	Coety Primary School	200
107	Bridgent Town Centre Regeneration	36
	- Vibrant and Viable Places	3,350
840	Coychurch Crematoria Cremators	
1,209	Celtic Court Refurbishment	
2,744	Community Care Information System	
730	Maximising Space	
35	Lewistown Flying Start Provision	
11,608	Total	3,651

b) Notes on Fixed AssetsVoluntary-aided & Voluntary-controlled Schools

The Council recognises its only Voluntary-controlled School on its Balance Sheet. This is Pen-y-Fai Church in Wales Primary School. The four voluntary-aided primary schools and one voluntary-aided comprehensive school are not assets of the Council and therefore not included in the Balance Sheet.

Statement of Accounts

2015-16

c) Summary of Property, Plant & Equipment (PPE)	Other Land and Buildings £'000	Vehicle, Plant and Equipment £'000	Infra-Structure £'000	Comm-unity Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total PPE Assets £'000	PFI Assets Included In PPE £'000	Finance Leases In PPE £'000
Cost or Valuation									
At 1 April 2015	364,373	10,500	201,351	4,845	9,906	16,456	607,431	23,948	1,876
Additions	4,362	3,945	4,595	142		8,597	21,641	-	124
Accumulated Depreciation and Impairment written out to GCA	(11,618)				(24)		(11,642)	(1,404)	
Revaluation increases/(decreases) recognised in the Revaluation Reserve	15,285				651	46	15,982	1,598	
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(3,188)				1,000	2	(2,186)	-	
Derecognition - Disposals	(3,609)	(40)			(539)		(4,188)		
Assets reclassified (to)/from Held for Sale	(457)					(61)	(518)	-	-
Other Movements in Cost or Valuation	21,620	(1,181)		(142)	(2,738)	(18,740)	(1,181)	-	(2,000)
At 31 March 2016	386,768	13,224	205,946	4,845	8,256	6,300	625,339	24,142	-
Accumulated Depreciation and Impairments									
At 1 April 2015	(10,043)	(2,573)	(117,978)	(37)	(139)	(608)	(131,378)	(601)	(1,068)
Depreciation Charge for the year	(9,936)	(1,674)	(10,477)		(90)	-	(22,177)	(807)	(14)
Accumulated Depreciation and Impairment written out to the surplus / deficit on the provision of services	11,618				23		11,641	1,404	
Impairment Losses/(Reversals) recognised in the Surplus/Deficit on the Provision of Services	(678)		(230)				(908)		
Derecognition - disposals	664	40			206		910	-	-
Assets reclassified (to)/from Held for Sale	19					11	30		
Other Movements	(597)	1,181				596	1,180	-	1,082
At 31 March 2016	(8,953)	(3,026)	(128,685)	(37)	-	(1)	(140,702)	(4)	-
Balance Sheet as at 1 April 2015	354,330	7,927	83,373	4,808	9,767	15,848	476,053	23,347	808
Balance Sheet as at 31 March 2016	377,815	10,198	77,261	4,808	8,256	6,299	484,637	24,138	-

Statement of Accounts

2015-16

c) Summary of Property, Plant & Equipment (PPE)	Other Land and Buildings £'000	Vehicle, Plant and Equipment £'000	Infra-Structure £'000	Comm-unity Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total PPE Assets £'000	PFI Assets Included In PPE £'000	Finance Leases In PPE £'000
Cost or Valuation									
At 1 April 2014	449,969	15,110	196,356	4,574	11,266	16,115	693,390	22,744	2,284
Additions	5,752	4,184	5,356	-	-	7,537	22,829	-	108
Accumulated Depreciation and Impairment written out to GCA	(57,585)	(8,765)	-	-	(736)	-	(67,086)	(1,366)	(126)
Revaluation increases/(decreases) recognised in the Revaluation Reserve	25,244	-	-	-	818	-	26,062	7,016	(57)
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(59,287)	-	-	(196)	(233)	-	(59,716)	(4,446)	(333)
Derecognition - Disposals	(1,469)	(29)	-	-	(55)	-	(1,553)	-	-
Assets reclassified (to)/from Held for Sale	(4,235)	-	-	-	(2,260)	-	(6,495)	-	-
Other Movements in Cost or Valuation	5,984	-	(361)	467	1,106	(7,196)	-	-	-
At 31 March 2015	364,373	10,500	201,351	4,845	9,906	16,456	607,431	23,948	1,876
Accumulated Depreciation and Impairments									
At 1 April 2014	(51,867)	(9,908)	(107,697)	(37)	(597)	-	(170,106)	(1,195)	(1,143)
Depreciation Charge for the year	(14,754)	(1,382)	(10,211)	-	(268)	-	(26,615)	(772)	(51)
Accumulated Depreciation and Impairment written out to the surplus / deficit on the	57,585	8,765	-	-	736	-	67,086	1,366	69
Impairment Losses/(Reversals) recognised in the Revaluation Reserve	(702)	-	-	-	-	-	(702)	-	57
Impairment Losses/(Reversals) recognised in the Surplus/Deficit on the Provision of Services	(1,175)	(48)	(170)	-	-	-	(1,393)	-	-
Derecognition - disposals	351	-	-	-	-	-	351	-	-
Assets reclassified (to)/from Held for Sale	1	-	-	-	-	-	1	-	-
Other Movements	518	-	100	-	(10)	(608)	-	-	-
At 31 March 2015	(10,043)	(2,573)	(117,978)	(37)	(139)	(608)	(131,378)	(601)	(1,068)
Balance Sheet as at 1 April 2014	398,102	5,202	88,659	4,537	10,669	16,115	523,284	21,549	1,141
Balance Sheet as at 31 March 2015	354,330	7,927	83,373	4,808	9,767	15,848	476,053	23,347	808

c) Non-current Assets valuation

Non-current Assets are included in the Balance Sheet on the valuation basis set out in the Statement of Accounting Policies. The freehold and leasehold properties of Bridgend County Borough Council schools estate were valued as at 31 December 2015 with a review to 31 March 2016, which confirmed no significant changes in value during that period, with all other fixed assets being fully revalued as at 1 April 2014 but amended via a desk top exercise at 31 March 2015. These valuations were by Council Surveyors in accordance with the Statements of Asset Valuation, Practice and Guidance Notes of the Royal Institution of Chartered Surveyors.

d) Sources of finance for Capital Expenditure

2014-15 £'000		2015-16 £'000
6,889	Loans	7,084
15,996	Government grants	12,001
2,019	Capital receipts	146
1,803	Revenue contribution	1,262
108	Healthy Living Contract Capital Liability	124
1,647	Other contribution	5,682
28,462	Total	26,299

e) Revenue Expenditure Funded from Capital under Statute

These relate to capital expenditure that does not result in a tangible non-current asset. They include renovation grants and contributions towards capital expenditure incurred by other parties.

2014-15 £'000		2015-16 £'000
5,113	Revenue Expenditure Funded from Capital under Statute	4,658
5,113	Total	4,658

f) Capital financing requirement and the financing of capital expenditure

2014-15 £'000	Capital Financing Requirement	2015-16 £'000
177,033	Opening Capital Financing Requirement	176,010
	Capital Investment	
22,721	Property, Plant and Equipment	21,517
520	Investment Properties	-
5,113	Revenue Expenditure Funded from Capital under Statute	4,658
108	Healthy Living Contract Capital Expenditure	124
	Sources of Finance	
(17,643)	Grants & Contributions	(17,681)
(2,019)	Capital receipts applied	(146)
(1,803)	Revenue Contributions	(1,262)
(5,194)	Minimum Revenue Provision	(5,169)
(2,145)	Unsupported Borrowing MRP	(1,646)
(117)	Healthy Living Contract MRP	(1,086)
(41)	Finance Leases MRP	-
(47)	Innovation Centre MRP	(51)
-	Crematorium MRP	(49)
(476)	PFI School MRP	(513)
176,010	Closing Capital Financing Requirement	174,706
	Explanation for Movements in Year	
(1,262)	Decrease in Underlying Need to Borrow (supported by government financial assistance)	(1,306)
812	Increase in Underlying Need to Borrow (unsupported by government financial assistance)	1,528
(97)	Assets acquired under finance leases	(1,013)
(476)	Assets acquired under PFI Contract	(513)
(1,023)	Increase/(Decrease) in Capital Financing Requirement	(1,304)

g) Capital Grants Received in Advance

The table below shows the breakdown of capital grants received in advance under s.106 planning agreements:-

2014-15 £'000		2015-16 £'000
2,558	Developers' Contributions - capital element	1,844
2,558	Total	1,844

23. Investment Properties

The following items of income and expense have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement:

2014-15 £'000		2015-16 £'000
573	Rental Income from Investment Property	568
(281)	Direct Operating Expenses arising from Investment Property	(378)
292	Net gain/(loss)	190

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

2014-15 £'000		2015-16 £'000
3,011	Balance at 1 April	4,103
520	Acquisitions	-
(75)	Disposals	-
647	Net gain / (loss) from fair value adjustments	1,082
4,103	Balance as at 31 March	5,185

24. Heritage Assets

2014-15 £'000		2015-16 £'000
73	Civic Regalia	73
73	Balance as at 31 March	73

25. Long term debtors

The Long Term Debtors figure is detailed below. It consists of the value of long term loans made by the Council to former tenants and private households for mortgages and a Finance Lease for vehicles linked to the waste contract.

2014-15 £'000		2015-16 £'000
17	Mortgages	12
261	Waste Contract Vehicles Leased to contractor	133
278	Balance as at 31 March	145

26. Short Term Debtors

This represents the monies owed to the Council after making provision for debts that might not be recovered. The main debtors are listed below:

2014-15 £'000	Short-term Debtors	2015-16 £'000
12,818	Central Government Bodies	12,177
4,774	Other Local Authorities	4,468
1,277	NHS Bodies	809
10,403	Other Entities and Individuals	9,892
29,272	Balance as at 31 March	27,346

The Council collects NNDR payments on behalf of Welsh Government. As at the 31 March 2016, the Council had paid over more cash than it collected, this excess was included in the Balance Sheet as a debtor of £0.882 million. The equivalent for 2014-15 was a debtor of £0.199 million which represented monies not yet paid over by Welsh Government.

27. Assets Held for Sale

2014-15 £'000		2015-16 £'000
6,721	Balance at 1 April	7,478
	Assets newly classified as held for sale:	
6,494	Property, Plant & Equipment	488
	Assets declassified as held for resale	
	Property, Plant & Equipment	-
	Revaluation Gain/(Loss)	(1,069)
(5,737)	Assets Sold	(2,862)
7,478	Net gain/(loss)	4,035

28. Short Term Creditors

These represent monies owed by the Council and are analysed as follows:

2014-15 £'000	Short Term Creditors	2015-16 £'000
(2,594)	Central Government Bodies	(5,832)
(6,228)	Other Local Authorities	(4,998)
(39)	NHS Bodies	(338)
(34,597)	Other Entities and Individuals	(21,604)
(43,458)	Balance as at 31 March	(32,772)

29. Provisions

The Council has two provisions as detailed below:

2014-15 £'000		Expenditure £'000	Increase £'000	2015-16 £'000	< 1yr £'000	< 1yr £'000
2,098	Insurance (BCBC)		1,047	3,145	783	2,362
326	Carbon Reduction Commitment	(304)	313	335	335	-
2,424	Balance as at 31 March	(304)	1,360	3,480	1,118	2,362

Insurance Provision (Self-funding / MMI)Self-Fund

The Council has a self-insurance fund. This Insurance Provision has been set aside to meet the estimated cost to the Council of outstanding liability for policy years up to 2015-16 for Employer's Liability, Public Liability and Property. However the actual cost of individual claims and the timing of payments is uncertain. The Council also has an earmarked reserve for Insurance which acts as an additional buffer amount to the fund, over and above the total outstanding liability, to allow for unexpected events, worse than anticipated deterioration in the current reserves and higher than anticipated future losses both in frequency and cost.

Municipal Mutual Insurance (MMI) Limited

Prior to local government reorganisation the former Ogwr Borough Council and Mid Glamorgan County Council's insurance cover was provided by Municipal Mutual Insurance Limited. When this company hit severe financial difficulties both became a creditor under the Scheme of Arrangement, accepting liability to return to MMI some proportion of historical claim payments received from MMI if the Scheme were to trigger. The Board of Directors of MMI 'triggered' MMI's Scheme of Arrangement on 13 November 2012.

Carbon Reduction Commitment Energy Efficiency Scheme

This provision represents the obligation to purchase Carbon Reduction Commitment (CRC) Allowances in relation to carbon dioxide emissions incurred during 2015-16. The payment will be made with the retrospective purchase of allowances in the summer 2016.

30. PFI and Other Long Term Liabilities

2014-15 £'000		Additions in Year £'000	Reduction in year £'000	Moved to Short Term Creditors £'000	2015-16 £'000
18,787	Maesteg School PFI Lease Liability	-		(552)	18,235
719	Innovation Centre Financial Liability			(55)	664
450	Waste Contract			(50)	400
47	Escrow (Football Club)	13			60
-	Welsh Government Loan - Llynfi Valley	2,400			2,400
844	Healthy Living Contract Capital Liability		(844)		-
20,847	Balance as at 31 March	2,413	(844)	(657)	21,759

The PFI Finance Lease Liability matches the fair value of the fixed asset for the PFI School as at the date the asset came onto the Council's Balance Sheet being £21.898 million (July 2008). This will be written down over the life of the PFI contract by the value of the unitary payment deemed to be the

finance lease element each year. For 2015-16, the amount written down was £513,000 and £552,000 has been transferred to Short Term Creditors leaving an outstanding long term liability of £18.235 million at year end.

The Innovation Centre Financial Liability of £0.917 million was recognised in 2009-10 as a loan in substance. This is being written down over the remaining fourteen years of the loan. The amount written down in 2015-16 was £51,000 and £55,000 was transferred to Short Term Creditors resulting in a long term financial liability of £0.664 million at 31 March 2016.

A new addition was recognised during 2012-13 to reflect the capital work being undertaken by Halo Leisure Services Ltd at the Bridgend Recreation Centre as part of the Healthy Living Partnership Contract which commenced on 1 April 2012. The liability was repaid during the year and as such no liability remains as at 31 March 2016.

The Waste Contract liability is repayable at £50,000 per annum instalments.

The long term liability for the Football Club represents a fund that will be maintained and increased to allow for the future reinstatement to grass of the two 3G pitches at Bryntirion and Bridgend College – Pencoed at the end of their useful lives.

31. Usable Reserves

The following notes detail the Usable Reserves of the Council:-

a) Useable capital receipts reserve

This represents capital receipts available to finance capital expenditure in future years.

2014-15 £'000		2015-16 £'000
10,245	Balance at 1st April	14,534
6,296	Capital Receipts Received	3,959
12	Mortgage repayments (Council Fund)	5
(2,019)	Receipts used to finance capital expenditure	(146)
14,534	Balance as at 31st March	18,352

b) Revenue reserves

The revenue reserves in the Balance Sheet as at 31 March 2016 are detailed below with descriptions of what they represent:-

Opening Bal 2014-15 £'000	Move- ment 2014-15 £'000	Closing Bal 2014-15 £'000	Reserve	Expenditure 2015-16	Additions 2015-16	Closing Bal 2015-16 £'000
7,395	55	7,450	Council Fund Balance		154	7,604
2,467	(57)	2,410	Delegated Schools Balance	(256)		2,154
3,051	356	3,407	Maesteg School PFI Equalisation Fund		299	3,706
			Earmarked Balances :-			
348	354	702	Asset Management Plan	(430)	1,219	1,491
-	10	10	Building Control Reserve	-	2	12
987	(687)	300	Building Maintenance Reserve	(30)	86	356
300	327	627	Capital feasibility fund	(208)	212	631
5,513	921	6,434	Capital Programme Contribution	(2,538)	1,937	5,833
555	-	555	Car Parking Strategy	(84)	152	623
2,069	329	2,398	Change Management	(448)		1,950
-	-	-	Community Safety Reserve	-	31	31
196	(165)	31	Connecting Families	(31)	-	-
-	-	-	Donations Reserves Account	-	48	48
-	115	115	DDA Emergency Works	(12)	-	103
330	1,160	1,490	Directorate Issues	(1,316)	1,193	1,367
-	-	-	Digital Transformation	-	2,500	2,500
-	-	-	School Projects Reserve	-	285	285
201	-	201	Election costs	-	-	201
-	-	-	Highways Reserve	-	692	692
1,257	(396)	861	ICT & Finance Systems	(146)	-	715
1,691	1,486	3,177	Insurance reserve	(1,166)	24	2,035
411	(150)	261	Invest to save / Joint projects	(261)	-	-
-	-	-	Partnership Reserves	-	66	66
824	-	824	Looked After Children	-	-	824
11,046	(515)	10,531	Major Claims Reserve	(3,162)	3,505	10,874
300	(175)	125	Porthcawl Regeneration	(49)	-	76
-	-	-	Property Disposal Strategy	-	234	234
1,200	(1,200)	-	Service Pressures Contingency	-	-	-
3,052	1,697	4,749	Service Reconfiguration / Severence Costs	(206)	1,082	5,625
-	-	-	SRF Earmarked Reserve	-	313	313
1,044	-	1,044	Treasury Management Reserve	(1,044)	-	-
50	42	92	Unitary Development Plan	-	49	141
-	210	210	Waste Management Contract	(118)	-	92
-	-	-	Webcasting Reserve	-	26	26
300	-	300	Welfare Reform Bill	-	200	500
707	(107)	600	Wellbeing Projects	(67)	876	1,409
32,381	3,256	35,637	Balance as at 31 March	(11,316)	14,732	39,053
45,294	3,610	48,904		(11,572)	15,185	52,517

The transfer to Earmarked Balances excluding the Council Fund Balance was £3.459 million in 2015-16 (transfer to Balances of £3.555 million in 2014-15). This includes money transferred into the Comprehensive Income and Expenditure Statement to match expenditure within the year and

amounts set aside from revenue reserves in 2015-16 to be utilised in future years to finance expenditure.

i) Delegated School Balances

These balances represent the cumulative effect of over and under-spending on school delegated budgets not available to the Council.

Analysis of Delegated Schools Balance

2014-15 Closing Balance £'000	School Types	Nos in Category	2015-16 Budget £'000	2015-16 Spend £'000	2015-16 Closing Balances £'000
1,571	Primary Schools	50	44,610	43,078	1,532
402	Secondary Schools	9	41,861	41,699	162
437	Special Schools	2	7,482	7,022	460
2,410	Total	61	93,953	91,799	2,154

The 2014-15 Closing Balance figure is included within the 2015-16 Budget.

ii) Maesteg School PFI Equalisation Fund

As outlined in note 11 above, there is a need for an Equalisation Fund for the Unitary Charges received from Welsh Government as detailed below:-

2014-15 £'000		2015-16 £'000
3,407	Maesteg PFI Equalisation Fund	3,706
3,407	Balance as at 31 March	3,706

iii) Other Earmarked Balances

An overview of the other main earmarked reserves is explained below:-

- Major Claims Earmarked Reserve
This reserve has been created to mainly cover the deficit on the pension fund, major capital contractual claims and mitigate potential equal pay claims.
- Insurance Reserve
This reserve is based on the assessment for potential future liabilities.
- Equalisation of Spend Reserves
These reserves ensure that expenditure that is incurred in a particular future year is smoothed over the period of the MTFs. These include the costs of elections, the Special Regeneration Fund, the preparation of the Unitary Development Plan and the Building Control Earmarked Reserves.
- Other Reserves
There are a number of other reserves which are either Corporate or Directorate based. These are detailed below:-

Corporate Reserves

- **Service Reconfiguration / Severance Costs**
This reserve has been established to meet potential costs relating to service remodelling and consequential severance costs as well as service reconfiguration such as the Extra Care provision as outlined in the MTFs 2016-17.
- **ICT & Digital Transformation**
These two reserves will fund the Digital Transformation of the Council supporting channel shift together with the costs of planned system developments from 2016-17 to 2017-18. It includes developments including the roll out of the cashless catering system.
- **Welfare Reform Bill**
This reserve has been established to fund the potential impact of increases in demand for services resulting from the Welfare Reform Bill.
- **Asset Management Plan**
This has been established to meet the on-going costs of condition surveys and supports the demolition of asset programme.
- **Building Maintenance Reserve**
This reserve is for planned maintenance expenditure on the Council's buildings.
- **Change Management**
This reserve will meet potential costs associated with corporate capacity requirements to facilitate and progress planned developments linked to achieving budget reductions in the Medium Term Financial Strategy and the Bridgend Change Programme.
- **Waste Management Contract**
This earmarked reserve is to facilitate the procurement of the next waste collection contract with the current contract expiring in 2017.
- **DDA Emergency/Prevention Works**
This earmarked reserve is to cover the costs of emergency works within schools as well fund a temporary post a 2 year period to ensure Fire Risk Assessments are updated and maintained within schools.
- **Property Disposal Strategy**
This reserve will cover legal, surveying and marketing costs associated with planned disposals to generate capital receipts for the Council
- **Webcasting Reserve**
This will be used to continue the programme of broadcasting certain Committee Meetings on the Council's web-site.
- **Capital feasibility fund**
This fund has been established to fund studies for proposed capital projects.
- **Capital Programme Contribution**
This earmarked reserve has been set up as a revenue contribution to the capital programme, to enable schemes to be progressed more quickly to alleviate pressure on the revenue budget and accelerate the realisation of capital receipts.

Directorate Reserves

- Looked After Children Reserve
This reserve has been established to provide for the continuing pressures over the Medium Term Financial Strategy on the Looked After Children budget within Children’s Services.
- Wellbeing Projects
This has been established to allow one off injections of financial resources into service areas to facilitate change/development linked with the Health Service.
- Car Parking Strategy
This reserve has been established for the up-front costs associated with new initiatives to generate income or reduce costs in relation to car parking.
- Community Safety Reserve
This reserve was created from funding received from partner organisations and will be used to cover expenditure on future Community Safety initiatives.
- Porthcawl Regeneration
This reserve has been established to fund up front revenue costs associated with the proposed regeneration of Porthcawl.
- Donations Reserves
This reserve has been established from various donations over a number of years and will be used on future expenditure in accordance with the original intentions.
- Schools Projects Reserve
This reserve covers both school’s future projects expenditure and also the associated financing costs of any capital borrowing.
- Highways Reserve
This reserve will be drawn down to offset future expenditure incurred on the Council’s Highways network.
- Partnership Reserves
This reserve will be utilised in 2016-17 for partnership working within the Council
- Directorate Issues
This relates to specific directorate issues anticipated in 2016-17, totalling £1.367 million, allocated to directorates as shown below:-

	£’000
Education and Transformation Directorate	99
Communities Directorate	445
Legal and Regulatory services	229
Resources Directorate	517
Social Services and Wellbeing	77

32. Unusable Reserves

The following notes detail the Unusable Reserves of the Council:-

a) Revaluation Reserve (RR)

This reserve stores the accumulated gains on fixed assets held by the Council arising from increases in value as a result of inflation or other factors.

2014-15 £'000		2015-16	
		£'000	£'000
98,804	Balance at 1 April		115,916
74,036	Upward Revaluation of Assets	19,280	
(48,654)	Downward Revaluation of Assets and Impairment Losses not charged to the Surplus/Deficit on the Provision of Services	(3,299)	
25,382	Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of services		15,981
(2,696)	Difference between fair value depreciation and historical cost depreciation	(2,464)	
(5,574)	Accumulated gains on assets sold or scrapped	(2,142)	
(8,270)	Amount written off to the Capital Adjustment Account		(4,606)
115,916	Balance as at 31 March		127,291

b) 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 benefits 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 debit 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.

2014-15 £'000		2015-16 £'000
(243,900)	Balance at 1 April	(273,010)
(20,090)	Actuarial gains or losses on pensions assets and liabilities	34,330
(26,800)	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	(26,600)
17,780	Employer's Pensions Contributions and Direct Payments to Pensioners Payable in the Year	20,010
(273,010)	Balance as at 31 March	(245,270)

c) Capital Adjustment Account (CAA)

The Capital Adjustment Account absorbs the timing differences arising from the different

arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement.

The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Council.

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

Capital Adjustment Account (CAA)

2014-15 £'000		2015-16	
		£'000	£'000
257,644	Balance at 1 April		196,059
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement :		
(28,008)	Charges for depreciation and impairment of non-current assets	(23,087)	
(59,716)	Revaluation losses on Property, Plant and Equipment	(3,259)	
(434)	Revenue Expenditure funded from Capital Under Statute	(710)	
(12)	Other amounts including Mortgage Payments	(5)	
(1,440)	Financial Liability Adjustment to Capital Receipts		
	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	(3,998)	
(89,610)		(31,059)	
2,696	Adjusting amounts written out to the Revaluation Reserve	2,464	
(86,914)	Net written out amount of the cost of non-current assets consumed in the year		(28,595)
	Capital financing applied in the year:		
2,019	Use of the Capital Receipts Reserve to finance capital expenditure	146	
12,817	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that has been applied to capital financing	13,610	
24	Application of grants to capital financing from the Capital Grants Unapplied Account		
8,020	Statutory provision for the financing of capital investment charged against the Council Fund	8,514	
1,803	Capital expenditure charged against the Council Fund	1,262	
24,683			23,532
646	Movement in the market value of Investment Properties credited to the Comprehensive Income and Expenditure Statement		1,082
196,059	Balance as at 31 March		192,078

d) Financial Instruments Adjustment Account (FIAA)

This holds the difference between the amounts charged to income and expenditure in accordance with the Code for applying the transaction costs and assessing the fair cost of loan debts and investments and the amounts charged to the Council Fund Balance in accordance with statute. The full remaining balance on the account for Premiums was paid off during 2015-16. Therefore the balance going forward on this account relates to Lender Option Borrowing Option (LOBO) Loans.

2014-15 £'000		2015-16	
		£'000	£'000
(5,320)	Balance at 1 April		(3,632)
198	Premiums / Discounts Adjustments	76	
7	Loans / Investments Adjustments	7	
1,483	Premiums Paid	2,810	
(3,632)	Balance as at 31 March		(739)

e) Short Term 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 or from the Account.

2014-15 £'000		2015-16	
		£'000	£'000
(3,832)	Balance at 1 April		(4,224)
3,832	Settlement or cancellation of accrual made at the end of the preceding year	4,224	
(4,224)	Amounts accrued at the end of the current year	(2,359)	
(392)	Amounts by which officer remuneration charged to the Comprehensive Income & Expenditure Statement on an accruals basis is different from remuneration chargeable in year in accordance with statutory requirements		1,865
(4,224)	Balance as at 31 March		(2,359)

33. Trust funds

The Council administers Trust Funds, which are mainly of an educational or recreational nature. A large proportion of the balances are invested in the Council's internal balances. The Trust Funds do not represent assets of the Council and are accounted for separately. The principal categories of funds and balances as at 31 March 2016 are:

2014-15 £'000		2015-16 £'000
312	Social Services Home for the Elderly	293
53	Education	53
48	Nantymoel Workmans' Hall	49
1	Other	1
414	Net gain/(loss)	396

The balance includes a £250,000 bequest received in 2013-14 for Social Services Home for the Elderly.

34. Escrow accounts

The Council manages a number of escrow accounts comprising of £57,000 recognised for Bocam Park and £229,000 for Wind Farms at Forch Ness and Pant y Wal which have resulted from planning conditions. Also, there is an escrow linked to the sale of land to Asda previously used by Bridgend Town Football Club. this was initially £1 million, but payments made during previous financial years has meant that the value at 31 March 2016 is £60,000. This will be held to meet the future costs of the restatement of the football pitch from an artificial service to grass.

2014-15 £'000		2015-16 £'000
47	Replacement facilities account	60
57	Bocam Park	57
132	Wind Farm	229
236	Balance as at 31 March	346

The escrow accounts do not represent assets of the Council and are accounted for separately.

35. Developers' Contributions

Section 106 receipts are monies paid to the council by developers where, as a result of granting planning permission, works are required to be carried out or new facilities provided as a result of that permission (e.g. improvement of transport links for a housing or retail development). The sums are restricted to being spent only in accordance with the agreement concluded with the developer. The major balances (i.e. over £100,000) of section 106 receipts held by the Council during the year were as follows:

	31 March 2015 £'000	Income £'000	Expenditure £'000	31 March 2016 £'000
Broadlands Consortium - Newbridge Fields - provision of playing fields facilities	126		(122)	4
Redrow - Lock's Lane, Porthcawl - ongoing maintenance of playing field and pavilion	81			81
Redrow - Brackla Park & Ride - upgrade B4181	302		(4)	298
Rockwoll - Pencoed	70		(8)	62
Parc Derwen Primary School design fees - Persimmon Homes	215		(215)	-
Parc Derwen Primary School - Consortium	166	1,738	(3,394)	(1,490)
Land at Tyn Y Coed Farm (Maendy Farm), Bryncethin - sports provision	510			510
Land at Tyn Y Coed Farm (Maendy Farm), Bryncethin - Education Capital	16			16
Bridge Renewal Dowry	1			1
Coychurch Primary	(75)	75		-
Bridgend Retail Park - crossing	90		(10)	80
Parc Derwen Taylor Wimpey	-	638	(638)	-
Affordable Housing	501			501
Other	1,025	150	(57)	1,118
Total	3,028	2,601	(4,448)	1,181

36. Pensions liabilities, IAS 19 disclosures

As part of the terms and conditions of employment of its officers, the Council makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments (for those benefits) and to disclose them at the time that employees earn their future entitlement.

This Council participates in the Rhondda Cynon Taf County Borough Council Pension Fund, which is administered under the Regulations governing the Local Government Pension Scheme. This is a defined benefit scheme, meaning that the Council and employees pay contributions into a fund, at a rate determined by the Fund's Actuary based on triennial actuarial valuations, which aims to balance 100% of pension liabilities with investment assets.

Further information can be found in Rhondda Cynon Taf CBC Pension Fund's Annual Report which is available upon request from the Director of Finance, Rhondda Cynon Taf County Borough Council, Bronwydd, Porth, Rhondda, Rhondda Cynon Taf.

<http://www.rctpensions.org.uk>

Any award of discretionary post-retirement benefits upon early retirement is an unfunded

defined benefit arrangement, under which liabilities are recognised when awards are made. No investment assets are built up to meet these pension liabilities, and cash has to be generated to meet the actual pension payments as they fall due

The principal risks to the Council of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (i.e. large scale withdrawals from the scheme), changes to inflation, bond yields, and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge the Council Fund with the amounts required by statute as described in the accounting policies note.

The disclosures required for 2015-16 include information provided by the pension administrators, Rhondda Cynon Taff CBC and Aon Hewitt Associates Limited as the pension's actuary.

Transactions Relating to Post-employment Benefits

The cost of retirement benefits is recognised in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge required to be made against Council Tax is based on the cash payable in the year, so the real cost of post-employment benefits is reversed out of the Council Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the Council Fund balance via the Movement in Reserves Statement during the year:-

Comprehensive Income & Expenditure Statement	Local Govt Pension Scheme		LGPS Unfunded Benefits		Teachers' Unfunded Benefits		Total	
	£m 2015-16	£m 2014-15	£m 2015-16	£m 2014-15	£m 2015-16	£m 2014-15	£m 2015-16	£m 2014-15
Cost of Services :								
Service cost comprising:								
current service cost	17.56	16.15	0.00	0.00	0.00	0.00	17.56	16.15
past service costs	0.59	0.56	0.00	0.00	0.00	0.00	0.59	0.56
(gain)/loss from settlements	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Financing & Investment Income & Expenditure :-								
Net interest expense	8.05	9.57	0.25	0.32	0.15	0.20	8.45	10.09
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	26.20	26.28	0.25	0.32	0.15	0.20	26.60	26.80
Other Post Employment Benefit Charged to the Comprehensive Income & Expenditure Statement								
<i>Remeasurements of the net defined benefit liability comprising:</i>								
Return on plan assets (excluding the amount included in the net interest expense)	(1.54)	(39.72)	0.00	0.00	0.00	0.00	(1.54)	(39.72)
Actuarial (gains) / losses due to changes in financial assumptions	(26.08)	62.72	(0.26)	0.59	(0.15)	0.26	(26.49)	63.57
Actuarial (gains) / losses due to changes in demographic assumptions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Actuarial (gains) / losses due to liability experience	(6.08)	(3.63)	(0.14)	(0.08)	(0.08)	(0.05)	(6.30)	(3.76)
Total Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement	(33.70)	19.37	(0.40)	0.51	(0.23)	0.21	(34.33)	20.09
Movement in Reserves Statement:-								
Reversal of net charges made for retirement benefits in accordance with IAS 19	(26.20)	(26.28)	(0.25)	(0.32)	(0.15)	(0.20)	(26.60)	(26.80)
Actual amount charged against the Council Fund Balance for pensions in the year :-								
Employers' Contributions payable to the scheme	19.09	16.84	0.49	0.5	0.43	0.44	20.01	17.78
Retirement Benefits Paid Out	-21.98	-22.48	(0.49)	(0.50)	(0.43)	(0.44)	(22.90)	(23.42)

Pensions Assets and Liabilities Recognised in the Balance Sheet

The amounts included in the Balance sheet arising from the Council's obligation in respect of its defined benefit plan is as follows:-

	Local Govt Pension Scheme		LGPS Unfunded Benefits		Teachers' Unfunded Benefits		Total	
	£m	£m	£m	£m	£m	£m	£m	£m
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
Present value of defined benefit obligation	689.16	698.52	7.63	8.27	4.56	5.07	701.35	711.86
Fair Value of Plan Assets	(456.08)	(438.85)	0.00	0.00	0.00	0.00	(456.08)	(438.85)
Net liability arising from defined benefit obligation	233.08	259.67	7.63	8.27	4.56	5.07	245.27	273.01

Reconciliation of the Movements in the Fair Value of the Scheme (Plan) Assets

	Local Govt Pension Scheme	
	£m	£m
	2015-16	2014-15
Opening fair value of scheme assets	438.85	383.45
Interest income on assets	14.03	16.48
Remeasurement gain/(loss):		
The return on plan assets, excluding the amount included in the net interest expense	1.54	39.72
Contributions by Employer	19.09	16.84
Contributions by Participants	4.55	4.84
Settlements	0.00	0.00
Net Benefits Paid Out	(21.98)	(22.48)
Balance as at 31 March	456.08	438.85

Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation)

	Local Govt Pension Scheme		LGPS Unfunded Benefits		Teachers' Unfunded Benefits		Total	
	£m	£m	£m	£m	£m	£m	£m	£m
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
Opening balance at 1 April	698.52	614.31	8.27	7.94	5.07	5.10	711.86	627.35
Current Service Cost	17.56	16.15	0.00	0.00	0.00	0.00	17.56	16.15
Interest Cost	22.08	26.05	0.25	0.32	0.15	0.20	22.48	26.57
Contributions from scheme participants	4.55	4.84	0.00	0.00	0.00	0.00	4.55	4.84
Remeasurement (gains) and losses:								
Actuarial gains / losses arising from changes in financial assumptions	(26.08)	62.72	(0.26)	0.59	(0.15)	0.26	(26.49)	63.57
Actuarial gains / losses arising from changes in demographic assumptions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Actuarial gains / losses arising from changes in liability experience	(6.08)	(3.63)	(0.14)	(0.08)	(0.08)	(0.05)	(6.30)	(3.76)
Past Service Cost	0.59	0.56	0.00	0.00	0.00	0.00	0.59	0.56
Benefits Paid	(21.98)	(22.48)	(0.49)	(0.50)	(0.43)	(0.44)	(22.90)	(23.42)
Liabilities extinguished on settlements	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Balance as at 31 March	689.16	698.52	7.63	8.27	4.56	5.07	701.35	711.86

Local Government Pension Scheme assets comprised:

	Fair Value of Scheme Assets 2015-16 £'m	Asset Split 2015-16 %	Fair Value of Scheme Assets 2014-15 £'m	Asset Split 2014-15 %
Cash and cash equivalents	15.826	3.47	18.019	4.11
Equity Instruments:				
<i>by industry type (FTSE Sector)</i>				
Oil & Gas	8.483	1.86	10.874	2.48
Basic Materials	6.111	1.34	9.207	2.10
Industrials	37.034	8.12	37.634	8.58
Consumer Goods	38.539	8.45	34.579	7.88
Health Care	25.586	5.61	22.623	5.15
Consumer Services	49.393	10.83	49.407	11.26
Telecommunications	2.052	0.45	3.392	0.77
Utilities	4.834	1.06	1.189	0.27
Financials	58.013	12.72	61.059	13.91
Technology	31.059	6.81	24.366	5.55
Pooled Equity Investment Vehicles	54.045	11.85	48.244	10.99
Sub-total equity	315.151	69.10	302.574	68.94
Bonds:				
<i>By Sector</i>				
Corporate	50.351	11.04	51.328	11.70
Government	44.787	9.82	42.334	9.65
Sub-total bonds	95.138	20.86	93.663	21.35
Property:				
<i>By Type</i>				
Retail	7.525	1.65	6.049	1.38
Office	3.785	0.83	4.045	0.92
Industrial	6.932	1.52	5.162	1.18
Other Commercial	11.721	2.57	9.338	2.13
Sub-total property	29.964	6.57	24.595	5.60
Total assets	456.080	100.00	438.850	100.00

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc.

Both the Local Government Pension Scheme and discretionary benefits liabilities have been estimated by Aon Hewitt, an independent firm of actuaries, in accordance with IAS 19.

The significant assumptions used by the Actuary were:

	2015-16	2014-15
	% pa	% pa
Discount rate	3.4	3.2
Rate of pension increases	1.8	1.8
Rate of salary increases	3.3	3.3
Mortality Assumptions:		
Longevity at 65 for current pensioners :-		
Men	23.1	23.0
Women	26	25.9
Longevity at 65 for future pensioners :-		
Men	25.3	25.2
Women	28.4	28.3

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies of the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

	Increase in Assumption	Decrease in Assumption	Increase in Assumption	Decrease in Assumption
	2015/16	2015/16	2014/15	2014/15
	£m	£m	£m	£m
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	(13.17)	13.42	(13.35)	13.61
Rate of increase in salaries (increase or decrease by 0.1%)	2.89	(2.86)	3.17	(3.14)
Rate of increase in pensions (increase or decrease by 0.1%)	10.51	(10.33)	10.19	(10.03)
Longevity (increase or decrease in 1 year)	17.51	(17.55)	18.31	(18.34)

Impact on the Council's Cash Flows

The funded nature of the LGPS requires the Employer and its employees to pay contributions into the fund, calculated at a level intended to balance the pension liabilities with investment assets. The Actuary will be carrying out the next Actuarial Valuation as at 31 March 2016. The current Employer's contribution rate to achieve a funding level of 100% of scheme liabilities will be reviewed at this point. Consequently, whilst there is a significant shortfall (liability) between 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.

The expected employer's contributions to the Local Government Pension Scheme for the accounting period ending 31 March 2017 are:-

	2016-17 £m
Local Govt Pension Scheme	24.80
LGPS Unfunded	0.25
Teachers' Unfunded	0.15

The weighted average duration of the defined benefit obligation for the scheme members is 19.3 years, which is the same as for 2014-15.

Teachers

In 2015-16, the Council paid £7.6 million (£6.9 million for 2014-15) to the Teachers Pensions Agency in respect of teachers' pension costs. The increase was the result of a higher employer's contribution rate in 2015-16. In addition, the Council is responsible for all pension payments relating to added years awarded, together with the related increases. In 2015-16, these amounted to £0.5 million (£0.5 million for 2014-15).

37. Financial Instruments Disclosures

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Non-exchange transactions, such as those relating to taxes and government grants, do not give rise to financial instruments.

Financial Liabilities

A financial liability is an obligation to transfer economic benefits controlled by the Council and can be represented by a contractual obligation to deliver cash or financial assets. Financial liabilities are initially measured at fair value and carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure Section of 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. For most of the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable together with any accrued interest and interest charged to the Comprehensive Income and Expenditure Statement for the year according to the loan agreement.

The Council has three Lender's Option Borrower's Option loans (LOBOs) with stepped interest rates. An effective interest rate has been used for these so that these are re-measured amounts for the LOBOs on the Balance Sheet.

Where premiums and discounts on early repayment have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the Council Fund to be spread over future years. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the Council Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

The Council's non-derivative financial liabilities are carried in the Balance Sheet at amortised

cost split between short and long term. The Short Term Borrowing in the Balance Sheet is detailed below:

Short Term Borrowing & Other Short Term Financial Liabilities	31 March 2016 £'000	31 March 2015 £'000
Short Term Loans (Accrued Int. Long Term)	278	275
Escrow (Bocam Park) Short Term	57	57
Escrow (Wind Farms) Short Term	229	132
Education/Social Services Trust Funds	346	365
Other Trust Funds	50	50
Short Term Borrowing	960	879
Short Term Trade Payables(Creditors)	5,103	2,897
Other Short Term Financial Liabilities(Creditors)	1,176	1,379
Total Current Financial Liabilities	7,239	5,155

The short term trade payables (creditors) figure £5.103 million relates to trade payables for goods and services received. 64% of this is not overdue for payment and 36% is due within 6 months. The other short term financial liabilities figure of £1.176 million represents monies held by the Council on behalf of different third parties.

The value of the short term liability relating to Other Long Term Liabilities for 2015-16, is made up as follows:-

Short Term Liability Relating to Other Long Term Liabilities	31 March 2016 £'000	31 March 2015 £'000
Maesteg School PFI Lease Liability	552	513
Innovation Centre Financial Liability	55	51
HALO Financial Liability	-	117
Waste Contract (MREC)	50	50
Total	657	731

The £5.103 million, £1.176 million and £0.657 million shown in the two tables above are all included in the Short Term Creditors Balance Sheet figure of £37.302 million which also includes creditors that do not meet the definition of a financial liability so is not detailed here. Note 28 provides more detailed information of the total short term creditors figure.

International Financial Reporting Standard (IFRS) 13 Fair Value introduces additional fair value disclosures from the 1 April 2015 and replaces the various definitions of "fair value" in earlier accounting standards with a uniform one. Fair value of a financial liability is now defined as the price that would be paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair values only need to be disclosed for the Council's long term financial liabilities as the fair value of our short-term instruments, including trade payables are assumed to approximate to the carrying amount so fair values have not been disclosed above.

There are 3 levels in the fair value hierarchy for calculations, however due to the type of financial liabilities we hold the only level applicable to the Council at 31 March 2016 is level 2 where the fair value is calculated from inputs other than quoted prices that are observable for the asset or liability – this is interest rates or yields for similar instruments. The fair value of the long term financial

instruments have been estimated by calculating the net present value of the remaining contractual cash flows at 31 March 2016, which provides an estimate of the value of payments in the future in today's terms, using the following methods and assumptions:

- The fair value of Public Works Loan Board (PWLB) have been discounted at the market rates for local Council loans of the same remaining term to maturity at the 31 March. In previous years the fair values were provided by the PWLB based on premature repayment rates, however, this is no longer appropriate as this would be the price that would be paid to cancel it with PWLB not the price to transfer, therefore the fair value has reduced since 2014-15 as shown in the table below.
- The value of "Lender's Option Borrower's Option" (LOBO) loans have been increased by the value of the embedded options. Lender's options to propose an increase to the interest rate on the loan have been valued according to a proprietary model for Bermudan cancellable swaps. Borrower's contingent options to accept the increased rate or repay the loan have been valued at zero, on the assumption that lenders will only exercise their options when market rates have risen above the contractual loan rate.
- The fair value of other long term financial liabilities have been calculated by discounting the contractual cash flows (excluding service charge elements) at the appropriate AA rated corporate bond yield.

The long term borrowing figure in the balance sheet of £97.434 million is made up as follows:

Long Term Borrowing	Fair Value Level	31 March 2016			31 March 2015		
		Principal Sum Outstanding	Balance Sheet	Fair Value	Principal Sum Outstanding	Balance Sheet	Fair Value
		£'000	£'000	£'000	£'000	£'000	£'000
PWLB (long term)	2	77,617	77,617	103,678	77,617	77,617	118,094
Total PWLB debt		77,617	77,617	103,678	77,617	77,617	118,094
LOBO's	2	19,250	19,817	29,878	19,250	19,827	30,130
Total Market Loans		19,250	19,817	29,878	19,250	19,827	30,130
Total Long Term Borrowing		96,867	97,434	133,556	96,867	97,444	148,224

PFI and other long term liabilities figure in the balance sheet of £21.759 million are detailed below:

Other Long Term Liabilities	Fair Value Level	31 March 2016		31 March 2015	
		Balance Sheet	Fair Value	Balance Sheet	Fair Value
		£'000	£'000	£'000	£'000
Maesteg PFI Lease Liability	2	18,235	26,499	18,787	28,419
Innovation Centre Financial Liability	2	664	961	719	1,073
HALO Financial Liability	2	-	-	844	1,458
Escrow (Football Club)	-	60	60	47	47
Waste Contract (MREC)	2	400	406	450	454
Llynfi	-	2,400	2,400	-	-
Total Other Long Term Liabilities		21,759	30,326	20,847	31,451

The fair value of financial liabilities held at amortised cost is higher than their balance sheet carrying amount because the Council's portfolio of loans includes a number of loans where the interest rate payable is higher than the current rates available for similar loans as at the Balance Sheet date.

Financial Assets

A financial asset is a right to future economic benefits controlled by the Council that is represented by cash or other instruments or a contractual right to receive cash or another financial asset. The financial assets held by the Council during the year are classed as Loans and Receivables, which are assets that have fixed or determinable payments but are not quoted in an active market. They are carried in the balance sheet at amortised cost. Annual credits to the Income and Expenditure Account for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument.

Short term Investments and Cash and Cash Equivalents in the Balance Sheet are detailed below:

Short Term Investments and Cash and Cash Equivalents	31 March 2016 Balance Sheet £'000	31 March 2015 Balance Sheet £'000
Investments (< 1 year)	14,543	11,027
Total Short Term Investments	14,543	11,027
Cash & Cash Equivalents (Deposits)	9,502	8,502
Cash in Hand/Overdrawn	(2,320)	(1,929)
Total Cash & Cash Equivalents	7,182	6,573
Short Term Trade Receivables (Debtors)	5,771	5,330
Total Current Financial Assets	27,496	22,930

The £5.771 million trade receivable (debtor) figure above is for goods and services delivered and an age debt analysis of these trade debtors is shown below in the Credit Risk section. This figure is included in the Short Term Debtors figure of £27.472 million in the balance sheet which also includes debtors that do not meet the definition of a financial liability and Note 26 provides more detailed information of the total short term debtors figure.

Under IFRS 13 the fair value of a financial asset is now defined as the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Fair values only need to be disclosed for the Council's long term financial liabilities as the fair value of our short-term instruments, including trade receivables are assumed to approximate to the carrying amount so fair values have not been disclosed above.

There were two new long term investments in 2015-16. A £2 million investment for one year taken out in October 2015, but this was transferred to short term in the Balance Sheet at 31 March 2016 so is included in the table above. There was also a £2 million investment for two years taken out in November 2015 so the Long Term Investments figure in the balance sheet is £2.007 million (no balance at 31 March 2015) and the Fair Value (Level 2 in the fair value hierarchy as per the liabilities above) is £2.011 million which has been calculated by discounting at the market rate for a similar instrument with equivalent remaining term to maturity.

There are Long Term Debtors carried in the Balance Sheet which are financial assets. These are Housing Advances (£12,552.73) which are made of 5 long term loans made by the Council

to former tenants and private households for mortgages and a lease receivable carried in the balance sheet as Finance Leases (£133,000) for vehicles linked to the waste contract.

Offsetting Financial Assets and Liabilities

Financial assets and liabilities are set off against each other where the Council has a legally enforceable right to set off and it intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. The table below shows those instruments that have been offset on the balance sheet. The Council had no other financial assets or liabilities subject to an enforceable master netting arrangement or similar agreement.

Offsetting of Financial Assets and Liabilities	31 March 2016 Gross Assets (Liabilities) £000	31 March 2015 Gross Assets (Liabilities) £000
Bank Accounts in Credit	2,121	2,322
Total Financial Assets	2,121	2,322
Bank Overdrafts	(2,229)	(2,415)
Total Financial Liabilities	(2,229)	(2,415)
Net Position on Balance Sheet	(108)	(93)

Financial Instruments – Risk

The procedures for risk management are set out through a legal framework set out in the Local Government Act 2003 and the associated regulations. The Council has adopted CIPFA's Code of Practice on Treasury Management (and subsequent amendments) and complies with The Prudential Code for Capital Finance in Local Authorities (both revised in November 2011).

As part of the adoption of the Treasury Management Code, the Council approves a Treasury Management Strategy before the commencement of each financial year. The Strategy sets out the parameters for the management of risks associated with financial instruments. The Council also produces Treasury Management Practices specifying the practical arrangements to be followed to manage these risks. The Council meeting of the 25 February 2015 accepted the Treasury Management Strategy 2015-16 and the Treasury Management and Prudential Indicators.

The Treasury Management Strategy includes an Annual Investment Strategy in compliance with the WG's Guidance on Local Government Investments. This Guidance emphasises that priority is to be given to security and liquidity, rather than yield. The Council's Treasury Management Strategy is based on seeking the highest rate of return consistent with the proper levels of security and liquidity. The Council also conducts a mid-year review of its treasury management policies, practices and activities and any revisions of the Investment Strategy to enable increased flexibility in an ever changing financial market and investment opportunities available will be approved by formal Council. Actual performance is also reported annually to Members in the form of the Annual Treasury Management Report which is reviewed by Audit Committee. These policies are implemented by a central Financial Control Team.

The Council's activities expose it to a variety of financial risks, the key risks are:-

- Credit risk – the possibility that other parties might fail to pay amounts due to the Council;

- Liquidity risk – the possibility that the Council might not have funds available to meet its commitments to make payments;
- Market risk - the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates movements.

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria outlined in the Investment Strategy contained within the Treasury Management Strategy.

The Council manages credit risk by ensuring that investments are only placed with organisations of high credit quality as set out in the Treasury Management Strategy. These include entities with a minimum long-term credit rating of A- that are domiciled in the UK or a foreign country with a minimum sovereign rating of AA+, the UK government, other local authorities, and organisations without credit ratings upon which the Council has received independent investment advice. Overseas subsidiaries of foreign banking groups will normally be assessed according to the country of domicile of the parent organisation.

Cipfa's Code of Practice for Treasury Management requires all local authorities to conduct a mid-year review of its treasury management policies, practices and activities. As a result of this review it was not deemed necessary for the Council to make any major changes to the Investment Strategy only a few minor revisions to enable increased flexibility in an ever changing financial market and to increase the investment opportunities available to the Council whilst still maintaining security and. The Council meeting of 25 November 2015 approved the revisions as a result of the half year review of the Treasury Management Strategy and all these are reflected within this disclosure. Based on this, the Council may invest with any of the counterparty types shown below in the approved counterparties table, subject to the cash limits (per counterparty) and the time limits shown.

Approved Counterparties

Credit Rating	Banks (including building societies) Unsecured	Banks (including building societies) Secured	Government	Corporates	Registered Providers
UK Central Government	N/A	N/A	£ Unlimited	N/A	N/A
			50 Years		
UK Local Authorities *	N/A	N/A	£12,000,000	N/A	N/A
			10 Years		
AAA	£3,000,000	£4,000,000	£4,000,000	£2,000,000	£2,000,000
	5 Years	20 Years	50 Years	20 Years	20 Years
AA+	£3,000,000	£4,000,000	£4,000,000	£2,000,000	£2,000,000
	5 Years	10 Years	25 Years	10 Years	10 Years
AA	£3,000,000	£4,000,000	£4,000,000	£2,000,000	£2,000,000
	4 Years	5 Years	15 Years	5 Years	10 Years
AA-	£3,000,000	£4,000,000	£4,000,000	£2,000,000	£2,000,000
	3 Years	4 Years	10 Years	4 Years	10 Years
A+	£3,000,000	£4,000,000	£2,000,000	£2,000,000	£2,000,000
	2 Years	3 Years	5 Years	3 Years	5 Years
A	£3,000,000	£4,000,000	£2,000,000	£2,000,000	£2,000,000
	13 Months	2 Years	5 Years	2 Years	5 Years
A-	£3,000,000	£4,000,000	£2,000,000	£2,000,000	£2,000,000
	6 Months	13 Months	5 Years	13 Months	5 Years
BBB+	£1,000,000	£2,000,000	£1,000,000	£1,000,000	£1,000,000
	100 Days	6 Months	2 Years	6 Months	2 Years
BBB or BBB-	£1,000,000	£2,000,000	N/A	N/A	N/A
	Next day only	100 Days			
None	£1,000,000	N/A	£2,000,000	N/A	£2,000,000
	6 Months		25 Years		5 Years
Pooled Funds	£4,000,000				
	Per Fund				

* excluding parish and community councils

Unsecured investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail, whereas secured investments are secured on the bank's assets, which limits the potential losses in the unlikely event of insolvency, and means that they are exempt from bail-in. The combined secured and unsecured investments in any one bank will not exceed the cash limit for secured investments.

The Annual Investment Strategy states which investments the Council may use for the prudent

management of its treasury balances during the financial year under the heads of Specified Investments and Non-Specified Investments.

A Specified Investment is one which offers high security and high liquidity. It is a low risk investment where the possibility of loss of principal or investment income is negligible and satisfies the conditions below as defined by WG Investment Guidance:-

- The investment is denominated in pound sterling
- The investment is not a long-term investment (contractually committed to be paid within 12 months/364 days)
- not defined as capital expenditure by legislation, and
- The investment is made with:
 - a) a body or in an investment scheme of high credit quality; or
 - b) the UK Government;
 - c) a UK local authority
 - d) a parish council or community council.

A Non-Specified Investment is any investment that does not fall into the criteria detailed above under the Specified definition. The WG Guidance requires the Council's Investment Strategy to set an overall limit for non-specified investments which was set at £25 million. Therefore, at any one point in time a maximum of £25 million of investments could have been in one of the following non-specified categories:

Non-Specified Investment Limits	Category Total Cash limit
Total long-term investments	£15m
Total Money Market Funds and other pooled funds	£10m
Total investments without credit ratings or rated below the Council's definition of "high credit quality"	£6m
Total investments with institutions domiciled in foreign countries with a sovereign rating below AA+	£3m

The combined values of specified and non-specified investments with any one organisation are subject to the approved counterparties and non-specified limits in the two tables above and also the investment limits shown in the table below. A group of banks under the same ownership will be treated as a single organisation for limit purposes.

Investments Limits	Cash limit
Any single organisation, except the UK Central and Local Government	£4m
UK Central Government	unlimited
UK Local Authorities (per counterparty)	£12m
Any group of organisations under the same ownership	£4m per group
Any group of pooled funds under the same management	£4m per manager
Negotiable instruments held in a broker's nominee account	£10m per broker
Foreign countries	£4m per country
Registered Providers	£5m in total
Unsecured investments with Building Societies	£6m in total

Credit ratings are obtained and monitored by the Council's treasury advisers who notify changes in ratings as they occur. They use long-term credit ratings from the three main rating agencies Fitch Ratings Ltd., Moody's Investors Service and Standard & Poor's Financial Services to assess the risk of investment default. The lowest available counterparty credit rating will be used to determine credit quality, unless an investment specific rating is available. The Council understands that credit ratings are good, but not perfect, predictors of investment default. Full regard is therefore given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support and reports in the quality financial press.

The Council's primary objective for the management of its investments is to give priority to the security and liquidity of its funds before seeking the best rate of return so not all the options available to the Council as detailed above were utilised during 2015-16. The counterparty limits were constantly reviewed and where market conditions dictated, the limit was dropped below the limits detailed above. No breaches of the Council's counterparty criteria occurred during 2015-16 and the Council does not expect any losses from non-performance by any of its counterparties in relation to deposits.

The Council's investments outstanding principal at 31 March 2016 totalled £26.00 million as detailed below and shown in the balance sheet as Long Term Investments (£2.007 million), Short Term Investments (£14.543 million) and included within Cash and Cash Equivalents (£9.501 million). The maximum exposure to credit risk in relation to its investments in banks and building societies cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Council's deposits, but there was no evidence at the 31 March 2016 that this was likely to crystallise. The table below summarises the credit risk exposures of the Council's investment portfolio by credit rating, based on the lowest long term rating:

Counterparty Category	Credit Rating	Instant Access Deposit Accounts £'000	Notice Period Deposit Account £'000	Deposits Maturing Within 1 Month £'000	Deposits Maturing Within 2-3 Months £'000	Deposits Maturing Within 6 Months to 1 Year £'000	Deposits Maturing Within 1-2 Years £'000	Total £'000
Bank	AA-	500						500
Bank	A	1,000	2,000			2,000		5,000
Local Authorities (unrated)				10,000	5,500	2,000	2,000	19,500
Unrated Building Societies					1,000			1,000
Total		1,500	2,000	10,000	6,500	4,000	2,000	26,000

The Council does not generally allow credit for its customers (trade debtors) such that all the trade debtors is recognised as short term, however, £2.390 million of the £5.771 million balance (shown above in financial assets) is past its due date for payment. The past due but not impaired amount can be analysed by age as shown in the table below:

Trade Debtors Past Due but not impaired	31 March 2016 £'000	31 March 2015 £'000
Less than three months	923	1,308
Three to six months	582	259
Six months to one year	343	130
More than one year	541	406
Total	2,389	2,103

Liquidity risk

The Council manages its liquidity risk through its cash-flow management to ensure that cash is available when required. It has ready access to instant access deposit accounts, overdraft facilities and borrowing from the Money Markets or other local authorities to cover any day to day cash flow need and the Public Works Loan Board (PWLB) provides access to borrowing at favourable rates. The Council arranges fixed term loans and investments with a range of maturity dates within the framework and indicators approved each year. There is no perceived risk that the Council will be unable to raise finance to meet its commitments, instead the risk relates to replenishing a significant proportion of its borrowings at a time of unfavourable interest rates.

A key parameter used to address liquidity risk is the Treasury Management Indicator which limits the maturity structure of fixed rate borrowing. This is the amount of projected borrowing that is fixed rate, maturing in each period as a percentage of total projected fixed rate borrowing. This indicator is set to control the Council's exposure to refinancing risk and has been set to allow for the possible restructuring of long term debt where this is expected to lead to an overall saving or reduction in risk.

Maturity structure of fixed rate borrowing	Upper Limit	Lower Limit	Actual %	Principal Outstanding £'000
	2015-16	2015-16	31-03-16	31-03-16
Less than one year	50%	0%	0%	0
Between 1 and 2 years	25%	0%	0%	0
Between 2 and 5 years	50%	0%	0%	0
Between 5 and 10 years	60%	0%	9.59%	9,289
10 years and above	100%	40%	70.54%	68,328
Uncertain date *	-	-	19.87%	19,250
Total			100.00%	96,867

Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer term risk to the Council relates to managing the exposure to replacing all financial instruments therefore including longer term financial liabilities as they mature. The following table details the maturity of all the Council's financial liabilities based on the balance sheet value and includes all trade creditors and other creditors classed as financial liabilities which are due to be paid in less than a year.

Maturity Analysis Financial Liabilities	31 March 2016	31 March 2015
	£'000	£'000
Less than one year	7,897	5,884
Between one and two years	705	774
Between two and five years	4,878	2,642
Between five and ten years	14,510	11,181
More than ten years	79,282	84,057
Uncertain date*	19,817	19,827
Total Financial Liabilities	127,089	124,365

* The £19.250 million (19.87%) and £19.817 million in the two tables above showing an uncertain date relates to Lender's Option Borrower's Option (LOBO) loans which may be re-scheduled in advance of their maturity date of 2054. The LOBO rate and term may vary in the future depending upon the prevailing market rates, the lender exercising their option to increase rates at one of the bi-annual trigger points (the next trigger date being 22 July 2016) and therefore, the Council being given the option to accept the increase or to repay the loan without incurring a penalty. Due to current low interest rates, the Council is not anticipating that this will occur during 2016-17 however in the unlikely event that the lender exercises its option the Council is likely to repay these loans. The maturity date is therefore uncertain.

Market Risk

The Council is exposed to the risk that financial loss could potentially occur as a result of changes in such measures as interest rate movements, market prices or foreign currency exchange rates. The Council is not exposed to the two treasury management risks of price risk or foreign exchange rate risk so only interest rate risk is detailed below.

Interest rate risk - The Council is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in variable and fixed interest rates would have the following effects:

- borrowings at variable rates – the interest charged to revenue within the Comprehensive Income and Expenditure Statement will rise;
- borrowings at fixed rates – the fixed rate protects the Council from increased interest charges as an equivalent loan would now cost more. The fair value of the borrowing (liability) will fall;
- investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise; and
- investments at fixed rates – the fixed rate prevents the Council from receiving higher investment income from the same principal invested. The fair value of the investment (asset) will fall

The Council has a number of strategies for managing interest rate risk. The Treasury Management Strategy draws together the Council's Treasury Management and Prudential indicators and its expected treasury operations, including an expectation of interest rate movements. From this, an indicator is set which provides maximum limits for fixed and variable interest rate exposure:-

	Upper Limit TMS 2015-16	Actual Principal Outstanding 31-03-16
	£m	£m
Total Projected Principal Outstanding on Borrowing	101.87	96.87
Total Projected Principal Outstanding on Investments(including cash/cash equivalents deposits)	8.00	26.00
Net Principal Outstanding	93.87	70.87
Fixed interest rates (net principal) exposure	140.00	55.12
Variable interest rates Exposure (net principal) exposure	50.00	15.75

The Council's borrowings and investments are not carried at fair value on the balance sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Comprehensive Income and Expenditure Statement, however, changes in interest payable and receivable on variable rate borrowings and investments does and will be posted to the Surplus or Deficit on the Provision of Services.

The Financial Control Team monitors market and forecast interest rates within the year to adjust exposures appropriately, to allow any adverse changes to be accommodated. For instance during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate loans may be repaid early to limit exposure to losses. According to this strategy, at 31 March 2016, if there had been a 1% change in interest rates with all other variables held constant, the financial effect would be approximately:

	Estimated £'000 + 1%	Estimated £'000 -1%
Interest payable on variable rate borrowings	133	0
Interest receivable on variable rate investments	(185)	185
Impact on Surplus or Deficit on Provision of Services	(52)	185

The figures for an approximate impact of a 1% fall in interest rates for borrowing are not the same figures as the 1% increase (but reversed) as the variable rate borrowing relates to our LOBO loans where it is assumed that the lender would not exercise their option if there was a fall in interest rates.

38. Post Balance Sheet Events

There are no Post Balance Sheet Events.

39. Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council.

As at the 31 March 2016, the Council had an ongoing claim relating to land that was compulsory purchased by the Council for a replacement of a school building. The method of calculating the compensation award has been challenged and there is ongoing litigation. In the event that the landowner is successful a separate process will commence to determine the value of the land. At this time, therefore, the value of any potential future compensation that might or might not be due is unknown and as such is being disclosed as a contingent liability within the accounts.

Notes to the Cash Flow Statement

40. Adjustments for Non-Cash Movements

2014-15 £'000 restated		2015-16 £'000
(87,724)	Depreciation & Impairment of Assets	(26,342)
2,377	Movement in Stock, Debtors & Creditors	10,071
(9,020)	Pension Fund Adjustments	(6,590)
(2,476)	Provisions	(1,056)
(7,014)	Gain/Loss on Disposal of non current asset	(6,140)
647	Changes in Fair Value of Investment Property	1,082
63	Other non cash movements	6
(103,147)	Adjustments to net deficit on the provision of services for non-cash movements	(28,969)

41. Operating Activities

The cash flows for operating activities include the following items:-

2014-15 £'000 restated		2015-16 £'000
(19,587)	Cash Flow on Revenue Activities	(13,599)
4,789	Interest Paid	4,545
1,638	Interest element of finance lease and PFI rental payments	1,503
(830)	Interest Received	(880)
(13,990)	Net Cash Flows from Operating Activities	(8,431)

42. Investing Activities

The cash flows for investing activities include the following items:-

2014-15 £'000 restated		2015-16 £'000
23,349	Purchase of Property, Plant and Equipment and Investment Property	21,517
7,022	Purchase / (Proceeds) from Long and Short Term Investments	5,523
(6,296)	Proceeds from sale of Property, Plant and Equipment and Investment Property	(3,959)
24,075	Net Cash Flows from Investing Activities	23,081

43. Financing Activities

The cash flows for financing activities include the following items:-

2014-15 £'000 restated		2015-16 £'000
-	Cash Receipts of short and long term borrowing	(3,971)
(14,343)	Other Receipts from financing activities	(15,598)
671	Repayments of short and long term borrowing	1,500
1,483	Cash Payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	2,810
(12,189)	Net Cash Flows from Financing Activities	(15,259)

Glossary Of Terms

Accrual

An accrual is a sum shown in the accounts representing income or expenditure for the accounting period but which was not actually received or paid as at the date of the balance sheet.

Actuary

An actuary is a person who works out insurance and pension premiums, taking into account factors such as life expectancy.

Amortisation

Reduction in value of capital expenditure which has not created an asset, through charges to revenue.

Audit

An audit is an independent examination of the Council's accounts.

Balance Sheet

This is a statement of our assets, liabilities and other balances at the date of the end of the financial year, 31 March.

Budget

A budget (or estimate) is a plan of income and spending, based upon which council tax is set. Actual expenditure and income is subsequently monitored against this plan.

Capital expenditure

Capital expenditure is spending on fixed assets. These are assets that will be used for several years in the provision of services and are items such as buildings, equipment and vehicles.

Capital Adjustment Account

This is money set aside in the Council's accounts for capital spending and to repay loans.

Capital receipt

Capital receipts are proceeds from the sale of fixed assets such as land or buildings.

Cash flow Statement

This is a statement that summarises the movements in cash during the year.

Comprehensive Income and Expenditure Statement

This account records day-to-day spending and income on items such as salaries and wages, running costs of services and the financing of capital expenditure.

Contingent liabilities

A Contingent Liability is a possible obligation that arises from past events and whose existence will be confirmed by the occurrence of uncertain future events.

Corporate and Democratic Core (CDC)

CDC is a service defined by the Best Value Accounting Code of Practice representing costs relating to Member activity (Democratic Representation and Management) and costs that provide the infrastructure to ensure that services can be provided (Corporate Management).

Creditor

A creditor is an organisation / someone owed money by the Council at the end of the financial year for goods / services received during the financial year or previous years.

Current assets

These are short-term assets that are available for the Council to use in the following accounting year.

Current liabilities

These are short-term liabilities that are due for payment by the Council in the following accounting year.

Debtor

A debtor is an organisation / someone who owed the Council money at the end of the financial year for goods / services received during the financial year or previous years.

Delegated schools balances

Under the Local Management of Schools provisions, any balances accrued at year end are delegated to individual schools. These funds are held outside of the Council's Council Fund balances.

Depreciation

Depreciation is the estimated loss in value of fixed assets that are presented in the Balance Sheet.

Earmarked reserves

These are reserves set aside for a specific purpose.

Escrow account

Escrow is a legal arrangement whereby money is delivered to a third party (called an escrow agent) to be held in trust pending a contingency or the fulfillment of a condition or conditions in a contract.

Financial Year

This is the accounting period. For local authorities it starts on 1 April and finishes on 31 March of the following year.

Finance leases

Finance leases are used to finance purchases where the Council takes on most of the risks associated with owning the asset.

Government grants

Assistance by government and inter-government agencies and similar bodies, whether local, national or international, in form of cash or transfers of assets to a Council in return for past or future compliance with certain conditions relating to the activities of the Council.

International Financial Reporting Standard (IFRS)

Financial regulations to be followed as set by the Accounting Standards Board (ASB).

Inventories

Inventories are raw materials purchased for day to day use. The value of these items that have not been used at the end of the financial year are shown as current assets in the balance sheet.

Leasing

This is a method of financing capital expenditure by paying the owner to use property or equipment for a number of years.

Liability

A liability is an amount payable at some time in the future.

Minimum Revenue Provision (MRP)

This is an amount that has been set aside to repay loans. This should be a prudent amount.

Movement in Reserves Statement (MIRS)

This statement shows the movement in the year on different reserves held by the Council.

National Non-Domestic Rates (NNDR)

The NNDR, or Business Rate, is the charge to occupiers of business premises. The money collected is paid to the Welsh Government and redistributed to individual authorities in proportion to their adult population.

Net Realisable Value

The selling price of an asset, reduced by the relevant (direct) cost of selling it.

Non Distributable Costs (NDC)

NDC is a category of costs defined by the Best Value Accounting Code of Practice. It represents:

- costs of unused I.T. facilities,
- costs of long term unused, unrealisable assets,
- certain pension fund costs

Open Market Value in Existing Use (OMVEU)

OMVEU is a basis for valuation of fixed assets.

Operating assets

These are assets used in the running / provision of services.

Operating leases

These are leases where risks of ownership of the asset remain with the owner.

Post balance sheet events

Post balance sheet items are those that arise after the Balance Sheet date. These are items that did not exist at the time the Balance Sheet was prepared but should be disclosed if they are relevant to the fair presentation of the accounts.

Precepts

This is the amount paid to a non-billing Council (for example a community council) so that it can cover its expenses (after allowing for its income).

Prior year adjustment

Those material adjustments applicable to prior years arising from changes in accounting policies or from the correction of fundamental errors.

Provision

A provision is an amount we set aside in our accounts for expected liabilities which we cannot measure accurately.

Private finance initiative (PFI) – a central government initiative which aims to increase the levels of funding available for public services by attracting private sources of finance. The PFI is supported by a number of incentives to encourage authorities' participation.

Public Works Loan Board (PWLB)

This is a Government agency which provides longer term loans to local authorities. It charges interest rates only slightly higher than those at which the Government can borrow.

Related party transactions

These are the transfer of assets or liabilities or the performance of services by, to or for a related party no matter whether a charge is made.

Revaluation Reserve

This represents the non-distributable increase/decrease in the valuation of fixed assets.

Revenue account

This is an account which records our day to day spending and income on items such as salaries and Wages, running costs of services and the financing of capital expenditure.

Service Reporting Code of Practice (SerCOP)

The Service Reporting Code of Practice provides a consistent framework for reporting local authority data. SeRCOP is reviewed annually by the appropriate regulating body to ensure that it develops in line with the needs of modern local government, Transparency, Best Value and public services reform

Temporary borrowing or investment

This is money borrowed or invested for an initial period of less than one year.

Trust fund

Trust funds hold money on behalf of an individual or organisation. Trustees administer the funds for the owners.

Work in progress (WIP)

Work in progress is the value of work undertaken on an unfinished project at the end of the financial year, which has not yet been charged to the revenue account.

Direct line / Deialu uniongyrchol: (01656) 643302
Ask for / Gofynnwch am: Randal Hemingway

Our ref / Ein cyf:
Your ref / Eich cyf:

Date / Dyddiad: 29 September 2016

Huw Vaughan Thomas
Wales Audit Office
24 Cathedral Road
Cardiff
CF11 9LJ

Representations regarding the 2015-16 financial statements

This letter is provided in connection with your audit of the financial statements of the Bridgend County Borough Council (the Council) for the year ended 31 March 2016 for the purpose of expressing an opinion on their truth and fairness and their proper preparation. We confirm that to the best of our knowledge and belief, having made enquiries as we consider sufficient, we can make the following representations to you.

Management representations **Responsibilities**

We have fulfilled our responsibilities for:

- the preparation of the financial statements in accordance with legislative requirements and CIPFA Code of Practice on Local Authority Accounting in the UK 2015-16; in particular the financial statements give a true and fair view in accordance therewith.
- the design, implementation, maintenance and review of internal control to prevent and detect fraud and error.

Information provided

We have provided you with:

- Full access to:
 - all information of which we are aware that is relevant to the preparation of the financial statements such as books of account and supporting documentation, minutes of meetings and other matters;
 - additional information that you have requested from us for the purpose of the audit; and
 - unrestricted access to staff from whom you determined it necessary to obtain audit evidence.
- The results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud;

-
- Our knowledge of fraud or suspected fraud that we are aware of and that affects the Council and involves:
 - management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the financial statements.
 - Our knowledge of any allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, regulators or others;
 - Our knowledge of all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements;
 - The identity of all related parties and all the related party relationships and transactions of which we are aware;
 - Our knowledge of all known partnerships and joint working/ collaborative arrangements that would impact on the financial statements.

Financial statement representations

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

Significant assumptions used in making accounting estimates, including those measured at fair value, are reasonable.

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

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

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

The Council has complied with all conditions imposed by relevant grant paying organisations and can reasonably expect to receive the amounts of grant included within the accounts.

The Council has complied with all aspects of contractual agreements that would require adjustment to, or disclosure in, the accounting statements and related notes.

The reserves of the Council have been reviewed and are properly treated within the final accounts in accordance with the CIPFA guidance.

The provisions of the Council have been reviewed and have been properly treated within the final accounts in accordance with IAS 37.

The Council has accounted for and disclosed its partnership and joint/collaborative working arrangements in accordance with accounting standards and the CIPFA Code.

The agreed recommendations set out in the 2014-15 KPMG financial accounts reports have been satisfactorily implemented.

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

Representations by those charged with governance

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

We acknowledge our responsibility for the preparation of true and fair financial statements in accordance with the applicable financial reporting framework. The financial statements were approved by the Bridgend County Borough Council Audit Committee on 29 September 2016.

Signed by:

Signed by:

Officer who signs on behalf of management

Chair of Audit Committee

Date:

Date:

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Audit of Financial Statements Report

Bridgend County Borough Council

Audit year: 2015-16

Issued: September 2016

Document reference: 497A2016

Status of report

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

In the event of receiving a request for information to which this document may be relevant, attention is drawn to the Code of Practice issued under section 45 of the Freedom of Information Act 2000. The section 45 Code sets out the practice in the handling of requests that is expected of public authorities, including consultation with relevant third parties.

In relation to this document, the Auditor General for Wales and the Wales Audit Office are relevant third parties. Any enquiries regarding disclosure or re-use of this document should be sent to the Wales Audit Office at info.officer@audit.wales.

Contents

The Auditor General intends to issue an unqualified audit report on your financial statements. There are some issues to report to you prior to their approval.

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Summary report

Introduction

1. The Auditor General is responsible for providing an opinion on whether the financial statements give a true and fair view of the financial position of Bridgend County Borough Council (the Council) at 31 March 2016 and its income and expenditure for the year then ended.
2. We do not try to obtain absolute assurance that the financial statements are correctly stated, but adopt the concept of materiality. In planning and conducting the audit, we seek to identify material misstatements in your financial statements, namely, those that might result in a reader of the accounts being misled.
3. The quantitative levels at which we judge such misstatements to be material for the Council's accounts is £4.4 million. Whether an item is judged to be material can also be affected by certain qualitative issues such as legal and regulatory requirements and political sensitivity, for example the remuneration report.
4. International Standard on Auditing (ISA) 260 requires us to report certain matters arising from the audit of the financial statements to those charged with governance of a body in sufficient time to enable appropriate action.
5. This report sets out for consideration the matters arising from the audit of the financial statements of the Council for 2015-16, that require reporting under ISA 260.

Status of the audit

6. We received the draft financial statements for the year ended 31 March 2016 on 16 June 2016, and have now substantially completed the audit work.
7. We are reporting to you the more significant issues arising from the audit, which we believe you must consider prior to approval of the financial statements. The audit team has already discussed these issues with officers.

Proposed audit report

8. It is the Auditor General's intention to issue an unqualified audit report on the financial statements once you have provided us with a Letter of Representation based on that set out in [Appendix 1](#).
9. The proposed audit report is set out in [Appendix 2](#).

Significant issues arising from the audit

Uncorrected misstatements

10. There are no misstatements identified in the financial statements, which remain uncorrected.

Corrected misstatements

11. There are a number of misstatements, some of which are material, that have been corrected by management, but which we consider should be drawn to your attention due to their relevance to your responsibilities over the financial reporting process,. They are set out with explanations in [Appendix 3](#).

Other significant issues arising from the audit

12. In the course of the audit, we consider a number of matters both qualitative and quantitative relating to the accounts and report any significant issues arising to you. There were some issues arising in these areas this year:
- **We have no major concerns about the qualitative aspects of your accounting practices and financial reporting but we did identify a number of balances within creditors and debtors that had to be reclassified.**
We found the information provided in the main to be relevant, reliable, comparable, material and easy to understand. We concluded that accounting policies and estimates are appropriate and financial statement disclosures unbiased, fair and clear. However, sample testing of debtors and creditors identified a number balances that had been incorrectly classified or incorrectly netted up or down. We requested officers undertake a detailed analysis of creditor and debtors balances to identify and correct any further instances of misclassification etc. This additional work resulted in £3.7 million, mainly historic balances, being transferred to reserves, creditors reducing by £3.8 million and debtors decreasing by £126,000. Based on this additional work we were able to gain assurance that restated balances were materially correct.
 - **We did not encounter any significant difficulties during the audit.** Our audit approach differed to that of our predecessors, which caused some initial confusion over what our expectations were for supporting working papers etc. Officers were very helpful and supplied us with all the information we requested, although there were occasional delays, which is to be expected when information is being collated for the first time. We were not restricted in our work in any way. Going forward we will work closely with officers to agree what information is required earlier to streamline the closure process.
 - **There were no significant matters discussed and corresponded upon with management which we need to report to you.**
 - **There are no other matters significant to the oversight of the financial reporting process that we need to report to you.**
 - **We did not identify any material weaknesses in your internal controls.**
 - **There are no 'other' matters specifically required by auditing standards to be communicated to those charged with governance.**

Independence and objectivity

13. As part of the finalisation process, we are required to provide you with representations concerning our independence.
14. We have complied with ethical standards and in our professional judgment, we are independent and our objectivity is not compromised. There are no relationships between the Auditor General, Wales Audit Office and the Council that we consider to bear on our objectivity and independence.

Appendix 1

Final Letter of Representation

(Audited body's letterhead)

Huw Vaughan Thomas
24 Cathedral Road
Cardiff
CF11 9LJ
[Date]

Representations regarding the 2015-16 financial statements

This letter is provided in connection with your audit of the financial statements of the Bridgend County Borough Council (the Council) for the year ended 31 March 2016 for the purpose of expressing an opinion on their truth and fairness and their proper preparation.

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

Management representations

Responsibilities

We have fulfilled our responsibilities for:

- the preparation of the financial statements in accordance with legislative requirements and CIPFA Code of Practice on Local Authority Accounting in the UK 2015-16; in particular the financial statements give a true and fair view in accordance therewith.
- the design, implementation, maintenance and review of internal control to prevent and detect fraud and error.

Information provided

We have provided you with:

- Full access to:
 - all information of which we are aware that is relevant to the preparation of the financial statements such as books of account and supporting documentation, minutes of meetings and other matters;
 - additional information that you have requested from us for the purpose of the audit; and

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

Financial statement representations

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

Significant assumptions used in making accounting estimates, including those measured at fair value, are reasonable.

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

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

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

The Council has complied with all conditions imposed by relevant grant paying organisations and can reasonably expect to receive the amounts of grant included within the accounts.

The Council has complied with all aspects of contractual agreements that would require adjustment to, or disclosure in, the accounting statements and related notes.

The reserves of the Council have been reviewed and are properly treated within the final accounts in accordance with the CIPFA guidance.

The provisions of the Council have been reviewed and have been properly treated within the final accounts in accordance with IAS 37.

The Council has accounted for and disclosed its partnership and joint/collaborative working arrangements in accordance with accounting standards and the CIPFA Code.

The agreed recommendations set out in the 2014-15 KPMG financial accounts reports have been satisfactorily implemented.

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

Representations by those charged with governance

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

We acknowledge our responsibility for the preparation of true and fair financial statements in accordance with the applicable financial reporting framework. The financial statements were approved by the Bridgend County Borough Council Audit Committee on [insert date].

Signed by:

[Officer who signs on behalf of management]

Date:

Signed by:

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

Date:

Appendix 2

Proposed audit report of the Auditor General to the Members of the Audit Committee

I have audited the accounting statements and related notes of Bridgend County Borough Council for the year ended 31 March 2016 under the Public Audit (Wales) Act 2004.

Bridgend County Borough Council's accounting statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet and the Cash Flow Statement.

The financial reporting framework that has been applied in their preparation is applicable law and the Code of Practice on Local Authority Accounting in the United Kingdom 2015-16 based on International Financial Reporting Standards (IFRSs).

Respective responsibilities of the responsible financial officer and the Auditor General for Wales

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on page x, the responsible financial officer is responsible for the preparation of the statement of accounts, which gives a true and fair view.

My responsibility is to audit the accounting statements and related notes in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me to comply with the Financial Reporting Council's Ethical Standards for Auditors.

Scope of the audit of the accounting statements

An audit involves obtaining evidence about the amounts and disclosures in the accounting statements and related notes sufficient to give reasonable assurance that the accounting statements and related notes are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to Bridgend County Borough Council's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the responsible financial officer and the overall presentation of the accounting statements and related notes.

In addition, I read all the financial and non-financial information in the Narrative Report to identify material inconsistencies with the audited accounting statements and related notes and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies, I consider the implications for my report.

Opinion on the accounting statements of Bridgend County Borough Council

In my opinion the accounting statements and related notes:

- give a true and fair view of the financial position of Bridgend County Borough Council as at 31 March 2016 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2015-16.

Opinion on other matters

In my opinion, the information contained in the Narrative Report is consistent with the accounting statements and related notes.

Matters on which I report by exception

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

- adequate accounting records have not been kept;
- the accounting statements are not in agreement with the accounting records and returns;
or
- I have not received all the information and explanations I require for my audit;
- the Governance Statement does not reflect compliance with guidance.

Certificate of completion of audit

I certify that I have completed the audit of the accounts of Bridgend County Borough Council in accordance with the requirements of the Public Audit (Wales) Act 2004 and the Auditor General for Wales' Code of Audit Practice.

For and on behalf of
Huw Vaughan Thomas
Auditor General for Wales
24 Cathedral Road
Cardiff CF11 9LJ
30 September 2016

Summary of corrections made to the draft financial statements which should be drawn to the attention of members of the Audit Committee

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

	Value of correction	Nature of correction	Reason for correction
1a	£3,338,000	Decrease in Short-Term Creditors balance and Decrease in the Net Cost of Service expenditure in the Comprehensive Income and Expenditure Account for 2015-16. This also impacts on the Cash Flow and supporting notes and note 8 grants income	A number of, mainly historic, balances within Short-Term Creditors were identified as either being amounts set aside for future use or no longer required, rather than true creditors. These balances have been released to the Comprehensive Income and Expenditure account and then set aside as Earmarked Reserves.
1b	£3,742,000	Decrease in the Council Fund balance and increase in Earmarked Reserves balance at 31 March 2016 within the Movement in Reserves Statement (MiRS). This also results in amendments to Note 31b 'Revenue reserves'.	Adjustment required to set aside amounts as Earmarked Reserves currently included within Short-Term Creditors (issue 1 above).
1c	£529,000	Decrease in both Short-Term Debtors and Short Term Creditors balances at 31 March 2016. This also impacts on the Cash Flow and supporting notes.	Reclassification of balances to net down balances incorrectly classified within Short Term Debtors and Short Term Creditors.
1d	£403,000	Increase in Short-Term Debtors balance at 31 March 2016.	Incorrect calculation of the bad debt provision on outstanding Council Tax Debtors.

	Value of correction	Nature of correction	Reason for correction
2	£691,000	Reclassification of £691,000 within Short-Term Debtors from 'Other Local Authorities' to 'Central Government Bodies'. The adjustment has no overall impact on the total Short-Term Debtor balance it is a misclassification issue not a misstatement of the balance.	Incorrect classification within Short Term Debtors of an amount due from the Welsh Government.
3	£2,098,000	Reclassifications within Short-Term Creditors: <ul style="list-style-type: none"> • Central Government – decrease £552,000 • Other Local Authorities – increase £2,098,000 • Other entities – decrease £1,546,000 The above entries have no overall impact on the Short-Term Creditors total. This is a misclassification issue not a misstatement of the balance.	Incorrect classification within Short-Term Creditors.
4	£6,051,000	<ul style="list-style-type: none"> • Decrease in the Deficit on Provision of Services within the Comprehensive Income and Expenditure Account • Decrease in MiRS and Note 4 (revaluation losses on Property, Plant and Equipment) • Increase in the Capital Adjustment Account balance at 31 March 16 • Decrease in Revaluation Reserve balance at 31 March 16 This has no impact on the council fund balance or net assets figure.	A net downward revaluation of £2,402,000 on an individual asset had been incorrectly treated as an upward revaluation of £6,051,000 and a separate downward revaluation of £8,453,000. Adjustments were required to reflect only the net revaluation movement.
5	£8,867,000	Decrease in capital commitments disclosed within Note 22a.	To remove an item included in capital commitments where no commitment for the expenditure existed at 31 March 2016.

	Value of correction	Nature of correction	Reason for correction
6	£1,143,000 £38,000	<p>Reclassification of amounts within Tangible Fixed Assets note 22b:</p> <ul style="list-style-type: none"> • £1,143,000 reclassification with 'Cost or Valuation' section from 'Accumulated Depreciation and Impairment written out to GCA' to 'Other movements in cost and valuation' • -£1,143,000 reclassification within 'Accumulated Depreciation and Impairments' section from 'Accumulated Depreciation and Impairment written out to the surplus/deficit on the provision of services' to 'Other Movements' • A further adjustment of £38,000 between 'Other Movements in Cost and Valuation' and 'Other movements' to agree the closing asset values to the fixed asset register <p>The above adjustments had no impact on the closing value of Tangible Fixed Assets at 31 March 2016. These are misclassification issues not misstatements of the balances.</p>	To correct the misclassification of Fixed Asset Movements and agree closing Fixed Asset balances to the fixed asset register.
7	£915,000	<p>Amendments were required to the following balances and transactions:</p> <ul style="list-style-type: none"> • Property, Plant and Equipment within the Balance Sheet (Other Land and Buildings) – decreased by £685,000 • Property, Plant and Equipment within the Balance Sheet (Infrastructure) – decreased by £230,000 • Net Cost of Services expenditure (Comprehensive Income and Expenditure Account) – increased by £915,000 • Increase in MiRS of £915,000 This has no impact on the council fund balance. 	To write out non-enhancing capital expenditure which had not been removed from the fixed asset register at 31 March 2016.

	Value of correction	Nature of correction	Reason for correction
8	£1,194,000	<p>Increase in Note 22g 'capital grants received in advance' to reflect the correct figure of £1,844,000.</p> <p>This has no impact on the council fund balance or net assets figure.</p>	To agree the figure disclosed for capital grants received in advance per Note 22g to the amount per the balance sheet and supporting working papers.
9	£14,780,000	<p>Decrease in gross expenditure and gross income within the 'Net Cost of Service' section of the Comprehensive Income and Expenditure Account.</p> <p>This has no impact on the bottom line of the Comprehensive Income and Expenditure Account.</p> <p>Adjustments are also made to 2014-15 comparative figures for consistency of disclosure.</p>	To correctly net down internal transactions shown gross within the Comprehensive Income and Expenditure Account.
10	£663,000	<p>Decrease in the following balances and transactions:</p> <ul style="list-style-type: none"> • Comprehensive Income and Expenditure Account – Net Cost of Service (across all lines) • Movement in Reserves Statement – line for 'Adjustments between accounting basis and funding basis under regulations (Note 4) • Balance Sheet – Short Term Creditors • Balance Sheet – Short-Term accumulating Compensated Absences <p>Adjustments also made to the notes supporting the above primary financial statements (Notes 4, 28 and 32e).</p> <p>This has no impact on the council fund balance or net assets figure.</p>	Formula error identified in the spreadsheet calculation of accumulated absences.

	Value of correction	Nature of correction	Reason for correction
11	£2,497,000	<p>Decrease in 'Specific Grants credited to Services' per Note 8 to agree the balance with that disclosed for Government Grants per Note 21. Amendments were needed to the following lines to correct the overall total:</p> <ul style="list-style-type: none"> • Foundation Phase Grant – increased to £5,213,000 • Other Children's grants increased to £5,387,000 • Other Wellbeing grants decreased to £811,000 • Other grants decreased to £2,570,000 • Additional line included for Sports play and active Wellbeing £401,000 	To ensure that grant income disclosed within Note 8 agrees with that included in Note 21.
12	Various adjustments to Note 21	Amendments made to ensure the correct classification of amounts within the 'Reconciliation to Subjective Analysis' section of Note 21. Adjustments are also made to 2014-15 comparative figures for consistency of disclosure.	To ensure that amounts disclosed within Note 21 are accurately classified.

	Value of correction	Nature of correction	Reason for correction
13	Various amendments to the Cash Flow Statement and supporting notes	<p>A number of figures included within the Cash Flow Statement and supporting notes required amendment to ensure movements agreed with other entries in the accounts. The adjustments made resulted in the following movements:</p> <ul style="list-style-type: none"> • Note 39 'Adjustments for Non-Cash Movements' total decreased by £11,546,000 • Note 40 'Operating Activities' total decreased by £7,587,000 • Note 41 'Investing Activities' total increased by £5,000 • Note 42 'Financing Activities' total increased by £7,582,000 <p>The above adjustments net to £nil and therefore there is no overall impact on the bottom line of the Cash Flow Statement.</p> <p>Adjustments have also been made to the 2014-15 comparative cash Flow and supporting notes for the same reasons as the adjustments above.</p> <p>A disclosure note has also been included to explain the nature of the 2014-15 adjustments.</p>	To ensure the accurate disclosure of cash flows within the Cash Flow Statement and supporting notes.
14	Various Joint Operation disclosures in Note 18	<p>The following Joint Operations have been added to Note 18:</p> <ul style="list-style-type: none"> • Capita Glamorgan Consultancy Ltd • Coychurch Crematorium • Margam Crematorium • Catalogue Supplies Service • Integrated Family Support Service • Shared Regulatory Service • Joint vehicle maintenance service 	To ensure completeness of Joint Operations disclosed.
15	Various Related Parties disclosures in Note 20	<p>Additional disclosure for:</p> <ul style="list-style-type: none"> • Senior officer who is a Director of Capita Glamorgan Consultancy 	To ensure completeness of disclosures within Note 20.

	Value of correction	Nature of correction	Reason for correction
16	£1,118,000	Note 29: Decrease in Provisions disclosed as Long Term Liabilities and Increase in Provisions disclosed as Current Liabilities. This has no impact on the council fund balance or net assets figure.	To correctly disclose provisions expected to be paid within one year as Current Liabilities.
17	£48,000	Note 11: Decrease in the amount disclosed for 'Council as Lessor – operating leases more than one year'.	To agree the amount disclosed to supporting lease schedule.
18	£2,011,000,000	Note 36: Decrease of £2,011,000,000 in the column for 'Fair Value of Scheme Assets 2015-16' in the table for 'Local Government Pension Scheme Assets'.	The Fair Value of Scheme assets had been incorrectly included at the total value of Scheme assets for the Pension fund and not just the element relating to Bridgend.
19	£30,000	Note 36: Decrease in the figure disclosed for 'Interest Income on Assets' from £14,060,000 to £14,030,000.	To ensure figures disclosed agree with the Actuary calculations.
20	£8,000	Note 12: PFI disclosure note Amendment of the value against the line for 'Service Charge Element 2032-33 to 2033-34' to £997,000. This is a disclosure amendment only and has no impact on the PFI figures included in the Balance Sheet.	To ensure that the amounts disclosed in Note 12 are accurate.
21	£425	Note 15: Decrease in the 2014-15 median salary disclosed within Note 15 – remuneration ratio.	To correct an error identified in the calculation of the median salary.

	Value of correction	Nature of correction	Reason for correction
22	Various	<p>Amendments made to Note 15 as follows:</p> <ul style="list-style-type: none"> • Disclosure 2 – Column for ‘2015-16 excluding Redundancy Costs’ – banding of £65,000 to £69,999 increased from 14 to 15 and total increased from 56 to 57 • Disclosure 2 – Column for ‘Number of Teachers including in Figures excluding Redundancy’ – banding of £65,000 to £69,999 increased from 14 to 15 and total increased from 40 to 41 • Disclosure 4 – various changes throughout the disclosure to amend the number and value of exit packages within each banding 	To ensure that disclosures within Note 15 accurately reflect supporting working papers.
23	Various	A number of amendments to narratives and notes to the financial statements have been made to correct transposition errors, cross referencing etc.	To ensure that notes are accurate and cross reference within the body of the financial statements.

Wales Audit Office
24 Cathedral Road
Cardiff CF11 9LJ

Tel: 029 2032 0500

Fax: 029 2032 0600

Textphone: 029 2032 0660

E-mail: info@audit.wales

Website: www.audit.wales

Swyddfa Archwilio Cymru
24 Heol y Gadeirlan
Caerdydd CF11 9LJ

Ffôn: 029 2032 0500

Ffacs: 029 2032 0600

Ffôn Testun: 029 2032 0660

E-bost: post@archwilio.cymru

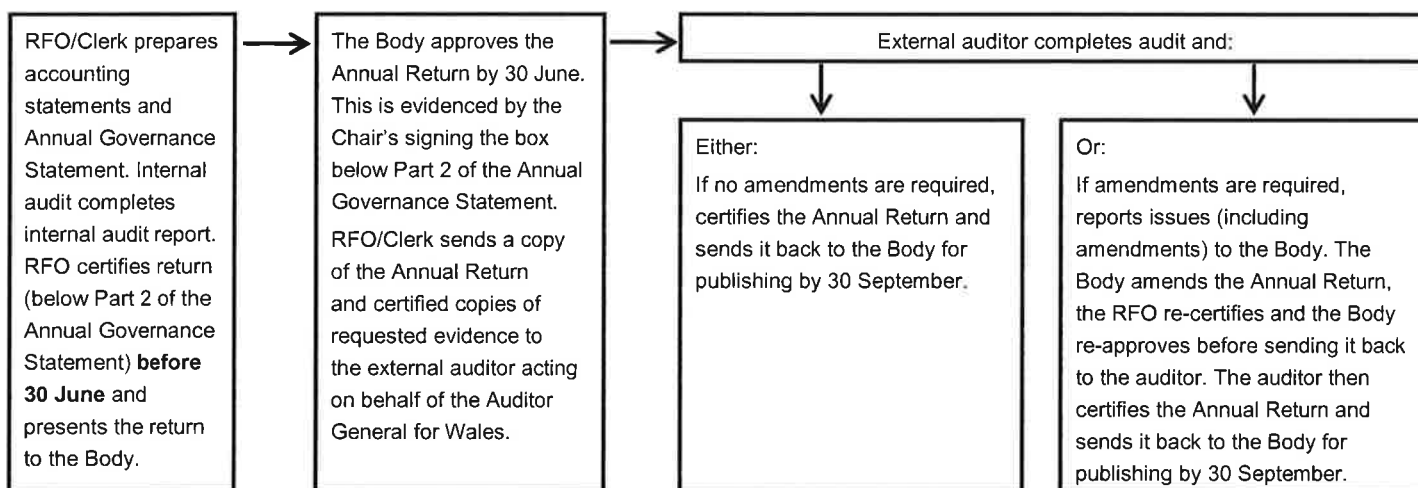
Gwefan: www.archwilio.cymru

Smaller local government bodies in Wales Annual Return for the Year Ended 31 March 2016

Smaller local government bodies in Wales must prepare annual accounts following proper practices as set out in the One Voice Wales/SLCC publication **Governance and accountability for local councils in Wales – A Practitioners' Guide** (the Practitioners' Guide). The Practitioners' Guide states that bodies may prepare their accounts in the form of an annual return prepared by the Wales Audit Office.

The accounts and audit process

The accounts and audit arrangements follow the process as set out below.



Please complete all sections highlighted in red. Incomplete or incorrect returns may require additional external audit work and incur additional costs. Send the **original** Annual Return, together with all additional information requested, to the external auditor acting on behalf of the Auditor General for Wales. **Please note that copies of all documents provided for the purposes of the audit must be certified as true copies of the originals by the Clerk and Chair.** Unless requested, please **do not** send any original financial or other records to the external auditor.

Bodies should note the changes to the Annual Governance Statement. This is to be completed in full by all Bodies.

Audited and certified returns are sent back to the Body for publication or display of the accounting statements, Annual Governance Statement and the Auditor General for Wales' certificate and report.

Completion checklist

'No' answers mean that you may not have met requirements		Done?	
		Yes	No
Initial submission to the external auditor			
Accounts	Has the RFO certified the accounting statements and the body approved the Annual Return (as evidenced by the relevant signatures), no later than 30 June 2016?	<input checked="" type="radio"/>	<input type="radio"/>
	Do the accounts add up and does the balance carried forward from last year equal the opening balance this year?	<input checked="" type="radio"/>	<input type="radio"/>
	Do the papers to be sent to the external auditor include an explanation of significant variations, including a quantified analysis of the changes from last year to this year?	<input checked="" type="radio"/>	<input type="radio"/>
	Does the bank reconciliation as at 31 March 2016 agree to line 9?	<input checked="" type="radio"/>	<input type="radio"/>
All sections	Have all red boxes been completed and explanations provided where needed?	<input checked="" type="radio"/>	<input type="radio"/>
	Has all the information requested by the external auditor been sent with this Annual Return? Please refer to your notice of audit and any additional schedules provided by your external auditor.	<input checked="" type="radio"/>	<input type="radio"/>
Supporting evidence	Have all items and pages of supporting evidence provided to the audit been certified as a true copy of the original by the Clerk and Chair?	<input checked="" type="radio"/>	<input type="radio"/>

Accounting statements 2015-16 for:

Name of body: Porthcawl Marina

	Year ending		Notes and guidance for compilers
	31 March 2015 (£)	31 March 2016 (£)	

Please round all figures to nearest £.
Do not leave any boxes blank and report £0 or nil balances.
All figures must agree to the underlying financial records for the relevant year.

Statement of income and expenditure/receipts and payments

1. Balances brought forward	0	0	Total balances and reserves at the beginning of the year as recorded in the financial records. Must agree to line 7 of the previous year.
2. (+) Income from local taxation/levy	0	0	Total amount of income received/receivable in the year from local taxation (precept) or levy/contribution from principal bodies.
3. (+) Total other receipts	(219054)	(244768)	Total income or receipts recorded in the cashbook minus amounts included in line 2. Includes support, discretionary and revenue grants.
4. (-) Staff costs	64696	64905	Total expenditure or payments made to and on behalf of all employees. Include salaries and wages, PAYE and NI (employees and employers), pension contributions and related expenses eg termination costs.
5. (-) Loan interest/capital repayments	126471	128903	Total expenditure or payments of capital and interest made during the year on external borrowing (if any).
6. (-) Total other payments	27887	50960	Total expenditure or payments as recorded in the cashbook minus staff costs (line 4) and loan interest/capital repayments (line 5).
7. (=) Balances carried forward	0	0	Total balances and reserves at the end of the year. Must equal (1+2+3) – (4+5+6).

Statement of balances

8. (+) Debtors and stock balances	216222	56350	Income and expenditure accounts only: Enter the value of debts owed to the body and stock balances held at the year-end.
9. (+) Total cash and investments	0	0	All accounts: The sum of all current and deposit bank accounts, cash holdings and investments held at 31 March. This must agree with the reconciled cashbook balance as per the bank reconciliation.
10. (-) Creditors	(216222)	(56350)	Income and expenditure accounts only: Enter the value of monies owed by the body (except borrowing) at the year-end.
11. (=) Balances carried forward	0	0	Total balances should equal line 7 above: Enter the total of (8+9-10).
12. Total fixed assets and long-term assets	3740629	3611726	The original asset and investment register value of all fixed assets and any other long-term assets held as at 31 March.
13. Total borrowing	0	0	The outstanding capital balance as at 31 March of all loans from third parties (including PWLB).

14. Trust funds disclosure note	Yes	No	N/A	Yes	No	N/A	The Body acts as sole trustee for and is responsible for managing (a) trust fund(s)/assets (readers should note that the figures above do not include any trust transactions).
	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	

Annual Governance Statement (Part 1)

We acknowledge as the members of the Council/Board/Committee, our responsibility for ensuring that there is a sound system of internal control, including the preparation of the accounting statements. We confirm, to the best of our knowledge and belief, with respect to the accounting statements for the year ended 31 March 2016, that:

	Agreed?		'YES' means that the Council/Board/Committee:	PG Ref	
	Yes	No*			
1. We have approved the accounting statements which have been prepared in accordance with the requirements of the Accounts and Audit (Wales) Regulations 2014 and proper practices.	<input checked="" type="radio"/>	<input type="radio"/>	Prepared its accounting statements in the way prescribed by law.	6, 12	
2. We have maintained an adequate system of internal control, including measures designed to prevent and detect fraud and corruption, and reviewed its effectiveness.	<input checked="" type="radio"/>	<input type="radio"/>	Made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.	6, 7	
3. We have taken all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and codes of practice that could have a significant financial effect on the ability of the Council/Board/Committee to conduct its business or on its finances.	<input checked="" type="radio"/>	<input type="radio"/>	Has only done things that it has the legal power to do and has conformed to codes of practice and standards in the way it has done so.	6	
4. We have provided proper opportunity for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit (Wales) Regulations 2014.	<input checked="" type="radio"/>	<input type="radio"/>	Has given all persons interested the opportunity to inspect and to ask questions about the Body's accounts.	6, 23	
5. We have carried out an assessment of the risks facing the Council/Board/Committee and taken appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.	<input checked="" type="radio"/>	<input type="radio"/>	Considered the financial and other risks it faces in the operation of the Body and has dealt with them properly.	6, 9	
6. We have maintained an adequate and effective system of internal audit of the accounting records and control systems throughout the year and have received a report from the internal auditor.	<input checked="" type="radio"/>	<input type="radio"/>	Arranged for a competent person, independent of the financial controls and procedures, to give an objective view on whether these meet the needs of the Body.	6, 8	
7. We have considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on the Council/Board/Committee and, where appropriate, have included them on the accounting statements.	<input checked="" type="radio"/>	<input type="radio"/>	Disclosed everything it should have about its business during the year including events taking place after the year-end if relevant.	6	
8. We have taken appropriate action on all matters raised in previous reports from internal and external audit.	<input checked="" type="radio"/>	<input type="radio"/>	Considered and taken appropriate action to address issues/weaknesses brought to its attention by both the internal and external auditors.	6, 8, 23	
9. Trust funds – in our capacity as trustee, we have: <ul style="list-style-type: none"> Discharged our responsibility in relation to the accountability for the fund(s) including financial reporting and, if required, independent examination or audit. 	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	Has met all of its responsibilities where it is a sole managing trustee of a local trust or trusts.	3, 6

* Please provide explanations to the external auditor on a separate sheet for each 'no' response given; and describe what action is being taken to address the weaknesses identified.

Annual Governance Statement (Part 2)

	Agreed?		'YES' means that the Council/Board/Committee:	PG Ref
	Yes	No*		
1. We calculated and approved the Council/Board/Committee's budget requirement for the 2015-16 financial year in accordance the Local Government Finance Act 1992 and proper practices [and issued the precept in accordance with Sections 39 to 42 of the Local Government Finance Act 1992.]*	<input checked="" type="radio"/>	<input type="radio"/>	Properly planned its financial activities for the year and set a budget in accordance with statutory requirements.	13
2. We have received detailed financial reports setting out the [income and expenditure* receipts and payments*] and a summary of the Council/Board/Committee's financial position on a regular [monthly* / quarterly*] basis throughout the year.	<input checked="" type="radio"/>	<input type="radio"/>	Effectively monitored its financial position, income and expenditure against that budget throughout the financial year.	13
3. We have ensured that the Council/Board/Committee's internal audit is independent of its day-to-day decision-making process and maintenance of the accounting records and have agreed appropriate terms of reference for the internal audit.	<input checked="" type="radio"/>	<input type="radio"/>	Ensured that its internal audit function is able to undertake its work without potential conflicts of interest and with sufficient scope to provide an adequate and effective service.	8

* Please delete as appropriate.

Council/Board/Committee approval and certification

The Council/Board/Committee is responsible for the preparation of the accounting statements in accordance with the requirements of the Accounts and Audit (Wales) Regulations 2014 and for the preparation of the Annual Governance Statement.

<p>Certification by the RFO</p> <p>I certify that the accounting statements contained in this Annual Return presents fairly the financial position of the Council/Board/Committee, and its income and expenditure, or properly presents receipts and payments, as the case may be, for the year ended 31 March 2016.</p>	<p>Approval by the Council/Board/Committee</p> <p>I confirm that these accounting statements and Annual Governance Statement were approved by the Council/Board/Committee under minute reference:</p>
<p>RFO signature: </p>	<p>Insert minute reference and date of meeting</p>
<p>Name: name required RANDAL HEMINGWAY</p>	<p>Chair signature:</p>
<p>Date: dd/mm/yyyy 20/06/2016</p>	<p>Name: name required</p>
	<p>Date: dd/mm/yyyy</p>

Council/Board/Committee re-approval and re-certification (only required if the annual return has been amended at audit)

<p>Certification by the RFO</p> <p>I certify that the accounting statements contained in this Annual Return presents fairly the financial position of the Council/Board/Committee, and its income and expenditure, or properly presents receipts and payments, as the case may be, for the year ended 31 March 2016.</p>	<p>Approval by the Council/Board/Committee</p> <p>I confirm that these accounting statements and Annual Governance Statement were approved by the Council/Board/Committee under minute reference:</p>
<p>RFO signature:</p>	<p>Insert minute reference and date of meeting</p>
<p>Name: name required</p>	<p>Chair signature:</p>
<p>Date: dd/mm/yyyy</p>	<p>Name: name required</p>
	<p>Date: dd/mm/yyyy</p>

Auditor General for Wales' Audit Certificate and report

The external auditor conducts the audit on behalf of, and in accordance with, guidance issued by the Auditor General for Wales. On the basis of their review of the Annual Return and supporting information, they report whether any matters that come to their attention give cause for concern that relevant legislation and regulatory requirements have not been met.

We certify that we have completed the audit of the Annual Return for the year ended 31 March 2016 of:

External auditor's report

[Except for the matters reported below]* On the basis of our review, in our opinion, the information contained in the Annual Return is in accordance with proper practices and no matters have come to our attention giving cause for concern that relevant legislation and regulatory requirements have not been met.

[[These matters along with]* Other matters not affecting our opinion which we draw to the attention of the body and our recommendations for improvement are included in our report to the body dated _____.]

Other matters and recommendations

On the basis of our review, we draw the Body's attention to the following matters and recommendations which do not affect our audit opinion but should be addressed by the Body.

(Continue on a separate sheet if required.)

External auditor's name:

External auditor's signature:

Date:

For and on behalf of the Auditor General for Wales

* Delete as appropriate.

Annual internal audit report to:

Name of body: Porthcawl Harbour

The Council/Board/Committee's internal audit, acting independently and on the basis of an assessment of risk, has included carrying out a selective assessment of compliance with relevant procedures and controls expected to be in operation during the financial year ending 31 March 2016.

The internal audit has been carried out in accordance with the Council/Board/Committee's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and the internal audit conclusions on whether, in all significant respects, the following control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of the Council/Board/Committee.

	Agreed?				Outline of work undertaken as part of the internal audit (NB not required if detailed internal audit report presented to body)
	Yes	No*	N/A	Not covered**	
1. Appropriate books of account have been properly kept throughout the year.	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Centralised Main accounting audit undertaken – no issues identified.
2. Financial regulations have been met, payments were supported by invoices, expenditure was approved and VAT was appropriately accounted for.	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Audit undertaken in 15/16 – no issues identified.
3. The body assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Audit undertaken in 15/16 – no issues identified.
4. The annual precept/levy/resource demand requirement resulted from an adequate budgetary process, progress against the budget was regularly monitored, and reserves were appropriate.	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Audit undertaken in 15/16 – no issues identified.
5. Expected income was fully received, based on correct prices, properly recorded and promptly banked, and VAT was appropriately accounted for.	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Audit undertaken in 15/16 – no issues identified.
6. Petty cash payments were properly supported by receipts, expenditure was approved and VAT appropriately accounted for.	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Audit undertaken in 15/16 – no issues identified.. VAT for each purchase confirmed as itemised on GL.
7. Salaries to employees and allowances to members were paid in accordance with minuted approvals, and PAYE and NI requirements were properly applied.	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Centralised Payroll audit undertaken – no issues identified.
8. Asset and investment registers were complete, accurate, and properly maintained.	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Confirmed by review of extract from Asset Register.

	Agreed?				Outline of work undertaken as part of the internal audit (NB not required if detailed internal audit report presented to body)
	Yes	No*	N/A	Not covered**	
9. Periodic and year-end bank account reconciliations were properly carried out.	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Centralised Main accounting audit undertaken – no issues identified.
10. Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments/income and expenditure), agreed with the cashbook, were supported by an adequate audit trail from underlying records, and where appropriate, debtors and creditors were properly recorded.	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Centralised Main accounting audit undertaken – no issues identified.
11. Trust funds (including charitable trusts). The Council/Board/Committee has met its responsibilities as a trustee.	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	Insert text

For any risk areas identified by the Council/Board/Committee (list any other risk areas below or on separate sheets if needed) adequate controls existed:

	Agreed?				Outline of work undertaken as part of the internal audit (NB not required if detailed internal audit report presented to body)
	Yes	No*	N/A	Not covered**	
12. Insert risk area	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Insert text
13. Insert risk area	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Insert text
14. Insert risk area	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Insert text

* If the response is 'no', please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).

** If the response is 'not covered', please state when the most recent internal audit work was done in this area and when it is next planned, or if coverage is not required, internal audit must explain why not.

Internal audit confirmation

I confirm that as the Council's internal auditor, I have not been involved in a management or administrative role within the body or as a member of the body during the financial years 2014-15 and 2015-16. I also confirm that there are no conflicts of interest surrounding my appointment.

Name of person who carried out the internal audit: Helen Smith

Signature of person who carried out the internal audit:



Date: 17/06/16

Guidance notes on completing the Annual Return

1. You must apply proper practices when preparing this annual return. For guidance, please read the Practitioners' Guide (**Governance and accountability for local councils: A Practitioners' Guide (Wales)**) – available from One Voice Wales and SLCC. It contains everything you need for the financial year-end and the statutory audit.
2. The Wales Audit Office Good Practice Exchange (www.audit.wales/good-practice/finance/community-council-money) provides further information on the accounts and audit process along with guidance on governance matters.
3. Make sure that the Annual Return is fully completed ie, no empty red boxes. Please avoid making any amendments to the completed return. If this is unavoidable, cross out the incorrect entries, make sure the amendments are drawn to the attention of the body, properly initialled and an explanation for them is provided to the external auditor. **Please do not use correction fluid.** Annual returns that are incomplete or contain unapproved and/or unexplained amendments or correction fluid will be returned unaudited and may incur additional costs.
4. **There are now two boxes for certification and approval by the Body. The second box is only required if the annual return has to be amended as a result of the audit. You should only complete the top box before sending the form to the auditor.**
5. Use a second pair of eyes, perhaps the Chair or a member, to review your Annual Return for completeness before sending the original form to the auditor.
6. Make sure that your accounting statements add up, that the balance carried forward from the previous year (line 7 of 2015) equals the balance brought forward in the current year (line 1 of 2016). Explain any differences between the 2015 figures on this annual return and the amounts recorded in last year's annual return.
7. Explain fully any significant variances in the accounting statements. Do not just send in a copy of your detailed accounting records instead of this explanation. The external auditor wants to know that you understand the reasons for all variances. Include a detailed analysis to support your explanation and be specific about the values of individual elements making up the variances.
8. Make sure that the copy of the bank reconciliation you send to your auditor with the Annual Return covers **all** your bank accounts and cash balances. If there are no reconciling items, please state this and provide evidence of the bank balances. If your Council holds any short-term investments, please note their value on the bank reconciliation. The auditor should also be able to agree your bank reconciliation to line 9 in section 1. More help on bank reconciliation is available in the Practitioners' Guide*.
9. **Every** small body is now required to send to the external auditor, information to support the assertions made in the Annual Governance Statement. Your auditor will tell you what information you need to provide. Please read the audit notice carefully to ensure you include all the information the auditor has asked for. You should send **copies** of the original records (certified by the Clerk and Chair as accurate copies) to the external auditor and not the original documents themselves.
10. Please do not send the auditor any information that you are not specifically asked for. Doing so is not helpful.
11. If the auditor has to review unsolicited information, repeat a request for information, receives an incomplete bank reconciliation or explanation of variances or receives original documents that must be returned, the auditor will incur additional costs for which they are entitled to charge additional fees.
12. **Do not complete the Auditor General for Wales' Audit Certificate and report.** The external auditor completes this on behalf of the Auditor General for Wales on completion of the audit.
13. **Please deal with all correspondence with the external auditor promptly.** This will help you to meet your statutory obligations and will minimise the cost of the audit.
14. **Please note that if completing the electronic form, you must print the form for it to be certified by the RFO and signed by the Chair before it is sent to the auditor.**



24 Cathedral Road / Heol y Gadeirlan
Cardiff / Caerdydd
CF11 9LJ
Tel / Ffôn: 029 20 320500
Fax / Ffacs: 029 20 320600
Email / Epost: wales@wao.gov.uk
www.wao.gov.uk

Reference PHISA260

Date 21 September
2016

Pages 1 of 2

Dear Members

Porthcawl Marina Annual Return for the year ended 31 March 2016

The Auditor is responsible for providing an opinion:

- on whether the information contained in the Porthcawl Marina Annual Return for the year ended 31 March 2016 is in accordance with the Auditor General for Wales' requirements; and
- if any matters have come to the Auditor's attention giving cause for concern that relevant legislation and regulatory requirements have not been met.

We received the draft Annual Return for the financial year ended 31 March 2016 in line with the agreed deadline, and have now completed our audit work. We are reporting to you the issues arising from our work.

Audit certificate and opinion

It is our intention to issue an unqualified certificate and report for the year ended 31 March 2016 and there are no matters in respect of the opinion which we wish to draw to your attention.

Qualification issues

There are no qualification issues to report.

Misstatements in the Statement of Accounts

There were no misstatements found in Section 1: the Statement of Accounts.

Other matters not affecting our opinion

There are no other issues outside the scope of our opinion that we wish to draw the attention of Members.

Yours sincerely

A handwritten signature in blue ink, appearing to read "Derwyn Owen". The signature is written in a cursive style with a large initial 'D'.

Engagement Director

Derwyn Owen

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO AUDIT COMMITTEE

29 SEPTEMBER 2016

REPORT OF HEAD OF FINANCE

THE CORPORATE RISK ASSESSMENT 2016-17

1. Purpose of Report.

- 1.1 The Audit Committee oversees risk management within the Council. The purpose of this report is to inform the Audit Committee of amendments to the 2016-17 Corporate Risk Assessment which have arisen out of the review undertaken in July 2016.

2. Connection to Corporate Plan / Other Corporate Priority

- 2.1 Effective risk management is an essential part of the framework for ensuring good corporate governance and supports delivery of the Council's Corporate Improvement Priorities.

3. Background.

- 3.1 Good governance requires the Council to develop effective risk management processes, including an assessment of corporate risks.
- 3.2 The Audit Committee's Terms of Reference require the Committee to review, scrutinise and issue reports and recommendations on the appropriateness of the Authority's risk management, internal control and corporate governance arrangements.
- 3.3 The 2016-17 Corporate Risk Assessment was approved by Council on 10 March 2016 and is fully aligned with the Council's Medium Term Financial Strategy and Corporate Plan. The version of the Corporate Risk Assessment shown in Appendix 2 footnotes the links with the Corporate Plan.
- 3.4 In accordance with the Council's Corporate Risk Management Policy, it is a requirement that the Corporate Risk Assessment is considered and reviewed by Senior Management Team (SMT), Cabinet and Audit Committee, and is one of the components reviewed as part of the Council's quarterly Corporate Performance Assessment framework.

4. Current situation / proposal.

- 4.1 The Corporate Risk Assessment has been reviewed by SMT and the updated document is attached as Appendix 1. It identifies the main risks facing the Council, the likely impact of these on Council services and the wider County Borough, what is being done to manage the risks and allocates responsibility for the Council's response.

4.2 The Council has also contacted other South Wales Local Authorities to ascertain what risks appear in their registers. Following this exercise a risk entitled “Compliance with the Welsh Language Standards” was added. In addition comments have been added concerning digital transformation and the Local Development Plan to other risks .

4.3 The principal changes made in July 2016 were as follows:

- **Making the cultural change necessary to deliver the Medium Term Financial Strategy**

The risk description has been changed to include some of the unavoidable pressures on the MTFFS such as national agreements on pay, including the National Living Wage, the requirement to protect school budgets and pressures within Social Services. It notes that the Welsh Government (WG) Minister has given no indication of funding levels for 2017-18 and that there is a high degree of uncertainty because following the result of the EU Referendum the UK Chancellor has announced that the target of being in budget surplus by 2020 is unrealistic. There is great uncertainty about how these factors will impact WG funding.

The risk mitigation measures have been changed and note that the Council is looking to strengthen its financial resilience by increasing its reserve to the Welsh average of 2.7% by the end of the MTFFS period. Also the significance of the IT Strategy is highlighted as it prioritises the delivery of agility with more staff working remotely and the future transformational shift towards digital access to services and the digitisation of our most common internal processes.

Other changes include the procurement process being restructured with the Council closely monitoring its corporate contracts register. Additionally, Council has agreed a corporate income generation policy which is based on the principal that the Council will seek to recover the full cost of the service unless there is a conscious decision which is consistent with Council priorities.

The risk impact and risk score are unchanged.

- **Supporting Vulnerable Adults**

The title of the risk has been changed from “Supporting vulnerable people” to “Supporting vulnerable adults” to better differentiate itself from the “Supporting vulnerable children, young people and their families” risk.

The risk description has been updated noting that the Welsh Community Care Information System is being used but that there will be challenges as other organisations start using the system. Other factors have been added, including an increase in safeguarding activity such as the Deprivation of Liberty Standards and the risk of significant increases in the cost of external contracts as a result of the implementation of the National Living Wage from April 2016.

The risk mitigation measures include the Social Services and Wellbeing (Wales) Act 2014. This was implemented in April 2016 and is overseen by a project group. It has required significant work with managers and practitioners to map out the new

requirements and integrate them into practice tools together with the new Welsh Community Care Information System which is being rolled out at the same time. In support of the Councils responsibilities under the Act the risk mitigation measures include an extensive programme of training and the Valuing Carers Compact.

Other changes include confirmation that sites have been identified for the two Extra Care homes; the recruitment and training of existing staff to be Best Interest Assessors and that a provision, based on assumptions, for the National Living Wage is being made in the MTFs.

The risk impact and score remain unchanged.

- **Supporting Vulnerable Children, Young People and Their Families**

The risk description has been changed to note that a significant proportion of funding for work with vulnerable children, young people and their families is via external grants. These may come under threat at a time when budgets are already stretched and when there are increased demands on safeguarding activity, for example, Child Sexual Exploitation, missing children, Looked After Children and Children in Need.

The risk impact notes that at March 2016 there were 380 Looked After Children and that the number has shown a steady decrease, but has now plateaued.

The risk mitigation measures now include the desire to reduce demand by investing in early help and intervention programmes and the development of services which will help children transition into adulthood. A Remodeling Board has been established which will oversee the planning of new models of service delivery that provide flexible support to people when they need it. They also advise that the continuing delivery of the Social Services and Wellbeing (Wales) Act 2014 and the Welsh Community Care Information System are being driven by a project group. In addition the Council will develop appropriate mechanisms to provide good information, advice and assistance. This includes Dewis Cymru, the all Wales information and advice website and services in support of Carers.

The risk score has increased from 16 to 20 because of the reliance on grant funding.

- **Welfare Reform**

The risk impact has been changed to note that an additional 120 households will be affected by the reduction from £23,000 to £20,000 in the total benefit a working age person can receive. The impact has also been changed because Disability Living Allowance is being replaced by Personal Independence Payments. This will impact a significant number of residents as amounts paid might be different and there is the possibility of delays, particularly through the appeals process. Also The UK Government had intended to bring Housing Benefit for social housing tenants in line with private sector local housing allowance rates from 1 April 2017. This would have impacted on all supported accommodation and some Registered Social Landlords elsewhere were already cancelling or postponing Extra Care housing schemes. However, following pressure from Registered Social Landlords, Ministers

have offered full exemption to supported housing until a long term solution is devised.

The risk mitigation measures have been amended and now note that the Head of Finance has initiated and chairs a welfare reform cross functional working group. The aim of the group is to proactively identify and implement measures which will mitigate the impact on citizens. Also with regards to Housing Benefit for Extra Care residents, Registered Social Landlords and Councils are seeking to influence the way that any changes to Housing Benefit are implemented.

The risk description and score remain unchanged.

- **Local Government Reorganisation**

There is a risk that continuing uncertainty about future structures will slow down the pace of transformative change which is required now to deliver services within reduced budgets.

The risk description has been changed to note that the results of the WG elections have made the future direction of Local Government Reorganisation uncertain. The new WG Minister has advised that the previous plans to cut 22 Councils to eight or nine will not be pursued. WG have not yet proposed a particular solution but are considering the way forward and want to have a new plan drawn up by the autumn of 2016.

The risk impact notes that with any delay to Local Government Reorganisation there is now a greater incentive to reconfigure public services on the basis of partnerships and regional collaborative models.

The risk mitigation measures note that whilst uncertainty remains, the Council will continue to focus on delivering services to the public within the MTFs. An important part of this will be its collaboration with a range of partners on a pragmatic basis.

The inherent risk score has reduced from 24 to 20 and the residual risk score from 20 to 16. This is because if Local Government Reorganisation is delayed there will be greater incentive to transform services through collaboration across different boundaries.

- **The Economic Climate and Austerity**

The risk description has been changed because following the EU Referendum there is greater uncertainty about the impact on resources. Bridgend County Borough receives significant levels of EU funding. Current programmes run to the 2020-21 financial year and there is approved funding of £4.926m. In addition there are also further grant applications of up to £18m at various stages of development. Outside of the EU there is less certainty that these sums will be forthcoming from UK Government or WG. In addition there is a greater risk of general economic downturn following the vote to leave the EU. If the economy is less buoyant the Local Development Plan (LDP) may come under pressure because certain available sites are less attractive to housing developers.

The risk impact has been amended to note that the delivery of housing was on track in 2015 but will slip behind target in 2016. If the LDP fails housing developers may come forward with alternative projects on sensitive sites which may escalate to appeal.

The risk mitigation measures have been changed to note that parts of the Parc Afon Ewenni development scheme will become available for housing development. Also the Smart System and Heat project is in a development stage and will put Bridgend at the forefront of emerging technology but key decisions must be made about project delivery. With regards to developments in Porthcawl, a new masterplan is being produced in support of phase 1 of the Seven Bays Project.

The risk mitigation measures also make reference to the Cardiff Capital Region securing a City Deal worth £1.28bn. This will allow Councils and partners to unlock significant growth across the Cardiff Capital Region. The City Deal will provide an opportunity to continue tackling the area's barriers to economic growth by improving transport connectivity, increasing skills levels still further, supporting people into work and giving businesses the support they need to innovate and grow.

The risk score remains unchanged.

- **Disposing of Waste**

The risk description has been amended to reflect that whilst timescales are tight a new service is expected to commence in April 2017.

The risk mitigation measures have been changed to say that a procurement process has commenced and the desired outcome will enable the Council to meet the targets set by WG in their policy document "Towards Zero Waste". There will be a two bag restriction on residual waste and waste going to Household Recycling Centres will need to be pre-sorted. An absorbent hygienic products collection will also be introduced. In the longer term more resource will be needed to publicise and enforce the new schemes.

The procurement of a more permanent Anaerobic Digestion contract has commenced and tenders are being evaluated together with WG. With regards to MREC, a tender was let to allow an operator to provide residual waste handling facilities. The results and their implications are being considered.

The risk impact and score remains unchanged.

- **Equal pay**

The Equal Pay risk remains unchanged.

- **Healthy Lifestyles**

The risk mitigation measures have been updated to include a range of encouraging indicators. These include a reduction in the numbers of obese and overweight people, increasing numbers of visits to leisure facilities and an increased participation in both school and club based sport by children.

The risk description, impact and score remain unchanged.

- **Maintaining Infrastructure**

The risk mitigation measures note that following consultation, the MTFS budget reduction proposal for highways maintenance was reduced by £500,000 from the £1,207,000 consulted on. The mitigation measures also note that decisions about the condition of the Highways can be made objectively because of the use of digital scanning equipment.

The risk description, impact and score remain unchanged.

- **Educational Provision**

The risk mitigation measures have been updated to note the different work streams under the strategic review of education. Also the council has published its Welsh Education Strategic Plan and is evaluating a range of opportunities for the provision of Welsh medium education.

The risk description and impact remain unchanged.

The risk score has increased from 12 to 16 because of the difficulty in making the changes that come out of the strategy review.

- **The impact of homelessness**

The risk description has been changed. This is because homelessness may increase due to the current economic climate and ongoing austerity measures at a time when the service itself is coming under increasing pressure because of its reliance on grant funding which is now subject to greater uncertainty. It is also noted that the Council has been able to provide interim accommodation for former Prisoners under WG transitional funding however this is not a long term solution so the impact on repeated presentation and street homelessness cannot be quantified at this point.

The risk impact has been amended to note that any reduction in the WG grant for the Supporting People Programme might impact on the ability to sustain tenancies and increase repeat homelessness.

The risk mitigation measures note that Communities First have commissioned the Citizens Advice Bureau to provide advice on financial inclusion.

The risk score remains unchanged.

- **Ineffective collaboration with partners**

The risk title has been changed from collaboration with partners to ineffective collaboration with partners in order to highlight that the risk is not that the Council works with other organisations, but rather that this might not be done well.

The risk impact has been changed because staff working within Regulatory Services have now all transferred to the Vale of Glamorgan Council, as host employers for the newly formed Shared Service. As the service covers a larger area, line of sight must not be lost to local delivery.

The risk description, mitigation measures and score remain unchanged.

- **Educational Attainment**

The risk mitigation measures have been updated to reflect both the appointment of additional Governors and that the Council is undertaking a skills audit to identify Governors' training needs.

The risk description, impact and score remain unchanged.

- **Health and Safety**

The risk description has been changed because staff restructures have resulted in a reduction in the number of experienced supervisory staff and this means that there is an increased risk that opportunities to improve health and safety practice may be missed. The risk description has also been changed to include a reference to the higher fines under the new sentencing guidelines.

The risk mitigation measures note that the Directorate Risk Registers will be reviewed to ensure that they reflect the risk profiles of the new Directorate structure and that an additional two year post has been created within the Health and Safety team. This person will inspect and audit higher risk services and coach and mentor managers so that the delivery of health and safety is sustainable.

In addition capital bids will support the addressing of health and safety issues on a dynamic basis. For example: £500,000 is committed to the Maesteg School parent drop-off and a further £500,000 is committed to supporting highways improvement work around schools.

The risk impact remains unchanged.

The inherent risk score has been increased to 24 to reflect the reduction in the number of experienced staff. The residual score after the application of risk mitigation measures remains unchanged.

- **School Modernisation**

The risk mitigation measures have been updated because a strategy to utilise the mobile classrooms at Betws Primary school to support other schools is being developed from the summer of 2017.

The risk description, impact and score remain unchanged.

- **Welsh Language Standards (WLS)**

A new risk has been added in respect of WLS. If the council has to comply with the Welsh Language Standards which it has appealed, there will be additional pressure on the MTFS 2016-17 to 2019-20. There is also an ongoing strain on management capacity as the time taken to work through these issues is considerable and is taken away from the management of core services.

The risk mitigation measures include a budget pressure, arising from the implementation of WLS, being recognised in the MTFS 2016-17 to 2019-20. Should the appeals not be successful the council will meet the additional costs in the short term from the corporate contingency or Council Fund until such time as recurrent funding is identified from budget reductions elsewhere or Council Tax increases.

Should the Welsh Language Commissioner determine that it is not unreasonable or disproportionate to comply with the standards that have been appealed then there is a further right of appeal to the Welsh Language Tribunal. Following a determination by the Tribunal, the Commissioner or council can appeal to the High Court on a point of law only. During the appeals process the council is not required to comply with those standards under appeal.

The risk has a score of 12.

5. Effect upon Policy Framework & Procedure Rules.

5.1 None as a direct consequence of this report.

6. Equality Impact Assessment

6.1 Equality issues permeate many of the risks identified and where appropriate equality impact assessments are undertaken within the process of approving the mitigating actions.

7. Financial Implications.

7.1 There are no financial implications directly associated with the risk assessment. Actions planned to mitigate each risk are required to be progressed within approved budgets.

8. Recommendation.

- 8.1 That Members consider the changes to the Corporate Risk Assessment that have been made and receive a further report in January 2017 concerning the 2016-17 Corporate Risk Assessment and review of the Risk Management Policy.

Randal Hemingway
Head of Finance & Section 151 Officer
14 September 2016

Contact Officer: Roger Martin
Insurance & Risk Officer

Telephone: (01656) 643318

E-mail: roger.martin@bridgend.gov.uk

Postal Address Raven's Court, Brewery Lane, Bridgend CF31 4AP

Background documents

None

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Priority Theme	Risk Description	Potential Impact	Inherent Risk Score	Risk Reduction Measures	Risk Owner	Residual Risk Score
Links to all priority themes	<p>Making the cultural change necessary to deliver the Medium Term Financial Strategy:</p> <p>Whilst better than anticipated, the settlement for 2016-17 from Welsh Government (WG) of a reduction in AEF of 1.2% provides significant challenges particularly in view of unavoidable pressures such as the national agreements on pay, including the Living Wage, the requirement to protect school budgets and pressures within Social Services.</p> <p>The WG Minister has given no indication of allocations for 2017-18 onwards and the future is difficult to predict. The UK Chancellor has announced that the target of being in budget surplus by 2020 is unrealistic in the current economic context. Following the EU Referendum there is great uncertainty about how these factors will impact WG funding.</p> <p>The new political landscape in Welsh Government introduces a further degree of uncertainty.</p> <p>The updated MTFs and draft budget report to Cabinet is based on an assumption that AEF will reduce by 3.2% per annum to 2019-20 plus an increase in Council Tax of 3.9% in 2016-17 rising to 4.5% in 2019-20. The revised savings targets are:</p> <p>2016-17: £7.477m 2017-18: £9.190m 2018-19: £9.697m 2019-20: £9.167m</p> <p>Budget reduction proposals over the term of the MTFs have been formulated but currently £18.532m</p>	<p>The Council's budget for 2016-17 to 2019-20 forecasts a £36.531m budget reduction requirement.</p> <p>More obvious budget reductions have already been made and increasingly difficult spending decisions will have to be taken including those which have awkward political implications that may have previously been rejected.</p> <p>In the future the Council will look very different as it becomes a different sort of Local Authority that will do less but be better. The cost of redundancy payments will be a significant item given that around two thirds of expenditure is staff, as will funding a pension deficit that will increase as fewer people contribute, outgoings increase and there is increased uncertainty around investments, particularly following the result of the EU Referendum.</p> <p>If there is a shortfall in savings the Council might fail to deliver the MTFs. This could necessitate the unplanned use of reserves to bridge the funding gap or unplanned cuts to services which could put vulnerable people at risk.</p> <p>Citizens may become increasingly dissatisfied with the Council, damaging its reputation, as Council Tax bills increase year on year whilst discretionary and preventative services are cut and statutory services come under</p>	<p>Likelihood - 6</p> <p>Impact - 4</p> <p>Total - 24</p>	<p>There will be an ever increasing focus on the main aims of the Council. The Council consulted on a revised set of three Corporate Improvement Priorities to replace the previous six. They received widespread support from the public which will help in making changes.</p> <p>The Improvement Priorities will inform the allocation of resources in the MTFs period 2016-20. Prioritisation may be afforded to specific budget areas which deliver against the new priorities.</p> <p>The Council will continue to manage its resources very carefully, in accordance with MTFs principles, and make difficult spending decisions. This will have to carry on for some years as the outlook for the public finances continues to look difficult.</p> <p>An MTFs budget reduction contingency reserve will be created to enable the Council to manage delays or unforeseen obstacles to the delivery of significant budget reduction proposals.</p> <p>The financial resilience of the Council will be improved as it seeks to increase the Council reserve to the Welsh average of 2.7% by the end of the MTFs period.</p> <p>The workforce will reduce over the life of the MTFs. The reduction will be managed through a continuation of the employment freeze, redeployment, early retirements, voluntary redundancies and some compulsory redundancies.</p> <p>The way that staff work will change. Raven's Court will be leased out and staff transferred to Civic Offices and Sunnyside House. The ICT strategy prioritises the delivery of agility with more staff working remotely.</p> <p>The ICT strategy also prioritises a transformational shift towards digital access to services and the digitisation of most common internal processes. However, to realise savings the Council must stop delivering services through the traditional route as well and this may be resisted. The public may become frustrated as they can deal with the Council digitally in some areas, but not in others or if the back office process cannot keep pace with a digital public face to the service.</p> <p>The procurement process will be restructured and the Council will more closely monitor its corporate contracts register to ensure best value is achieved through e-procurement and the contracts framework.</p> <p>Delivery of the MTFs will be supported as the Council finds the best management arrangements for property assets including</p>	Head of Finance	<p>Likelihood - 6</p> <p>Impact - 4</p> <p>Total - 24</p>

Priority Theme	Risk Description	Potential Impact	Inherent Risk Score	Risk Reduction Measures	Risk Owner	Residual Risk Score
	<p>have not yet been developed or given consideration.</p> <p>The successful delivery of the MTFS is increasingly at risk as it becomes ever harder to make savings from more efficient services and substantial savings are relying on single projects that may not deliver.</p> <p>The budget reductions required will mean that deep transformational change is needed impacting the culture of the entire Council. There is a risk that the Council will not achieve the degree of change required due to increasingly difficult choices having to be made, the length of time it takes to make change or because the Council does not have the necessary skills and experience needed.</p>	<p>increasing pressure.</p>		<p>Community Asset Transfer. Priority 1 proposals include public toilets, parks pavilions, bus shelters and Community Centres. Playgrounds, playing fields and bowling greens may follow. Up to £200,000 will be set aside in the Change Management ear marked reserve to fund a fixed term dedicated Community Asset Transfer post and to meet additional legal and property requirements.</p> <p>In addition to different management arrangements delivery of the MTFS will be supported by the disposal of assets. An estimated £21m could be generated by the enhanced disposals programme with £9.3m already delivered.</p> <p>As a minimum, fees and charges will be increased by at least CPI plus 1%. A corporate income generation policy has been agreed. A principal is that the council will seek to recover the full cost of the service other than if there is a conscious decision which is consistent with Council priorities.</p>		
<p>Helping people to be more self-reliant</p> <p>Smarter use of resources</p>	<p>Supporting vulnerable adults:</p> <p>If the Council in partnership with Western Bay and other partners do not transform how services are delivered, they will not be able to meet the challenges brought about by high public expectations, a significantly worsening budget and a population that is both older and has more complex physical and mental health needs.</p> <p>Transformation is very significant and includes:</p> <ul style="list-style-type: none"> Embedding the provisions of the Social Services and Wellbeing Act 2014 including duties to prisoners in the secure estate Continuing use of the Welsh 	<p>The population is aging. Between 2014 and 2020, the number of people aged 65 and over is estimated to increase by 12.1% whilst the number of people over 85 is projected to increase by 24.4%. This changing demographic means that there will be more people with Dementia, It is estimated that need will double between 2001 and 2030.</p> <p>At the same time there are more young people with complex health needs living into adulthood. Whilst this is good, it means that more citizens are living with long term health problems that lead to an increasing need for support. This increasing demand will place additional</p>	<p>Likelihood - 6</p> <p>Impact - 4</p> <p>Total - 24</p>	<p>Transformation is being driven forward as the Council works with a range of partners to deliver a broad range of support and services, across adult social care. The Remodelling Adult Social Care (RASC) Board continues to be the foundation of the transformation journey as the Council changes the emphasis from a model of “caring” to a more preventative approach of working with partners such as the NHS and third sector organisations to assist and support adults as they live independently in their own communities.</p> <p>The Council is exploring ways to include service users and communities within aspects of commissioning especially in the development of new service models for the future. There is an earmarked reserve that has been created to support the remodelling of adult social care that the service can draw on as appropriate.</p> <p>The RASC is aligned to corporate priorities and most of the projects under the Board have progressed to implementation stage and require specific focus and monitoring. The Social Services and Wellbeing (Wales) Act 2014 has been implemented from April 2016. This is overseen by a project group and has required significant work with managers and practitioners to map out the new requirements and integrate them into practice tools and the new Welsh Community Care Information System which is being</p>	<p>Corporate Director</p> <p>Social Services & Wellbeing</p>	<p>Likelihood - 5</p> <p>Impact - 4</p> <p>Total - 20</p>

Priority Theme	Risk Description	Potential Impact	Inherent Risk Score	Risk Reduction Measures	Risk Owner	Residual Risk Score
	<p>Community Care Information System (WCCIS) and the potential challenges as the system is rolled out to other authorities</p> <ul style="list-style-type: none"> • Caring for increased numbers of persons with Dementia • Encouraging greater use of direct payments • Managing risks associated with the use of independent providers • The transfer of more homecare to the independent sector • An increase in safeguarding activity including the Deprivation of Liberty Standards • The risk of significant increases in the cost of external contracts as a result of the implementation of the living wage from April 2016 <p>Demand for services is increasing and at the same time resources are decreasing. This makes the MTFS challenging. There is currently a shortfall in the savings identified. It is imperative that the Council continues to identify further savings to meet the MTFS.</p>	<p>cost pressure on the service.</p> <p>Failure to remodel services will:</p> <ul style="list-style-type: none"> • Restrict the Council's ability to respond to assessed needs as set out in the Social Services and Wellbeing Act (Wales) 2014 • Mean that the Council will be unable to meet its essential obligations and deliver the MTFS • Result in longer lengths of stay in acute hospital services • Result in a greater need for expensive hospital treatment • Mean that vulnerable people lead less fulfilled lives • Mean that the Council does not meet the public's expectations and consequently the reputation of the organisation will suffer 		<p>implemented at the same time. Implementation of the Act is supported by WG Delivering Transformation Grant and its preventative approach is also promoted through support for the Dewis Cymru, all Wales information and advice website.</p> <p>A competent and skilled workforce is required in order to deliver this significant change agenda. The Social Care Workforce Development Programme is providing an extensive programme of training including 37 events for managers and practitioners with skills based workshops to support the transfer of knowledge into practice to follow. Workforce development includes the establishment of a team to work with persons in the secure estate and this is supported by a WG grant.</p> <p>The Valuing Carers Compact will provide a framework for collaborative working and is a practical response to the requirement to support carers in the Social Services and Wellbeing (Wales) Act 2014.</p> <p>The evidence base in relation to future care and support needs and the needs of carers will be enhanced by the Population Assessment.</p> <p>The Council has worked with ABMU to develop a joint Dementia Strategy 2015-18 which provides an overarching context in respect of the current service provision, gaps in services, the challenges ahead and priorities. Beneath this is a Dementia Delivery Plan showing how the strategy will be delivered during the next three years including milestones, target dates and responsible officers.</p> <p>In appropriate cases the Council is seeking to increase the number of service users receiving direct payments. In the future these may be used to purchase services from the Council as well as external providers.</p> <p>The remodelling homecare implementation plan is ongoing. At this stage, fewer hours have been transferred to the independent sector than was anticipated. The implementation plan has been reviewed and corrective actions are being progressed. In addition to this a formal contingency plan is being drawn up with planned actions to take if an external provider goes into administration.</p> <p>The project to change the residential care model will be subject to market conditions. Buildings are old and not future proof. It will become increasingly difficult to keep them at an acceptable standard. The Council is planning to develop two Extracare homes to replace three care homes. Sites have been identified and will be declared surplus to the requirements of the Council and disposed of to the preferred RSL Partner, at market value, which is to be independently assessed by the District Valuer.</p>		

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				<p>Independent residential care providers have been helped by the production of a Regional Quality Framework for their sector. It gives providers knowledge of the level of care expected.</p> <p>The recruitment and training of existing staff to be Best Interest Assessors.</p> <p>The living wage is a foreseen pressure. The exact amount to fund it is not known so an assumption has been made for the MTFS.</p> <p>Robust monitoring of absence levels continues including scrutiny on a case by case basis.</p>		
<p>Helping people to be more self-reliant</p> <p>Smarter use of resources</p>	<p>Supporting vulnerable children, young people and their families:</p> <p>A significant proportion of funding for work with vulnerable children, young people and their families is via grants provision. These may come under threat at a time when budgets are already stretched.</p> <p>If the Council in conjunction with partner organisations does not transform services it will not be able to meet the challenges of:</p> <ul style="list-style-type: none"> providing high quality care to vulnerable children and their families including the increased demands for safeguarding activity, for example, CSE, missing children, LAC and children and young people who are subject to care and support plans Embedding the provisions of the Social Services and Wellbeing (Wales) Act Continued implementation of WCCIS 	<p>Between 2007-08 and 2012-13 the number of Looked After Children increased by 40%, from 292 to 412. At March 2016 there were 380. The number has shown a steady decrease but has now plateaued. The number of children and young people who are subject to care and support plans is reducing.</p> <p>If services are not transformed the wellbeing and safety of children might be compromised. They may be unable to:</p> <ul style="list-style-type: none"> Thrive and make the best use of their talents Live healthy and safe lives Be confident and caring throughout their lives Know and receive their rights <p>Patterns of behaviour, such as poor parenting will be repeated in subsequent generations.</p> <p>A potential increase in the proportion of young people identified as not in education, employment or training</p>	<p>Likelihood - 5</p> <p>Impact - 4</p> <p>Total - 20</p>	<p>The council will reduce demand by investing in early help and intervention programmes. A Remodelling Board has been established which will oversee the planning of new models of service delivery.</p> <p>The Social Services and Wellbeing (Wales) Act 2014 has been implemented from April 2016. This is overseen by a project group and has required significant work with managers and practitioners to map out the new requirements and integrate them into practice tools and the new Welsh Community Care Information System which is being implemented at the same time. Implementation of the Act is supported by a WG Delivering Transformation Grant.</p> <p>Part 6 of the Social Services and Wellbeing (Wales) Act concerns children who are looked after by the Council. The Act was implemented on 6 April 2016 and stipulates that:</p> <ul style="list-style-type: none"> The child should have a care and support plan The Council should make it easy for the child to stay in touch with parents, family and friends where it is safe to do so Each child should have an independent reviewing officer The Council should provide support and advice for young people coming out of care <p>Significant training has been carried out to ensure that the Council meets its duties under the Act.</p> <p>The Council is taking a lead role in the development of a national approach to statutory advocacy for Looked After Children and Children and young people who are subject to care and support plans.</p> <p>There is an earmarked reserve for Looked After Children that will support the service area and help cushion any sudden increases in Looked After Children numbers.</p>	<p>Corporate Director</p> <p>Social Services and Wellbeing</p> <p>Corporate Director</p> <p>Education and Family Support</p>	<p>Likelihood - 5</p> <p>Impact - 4</p> <p>Total - 20</p>

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		<p>(NEET).</p> <p>A less skilled and flexible workforce.</p> <p>Increased social and economic costs.</p> <p>A loss of reputation to the Council.</p> <p>An increase in the need to commission expensive placements with independent fostering and adoption providers.</p> <p>Increased demands on social work teams, reviewing officers and support teams.</p>		<p>Childrens Safeguarding and Early Help and Prevention teams will work closely together to deliver both the Early Help and Intervention Strategy and the Placement and Permanency Strategy to vulnerable groups. The re-structure of Family Intervention Services which was completed in March 2015 is working well. Three Early Help locality hubs (North, East and West) have been created to work with families in a more joined-up way. Family Support Workers, Education Welfare Officers, Family Engagement Officers, Counsellors and Youth Workers have been co-located in each of the hubs as well as Safeguarding Social Work Teams to support a whole system approach to ensuring that the needs of all our children and young people will be met at the earliest opportunity. In addition, the Council has created a central hub of specialist Family Support Services (e.g. Connecting Families) who provide a range of services across the whole County Borough.</p> <p>These initiatives will help the Council to continue to safely reduce both the numbers of Looked After Children and children on the Child Protection Register. Admissions are robustly overseen by Group Managers. The number of discharge of care orders is being monitored by a dedicated Officer who works alongside the case management team to identify children and young people for whom alternative arrangements can be considered and progressed.</p> <p>The Council will strive for stability and permanence for Looked After Children. This will include using increased numbers of adoptions, special guardianship orders, residence orders and other long term arrangements with Foster Carers or extended family. The Western Bay Regional Adoption Service has been established and will help make the best use of resources so that improvements can be made to ensure that children requiring adoptive placements are speedily and appropriately matched with adopters who can meet their needs for their entire childhood. The development of a new local parent and child fostering service will also improve use of resources.</p> <p>The Council is ensuring that robust mechanisms are in place to identify and provide appropriate services to children at risk from child sexual exploitation (CSE). Practitioners have either received CSE training or are part of an ongoing programme to enhance their knowledge. The Council is part of a focused multi-agency "CSE Task Force" including Police and ABMU Health.</p> <p>The current respite arrangements for disabled children will be reviewed and new models of service delivery will be considered that will provide flexible support for people when they need it. The revised programme also includes a scheme to rationalise assets at Heronsbridge School to enable residential provision for children with disabilities on a 52 week a year basis, to enable children to stay within Bridgend rather than being placed in establishments far from</p>		

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				<p>the family home.</p> <p>The Council will develop appropriate mechanisms to provide good information, advice and assistance. This includes Dewis Cymru, the all Wales information and advice website and services in support of Carers.</p> <p>The development of services which will help children transition into adulthood including children with disabilities and those leaving care.</p>		
Links to all key priority themes	<p>Welfare reform:</p> <p>The UK Government has introduced a number of significant welfare reforms over the last three years and Universal Credit (UC) was implemented in the County Borough in June 2015. Further reforms were introduced in the July 2015 Budget which will mean that more citizens in the County Borough will be impacted.</p>	<p>Changes being made by the UK Government to benefit entitlements mean that some citizens will be in greater poverty including increased child poverty. Demands on services for vulnerable people are likely to increase at the same time as the Council's resource base reduces. This will be exacerbated by the further changes introduced in the July 2015 UK Government budget. These include a freeze on most benefits for 4 years, a further reduction in the benefit cap, no automatic entitlement to Housing Benefit for 18 to 21 year olds and Tax Credits and UC being restricted to a maximum of two children.</p> <p>Since 15 July 2013 there has been a limit on the total benefit a working age person can receive. This currently affects 82 households in Bridgend but will increase to about 200 when the benefit cap reduces from £23,000 to £20,000.</p> <p>From April 2013, maximum rent has been reduced in the social rented sector depending on the number of bedrooms required. 1,241 households are affected which represents 29% of the total working age Housing Association benefit claimants. The total number of</p>	<p>Likelihood - 6</p> <p>Impact - 4</p> <p>Total - 24</p>	<p>The Council will monitor the impact of welfare reforms on citizens in terms of their needs across the range of Council services including housing and is developing proposals for dealing with changes in demand.</p> <p>The Benefits Service works closely with Housing Associations to support the people affected by the caps by identifying those that are exempt from it, providing debt and money management advice and in qualifying cases awarding Discretionary Housing Benefit payments. The grant for payments in 2015-16 was £252,060.</p> <p>The Council's Housing Section has agreed a protocol with Registered Social Landlords for dealing with existing tenants who fall in arrears specifically due to the application of the bedroom cap. Bridgend Housing Partnership meets quarterly and discusses the impact as an agenda item.</p> <p>When advised by the DWP of a new benefit cap case, the Benefits Service contacts the affected claimants to discuss their options. Appropriate cases are referred to the Council's debt advice service or Housing Options. The Benefits Service works closely with these families to ensure that they are adequately equipped to deal with the reduction in their income, or, in conjunction with DWP, assist the family where possible with the transition into employment.</p> <p>Officers are fully apprised of UK Government and WG plans to ensure that the Council understands and can deal with the staff implications of moving from Housing Benefit (etc) to UC.</p> <p>During the rollout of UC the Council is required to provide support services to claimants and DWP UC staff as follows:</p> <ul style="list-style-type: none"> • Helping to prepare landlords for the change • Supporting claimants with online administration • Supporting claimants with complex needs and those that require personal budgeting • Provide expertise to UC service centre staff on housing issues 	Head of Finance	<p>Likelihood - 6</p> <p>Impact - 3</p> <p>Total – 18</p>

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		<p>households in Bridgend is about 59,000.</p> <p>The Council will need to manage the Council Tax Reduction (CTR) scheme within its budget. WG has renewed the regulations and the scheme will be based on 100% liability. Provision has been made in the Council's annual revenue budget for 2015-16 to fund the projected additional budget requirement of £1m.</p> <p>UC commenced in October 2013 and was implemented in Bridgend for certain claim categories in June 2015. The potential number of persons who may claim UC is estimated at 180 per month, with around 40 of these receiving support with housing costs.</p> <p>The UC caseload will build from 2016 onwards until the benefit is established for all claimants by the end of 2019.</p> <p>Disability Living Allowance is being replaced by Personal Independence Payments. This will impact a significant number of residents as amounts paid might be different and there is the possibility of delays, particularly through the appeals process.</p> <p>The UK Government had intended to bring Housing Benefit for social housing tenants in line with private sector local housing allowance rates from 1 April 2017. This could impact on all supported accommodation and some Registered Social Landlord's</p>		<ul style="list-style-type: none"> Process CTR for UC claimants <p>The Benefits Service has been discussing UC changes with landlords since its announcement and has procured budgeting support and advice via Caer Las.</p> <p>The Council has developed other support services</p> <ul style="list-style-type: none"> an on-line resource (the moodle) which provides links to a wide range of support, including job search sessions, financial inclusion advice, credit unions, fuel poverty advice, foodbanks and DWP information sheets Secured funding to provide support in libraries and community venues with digital applications, eg Universal Jobmatch and UC Developed a draft directory of training, employment and other support <p>As part of the MTFS, the Council has an earmarked reserve specifically for welfare reform.</p> <p>As part of the July 2015 budget it is proposed that the compulsory living wage will increase from £7.20 to £9.00 by 2020.</p> <p>The Head of Finance has initiated and chairs a welfare reform cross functional working group to proactively identify and implement measures which will mitigate the impact on citizens.</p> <p>Registered Social Landlords and Councils are seeking to influence the way that any changes to Housing Benefit for supported accommodation are implemented.</p>		

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		<p>elsewhere cancelled or postponed Extra Care housing schemes. Following pressure from Registered Social Landlords Ministers have offered full exemption to supported housing until a long term solution is devised,</p> <p>It is too early to say what the impact will be on the number of households affected by the latest welfare reform proposals.</p>				
Links to all priority themes	<p>Local Government Reorganisation:</p> <p>There is a risk that continuing uncertainty about future structures will slow down the pace of transformative change which is required now to deliver services within reduced budgets.</p> <p>The results of the WG elections made the future direction of local government reorganisation uncertain.</p> <p>The new WG Minister has advised that the previous plans to cut 22 Councils to eight or nine will not be pursued. WG have not yet proposed a particular solution but are considering the way forward and want to have a new plan drawn up by the Autumn of 2016.</p>	<p>There is now greater uncertainty about the eventual outcome and when or whether there will be merged authorities.</p> <p>If senior management are focussed on structures they may fail to deliver the required services to the public within the MTFS budget reductions. There is also a danger of inertia as managers feel unable to make decisions required now because of increased uncertainty about the future.</p> <p>However, there is now a greater incentive to reconfigure public services on the basis of partnerships and regional collaborative models.</p>	<p>Likelihood - 5</p> <p>Impact - 4</p> <p>Total - 20</p>	<p>Whilst uncertainty remains, the Council will continue to focus on delivering services to the public within the MTFS. An important part of this will be its collaboration with a range of partners on a pragmatic basis.</p>	Chief Executive	<p>Likelihood - 4</p> <p>Impact - 4</p> <p>Total - 16</p>
Supporting a successful economy	<p>The economic climate and austerity:</p> <p>If the economy continues to perform badly the quality of life for residents will suffer. There will be no positive long lasting economic, environmental and social change as our towns, local businesses and deprived areas suffer decline.</p>	<p>There will be cuts in the public sector and these will disproportionately affect regeneration activities as spending on other services are protected.</p> <p>Reductions in regeneration funding have a disproportionate affect because each £1 of</p>	<p>Likelihood - 5</p> <p>Impact - 4</p> <p>Total - 20</p>	<p>The Council supports the business community via the Business Forum, Bridgend Tourism Association, the Destination Management Partnership, Coastal Partnership, and town centres, through the Town Centre Manager, BID Partnership (Bridgend) and THI Programmes. Targeted investments have been made and successes achieved in key sectors such as tourism and the encouragement of micro business centres.</p> <p>The Council has an apprenticeship programme in operation.</p>	<p>Corporate Director</p> <p>Communities</p>	<p>Likelihood - 4</p> <p>Impact - 4</p> <p>Total - 16</p>

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	<p>Individuals, particularly young people, may be unable to secure employment because they lack the basic skills and confidence necessary and suitable jobs are not available in the economy.</p> <p>Severe cuts in Welsh Local Government spending will happen over the MTFS period 2016-17 to 2019-20. These cuts will impact on the local economy disproportionately because the Council is one of the key local employers.</p> <p>Following the EU Referendum there is great uncertainty about the impact on resources. Bridgend County Borough receives significant levels of EU funding. Current programmes run to the 2020-21 financial year and there is approved funding of £4.926m. In addition there are also further grant applications of up to £18m at various stages of development. Outside of the EU there is less certainty that these sums will be forthcoming from UK Government or WG.</p> <p>In addition there is a greater risk of general economic downturn following the vote to leave the EU, If the economy is less buoyant the Local Development Plan (LDP) will come under increasing pressure because sites available under the LDP become less attractive to housing developers.</p>	<p>Council funding leverages between £8 and £13 from other sources.</p> <p>There could be further job losses and business failures in the local economy if the UK and European economies don't get stronger. The quality of life within the County Borough may decline.</p> <p>Pressure will be placed on diminishing Council services which support local businesses and employment.</p> <p>Town centres continue to suffer, predominantly the retail sector. Without regeneration they will not be attractive places to visit or able to compete with retail developments in neighbouring centres such as Talbot Green and Neath. Even with regeneration, competition and resilience will be difficult, as the nature of town centres is changing.</p> <p>The proposed regeneration programme assumes £2.6m of capital receipts. This includes an anticipated receipt from Porthcawl Regeneration Phase 1.</p> <p>Existing capital schemes will be affected if there are cost over-runs on regeneration projects. There is no provision to fund unforeseen works.</p> <p>At a time when regeneration is being asked for more solutions and more input, budgets are being reduced.</p> <p>Delivery of housing was on</p>		<p>The Smart System and Heat project puts Bridgend at the forefront of emerging technology but key decisions must be made about project delivery.</p> <p>Increasing footfall via a greater number of residents living in town centres and by running high quality events.</p> <p>The Bridgend local development strategy under the Rural Development Plan for Wales has been approved with a funding allocation of £1.886m.</p> <p>Implement the Youth Engagement And Progression Framework.</p> <p>Strategic Regeneration Fund (SRF) allocations are committed to projects up to 2016-17. However, following the announcement of the WG's Structural Funding Programme 2014-20, and the additional funding that can be secured using the SRF as matched funding, it has been agreed that the period of matched funding in the capital programme up to and including the 2020-21 financial year has been extended.</p> <p>A cross directorate working group will continue to co-ordinate the development and delivery of European funded projects. A package of employment support projects are being taken forward for European Social Fund grant aid.</p> <p>Bridgend</p> <p>The Rhiw is being regenerated in partnership with Coastal Housing to bring footfall and vitality to the town centre. There will be a combination of residential development and car parking. The project, funded by WG via a Vibrant and Viable Places grant, is on track.</p> <p>Parts of the Parc Afon Ewenni development scheme will become available for housing development.</p> <p>Maesteg/Llynfi Valley</p> <p>The first stage of desktop feasibility work on the Llynfi Valley sites has been completed. The town centre action plan is being implemented and is funding a range of activities in partnership with local stakeholders. The final evaluation of Maesteg THI has been issued, and confirms the success of the scheme in bringing historic buildings back into economic use in the town. A project submission has been made for Maesteg Town Hall under WG's Building for the Future programme.</p>		

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		track in 2015 but will slip behind target in 2016. If the LDP fails Housing developers may come forward with alternative projects on sensitive sites which may escalate to appeals.		<p>Porthcawl</p> <p>A new masterplan is being produced in support of phase 1 of the Seven Bays Project.</p> <p>Considerable progress has been made on regeneration in Porthcawl, including the completion of refurbishment of key buildings in the harbour quarter through £890,000 of THI funding and further development of the Maritime Centre project. The Partnership Action Plan for the town centre is being implemented.</p> <p>The Council has been successful in its bid for £4.5m of Attractor Wales money. This will fund a maritime and water sports centre and an extension of the coastal pathway. A bid is also being made to the Coastal Community fund.</p> <p>WG funding for a new town centre partnership is now delivering projects.</p> <p>Cardiff Capital Region has secured a City Deal worth £1.28bn. This will allow Councils and partners to unlock significant growth across the Cardiff Capital Region. The City Deal will provide an opportunity to continue tackling the area's barriers to economic growth by: improving transport connectivity; increasing skills levels still further; supporting people into work; and giving businesses the support they need to innovate and grow.</p> <p>The council is placing evidence in front of the Inspector in support of the LDP.</p>		
Supporting a successful economy Smarter use of resources	<p>Disposing of waste:</p> <p>The EU Waste Framework Directive promotes waste prevention and increased recycling.</p> <p>WG's waste strategy 'Towards Zero Waste' sets challenging targets. Since 2012-13 there has been an obligation to recycle / compost 52% of waste and this will rise to 70% by 2025. A new service is expected to commence in April 2017. Timescales are tight but this will deliver improved performance. In the meantime maintaining momentum behind the existing scheme and hitting the target is a challenge.</p>	<p>Failure to achieve recycling/composting targets could result in:</p> <ul style="list-style-type: none"> Inefficient use of resources as waste goes to landfill sites Penalties of £200 per tonne if we fail to achieve landfill allowance targets <p>Increased recycling has a knock on effect to the contract requirements of MREC.</p>	<p>Likelihood - 5</p> <p>Impact - 4</p> <p>Total - 20</p>	<p>The Kier contract has delivered a stable recycling performance and this is likely to continue until the end of the current contract term in March 2017.</p> <p>WRAP Cymru have assisted the council to consider the future by modelling various options. A procurement process has commenced and the desired outcome will enable the Council to meet the targets set by WG in their policy document "Towards Zero Waste".</p> <p>There will be a two bag restriction on residual waste and waste going to Household recycling centres will need to be pre-sorted. An absorbent hygienic products collection will also be introduced.</p> <p>BCBC and Swansea CBC, under the South West Wales hub have procured an Anaerobic Digestion facility provided by Biogen. An interim contract of two years has been let commencing on 1 August 2015. The procurement of a more permanent contract has commenced and tenders are being evaluated with WG.</p> <p>A tender was let to allow an operator to provide residual waste</p>	<p>Corporate Director</p> <p>Communities</p>	<p>Likelihood - 4</p> <p>Impact - 4</p> <p>Total - 16</p>

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				<p>handling facilities at MREC. The results and their implications are being considered.</p> <p>In the short term, maintaining recycling rates can only be achieved by educating citizens so that they maintain their participation with the existing scheme. In the longer term more resource will be needed to publicise and enforce the new schemes.</p>		
Corporate Governance	<p>Equal Pay Claims:</p> <p>The result of the Abdulla Group case involving former employees of Birmingham City Council means that there is a risk of further equal pay claims against the Council.</p> <p>The courts are reviewing rulings on male dominated claims which have been listed. To date the Council has refused to settle these as they are outside the scope of the Memorandum of Understanding. The court decision remains outstanding.</p>	<p>The ruling has created the possibility that employees who left the Council up to six years ago might claim under equal pay legislation. Previously, to make a claim, the person had to be either employed by the Council or have left its employment within the last six months.</p> <p>Claims for compensation can now be made through the Civil Courts rather than via an Employment Tribunal. This will increase Legal Costs.</p>	<p>Likelihood - 5</p> <p>Impact - 4</p> <p>Total - 20</p>	<p>The Council is aware of the issues and is monitoring developments.</p> <p>Following the equal pay exercise, the Council is in a good position to be able to respond to any further claims in an appropriate manner.</p>	Head of Finance	<p>Likelihood - 4</p> <p>Impact - 4</p> <p>Total - 16</p>
Helping people to be more self-reliant	<p>Healthy Life Styles:</p> <p>There are significant health inequalities within the County Borough and national statistics show that some parts are amongst the least healthy in Wales. Many people in the County Borough live unhealthy lifestyles and this might deteriorate as welfare reform continues and some people become poorer.</p> <p>The Council must continue to find innovative ways of working to maximise the impact of reduced resources. This includes Community Asset Transfer (CAT) of assets including parks pavilions, playgrounds and playing fields. If the Council does not find ways to promote healthy living the emotional and physical wellbeing of citizens will suffer.</p>	<p>Unhealthy lifestyles have many affects. These include:</p> <ul style="list-style-type: none"> Shortened life expectancy. Life expectancy in the County Borough is below the Welsh average Shortened healthy life expectancy. Some areas of the County Borough have a healthy life expectancy which is 20 years longer than others Higher rates of obesity. Over half the County Borough population is overweight or obese. This results in significant costs to the economy and health and social services Worse emotional health 	<p>Likelihood - 5</p> <p>Impact - 4</p> <p>Total - 20</p>	<p>The Council aims to support a wide range of people, at all stages of life, to achieve health gains by encouraging them to be more active, more often.</p> <p>The Welsh NHS confederation identifies that the all-cause mortality risk is reduced by 30% amongst those who are physically active and that physically active people will spend on average 38% fewer days in hospital. The Sport, Play and Active Wellbeing service targets collaborative working to increase physical activity rates. In addition the service has responded to the challenge of the Social Services and Wellbeing (Wales) Act by focussing on prevention and wellbeing based interventions that can reduce the need for higher cost provision or support in the future.</p> <p>The Council develops services and opportunities that encourage and promote life-long physical activity particularly amongst underrepresented groups by working in partnership with HALO Leisure and a range of community partners. This includes delivering the National Exercise Referral Programme in partnership with HALO Leisure to help reduce obesity levels and encourage better weight management across the County Borough. The Welsh health Survey shows that there have been reductions in the number of obese and overweight people in the County Borough against an increase nationally.</p>	<p>Corporate Director</p> <p>Social Services & Wellbeing</p>	<p>Likelihood - 4</p> <p>Impact - 4</p> <p>Total - 16</p>

Priority Theme	Risk Description	Potential Impact	Inherent Risk Score	Risk Reduction Measures	Risk Owner	Residual Risk Score
		<ul style="list-style-type: none"> Less fulfilled lives as people lose their independence due to ill health <p>These result in greater demand for expensive medical and care services provided by ABMU and the Council.</p>		<p>The number of physical activity visits to Council operated leisure facilities have increased by 92,508 over a two year period. Visits to HALO facilities have also increased. The total for 2015-16 of 1,191,386 was 37,800 higher than in 2014-15.</p> <p>Children and young people are encouraged to be physically active. Participation within children’s sport is increasing and the School Sport Survey shows that the number of children participating in school based extracurricular sport or sport with a club on three or more times a week has increased from 40% to 47% between 2013 and 2015.</p> <p>The Sport, Play and Active Wellbeing Service have formal partnerships with many schools. In addition the National School Sport programme is being implemented as is the “Every Child a Swimmer” initiative. The school swimming programme has secured 100% participation in the intensive model with 73% achieving the national standard.</p> <p>The families of Looked After Children are provided with free access to local facilities.</p> <p>The Dame Kelly Holmes “Get on Track” programme has successfully supported people with learning and behavioural disabilities to engage in sports leadership programmes.</p> <p>The secondary schools programme achieved 71,352 participants and supported 5,448 physical activity sessions.</p> <p>Other examples of how the community is being encouraged to exercise are:</p> <ul style="list-style-type: none"> Developing community based sporting opportunities with Disability Sport Wales for children and adults with disabilities. There are 923 junior and 623 senior participants. Increasing the activity levels of women and girls through initiatives such as “Us Girls”. The “Move More Often” programme is being developed to support users of day care and residential services. The Love to Walk programme. An Armed Forces and veterans free swimming scheme <p>The Council is pursuing CAT with priority given to assets that are linked to proposals within the MTFs. Up to £200,000 had been set aside in the Change Management earmarked reserve to fund a fixed term dedicated CAT Officer post for 3 years and to meet additional</p>	<p>Corporate Director Communities</p> <p>Corporate Director</p>	

Priority Theme	Risk Description	Potential Impact	Inherent Risk Score	Risk Reduction Measures	Risk Owner	Residual Risk Score
				<p>legal and property requirements. Priority 1 proposals include parks pavilions, community centres, public conveniences and bus shelters and priority 2 playgrounds and playing fields. The success of the proposals depends on the proactive participation of Town and Community Councils and community organisations, together with their ability to manage the asset. Different assets will generate different levels of interest. There is a £100,000 per annum over three years, ring fenced for capital investment for Town and Community Councils as well as potentially £1m prudential borrowing for sports pavilions to ensure that they are in a good condition, to encourage take up of assets.</p> <p>The Council works with partners to develop projects that tackle health issues such as weight management, harmful drinking and smoking.</p> <p>There are ongoing Licensing and partner meetings to review any emerging issues around the licence trade and the sale of alcohol.</p> <p>The multi-agency Tobacco Control Steering Group developed an action plan for partnership working across the County Borough. There are various awareness raising initiatives across the County Borough and Trading Standards, as part of the newly formed regulatory service, which inspects premises and enforces legislation concerning sales to those who are underage.</p>	Operational and Partnership Services	
Supporting a successful economy	<p>Maintaining infrastructure:</p> <p>If there is further harsh weather there may be an increase in the number of roads in poor condition, more repairs being required in the future and the Council might fail to meet its statutory obligations. The risk is exacerbated because the Local Government Borrowing Initiative (LGBI) has ended and reductions must be found in the Highways budget.</p>	<p>Failure to maintain infrastructure will result in the Council not meeting its statutory obligations and the % of roads that are in overall poor condition increasing.</p> <p>A poor quality highway network leads to increased third party liability claims, a loss of reputation, a possible adverse impact on economic activity and reduced quality of life for citizens.</p> <p>Further budgetary pressures could occur due to unpredictable weather patterns and the worsening condition of the infrastructure. This will lead to an increased requirement for emergency repairs.</p>	<p>Likelihood - 5</p> <p>Impact - 4</p> <p>Total - 20</p>	<p>Additional maintenance has been undertaken in the past 5 years as a result of increased revenue budget and grants from WG. Funds have been targeted at Principal (A) roads. The Highways maintenance budget has increased by £800,000 since 2009 and further growth of £100,000 in 2013-14 resulted in investment in street furniture (lighting, traffic signals etc).</p> <p>The LGBI provided funding of around £6.8m over the period 2012-15 for highway infrastructure improvements. The principal adopted for the programme of works was to provide good quality resurfacing which will be sustainable in the long term rather than quick overlay which requires higher maintenance in future years. 2014-15 was the last year of the LGBI and there will now be reductions in maintenance budgets. Consideration is being given to how much would have to be spent to maintain the highway network in its existing condition. A business case for additional investment will be made. Unless there is further investment there will now inevitably be deterioration in the proportion of roads that are in a satisfactory condition and an increase in expensive reactionary maintenance.</p> <p>Following consultation, the MTFS budget reduction proposal for highways maintenance was reduced by £500,000 from the £1,207,000 consulted on. The Highways and Transport capitalised annual allocation was maintained at £200,000.</p>	<p>Corporate Director</p> <p>Communities</p>	<p>Likelihood - 4</p> <p>Impact - 4</p> <p>Total - 16</p>

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				<p>The Council's Highways Asset Management Plan provides information to assist the Council in considering the highway asset risk and apportion funding from the Council's budget strategy. The ability to digitally scan the highway helps in objective decision making.</p> <p>The risk around the condition of the highway will be managed by a proactive system of highway inspections and by responding positively to highways complaints.</p>		
Links to all priority themes	<p>Educational provision</p> <p>If the Council does not adopt a strategic approach for sustainable educational provision in Bridgend then there is a risk that it may not be able to offer sufficient educational provision or of the right type in the right locations in the County Borough and with partners. Neither will the Council be providing 'fit for purpose schools' capable of delivering high quality educational experiences for all pupils.</p>	<p>An inability to offer a broad range of educational opportunities will ultimately result in poorer outcomes for children and young people.</p> <p>Outcomes for groups of vulnerable learners may not improve quickly enough or not at all.</p> <p>Continued falling school rolls and a large number of surplus places.</p> <p>Challenges in the replacement of a number of Headteachers reaching retirement age in the near future.</p> <p>Financial constraints leading to a growing number of schools in a deficit budget situation.</p> <p>School improvement schemes continue to be reactionary rather than strategic.</p> <p>Insufficient Welsh medium provision to meet demand, especially in the centre of Bridgend.</p> <p>The strategic future of whole life learning across the County Borough will not be fully integrated into our strategy e.g., Bridgend College.</p>	<p>Likelihood - 4</p> <p>Impact - 4</p> <p>Total - 16</p>	<p>A strategic review into the development and rationalisation of the curriculum and estate provision of Primary, Secondary and Post 16 Education is being undertaken. The four work streams are:</p> <ul style="list-style-type: none"> School Modernisation band B 2019-24. This focuses on the Band B including the provision of sufficient primary school places in Bridgend town and the delivery of Band B schools Post 16 Education, focusing on exploring options for the delivery of Post 16 education including options around a new post 16 centre School leadership and federations which will focus on reviewing guidance with WG and a strategic road map for deeper school partnerships in line with the Robert Hill review Curriculum and workforce focusing on the implementation of Donaldson and GCSE reform and workforce changes including Education Workforce Council and supply <p>These work streams will provide an evidence based rationale for change and will help the council reach informed conclusions about the nature of future provision.</p> <p>An increase in the pace of school improvement.</p> <p>Succession planning for Headteachers.</p> <p>Band B of the school modernisation programme will provide the mechanism to deliver the developed strategy.</p> <p>The council has published its Welsh Education Strategic Plan (WESP) and is evaluating a range of opportunities for the provision of Welsh medium education in Bridgend.</p> <p>Strong collaboration with communities and strategic partners, in particular Bridgend College.</p> <p>Monitoring of the impact of the agreed changes to the Council's Learner Travel Policy from September 2016.</p> <p>Greater join up at both a strategic and operational level via the Safe</p>	<p>Corporate Director</p> <p>Education & Family Support</p>	<p>Likelihood - 4</p> <p>Impact - 4</p> <p>Total - 16</p>

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		The organisation of school places in Bridgend County Borough will not be supported by a clear strategy.		Dry and Warm project. Close monitoring of surplus places and the development of opportunities to utilise surplus places with secondary schools in particular.		
Helping people to be more self-reliant	<p>The impact of homelessness:</p> <p>Homelessness may increase because of the current economic climate and ongoing austerity measures and welfare reform. This may result in a greater dependence on the Council to provide temporary accommodation for residents. This may happen at a time when the service itself is coming under increasing pressure because of its reliance on grant funding which is now subject to greater uncertainty.</p> <p>The Housing (Wales) Act 2014 has been enacted and places a duty on the Council to 'take all reasonable steps' for a period of 56 days to prevent homelessness. There is continuing uncertainty about what this means as WG have provided transitional funding to Local Authorities to implement the Act.</p> <p>The Act also removed the Priority Need status of former prisoners who are potentially homeless from Prison. The Council has been able to provide interim accommodation under WG transitional funding however this is not a long term solution so the impact on repeated presentation and street homelessness cannot be quantified at this point.</p>	<p>Homelessness is often a culmination of several problems, such as debt, relationship difficulties, mental health issues and substance misuse. For many, homelessness leads to increased stress, depression, and isolation. It can lead to a need for other costly service interventions.</p> <p>The impact is greater on some groups e.g. 16/17 year olds and people with a chaotic housing history.</p> <p>The use of temporary bed and breakfast accommodation results in high costs both in terms of finance for the Council and the wellbeing of individuals.</p> <p>Changes to Housing Benefits might result in increased rent arrears and evictions leading to an increase in the number of homelessness cases. This would impact on the welfare of citizens, the Council's Housing Options Team, the homelessness budget and other welfare services.</p> <p>Any reduction in the WG grant for the Supporting People Programme might impact on the ability to sustain tenancies and increased repeat homelessness.</p>	<p>Likelihood - 5</p> <p>Impact - 3</p> <p>Total - 15</p>	<p>The Housing (Wales) Act gives the Council a strategic role in the functioning of the local housing market. The Council is consulting on a draft strategy for the period 2016-18. It contains five proposed priorities. These are:</p> <ul style="list-style-type: none"> • Take reasonable steps to prevent homelessness • Make the best use of existing homes • Work with partners to deliver the right type of new housing • Help vulnerable people to stay independent, safe and secure in accommodation that best meets their needs • Create sustainable town centres through housing led regeneration <p>WG advise that grants will be available to support the implementation of the Housing (Wales) Act. However, the money is only guaranteed for one year. This means that it is difficult to find staff of the correct calibre to manage the project because there is no security of employment.</p> <p>The Council is taking a proactive prevention approach to the issue of homelessness by helping residents find solutions to their housing needs and getting to the root cause of why people become homeless.</p> <p>The Kerrigan Project aims to develop good practice in assisting those who are homeless or vulnerably housed and have co-occurring mental health and substance misuse issues.</p> <p>The Council, in conjunction with Registered Social Landlords, have implemented a Common Housing Register and Social Housing Allocations Policy. This is working well and is helping ensure the best use of available social rented property.</p> <p>The Supporting People Team has commenced on re-commissioning the provision of structured, professional floating support to vulnerable groups which will help support tenancies and prevent homelessness and repeat homelessness.</p> <p>Following the national review of the Supporting People Programme, Regional Collaborative Committees have been set up to support greater collaborative working.</p>	<p>Corporate Director</p> <p>Operational and Partnership Services</p>	<p>Likelihood - 5</p> <p>Impact - 3</p> <p>Total - 15</p>

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				<p>The impact of welfare reform has been reduced as far as possible. Communities First have commissioned the Citizens Advice Bureau to provide advice on financial inclusion across the three Communities First cluster areas.</p> <p>Working with partners to improve private sector housing conditions and bring empty homes back into use. This will be done via the Houses into Homes Scheme, Empty Homes Grants and Homes in Towns Grant.</p> <p>The removal of Priority Need Status for Prisoners means that there is an increased risk of street homeless with their associated social costs. Additional resources have been made available by WG to facilitate the operational changes required by the Housing Act.</p> <p>The Council will continue to apply the “intentionality test” to all groups of homeless households.</p> <p>A one stop shop for domestic abuse has been set up in Civic Offices. The aim is to provide a holistic service to victims of domestic abuse and prevent unnecessary homelessness.</p>		
Smarter use of resources	<p>Ineffective collaboration with partners:</p> <p>If the Council does not deliver effective collaboration projects where they offer enhanced service quality, increased resilience or significant cost savings, it will not maximise cost effective, tangible, improvements to services.</p> <p>Budget reductions have the potential to affect collaboration where they result in restrictions of spend to single-agency priorities.</p> <p>There are potential risks associated with collaborative projects such as the Regulatory Services initiative, the Western Bay Adoption Service, Youth Offending Service and other areas such as the roll out of Universal Credit for new single claimants commencing in June 2015, the closure of 20+ work club and the end of funding to “Get Bridgend</p>	<p>In a period of reducing budgets, successful collaborative working is even more essential for the efficient and effective delivery of quality public services. If the Council fails to collaborate successfully some of the most vulnerable people in the community will not have their needs met. This would lead to a loss of reputation with the public and WG and the potential for a drop in performance as measured against established KPI’s.</p> <p>As the Council moves towards multi-agency working, there is potential for service instability whilst transformation takes place.</p> <p>Reduction in other public sector partners’ budgets may have an impact on their capacity for partnership working.</p>	<p>Likelihood - 6</p> <p>Impact - 4</p> <p>Total - 24</p>	<p>The Council works in partnership with other councils, public sector and third sector bodies based upon different geographical and service footprints. There is evidence that partnership working and good collaborative arrangements permeate all the main risk areas. Corporate Directors understand the challenges of collaborative working and the importance of recognising different organisational cultures and approaches (e.g. towards data sharing).</p> <p>The Bridgend Local Service Board (LSB) is led by the Council and has a strong and positive record of facilitating collaborative working.</p> <p>The LSB “Bridgend County Together” partnership plan was published in April 2013 and sets out the priorities aimed at improving the lives of people in the County Borough focussing on issues such as health, education, employment, the local economy, tourism, crime and the environment. Those priorities are being reviewed, along with the implications of the Well-being and Future Generations Act, which will move Local Service Boards to Public Service Boards (PSB’s)</p> <p>The LSB also reviewed its structure, reducing the number of its delivering boards from 11 to 5. A refreshed Neighbourhood Network steering group was established to take forward citizen engagement and to plan and deliver ‘place’ based projects.</p> <p>The review resulted in a renewed focus for LSB, clearer priorities and the development of flagship projects which clearly demonstrate how they contribute to achieving the outcomes. Outcome of the</p>	<p>Corporate Director</p> <p>Operational and Partnership Services</p>	<p>Likelihood - 3</p> <p>Impact - 4</p> <p>Total - 12</p>

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	On Line”.	Regulatory Services staff, ie Environmental Health, Trading Standards and Licensing have now transferred to the Vale of Glamorgan as host employers for the newly formed Shared Service. As the service covers a larger area, line of sight must not be lost to local delivery.		<p>review and new priorities have also been taken to scrutiny committee.</p> <p>BCBC partners with ABMU, Swansea and NPT Councils to deliver a model of integrated care across a range of services including care for older people, adults with disabilities and mental health provision.</p> <p>The Memorandum of Understanding with Vale of Glamorgan Council facilitates collaboration in many areas. There is also the joint working agreement with the Vale of Glamorgan and Cardiff in relation to Regulatory Services.</p> <p>The Central South Consortium will drive school improvement.</p> <p>The Data Centre collaboration project with RCT increases the resilience of service provision.</p> <p>Collaboration in the provision of Leisure Services reduces cost and has improved quality.</p> <p>The motor fleet maintenance depot, jointly run with South Wales Police, will increase efficiency.</p> <p>There are partnership agreements to support the management of these collaborative projects.</p> <p>Effective scrutiny and monitoring of newly formed joint services</p>		
<p>Supporting a successful economy</p> <p>Helping people to be more self-reliant</p>	<p>Educational attainment:</p> <p>If school standards and pupil attainment do not continue to improve, including a narrowing of the gap between vulnerable pupils and others, there are significant risks to the emotional wellbeing of young people and their future employment prospects, the local economy and a range of Council services as young people leave education ill-equipped for employment.</p>	<p>A possible increase in the number of young people not in education, employment and training (NEET).</p> <p>Greater deprivation as young people are unable to sustain a livelihood in the future.</p> <p>More young people with worse emotional health.</p> <p>More schools identified as requiring monitoring and intervention through inspection, with concern and eventual special status.</p> <p>Potential for a decline in Key Stage attainment results, PISA scores and other accreditation.</p>	<p>Likelihood - 4</p> <p>Impact - 4</p> <p>Total - 16</p>	<p>GCSE results in the County Borough have been getting better. In addition there has been a significant narrowing of the attainment gap, between vulnerable groups and others with an improvement in the average points score for Looked After Children. Whilst results vary each year because of the different cohort of children, there is a positive trend and the gap in attainment is less in Bridgend than across Wales as a whole.</p> <p>The Central South Consortium (CSC) is recruiting Consultant Governors to help governing bodies which are in need of support.</p> <p>“Team Around The School” continues to support schools which are under performing. BCBC has recently appointed an Interim Headteacher at Coleg Cymunedol Y Dderwen and is working with the consortium to develop a strong senior management team and Governing body. The Council has appointed additional Governors including a new Vice Chair at CCYD,</p> <p>The Council is working with CSC and other partners to ensure that governing bodies are effective in providing challenge to schools. This includes working with the Bridgend Governors Association (BGA) which has been relaunched. The focus of the BGA will be to</p>	<p>Corporate Director</p> <p>Education & Family Support</p>	<p>Likelihood - 3</p> <p>Impact - 4</p> <p>Total - 12</p>

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		<p>Less capacity for provision for pupils with learning difficulties.</p> <p>Potential for parents to complain and/or take cases to SEN Tribunal.</p> <p>Possible intervention by WG.</p> <p>Continued Estyn monitoring in schools.</p> <p>A gap in achievement between pupils from vulnerable groups such as Free School Meals, Looked After Children, Children In Need and Special Educational Needs and other pupils.</p>		<p>develop a strategy to roll out Governor Improvement Groups (GIGs) for the County Borough, the first of their kind in Wales. Also a skills audit of all Governors within the County Borough will support the training agenda.</p> <p>Poor attendance leads to a serious loss of learning which is likely to affect achievement and life chances. An attendance strategy is in place and fixed penalty notices are available for Headteachers to use as a sanction. This is supported by the CSC absence management toolkit, Callio. Approximately 17 Fixed Penalty Notices have already been issued for persistent unauthorised absences.</p> <p>To raise standards, the Council continues to implement the concept of self-evaluation across all its services in particular within Education. This includes the development of a self-evaluation action plan. A number of events have taken place during 2015 and 2016 with the Directorate's extended senior management team to focus on improving outcome focused self-evaluation.</p> <p>Estyn monitoring visits have taken place and these have been positive.</p> <p>The new School Improvement Strategy will define outcomes for learners.</p> <p>The implementation of the Youth Engagement and Progression Framework is ensuring that an increasing number of 16 year olds remain in education.</p> <p>Implement an improvement plan with Band 4 Comprehensive Schools and the development of a 'good to great' programme as an integral part of the CSC School Improvement Strategy.</p> <p>There is a strong focus on raising standards of literacy and numeracy through structured and strategic programmes including:-</p> <ul style="list-style-type: none"> • Identifying underperforming English and Maths Departments and support action to improve • Provide training for staff • Develop a whole school approach to basic skills • CSC literacy and numeracy plans <p>All ALN support has been brought together on one site at Bryncethin Campus. This includes the Bridge Alternative Provision, Ysgol Bryn Castell (YBC) and ALN support e.g., Educational Psychology, Looked After Children etc.</p> <p>Following the work of the Task Group, the strategic review of education in Bridgend has commenced.</p>		

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				<p>Collaboration between schools is taking place.</p> <p>School Improvement Groups (SIGs) have been set up across the 5 Local Authorities in the CSC so that schools can share best practice and learn from each other.</p> <p>National categorisation of schools helps to identify which schools require support.</p>		
Corporate Governance	<p>Health and Safety</p> <p>The council has a duty to protect the health, safety and welfare of their employees and other people who might be affected by its activities. Staff restructures have resulted in a reduction in the number of experienced supervisory staff and this means that there is an increased risk that opportunities to improve health and safety practice may be missed. Areas for improvement in some health and safety arrangements have been identified.</p>	<p>Failure to manage health and safety could result in:</p> <ul style="list-style-type: none"> • Injury, ill-health or loss of life to employees or members of the public • Total or partial loss of services or buildings used to deliver services to vulnerable people • Criminal prosecution by enforcement bodies such as South Wales Police, the Health and Safety Executive or South Wales Fire and Rescue Service. Sanctions include higher fines under the new sentencing guidelines, imprisonment and disqualification from office • Employers and Public Liability Claims • Increased insurance premiums • Reputational damage 	<p>Likelihood - 6</p> <p>Impact - 4</p> <p>Total - 24</p>	<p>Directorate Risk Registers will be used to methodically review the hazards on a priority basis to develop:</p> <ul style="list-style-type: none"> • Business plans and health and safety objectives • Risk assessment planned programmes • Health and safety competencies and training plans <p>The Directorate Risk Registers will be reviewed to ensure that they reflect the risk profiles of the new Directorate structure.</p> <p>Cascade health and safety objectives within staff appraisals.</p> <p>Monitor health and safety performance through Corporate Performance Assessment, Corporate Management Board and the Corporate Health and Safety Steering group which is Chaired by the Corporate Director - Education and Family Support.</p> <p>Continue to assess the health and safety impacts of the budget reductions required by the MTFS and relevant change programme projects.</p> <p>Establish an awareness raising campaign of regular communications to staff promoting a range of health and safety topics to develop a positive safety culture.</p> <p>Capital bids will support the addressing of health and safety issues on a dynamic basis e.g. £500k committed to the Maesteg School parent drop-off and a further £500k committed to supporting highways improvement work around schools.</p>	Chief Executive	<p>Likelihood – 3</p> <p>Impact – 4</p> <p>Total - 12</p>
Links to all key priority themes	<p>School modernisation:</p> <p>Budget pressures may reduce or delay the 21st Century school programme.</p>	<ul style="list-style-type: none"> • Insufficient progress may have a negative impact on pupils' learning and wellbeing • There is a link between 	<p>Likelihood - 6</p> <p>Impact - 4</p> <p>Total - 24</p>	<p>The Council continues to implement a phased schools modernisation programme but within a revised timetable.</p> <p>WG has committed to fund 50% (£22.474m) of the total costs for the Band A programme through a combination of Capital Grant and</p>	<p>Corporate Director</p> <p>Education & Family Support</p>	<p>Likelihood - 3</p> <p>Impact - 4</p> <p>Total - 12</p>

Priority Theme	Risk Description	Potential Impact	Inherent Risk Score	Risk Reduction Measures	Risk Owner	Residual Risk Score
	<p>WG has committed to fund 50% (£22.474m) of the total costs for the Band A programme. To receive this funding the Council has to provide match funding of £22.474m. Whilst £5m is from core funding allocations the Council is also relying on raising £4m from S106 agreements and £13.475m from the sale of school and other sites.</p> <p>It continues to be a challenge to release sufficient land for sale to support the programme, If the Council is unable to do so, there may be a delay in new builds which may prejudice the Council's ability to provide for sufficient school places.</p> <p>Demand for disabled adaptations and repairs and maintenance are outstripping the budget. Failure to provide for disabled learners may result in litigation or tribunals.</p>	<p>attendance, attainment and the school environment</p> <ul style="list-style-type: none"> It may affect the range of educational opportunity for pupils There may be inefficient use of resources, due to a mismatch in the supply and demand for places in different schools Deterioration in the state of school buildings will result in increased running costs and the need for emergency repairs. This could result in potential health and safety issues. Resources that could be better spent on direct support to children (BCBC schools are relatively poorly funded) will be diverted to less productive use New schools are designed as community facilities and in the case of Coleg Cymunedol Y Dderwen is also a multi- agency hub <p>Inadequacies in buildings maintenance have been identified, including fire safety within schools.</p>		<p>LGBI. To receive this funding the Council needs to submit detailed business cases for each project including how its match funding will be provided.</p> <p>It is essential that the planned capital receipts already committed and ring fenced from the sale of school sites are retained for school modernisation. Any change to this commitment would require Council approval.</p> <p>Maintain strong programme and project management arrangements. There is a track record of delivering projects to time, cost and quality.</p> <p>Procurement through the South East Wales Schools & Capital Programme Contractor Framework will continue via the new framework SEWSCAP2.</p> <p>Maintain good links with Welsh Local Government Association and WG.</p> <p>Review catchment area boundaries to ensure supply meets demand.</p> <p>A strategy to utilise the mobile classrooms at Betws Primary school to support other schools is being developed from Summer 2017.</p> <p>Provide temporary accommodation where appropriate.</p> <p>Regular health and safety audits and condition surveys will enable the Council to prioritise improvement works and respond to emerging issues.</p> <p>The Safe, Dry and Warm project has commenced including the development of condition surveys of all school buildings. The Council has appointed a Fire Safety Officer.</p> <p>The demand for Welsh medium education in the valleys gateway area is being met by the council planning to move YGG Cwm Garw to the Betws school site where it will also be more accessible from other areas of the County Borough.</p>		
Links to all key priority themes	<p>Compliance with the Welsh Language Standards:</p> <p>If the Council has to comply with the Welsh Language Standards which it has appealed there will be additional pressure on the MTFS 2016-17 to 2019-20. There is also</p>	There is a recurrent budget pressure of £313,000 and a one off pressure of £81,000 for 2016-17 to meet the estimated costs of implementing the majority of the Standards which the council is complying with. The pressure does not take	<p>Likelihood - 4</p> <p>Impact - 3</p> <p>Total - 12</p>	A budget pressure arising from the implementation of the Welsh Language Standards has been recognised in the MTFS 2016-17 to 2019-20. Should the appeals not be successful the Council will meet the additional costs in the short term from the corporate contingency or Council Fund until such time as recurrent funding is identified from budget reductions elsewhere or Council Tax increases.	<p>Corporate Director</p> <p>Operational and Partnership Services</p>	<p>Likelihood - 4</p> <p>Impact - 3</p> <p>Total - 12</p>

Priority Theme	Risk Description	Potential Impact	Inherent Risk Score	Risk Reduction Measures	Risk Owner	Residual Risk Score
	<p>an ongoing strain on management capacity as the time taken to work through these issues is considerable and is taken away from the management of core services.</p> <p>The Council was required to implement 144 of the Welsh Language Standards by 30 March 2016 and a further 27 by 30 September 2016. The Welsh Language Commissioner has introduced an appeals process enabling councils to challenge the proportionality and reasonableness of the Standards and compliance timescales. The council appealed 10 of the March standards of which nine have initially not been accepted and a delay of one year has been allowed for the other. The Welsh Language Commissioner invited the Council to submit further information in support of the appeals and this information was provided on 27 June 2016. No response has yet been received.</p> <p>Further appeals may be lodged on the September 2016 Standards.</p>	<p>into account the financial implications of the Standards which the council is appealing. If the council has to comply with these Standards there will be very significant additional strain on the MTFS.</p>		<p>Should the Welsh Language Commissioner determine that it is not unreasonable or disproportionate to comply with any of the standards that have been appealed then there is a further right of appeal to the Welsh Language Tribunal. Following a determination by the Tribunal, the Commissioner or Council can appeal to the High Court on a point of law only. During the appeals process the Council is not required to comply with those standards under appeal.</p> <p>The Council has been in regular contact with neighbouring Councils to establish their interpretation of certain Standards and also with the Welsh Language Commissioner when clarification on points of law and interpretation has been required.</p>		

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Priority Theme	Risk Description	Potential Impact	Inherent Risk Score	Risk Reduction Measures	Risk Owner	Residual Risk Score
Links to all priority themes	<p>Making the cultural change necessary to deliver the Medium Term Financial Strategy:¹</p> <p>Whilst better than anticipated, the settlement for 2016-17 from Welsh Government (WG) of a reduction in AEF of 1.2% provides significant challenges particularly in view of unavoidable pressures such as the national agreements on pay, including the Living Wage, the requirement to protect school budgets and pressures within Social Services.</p> <p>The WG Minister has given no indication of allocations for 2017-18 onwards and the future is difficult to predict. The UK Chancellor has announced that the target of being in budget surplus by 2020 is unrealistic in the current economic context. Following the EU Referendum there is great uncertainty about how these factors will impact WG funding.</p> <p>The new political landscape in Welsh Government introduces a further degree of uncertainty.</p> <p>The updated MTFS and draft budget report to Cabinet is based on an assumption that AEF will reduce by 3.2% per annum to 2019-20 plus an increase in Council Tax of 3.9% in 2016-17 rising to 4.5% in 2019-20. The revised savings targets are:</p> <p>2016-17: £7.477m</p>	<p>The Council's budget for 2016-17 to 2019-20 forecasts a £36.531m budget reduction requirement.²</p> <p>More obvious budget reductions have already been made and increasingly difficult spending decisions will have to be taken including those which have awkward political implications that may have previously been rejected.</p> <p>In the future the Council will look very different as it becomes a different sort of Local Authority that will do less but be better. The cost of redundancy payments will be a significant item given that around two thirds of expenditure is staff, as will funding a pension deficit that will increase as fewer people contribute, outgoings increase and there is increased uncertainty around investments, particularly following the result of the EU Referendum.</p> <p>If there is a shortfall in savings the Council might fail to deliver the MTFS. This could necessitate the unplanned use of reserves to bridge the funding gap or unplanned cuts to services which could put vulnerable people at risk.</p> <p>Citizens may become</p>	<p>Likelihood - 6</p> <p>Impact - 4</p> <p>Total - 24</p>	<p>There will be an ever increasing focus on the main aims of the Council. The Council consulted on a revised set of three Corporate Improvement Priorities to replace the previous six. They received widespread support from the public which will help in making changes.</p> <p>The Improvement Priorities will inform the allocation of resources in the MTFS period 2016-20. Prioritisation may be afforded to specific budget areas which deliver against the new priorities.</p> <p>The Council will continue to manage its resources very carefully, in accordance with MTFS principles, and make difficult spending decisions. This will have to carry on for some years as the outlook for the public finances continues to look difficult.</p> <p>An MTFS budget reduction contingency reserve will be created to enable the Council to manage delays or unforeseen obstacles to the delivery of significant budget reduction proposals.</p> <p>The financial resilience of the Council will be improved as it seeks to increase the Council reserve to the Welsh average of 2.7% by the end of the MTFS period.</p> <p>The workforce will reduce over the life of the MTFS. The reduction will be managed through a continuation of the employment freeze, redeployment, early retirements, voluntary redundancies and some compulsory redundancies.</p> <p>The way that staff work will change. Raven's Court will be leased out and staff transferred to Civic Offices and Sunnyside House³. The ICT strategy prioritises the delivery of agility with more staff working remotely.</p> <p>The ICT strategy also prioritises a transformational shift towards digital access to services⁴ and the digitisation of most common internal processes⁵. However, to realise savings the Council must stop delivering services through the traditional route as well and this may be resisted. The public may become frustrated as they can deal with the Council digitally in some areas, but not in others or if the back office process cannot keep pace with a digital public face to the service.</p>	Head of Finance	<p>Likelihood - 6</p> <p>Impact - 4</p> <p>Total - 24</p>

¹ Priority 3 – Smarter use of resources - Our aims are to achieve the budget reductions identified in the Medium term Financial Strategy

² Priority 3 – Smarter use of resources - What we will do in 2016-17 – Implement the planned budget reductions in the 2016-17 budget

³ Priority 3 – Smarter use of resources - Key project – rationalising the Council's estate

⁴ Priority 3 – Smarter use of resources – What we will do in 2016-17 – Develop a range of automated and online services that are easy for citizens to use

⁵ Priority 3 – Smarter use of resources – What we will do in 2016-17 – Move most common internal processes to automatic to reduce transaction costs and streamline processes

Priority Theme	Risk Description	Potential Impact	Inherent Risk Score	Risk Reduction Measures	Risk Owner	Residual Risk Score
	<p>2017-18: £9.190m 2018-19: £9.697m 2019-20: £9.167m</p> <p>Budget reduction proposals over the term of the MTFS have been formulated but currently £18.532m have not yet been developed or given consideration.</p> <p>The successful delivery of the MTFS is increasingly at risk as it becomes ever harder to make savings from more efficient services and substantial savings are relying on single projects that may not deliver.</p> <p>The budget reductions required will mean that deep transformational change is needed impacting the culture of the entire Council. There is a risk that the Council will not achieve the degree of change required due to increasingly difficult choices having to be made, the length of time it takes to make change or because the Council does not have the necessary skills and experience needed.</p>	<p>increasingly dissatisfied with the Council, damaging its reputation, as Council Tax bills increase year on year whilst discretionary and preventative services are cut and statutory services come under increasing pressure.</p>		<p>The procurement process will be restructured⁶ and the Council will more closely monitor its corporate contracts register to ensure best value is achieved through e-procurement and the contracts framework.</p> <p>Delivery of the MTFS will be supported as the Council finds the best management arrangements for property assets including Community Asset Transfer⁷. Priority 1 proposals include public toilets, parks pavilions, bus shelters and Community Centres. Playgrounds, playing fields and bowling greens may follow. Up to £200,000 will be set aside in the Change Management ear marked reserve to fund a fixed term dedicated Community Asset Transfer post and to meet additional legal and property requirements.</p> <p>In addition to different management arrangements delivery of the MTFS will be supported by the disposal of assets. An estimated £21m could be generated by the enhanced disposals programme with £9.3m already delivered.</p> <p>As a minimum, fees and charges will be increased by at least CPI plus 1%. A corporate income generation policy has been agreed.⁸ A principal is that the council will seek to recover the full cost of the service other than if there is a conscious decision which is consistent with Council priorities.</p>		
<p>Helping people to be more self-reliant</p> <p>Smarter use of resources</p>	<p>Supporting vulnerable adults:</p> <p>If the Council in partnership with Western Bay and other partners do not transform how services are delivered, they will not be able to meet the challenges brought about by high public expectations, a significantly worsening budget and a population that is both older and</p>	<p>The population is aging. Between 2014 and 2020, the number of people aged 65 and over is estimated to increase by 12.1% whilst the number of people over 85 is projected to increase by 24.4%. This changing demographic means that there will be more people with Dementia, It is estimated</p>	<p>Likelihood - 6</p> <p>Impact - 4</p> <p>Total - 24</p>	<p>Transformation is being driven forward as the Council works with a range of partners to deliver a broad range of support and services, across adult social care. The Remodelling Adult Social Care (RASC) Board continues to be the foundation of the transformation journey as the Council changes the emphasis from a model of “caring” to a more preventative approach of working with partners such as the NHS and third sector organisations⁹ to assist and support adults as they live independently in their own communities.</p> <p>The Council is exploring ways to include service users and</p>	<p>Corporate Director</p> <p>Social Services & Wellbeing</p>	<p>Likelihood - 5</p> <p>Impact - 4</p> <p>Total - 20</p>

⁶ Priority 3 – Smarter use of resources – Key project – Procurement programme and What we will do in 2016-17 – Restructure the procurement process and monitor our corporate contracts register to ensure best value is achieved through e procurement and the contracts register

⁷ Priority 2 – Helping people to be more self-reliant - Key project – Community Asset Transfer

⁸ Priority 3 – Smarter use of resources - Key project – Commercialisation programme

⁹ Priority 2 – Helping people to be more self-reliant –What we will do in 2016-17 –Review and consider new models of service delivery for respite and residential care to ensure a flexible support and service to people when they need it

Priority Theme	Risk Description	Potential Impact	Inherent Risk Score	Risk Reduction Measures	Risk Owner	Residual Risk Score
	<p>has more complex physical and mental health needs.</p> <p>Transformation is very significant and includes:</p> <ul style="list-style-type: none"> Embedding the provisions of the Social Services and Wellbeing Act 2014 including duties to prisoners in the secure estate Continuing use of the Welsh Community Care Information System (WCCIS) and the potential challenges as the system is rolled out to other authorities Caring for increased numbers of persons with Dementia Encouraging greater use of direct payments Managing risks associated with the use of independent providers The transfer of more homecare to the independent sector An increase in safeguarding activity including the Deprivation of Liberty Standards The risk of significant increases in the cost of external contracts as a result of the implementation of the living wage from April 2016 <p>Demand for services is increasing</p>	<p>that need will double between 2001 and 2030.</p> <p>At the same time there are more young people with complex health needs living into adulthood. Whilst this is good, it means that more citizens are living with long term health problems that lead to an increasing need for support. This increasing demand will place additional cost pressure on the service.</p> <p>Failure to remodel services will:</p> <ul style="list-style-type: none"> Restrict the Council's ability to respond to assessed needs as set out in the Social Services and Wellbeing Act (Wales) 2014 Mean that the Council will be unable to meet its essential obligations and deliver the MTFS Result in longer lengths of stay in acute hospital services Result in a greater need for expensive hospital treatment Mean that vulnerable people lead less fulfilled lives Mean that the Council does not meet the public's expectations and consequently the reputation 		<p>communities within aspects of commissioning¹⁰ especially in the development of new service models for the future. There is an earmarked reserve that has been created to support the remodelling of adult social care that the service can draw on as appropriate.</p> <p>The RASC is aligned to corporate priorities and most of the projects under the Board have progressed to implementation stage and require specific focus and monitoring. The Social Services and Wellbeing (Wales) Act 2014 has been implemented from April 2016. This is overseen by a project group and has required significant work with managers and practitioners to map out the new requirements and integrate them into practice tools and the new Welsh Community Care Information System which is being implemented at the same time. Implementation of the Act is supported by WG Delivering Transformation Grant and its preventative approach is also promoted through support for the Dewis Cymru, all Wales information and advice website¹¹.</p> <p>A competent and skilled workforce is required in order to deliver this significant change agenda. The Social Care Workforce Development Programme is providing an extensive programme of training including¹² 37 events for managers¹³ and practitioners with skills based workshops to support the transfer of knowledge into practice to follow. Workforce development includes the establishment of a team to work with persons in the secure estate and this is supported by a WG grant.</p> <p>The Valuing Carers Compact¹⁴ will provide a framework for collaborative working and is a practical response to the requirement to support carers in the Social Services and Wellbeing (Wales) Act 2014.</p> <p>The evidence base in relation to future care and support needs and the needs of carers will be enhanced by the Population Assessment.</p> <p>The Council has worked with ABMU to develop a joint Dementia Strategy 2015-18 which provides an overarching context in respect of the current service provision, gaps in services, the challenges ahead and priorities. Beneath this is a Dementia Delivery Plan showing how the strategy will be delivered during the next three years including milestones, target dates and responsible officers.</p> <p>In appropriate cases the Council is seeking to increase the number of service users receiving direct payments. In the future these may be used to purchase services from the Council as well as external</p>		

¹⁰ Priority 2 – Helping people to be more self-reliant - What we will do in 2016-17 – Involve service users, carers and communities in developing and commissioning services

¹¹ Priority 2 – Helping people to be more self-reliant – Develop appropriate mechanisms to enable the Council to provide good information, advice and assistance to the public

¹² Priority 3 – Smarter use of resources - What we will do in 2016-17 – Provide the learning and development opportunities for staff to meet future service needs

¹³ Priority 2 – Helping people to be more self-reliant – What we will do in 2016-17 – Support managers to lead staff through organisational change

¹⁴ Priority 2 – helping people to be more self-reliant – What we will do in 2016-17 – Work with partners and schools to support carers by providing the right information, advice and assistance where relevant

Priority Theme	Risk Description	Potential Impact	Inherent Risk Score	Risk Reduction Measures	Risk Owner	Residual Risk Score
	and at the same time resources are decreasing. This makes the MTFS challenging. There is currently a shortfall in the savings identified. It is imperative that the Council continues to identify further savings to meet the MTFS.	of the organisation will suffer		<p>providers.</p> <p>The remodelling homecare implementation plan is ongoing¹⁵. At this stage, fewer hours have been transferred to the independent sector than was anticipated. The implementation plan has been reviewed and corrective actions are being progressed. In addition to this a formal contingency plan is being drawn up with planned actions to take if an external provider goes into administration.</p> <p>The project to change the residential care model will be subject to market conditions. Buildings are old and not future proof. It will become increasingly difficult to keep them at an acceptable standard. The Council is planning to develop two Extracare homes¹⁶ to replace three care homes. Sites have been identified and will be declared surplus to the requirements of the Council and disposed of to the preferred RSL Partner, at market value, which is to be independently assessed by the District Valuer.</p> <p>Independent residential care providers have been helped by the production of a Regional Quality Framework for their sector. It gives providers knowledge of the level of care expected.</p> <p>The recruitment and training of existing staff to be Best Interest Assessors.</p> <p>The living wage is a foreseen pressure. The exact amount to fund it is not known so an assumption has been made for the MTFS.</p> <p>Robust monitoring of absence levels continues including scrutiny on a case by case basis.</p>		
<p>Helping people to be more self-reliant</p> <p>Smarter use of resources</p>	<p>Supporting vulnerable children, young people and their families:</p> <p>A significant proportion of funding for work with vulnerable children, young people and their families is via grants provision. These may come under threat at a time when budgets are already stretched.</p> <p>If the Council in conjunction with partner organisations does not transform services it will not be able to meet the challenges of:</p>	<p>Between 2007-08 and 2012-13 the number of Looked After Children increased by 40%, from 292 to 412. At March 2016 there were 380. The number has shown a steady decrease but has now plateaued. The number of children and young people who are subject to care and support plans is reducing.</p> <p>If services are not transformed the wellbeing and safety of</p>	<p>Likelihood - 5</p> <p>Impact - 4</p> <p>Total - 20</p>	<p>The council will reduce demand by investing in early help and intervention programmes. A Remodelling Board has been established which will oversee the planning of new models of service delivery.</p> <p>The Social Services and Wellbeing (Wales) Act 2014 has been implemented from April 2016. This is overseen by a project group and has required significant work with managers and practitioners to map out the new requirements and integrate them into practice tools and the new Welsh Community Care Information System which is being implemented at the same time. Implementation of the Act is supported by a WG Delivering Transformation Grant.</p> <p>Part 6 of the Social Services and Wellbeing (Wales) Act concerns</p>	<p>Corporate Director</p> <p>Social Services and Wellbeing</p> <p>Corporate Director</p> <p>Education and Family Support</p>	<p>Likelihood - 5</p> <p>Impact - 4</p> <p>Total - 20</p>

¹⁵ Priority 2 – Helping people to be more self-reliant - Key project – Remodelling social care

¹⁶ Priority 2 – Helping people to be more self-reliant - Key project – Remodelling social care

Priority Theme	Risk Description	Potential Impact	Inherent Risk Score	Risk Reduction Measures	Risk Owner	Residual Risk Score
	<ul style="list-style-type: none"> providing high quality care to vulnerable children and their families including the increased demands for safeguarding activity, for example, CSE, missing children, LAC and children and young people who are subject to care and support plans Embedding the provisions of the Social Services and Wellbeing (Wales) Act Continued implementation of WCCIS 	<p>children might be compromised. They may be unable to:</p> <ul style="list-style-type: none"> Thrive and make the best use of their talents Live healthy and safe lives Be confident and caring throughout their lives Know and receive their rights <p>Patterns of behaviour, such as poor parenting will be repeated in subsequent generations.</p> <p>A potential increase in the proportion of young people identified as not in education, employment or training (NEET).</p> <p>A less skilled and flexible workforce.</p> <p>Increased social and economic costs.</p> <p>A loss of reputation to the Council.</p> <p>An increase in the need to commission expensive placements with independent fostering and adoption providers.</p> <p>Increased demands on social work teams, reviewing officers and support teams.</p>		<p>children who are looked after by the Council. The Act was implemented on 6 April 2016 and stipulates that:</p> <ul style="list-style-type: none"> The child should have a care and support plan The Council should make it easy for the child to stay in touch with parents, family and friends where it is safe to do so Each child should have an independent reviewing officer The Council should provide support and advice for young people coming out of care¹⁷ <p>Significant training¹⁸ has been carried out to ensure that the Council meets its duties under the Act.</p> <p>The Council is taking a lead role in the development of a national approach to statutory advocacy for Looked After Children and Children and young people who are subject to care and support plans.</p> <p>There is an earmarked reserve for Looked After Children that will support the service area and help cushion any sudden increases in Looked After Children numbers.</p> <p>Childrens Safeguarding and Early Help¹⁹ and Prevention teams will work closely together to deliver both the Early Help²⁰ and Intervention Strategy and the Placement and Permanency Strategy to vulnerable groups. The re-structure of Family Intervention Services which was completed in March 2015 is working well. Three Early Help locality hubs (North, East and West) have been created to work with families in a more joined-up way. Family Support Workers, Education Welfare Officers, Family Engagement Officers, Counsellors and Youth Workers have been co-located in each of the hubs as well as Safeguarding Social Work Teams to support a whole system approach to ensuring that the needs of all our children and young people will be met at the earliest opportunity. In addition, the Council has created a central hub of specialist Family Support Services (e.g. Connecting Families) who provide a range of services across the whole County Borough.</p> <p>These initiatives will help the Council to continue to safely reduce both the numbers of Looked After Children and children on the Child Protection Register. Admissions are robustly overseen by Group Managers. The number of discharge of care orders is being monitored by a dedicated Officer who works alongside the case management team to identify children and young people for whom alternative arrangements can be considered and progressed.</p>		

¹⁷ Priority 2 – Helping people to be more self-reliant - What we will do in 2016-17- Develop an appropriate service model for children in transition from childhood to adulthood, including children with disabilities and children leaving care

¹⁸ Priority 3 – What we will do in 2016-17 – Provide the learning and development opportunities for staff to meet future service needs

¹⁹ Priority 2 – What we will do in 2016-17 – Develop a multi-agency safeguarding hub to provide effective multi-agency response to safeguarding issues

²⁰ Priority 2 – Helping people to be more self-reliant – What we will do in 2016-17 – Work with partners to ensure early identification of children and families in need of support

Priority Theme	Risk Description	Potential Impact	Inherent Risk Score	Risk Reduction Measures	Risk Owner	Residual Risk Score
				<p>The Council will strive for stability and permanence for Looked After Children. This will include using increased numbers of adoptions, special guardianship orders, residence orders and other long term arrangements with Foster Carers or extended family. The Western Bay Regional Adoption Service has been established and will help make the best use of resources so that improvements can be made to ensure that children requiring adoptive placements are speedily and appropriately matched with adopters who can meet their needs for their entire childhood. The development of a new local parent and child fostering service will also improve use of resources.</p> <p>The Council is ensuring that robust mechanisms are in place to identify and provide appropriate services to children at risk from child sexual exploitation (CSE)²¹. Practitioners have either received CSE training or are part of an ongoing programme to enhance their knowledge. The Council is part of a focused multi-agency “CSE Task Force” including Police and ABMU Health.</p> <p>The current respite arrangements for disabled children²² will be reviewed and new models of service delivery will be considered that will provide flexible support for people when they need it. The revised programme also includes a scheme to rationalise assets at Heronsbridge School to enable residential provision for children with disabilities on a 52 week a year basis, to enable children to stay within Bridgend rather than being placed in establishments far from the family home.</p> <p>The Council will develop appropriate mechanisms to provide good information, advice and assistance. This includes Dewis Cymru²³, the all Wales information and advice website and services in support of Carers.</p> <p>The development of services which will help children transition into adulthood including children with disabilities and those leaving care²⁴.</p>		
Links to all key priority themes	<p>Welfare reform²⁵:</p> <p>The UK Government has introduced a number of significant welfare reforms over the last three years and Universal Credit (UC) was implemented in the County Borough in June 2015. Further</p>	Changes being made by the UK Government to benefit entitlements mean that some citizens will be in greater poverty including increased child poverty ²⁶ . Demands on services for vulnerable people are likely to increase at the	<p>Likelihood - 6</p> <p>Impact - 4</p> <p>Total - 24</p>	<p>The Council will monitor the impact of welfare reforms on citizens in terms of their needs across the range of Council services including housing and is developing proposals for dealing with changes in demand.</p> <p>The Benefits Service works closely with Housing Associations to support the people affected by the caps by identifying those that are exempt from it, providing debt and money management advice and</p>	Head of Finance	<p>Likelihood - 6</p> <p>Impact - 3</p> <p>Total – 18</p>

²¹ Priority 2 – Helping people to be more self-reliant - What we will do in 2016-17 – Ensure appropriate services are available to children at risk from child sexual exploitation

²² Priority 2 – Helping people to be more self-reliant - What we will do in 2016-17- review and consider new models of service delivery for respite and residential care to ensure a flexible support and service to people when they need it

²³ Priority 2 – Helping people to be more self-reliant – Develop appropriate mechanisms to enable the Council to provide good information, advice and assistance to the public

²⁴ Priority 2 – Helping people to be more self-reliant – What we will do in 2016-17 – Develop an appropriate service model for children in transition from childhood to adulthood, including children with disabilities and children leaving care

²⁵ Corporate Plan – Other important services

²⁶ Priority 2 – helping people to be more self-reliant – What we will do in 2016-17 – Provide support to families through the Families first programme to help reduce child poverty

Priority Theme	Risk Description	Potential Impact	Inherent Risk Score	Risk Reduction Measures	Risk Owner	Residual Risk Score
	reforms were introduced in the July 2015 Budget which will mean that more citizens in the County Borough will be impacted.	<p>same time as the Council's resource base reduces. This will be exacerbated by the further changes introduced in the July 2015 UK Government budget. These include a freeze on most benefits for 4 years, a further reduction in the benefit cap, no automatic entitlement to Housing Benefit for 18 to 21 year olds and Tax Credits and UC being restricted to a maximum of two children.</p> <p>Since 15 July 2013 there has been a limit on the total benefit a working age person can receive. This currently affects 82 households in Bridgend but will increase to about 200 when the benefit cap reduces from £23,000 to £20,000.</p> <p>From April 2013, maximum rent has been reduced in the social rented sector depending on the number of bedrooms required. 1,241 households are affected which represents 29% of the total working age Housing Association benefit claimants. The total number of households in Bridgend is about 59,000.</p> <p>The Council will need to manage the Council Tax Reduction (CTR) scheme within its budget. WG has renewed the regulations and the scheme will be based on 100% liability. Provision has been made in the Council's annual revenue budget for 2015-16 to fund the projected additional budget requirement of £1m.</p>		<p>in qualifying cases awarding Discretionary Housing Benefit payments. The grant for payments in 2015-16 was £252,060.</p> <p>The Council's Housing Section has agreed a protocol with Registered Social Landlords for dealing with existing tenants who fall in arrears specifically due to the application of the bedroom cap. Bridgend Housing Partnership meets quarterly and discusses the impact as an agenda item.</p> <p>When advised by the DWP of a new benefit cap case, the Benefits Service contacts the affected claimants to discuss their options. Appropriate cases are referred to the Council's debt advice service or Housing Options. The Benefits Service works closely with these families to ensure that they are adequately equipped to deal with the reduction in their income, or, in conjunction with DWP, assist the family where possible with the transition into employment.</p> <p>Officers are fully apprised of UK Government and WG plans to ensure that the Council understands and can deal with the staff implications of moving from Housing Benefit (etc) to UC.</p> <p>During the rollout of UC the Council is required to provide support services to claimants and DWP UC staff as follows:</p> <ul style="list-style-type: none"> • Helping to prepare landlords for the change • Supporting claimants with online administration • Supporting claimants with complex needs and those that require personal budgeting • Provide expertise to UC service centre staff on housing issues • Process CTR for UC claimants <p>The Benefits Service has been discussing UC changes with landlords since its announcement and has procured budgeting support and advice via Caer Las.</p> <p>The Council has developed other support services</p> <ul style="list-style-type: none"> • an on-line resource²⁷ (the moodle) which provides links to a wide range of support, including job search sessions, financial inclusion advice, credit unions, fuel poverty advice, foodbanks and DWP information sheets • Secured funding to provide support in libraries and community venues with digital applications, eg Universal Jobmatch and UC • Developed a draft directory of training, employment and other 		

²⁷ Priority 3 – Key project – Digital transformation programme

Priority Theme	Risk Description	Potential Impact	Inherent Risk Score	Risk Reduction Measures	Risk Owner	Residual Risk Score
		<p>UC commenced in October 2013 and was implemented in Bridgend for certain claim categories in June 2015. The potential number of persons who may claim UC is estimated at 180 per month, with around 40 of these receiving support with housing costs.</p> <p>The UC caseload will build from 2016 onwards until the benefit is established for all claimants by the end of 2019.</p> <p>Disability Living Allowance is being replaced by Personal Independence Payments. This will impact a significant number of residents as amounts paid might be different and there is the possibility of delays, particularly through the appeals process.</p> <p>The UK Government had intended to bring Housing Benefit for social housing tenants in line with private sector local housing allowance rates from 1 April 2017. This could impact on all supported accommodation and some Registered Social Landlord's elsewhere cancelled or postponed Extra Care housing schemes. Following pressure from Registered Social Landlords Ministers have offered full exemption to supported housing until a long term solution is devised,</p> <p>It is too early to say what the impact will be on the number of households affected by the latest welfare reform proposals.</p>		<p>support²⁸</p> <p>As part of the MTFs, the Council has an earmarked reserve specifically for welfare reform.</p> <p>As part of the July 2015 budget it is proposed that the compulsory living wage will increase from £7.20 to £9.00 by 2020.</p> <p>The Head of Finance has initiated and chairs a welfare reform cross functional working group to proactively identify and implement measures which will mitigate the impact on citizens.</p> <p>Registered Social Landlords and Councils are seeking to influence the way that any changes to Housing Benefit for supported accommodation are implemented.</p>		

²⁸ Priority 1 – Supporting a successful economy – What we will do in 2016-17 – Work with individuals and families who are unemployed or economically inactive, face barriers to work, or are at risk of poverty by providing employment mentoring, training and other support to improve their job opportunities

Priority Theme	Risk Description	Potential Impact	Inherent Risk Score	Risk Reduction Measures	Risk Owner	Residual Risk Score
Links to all priority themes	<p>Local Government Reorganisation:</p> <p>There is a risk that continuing uncertainty about future structures will slow down the pace of transformative change which is required now to deliver services within reduced budgets.</p> <p>The results of the WG elections made the future direction of local government reorganisation uncertain.</p> <p>The new WG Minister has advised that the previous plans to cut 22 Councils to eight or nine will not be pursued. WG have not yet proposed a particular solution but are considering the way forward and want to have a new plan drawn up by the Autumn of 2016.</p>	<p>There is now greater uncertainty about the eventual outcome and when or whether there will be merged authorities.</p> <p>If senior management are focussed on structures they may fail to deliver the required services to the public within the MTFS budget reductions. There is also a danger of inertia as managers feel unable to make decisions required now because of increased uncertainty about the future.</p> <p>However, there is now a greater incentive to reconfigure public services on the basis of partnerships and regional collaborative models.</p>	<p>Likelihood - 5</p> <p>Impact - 4</p> <p>Total - 20</p>	<p>Whilst uncertainty remains, the Council will continue to focus on delivering services to the public within the MTFS. An important part of this will be its collaboration with a range of partners on a pragmatic basis.</p>	Chief Executive	<p>Likelihood - 4</p> <p>Impact - 4</p> <p>Total - 16</p>
Supporting a successful economy	<p>The economic climate and austerity²⁹:</p> <p>If the economy continues to perform badly the quality of life for residents will suffer. There will be no positive long lasting economic, environmental and social change as our towns, local businesses and deprived areas suffer decline.</p> <p>Individuals, particularly young people, may be unable to secure employment because they lack the basic skills and confidence necessary and suitable jobs are not available in the economy.</p>	<p>There will be cuts in the public sector and these will disproportionately affect regeneration activities as spending on other services are protected.</p> <p>Reductions in regeneration funding have a disproportionate affect because each £1 of Council funding leverages between £8 and £13 from other sources.</p> <p>There could be further job losses and business failures in the local economy if the UK and European economies don't</p>	<p>Likelihood - 5</p> <p>Impact - 4</p> <p>Total - 20</p>	<p>The Council supports the business community via the Business Forum³⁰, Bridgend Tourism Association, the Destination Management Partnership, Coastal Partnership, and town centres, through the Town Centre Manager, BID³¹ Partnership (Bridgend) and THI Programmes. Targeted investments have been made and successes achieved in key sectors such as tourism and the encouragement of micro business centres.</p> <p>The Council has an apprenticeship programme³² in operation.</p> <p>The Smart System and Heat project³³ puts Bridgend at the forefront of emerging technology but key decisions must be made about project delivery.</p> <p>Increasing footfall via a greater number of residents living in town centres and by running high quality events.</p>	<p>Corporate Director</p> <p>Communities</p>	<p>Likelihood - 4</p> <p>Impact - 4</p> <p>Total - 16</p>

²⁹ Priority 1 – Supporting a successful economy

³⁰ Priority 1 – Supporting a successful economy - Who will help us

³¹ Priority 1 – Supporting a successful economy - What we will do in 2016-17 – Support the development of a Business Improvement District in Bridgend Town centre to help local traders pursue initiatives and projects important to them

³² Priority 1 – Supporting a successful economy - What we will do in 2016-17 – develop employment opportunities including apprenticeships

³³ Priority 1 – Supporting a successful economy – What we will do in 2016-17 – Develop a low carbon transition strategy as part of ETI programme to establish local heating projects

Priority Theme	Risk Description	Potential Impact	Inherent Risk Score	Risk Reduction Measures	Risk Owner	Residual Risk Score
	<p>Severe cuts in Welsh Local Government spending will happen over the MTFS period 2016-17 to 2019-20. These cuts will impact on the local economy disproportionately because the Council is one of the key local employers.</p> <p>Following the EU Referendum there is great uncertainty about the impact on resources. Bridgend County Borough receives significant levels of EU funding. Current programmes run to the 2020-21 financial year and there is approved funding of £4.926m. In addition there are also further grant applications of up to £18m at various stages of development. Outside of the EU there is less certainty that these sums will be forthcoming from UK Government or WG.</p> <p>In addition there is a greater risk of general economic downturn following the vote to leave the EU, If the economy is less buoyant the Local Development Plan (LDP) will come under increasing pressure because sites available under the LDP become less attractive to housing developers.</p>	<p>get stronger. The quality of life within the County Borough may decline.</p> <p>Pressure will be placed on diminishing Council services which support local businesses and employment.</p> <p>Town centres continue to suffer, predominantly the retail sector. Without regeneration they will not be attractive places to visit or able to compete with retail developments in neighbouring centres such as Talbot Green and Neath. Even with regeneration, competition and resilience will be difficult, as the nature of town centres is changing.</p> <p>The proposed regeneration programme assumes £2.6m of capital receipts. This includes an anticipated receipt from Porthcawl Regeneration Phase 1.</p> <p>Existing capital schemes will be affected if there are cost over-runs on regeneration projects. There is no provision to fund unforeseen works.</p> <p>At a time when regeneration is being asked for more solutions and more input, budgets are being reduced.</p> <p>Delivery of housing was on track in 2015 but will slip behind target in 2016. If the</p>		<p>The Bridgend local development strategy under the Rural Development Plan for Wales has been approved with a funding allocation of £1.886m.</p> <p>Implement the Youth Engagement And Progression Framework³⁴.</p> <p>Strategic Regeneration Fund (SRF) allocations are committed to projects up to 2016-17. However, following the announcement of the WG's Structural Funding Programme 2014-20, and the additional funding that can be secured using the SRF as matched funding, it has been agreed that the period of matched funding in the capital programme up to and including the 2020-21 financial year has been extended.</p> <p>A cross directorate working group will continue to co-ordinate the development and delivery of European funded projects. A package of employment support projects are being taken forward for European Social Fund grant aid.</p> <p>Bridgend³⁵</p> <p>The Rhiw is being regenerated in partnership with Coastal Housing to bring footfall and vitality to the town centre. There will be a combination of residential development and car parking. The project, funded by WG via a Vibrant and Viable Places grant, is on track.</p> <p>Parts of the Parc Afon Ewenni³⁶ development scheme will become available for housing development.</p> <p>Maesteg/Llynfi Valley³⁷</p> <p>The first stage of desktop feasibility work on the Llynfi Valley sites has been completed. The town centre action plan is being implemented and is funding a range of activities in partnership with local stakeholders. The final evaluation of Maesteg THI has been issued, and confirms the success of the scheme in bringing historic buildings back into economic use in the town. A project submission has been made for Maesteg Town Hall under WG's Building for the Future programme.</p> <p>Porthcawl³⁸³⁹</p>		

³⁴ Priority 1 – Supporting a successful economy - What we will do in 2016-17 – Co-ordinate and implement the Youth engagement and Progression Framework to reduce the number of young people who are NEET

³⁵ Priority 1 – Supporting a successful economy – What we will do in 2016-17 – Invest in our town centres to enhance existing facilities and provide new facilities including schemes in Porthcawl Harbourside, Maesteg and Bridgend

³⁶ Priority 3 – Smarter use of resources – Make the Waterton site available to market for housing development as part of the Parc Afon Ewenni scheme

³⁷ Priority 1 – Supporting a successful economy – What we will do in 2016-17 – Invest in our town centres to enhance existing facilities and provide new facilities including schemes in Porthcawl Harbourside, Maesteg and Bridgend

³⁸ Priority 1 – Supporting a successful economy – What we will do in 2016-17 – Invest in our town centres to enhance existing facilities and provide new facilities including schemes in Porthcawl Harbourside, Maesteg and Bridgend

Priority Theme	Risk Description	Potential Impact	Inherent Risk Score	Risk Reduction Measures	Risk Owner	Residual Risk Score
		LDP fails Housing developers may come forward with alternative projects on sensitive sites which may escalate to appeals.		<p>A new masterplan is being produced in support of phase 1 of the Seven Bays Project.</p> <p>Considerable progress has been made on regeneration in Porthcawl, including the completion of refurbishment of key buildings in the harbour quarter through £890,000 of THI funding and further development of the Maritime Centre project. The Partnership Action Plan for the town centre is being implemented.</p> <p>The Council has been successful in its bid for £4.5m of Attractor Wales money. This will fund a maritime and water sports centre and an extension of the coastal pathway. A bid is also being made to the Coastal Community fund.</p> <p>WG funding for a new town centre partnership is now delivering projects.</p> <p>Cardiff Capital Region has secured a City Deal worth £1.28bn⁴⁰. This will allow Councils and partners to unlock significant growth across the Cardiff Capital Region. The City Deal will provide an opportunity to continue tackling the area's barriers to economic growth by: improving transport connectivity; increasing skills levels still further; supporting people into work; and giving businesses the support they need to innovate and grow.</p> <p>The council is placing evidence in front of the Inspector in support of the LDP.</p>		
Supporting a successful economy Smarter use of resources	<p>Disposing of waste⁴¹:</p> <p>The EU Waste Framework Directive promotes waste prevention and increased recycling.</p> <p>WG's waste strategy 'Towards Zero Waste' sets challenging targets. Since 2012-13 there has been an obligation to recycle / compost 52% of waste and this will rise to 70% by 2025. A new service is expected to commence in April 2017. Timescales are tight but this will deliver improved performance. In the meantime maintaining momentum behind the</p>	<p>Failure to achieve recycling/composting targets could result in:</p> <ul style="list-style-type: none"> Inefficient use of resources as waste goes to landfill sites Penalties of £200 per tonne if we fail to achieve landfill allowance targets <p>Increased recycling has a knock on effect to the contract requirements of MREC.</p>	<p>Likelihood - 5</p> <p>Impact - 4</p> <p>Total - 20</p>	<p>The Kier contract has delivered a stable recycling performance and this is likely to continue until the end of the current contract term in March 2017.</p> <p>WRAP Cymru have assisted the council to consider the future by modelling various options. A procurement process has commenced and the desired outcome will enable the Council to meet the targets set by WG in their policy document "Towards Zero Waste".</p> <p>There will be a two bag restriction on residual waste and waste going to Household recycling centres will need to be pre-sorted. An absorbent hygienic products collection will also be introduced.</p> <p>BCBC and Swansea CBC, under the South West Wales hub have procured an Anaerobic Digestion facility provided by Biogen. An interim contract of two years has been let commencing on 1 August 2015. The procurement of a more permanent contract has commenced and tenders are being evaluated with WG.</p>	<p>Corporate Director Communities</p>	<p>Likelihood - 4</p> <p>Impact - 4</p> <p>Total - 16</p>

³⁹ Priority 1 – Supporting a successful economy – What we will do in 2016-17 – Develop and deliver the Porthcawl resort Investment Focus Programme to grow the value of tourism in the economy and increase employment and business opportunities

⁴⁰ Priority 1 – Supporting a successful economy – Contribute to the development of the business plan for the Cardiff Capital Region City Deal with the aim of bringing increased investment and economic control into the local area.

⁴¹ Corporate Plan – Other important services

Priority Theme	Risk Description	Potential Impact	Inherent Risk Score	Risk Reduction Measures	Risk Owner	Residual Risk Score
	existing scheme and hitting the target is a challenge.			<p>A tender was let to allow an operator to provide residual waste handling facilities at MREC. The results and their implications are being considered.</p> <p>In the short term, maintaining recycling rates can only be achieved by educating citizens so that they maintain their participation with the existing scheme. In the longer term more resource will be needed to publicise and enforce the new schemes.</p>		
Corporate Governance	<p>Equal Pay Claims:</p> <p>The result of the Abdulla Group case involving former employees of Birmingham City Council means that there is a risk of further equal pay claims against the Council.</p> <p>The courts are reviewing rulings on male dominated claims which have been listed. To date the Council has refused to settle these as they are outside the scope of the Memorandum of Understanding. The court decision remains outstanding.</p>	<p>The ruling has created the possibility that employees who left the Council up to six years ago might claim under equal pay legislation. Previously, to make a claim, the person had to be either employed by the Council or have left its employment within the last six months.</p> <p>Claims for compensation can now be made through the Civil Courts rather than via an Employment Tribunal. This will increase Legal Costs.</p>	<p>Likelihood - 5</p> <p>Impact - 4</p> <p>Total - 20</p>	<p>The Council is aware of the issues and is monitoring developments.</p> <p>Following the equal pay exercise, the Council is in a good position to be able to respond to any further claims in an appropriate manner.</p>	Head of Finance	<p>Likelihood - 4</p> <p>Impact - 4</p> <p>Total - 16</p>
Helping people to be more self-reliant	<p>Healthy Life Styles:</p> <p>There are significant health inequalities within the County Borough and national statistics show that some parts are amongst the least healthy in Wales. Many people in the County Borough live unhealthy lifestyles and this might deteriorate as welfare reform continues and some people become poorer.</p> <p>The Council must continue to find innovative ways of working to maximise the impact of reduced resources. This includes Community Asset Transfer (CAT)⁴² of assets including parks pavilions,</p>	<p>Unhealthy lifestyles have many affects. These include:</p> <ul style="list-style-type: none"> • Shortened life expectancy. Life expectancy in the County Borough is below the Welsh average • Shortened healthy life expectancy. Some areas of the County Borough have a healthy life expectancy which is 20 years longer than others • Higher rates of obesity. Over half the County Borough population is overweight or obese. This 	<p>Likelihood - 5</p> <p>Impact - 4</p> <p>Total - 20</p>	<p>The Council aims to support a wide range of people, at all stages of life, to achieve health gains by encouraging them to be more active, more often.</p> <p>The Welsh NHS confederation identifies that the all-cause mortality risk is reduced by 30% amongst those who are physically active and that physically active people will spend on average 38% fewer days in hospital. The Sport, Play and Active Wellbeing service⁴³ targets collaborative working to increase physical activity rates. In addition the service has responded to the challenge of the Social Services and Wellbeing (Wales) Act by focussing on prevention and wellbeing based interventions that can reduce the need for higher cost provision or support in the future.</p> <p>The Council develops services and opportunities that encourage and promote life-long physical activity particularly amongst underrepresented groups by working in partnership with HALO⁴⁴ Leisure and a range of community partners. This includes delivering the National Exercise Referral Programme in partnership with HALO</p>	<p>Corporate Director</p> <p>Social Services & Wellbeing</p>	<p>Likelihood - 4</p> <p>Impact - 4</p> <p>Total - 16</p>

⁴² Corporate Plan – Priority 2 – Key project – Community Asset Transfer and what we will do in 2016 – 17 – Enable community groups to the third sector to have more voice and control over community assets

⁴³ Corporate Plan – Other important services

⁴⁴ Corporate Plan – Other important services

Priority Theme	Risk Description	Potential Impact	Inherent Risk Score	Risk Reduction Measures	Risk Owner	Residual Risk Score
	playgrounds and playing fields. If the Council does not find ways to promote healthy living the emotional and physical wellbeing of citizens will suffer.	<p>results in significant costs to the economy and health and social services</p> <ul style="list-style-type: none"> • Worse emotional health • Less fulfilled lives as people lose their independence due to ill health <p>These result in greater demand for expensive medical and care services provided by ABMU and the Council.</p>		<p>Leisure to help reduce obesity levels and encourage better weight management across the County Borough. The Welsh health Survey shows that there have been reductions in the number of obese and overweight people in the County Borough against an increase nationally.</p> <p>The number of physical activity visits to Council operated leisure facilities have increased by 92,508 over a two year period. Visits to HALO facilities have also increased. The total for 2015-16 of 1,191,386 was 37,800 higher than in 2014-15.</p> <p>Children and young people are encouraged to be physically active. Participation within children’s sport is increasing and the School Sport Survey shows that the number of children participating in school based extracurricular sport or sport with a club on three or more times a week has increased from 40% to 47% between 2013 and 2015.</p> <p>The Sport, Play and Active Wellbeing Service have formal partnerships with many schools. In addition the National School Sport programme is being implemented as is the “Every Child a Swimmer” initiative. The school swimming programme has secured 100% participation in the intensive model with 73% achieving the national standard.</p> <p>The families of Looked After Children are provided with free access to local facilities.</p> <p>The Dame Kelly Holmes “Get on Track” programme has successfully supported people with learning and behavioural disabilities to engage in sports leadership programmes.</p> <p>The secondary schools programme achieved 71,352 participants and supported 5,448 physical activity sessions.</p> <p>Other examples of how the community is being encouraged to exercise are:</p> <ul style="list-style-type: none"> • Developing community based sporting opportunities with Disability Sport Wales for children and adults with disabilities. There are 923 junior and 623 senior participants. • Increasing the activity levels of women and girls through initiatives such as “Us Girls”. • The “Move More Often” programme is being developed to support users of day care and residential services. • The Love to Walk programme. 	<p>Corporate Director Communities</p>	

Priority Theme	Risk Description	Potential Impact	Inherent Risk Score	Risk Reduction Measures	Risk Owner	Residual Risk Score
				<ul style="list-style-type: none"> An Armed Forces and veterans free swimming scheme <p>The Council is pursuing CAT with priority given to assets that are linked to proposals within the MTFS. Up to £200,000 had been set aside in the Change Management earmarked reserve to fund a fixed term dedicated CAT Officer post for 3 years and to meet additional legal and property requirements. Priority 1 proposals include parks pavilions, community centres, public conveniences and bus shelters and priority 2 playgrounds and playing fields. The success of the proposals depends on the proactive participation of Town and Community Councils and community organisations, together with their ability to manage the asset. Different assets will generate different levels of interest. There is a £100,000 per annum over three years, ring fenced for capital investment for Town and Community Councils as well as potentially £1m prudential borrowing for sports pavilions to ensure that they are in a good condition, to encourage take up of assets.</p> <p>The Council works with partners to develop projects that tackle health issues such as weight management, harmful drinking and smoking.</p> <p>There are ongoing Licensing and partner meetings to review any emerging issues around the licence trade and the sale of alcohol.</p> <p>The multi-agency Tobacco Control Steering Group developed an action plan for partnership working across the County Borough. There are various awareness raising initiatives across the County Borough and Trading Standards, as part of the newly formed regulatory service⁴⁵, which inspects premises and enforces legislation concerning sales to those who are underage.</p>	Corporate Director Operational and Partnership Services	
Supporting a successful economy	<p>Maintaining infrastructure⁴⁶:</p> <p>If there is further harsh weather there may be an increase in the number of roads in poor condition, more repairs being required in the future and the Council might fail to meet its statutory obligations. The risk is exacerbated because the Local Government Borrowing Initiative (LGBI) has ended and reductions must be found in the Highways budget.</p>	<p>Failure to maintain infrastructure will result in the Council not meeting its statutory obligations and the % of roads that are in overall poor condition increasing.</p> <p>A poor quality highway network leads to increased third party liability claims, a loss of reputation, a possible adverse impact on economic activity and reduced quality of life for citizens.</p>	<p>Likelihood - 5</p> <p>Impact - 4</p> <p>Total - 20</p>	<p>Additional maintenance has been undertaken in the past 5 years as a result of increased revenue budget and grants from WG. Funds have been targeted at Principal (A) roads. The Highways maintenance budget has increased by £800,000 since 2009 and further growth of £100,000 in 2013-14 resulted in investment in street furniture (lighting, traffic signals etc).</p> <p>The LGBI provided funding of around £6.8m over the period 2012-15 for highway infrastructure improvements. The principal adopted for the programme of works was to provide good quality resurfacing which will be sustainable in the long term rather than quick overlay which requires higher maintenance in future years. 2014-15 was the last year of the LGBI and there will now be reductions in maintenance budgets. Consideration is being given to how much would have to be spent to maintain the highway network in its</p>	Corporate Director Communities	<p>Likelihood - 4</p> <p>Impact - 4</p> <p>Total - 16</p>

⁴⁵ Corporate Plan – Other important services

⁴⁶ Corporate Plan – Other important services

Priority Theme	Risk Description	Potential Impact	Inherent Risk Score	Risk Reduction Measures	Risk Owner	Residual Risk Score
		Further budgetary pressures could occur due to unpredictable weather patterns and the worsening condition of the infrastructure. This will lead to an increased requirement for emergency repairs.		<p>existing condition. A business case for additional investment will be made. Unless there is further investment there will now inevitably be deterioration in the proportion of roads that are in a satisfactory condition and an increase in expensive reactionary maintenance.</p> <p>Following consultation, the MTFS budget reduction proposal for highways maintenance was reduced by £500,000 from the £1,207,000 consulted on. The Highways and Transport capitalised annual allocation was maintained at £200,000.</p> <p>The Council's Highways Asset Management Plan provides information to assist the Council in considering the highway asset risk and apportion funding from the Council's budget strategy. The ability to digitally scan the highway helps in objective decision making.</p> <p>The risk around the condition of the highway will be managed by a proactive system of highway inspections and by responding positively to highways complaints.</p>		
Links to all priority themes	<p>Educational provision</p> <p>If the Council does not adopt a strategic approach for sustainable educational provision in Bridgend then there is a risk that it may not be able to offer sufficient educational provision or of the right type in the right locations in the County Borough and with partners. Neither will the Council be providing 'fit for purpose schools' capable of delivering high quality educational experiences for all pupils.</p>	<p>An inability to offer a broad range of educational opportunities will ultimately result in poorer outcomes for children and young people.</p> <p>Outcomes for groups of vulnerable learners may not improve quickly enough or not at all.</p> <p>Continued falling school rolls and a large number of surplus places.</p> <p>Challenges in the replacement of a number of Headteachers reaching retirement age in the near future.</p> <p>Financial constraints leading to a growing number of schools in a deficit budget situation.</p> <p>School improvement schemes</p>	<p>Likelihood - 4</p> <p>Impact - 4</p> <p>Total - 16</p>	<p>A strategic review into the development and rationalisation of the curriculum and estate⁴⁷ provision of Primary, Secondary and Post 16 Education⁴⁸ is being undertaken. The four work streams are:</p> <ul style="list-style-type: none"> • School Modernisation band B 2019-24. This focuses on the Band B including the provision of sufficient primary school places in Bridgend town and the delivery of Band B schools • Post 16 Education, focusing on exploring options for the delivery of Post 16 education including options around a new post 16 centre⁴⁹ • School leadership and federations which will focus on reviewing guidance with WG and a strategic road map for deeper school partnerships in line with the Robert Hill review • Curriculum and workforce focusing on the implementation of Donaldson and GCSE reform and workforce changes including Education Workforce Council and supply <p>These work streams will provide an evidence based rationale for change and will help the council reach informed conclusions about the nature of future provision.</p> <p>An increase in the pace of school improvement.</p> <p>Succession planning for Headteachers.</p>	<p>Corporate Director</p> <p>Education & Family Support</p>	<p>Likelihood - 4</p> <p>Impact - 4</p> <p>Total - 16</p>

⁴⁷ Priority 1 – Supporting a successful economy – What we will do in 2016-17 – Deliver the strategic review into the rationalisation of the curriculum and schools estate

⁴⁸ Corporate Plan – Priority 1 – Key project

⁴⁹ Priority 1 – Supporting a successful economy – What we will do in 2016-17 – Work to ensure that children and young people who reach the age of 16 are in further education, training or employment until at least the age of 24 in line with the Youth Guarantee

Priority Theme	Risk Description	Potential Impact	Inherent Risk Score	Risk Reduction Measures	Risk Owner	Residual Risk Score
		<p>continue to be reactionary rather than strategic.</p> <p>Insufficient Welsh medium provision to meet demand, especially in the centre of Bridgend.</p> <p>The strategic future of whole life learning across the County Borough will not be fully integrated into our strategy e.g., Bridgend College.</p> <p>The organisation of school places in Bridgend County Borough will not be supported by a clear strategy.</p>		<p>Band B of the school modernisation programme⁵⁰ will provide the mechanism to deliver the developed strategy.</p> <p>The council has published its Welsh Education Strategic Plan (WESP) and is evaluating a range of opportunities for the provision of Welsh medium education in Bridgend.</p> <p>Strong collaboration with communities and strategic partners, in particular Bridgend College.⁵¹</p> <p>Monitoring of the impact of the agreed changes to the Council's Learner Travel Policy from September 2016.</p> <p>Greater join up at both a strategic and operational level via the Safe Dry and Warm project.</p> <p>Close monitoring of surplus places and the development of opportunities to utilise surplus places with secondary schools in particular.</p>		
Helping people to be more self-reliant	<p>The impact of homelessness⁵²:</p> <p>Homelessness may increase because of the current economic climate and ongoing austerity measures and welfare reform. This may result in a greater dependence on the Council to provide temporary accommodation for residents. This may happen at a time when the service itself is coming under increasing pressure because of its reliance on grant funding which is now subject to greater uncertainty.</p> <p>The Housing (Wales) Act 2014 has been enacted and places a duty on the Council to 'take all reasonable steps' for a period of 56 days to prevent homelessness. There is continuing uncertainty about what this means as WG have provided transitional funding to Local Authorities to implement</p>	<p>Homelessness is often a culmination of several problems, such as debt, relationship difficulties, mental health issues and substance misuse. For many, homelessness leads to increased stress, depression, and isolation. It can lead to a need for other costly service interventions.</p> <p>The impact is greater on some groups e.g. 16/17 year olds and people with a chaotic housing history.</p> <p>The use of temporary bed and breakfast accommodation results in high costs both in terms of finance for the Council and the wellbeing of individuals.</p> <p>Changes to Housing Benefits</p>	<p>Likelihood - 5</p> <p>Impact - 3</p> <p>Total - 15</p>	<p>The Housing (Wales) Act gives the Council a strategic role in the functioning of the local housing market. The Council is consulting on a draft strategy for the period 2016-18. It contains five proposed priorities. These are:</p> <ul style="list-style-type: none"> • Take reasonable steps to prevent homelessness • Make the best use of existing homes • Work with partners to deliver the right type of new housing • Help vulnerable people to stay independent, safe and secure in accommodation that best meets their needs • Create sustainable town centres through housing led regeneration <p>WG advise that grants will be available to support the implementation of the Housing (Wales) Act. However, the money is only guaranteed for one year. This means that it is difficult to find staff of the correct calibre to manage the project because there is no security of employment.</p> <p>The Council is taking a proactive prevention approach to the issue of homelessness by helping residents find solutions to their housing needs and getting to the root cause of why people become homeless.</p> <p>The Kerrigan Project aims to develop good practice in assisting</p>	<p>Corporate Director</p> <p>Operational and Partnership Services</p>	<p>Likelihood - 5</p> <p>Impact - 3</p> <p>Total - 15</p>

⁵⁰ Priority 1 – Supporting a successful economy – What we will do in 2016-17 – Work through the Council's 21st Century Schools programme and other BCBC led projects to develop employment opportunities

⁵¹ Priority 1 – Supporting a successful economy – What we will do in 2016-17 – Develop employment opportunities and a skills plan that can be delivered locally with our partners, including Bridgend College

⁵² Priority 2 – Helping people to be more self-reliant - What we will do in 2016-17 – take reasonable steps to help prevent homelessness through early intervention and cooperation from the household

Priority Theme	Risk Description	Potential Impact	Inherent Risk Score	Risk Reduction Measures	Risk Owner	Residual Risk Score
	<p>the Act.</p> <p>The Act also removed the Priority Need status of former prisoners who are potentially homeless from Prison. The Council has been able to provide interim accommodation under WG transitional funding however this is not a long term solution so the impact on repeated presentation and street homelessness cannot be quantified at this point.</p>	<p>might result in increased rent arrears and evictions leading to an increase in the number of homelessness cases. This would impact on the welfare of citizens, the Council's Housing Options Team, the homelessness budget and other welfare services.</p> <p>Any reduction in the WG grant for the Supporting People Programme might impact on the ability to sustain tenancies and increased repeat homelessness.</p>		<p>those who are homeless or vulnerably housed and have co-occurring mental health and substance misuse issues.</p> <p>The Council, in conjunction with Registered Social Landlords⁵³, have implemented a Common Housing Register and Social Housing Allocations Policy. This is working well and is helping ensure the best use of available social rented property.</p> <p>The Supporting People Team has commenced on re-commissioning the provision of structured, professional floating support to vulnerable groups which will help support tenancies and prevent homelessness and repeat homelessness.</p> <p>Following the national review of the Supporting People Programme, Regional Collaborative Committees have been set up to support greater collaborative working.</p> <p>The impact of welfare reform has been reduced as far as possible. Communities First have commissioned the Citizens Advice Bureau to provide advice on financial inclusion across the three Communities First cluster areas.</p> <p>Working with partners to improve private sector housing conditions and bring empty homes back into use⁵⁴. This will be done via the Houses into Homes Scheme⁵⁵, Empty Homes Grants and Homes in Towns Grant.</p> <p>The removal of Priority Need Status for Prisoners means that there is an increased risk of street homeless with their associated social costs. Additional resources have been made available by WG to facilitate the operational changes required by the Housing Act.</p> <p>The Council will continue to apply the "intentionality test" to all groups of homeless households.</p> <p>A one stop shop for domestic abuse has been set up in Civic Offices. The aim is to provide a holistic service to victims of domestic abuse and prevent unnecessary homelessness.</p>		
Smarter use of resources	<p>Ineffective collaboration with partners⁵⁶:</p> <p>If the Council does not deliver</p>	In a period of reducing budgets, successful collaborative working is even more essential for the efficient	<p>Likelihood - 6</p> <p>Impact - 4</p>	<p>The Council works in partnership with other councils, public sector and third sector⁵⁸ bodies based upon different geographical and service footprints. There is evidence that partnership working and good collaborative arrangements permeate all the main risk areas. Corporate Directors understand the challenges of collaborative</p>	<p>Corporate Director</p> <p>Operational and</p>	<p>Likelihood - 3</p> <p>Impact - 4</p>

⁵³ Priority 2 – Helping people to be more self-reliant - Who will help us – Registered Social Landlords

⁵⁴ Priority 1 – Supporting a successful economy - What we will do in 2016-17 – Increase the amount of residential accommodation available by working with partners to bring empty properties back into use

⁵⁵ Priority 1 – Supporting a successful economy - Spending on this priority

⁵⁶ Corporate Plan – Priority 2 – Who will help us

⁵⁸ Priority 2 – Helping people to be more self-reliant – What we will do in 2016-17 – Develop capacity of the third sector by finding new ways of working together

Priority Theme	Risk Description	Potential Impact	Inherent Risk Score	Risk Reduction Measures	Risk Owner	Residual Risk Score
	<p>effective collaboration projects where they offer enhanced service quality, increased resilience or significant cost savings, it will not maximise cost effective, tangible, improvements to services.</p> <p>Budget reductions have the potential to affect collaboration where they result in restrictions of spend to single-agency priorities.</p> <p>There are potential risks associated with collaborative projects such as the Regulatory Services initiative, the Western Bay Adoption Service, Youth Offending Service and other areas such as the roll out of Universal Credit for new single claimants commencing in June 2015, the closure of 20+ work club and the end of funding to “Get Bridgend On Line”.</p>	<p>and effective delivery of quality public services. If the Council fails to collaborate successfully some of the most vulnerable people in the community will not have their needs met. This would lead to a loss of reputation with the public and WG and the potential for a drop in performance as measured against established KPI's.</p> <p>As the Council moves towards multi-agency working, there is potential for service instability whilst transformation takes place.</p> <p>Reduction in other public sector partners' budgets may have an impact on their capacity for partnership working.</p> <p>Regulatory Services staff⁵⁷, ie Environmental Health, Trading Standards and Licensing have now transferred to the Vale of Glamorgan as host employers for the newly formed Shared Service. As the service covers a larger area, line of sight must not be lost to local delivery.</p>	Total - 24	<p>working and the importance of recognising different organisational cultures and approaches (e.g. towards data sharing).</p> <p>The Bridgend Local Service Board (LSB) is led by the Council and has a strong and positive record of facilitating collaborative working.</p> <p>The LSB “Bridgend County Together” partnership plan was published in April 2013 and sets out the priorities aimed at improving the lives of people in the County Borough focussing on issues such as health, education, employment, the local economy, tourism, crime and the environment. Those priorities are being reviewed, along with the implications of the Well-being and Future Generations Act, which will move Local Service Boards to Public Service Boards (PSB's)</p> <p>The LSB also reviewed its structure, reducing the number of its delivering boards from 11 to 5. A refreshed Neighbourhood Network steering group was established to take forward citizen engagement and to plan and deliver 'place' based projects.</p> <p>The review resulted in a renewed focus for LSB, clearer priorities and the development of flagship projects which clearly demonstrate how they contribute to achieving the outcomes. Outcome of the review and new priorities have also been taken to scrutiny committee.</p> <p>BCBC partners with ABMU, Swansea and NPT Councils to deliver a model of integrated care across a range of services including care for older people, adults with disabilities and mental health provision.</p> <p>The Memorandum of Understanding with Vale of Glamorgan Council facilitates collaboration in many areas. There is also the joint working agreement with the Vale of Glamorgan and Cardiff in relation to Regulatory Services.</p> <p>The Central South Consortium will drive school improvement.</p> <p>The Data Centre collaboration project with RCT increases the resilience of service provision.</p> <p>Collaboration in the provision of Leisure Services reduces cost and has improved quality.</p> <p>The motor fleet maintenance depot, jointly run with South Wales Police, will increase efficiency.</p> <p>There are partnership agreements to support the management of these collaborative projects.</p>	Partnership Services	Total - 12

⁵⁷ Priority 3 – Smarter use of resources – What we will do in 2016-17 – Implement the next phase of the remodelled shared Regulatory Service

Priority Theme	Risk Description	Potential Impact	Inherent Risk Score	Risk Reduction Measures	Risk Owner	Residual Risk Score
				Effective scrutiny and monitoring of newly formed joint services		
Supporting a successful economy Helping people to be more self-reliant	Educational attainment⁵⁹: If school standards and pupil attainment do not continue to improve, including a narrowing of the gap between vulnerable pupils and others, there are significant risks to the emotional wellbeing of young people and their future employment prospects, the local economy and a range of Council services as young people leave education ill-equipped for employment.	A possible increase in the number of young people not in education, employment and training (NEET). Greater deprivation as young people are unable to sustain a livelihood in the future. More young people with worse emotional health. More schools identified as requiring monitoring and intervention through inspection, with concern and eventual special status. Potential for a decline in Key Stage attainment results, PISA scores and other accreditation. Less capacity for provision for pupils with learning difficulties. Potential for parents to complain and/or take cases to SEN Tribunal. Possible intervention by WG. Continued Estyn monitoring in schools. A gap in achievement between pupils from vulnerable groups such as Free School Meals ⁶⁰ , Looked After Children, Children and young people who are subject to care and support plans and Special Educational Needs and other pupils.	Likelihood - 4 Impact - 4 Total - 16	GCSE results in the County Borough have been getting better. In addition there has been a significant narrowing of the attainment gap, between vulnerable groups and others with an improvement in the average points score for Looked After Children. Whilst results vary each year because of the different cohort of children, there is a positive trend and the gap in attainment is less in Bridgend than across Wales as a whole. The Central South Consortium (CSC) is recruiting Consultant Governors to help governing bodies which are in need of support. “Team Around The School” continues to support schools which are under performing. BCBC has recently appointed an Interim Headteacher at Coleg Cymunedol Y Dderwen and is working with the consortium to develop a strong senior management team and Governing body. The Council has appointed additional Governors including a new Vice Chair at CCYD, The Council is working with CSC and other partners to ensure that governing bodies are effective in providing challenge to schools. This includes working with the Bridgend Governors Association (BGA) which has been relaunched. The focus of the BGA will be to develop a strategy to roll out Governor Improvement Groups (GIGs) for the County Borough, the first of their kind in Wales. Also a skills audit of all Governors within the County Borough will support the training agenda. Poor attendance leads to a serious loss of learning which is likely to affect achievement and life chances. An attendance strategy is in place and fixed penalty notices are available for Headteachers to use as a sanction. This is supported by the CSC absence management toolkit, Callio. Approximately 17 Fixed Penalty Notices have already been issued for persistent unauthorised absences. To raise standards, the Council continues to implement the concept of self-evaluation across all its services in particular within Education. This includes the development of a self-evaluation action plan. A number of events have taken place during 2015 and 2016 with the Directorate’s extended senior management team to focus on improving outcome focused self-evaluation. Estyn monitoring visits have taken place and these have been positive.	Corporate Director Education & Family Support	Likelihood - 3 Impact - 4 Total - 12

⁵⁹ Corporate Plan – Other important services

⁶⁰ Priority 1 – Supporting a successful economy – Work with schools to close the gap in educational attainments between pupils entitled to free school meals and those who are not and improve outcomes for vulnerable groups

Priority Theme	Risk Description	Potential Impact	Inherent Risk Score	Risk Reduction Measures	Risk Owner	Residual Risk Score
				<p>The new School Improvement Strategy will define outcomes for learners.</p> <p>The implementation of the Youth Engagement and Progression Framework is ensuring that an increasing number of 16 year olds remain in education⁶¹.</p> <p>Implement an improvement plan with Band 4 Comprehensive Schools and the development of a 'good to great' programme⁶² as an integral part of the CSC School Improvement Strategy.</p> <p>There is a strong focus on raising standards of literacy and numeracy through structured and strategic programmes including:-</p> <ul style="list-style-type: none"> Identifying underperforming English and Maths Departments and support action to improve Provide training for staff Develop a whole school approach to basic skills CSC literacy and numeracy plans <p>All ALN support has been brought together on one site at Bryncethin Campus. This includes the Bridge Alternative Provision, Ysgol Bryn Castell (YBC) and ALN support e.g., Educational Psychology, Looked After Children etc.</p> <p>Following the work of the Task Group, the strategic review⁶³ of education in Bridgend has commenced.</p> <p>Collaboration between schools is taking place.</p> <p>School Improvement Groups (SIGs) have been set up across the 5 Local Authorities in the CSC so that schools can share best practice and learn from each other.</p> <p>National categorisation of schools helps to identify which schools require support.</p>		
Corporate Governance	<p>Health and Safety</p> <p>The council has a duty to protect the health, safety and welfare of their employees and other people who might be affected by its activities. Staff restructures have resulted in a reduction in the</p>	<p>Failure to manage health and safety could result in:</p> <ul style="list-style-type: none"> Injury, ill-health or loss of life to employees or members of the public Total or partial loss of services or buildings used 	<p>Likelihood - 6</p> <p>Impact - 4</p> <p>Total - 24</p>	<p>Directorate Risk Registers will be used to methodically review the hazards on a priority basis to develop:</p> <ul style="list-style-type: none"> Business plans and health and safety objectives Risk assessment planned programmes Health and safety competencies and training plans <p>The Directorate Risk Registers will be reviewed to ensure that they reflect the risk profiles of the new Directorate structure.</p>	Chief Executive	<p>Likelihood – 3</p> <p>Impact – 4</p> <p>Total - 12</p>

⁶¹ Priority 1 – Supporting a successful economy - What we will do in 2016-17 – Co-ordinate and implement the Youth engagement and progression framework to reduce the number of young people not in education, employment and training.

⁶² Priority 1 – Supporting a successful economy - Key project

⁶³ Priority 1 – Supporting a successful economy – What we will do in 2016-17 – Deliver the strategic review into the rationalisation of the curriculum and schools estate

Priority Theme	Risk Description	Potential Impact	Inherent Risk Score	Risk Reduction Measures	Risk Owner	Residual Risk Score
	number of experienced supervisory staff and this means that there is an increased risk that opportunities to improve health and safety practice may be missed. Areas for improvement in some health and safety arrangements have been identified.	<p>to deliver services to vulnerable people</p> <ul style="list-style-type: none"> • Criminal prosecution by enforcement bodies such as South Wales Police, the Health and Safety Executive or South Wales Fire and Rescue Service. Sanctions include higher fines under the new sentencing guidelines, imprisonment and disqualification from office • Employers and Public Liability Claims • Increased insurance premiums • Reputational damage 		<p>Cascade health and safety objectives within staff appraisals.</p> <p>Monitor health and safety performance through Corporate Performance Assessment, Corporate Management Board and the Corporate Health and Safety Steering group which is Chaired by the Corporate Director - Education and Family Support.</p> <p>Continue to assess the health and safety impacts of the budget reductions required by the MTFS and relevant change programme projects.</p> <p>Establish an awareness raising campaign of regular communications to staff promoting a range of health and safety topics to develop a positive safety culture.</p> <p>Capital bids will support the addressing of health and safety issues on a dynamic basis e.g. £500k committed to the Maesteg School parent drop-off and a further £500k committed to supporting highways improvement work around schools.</p>		
Links to all key priority themes	<p>School modernisation⁶⁴:</p> <p>Budget pressures may reduce or delay the 21st Century school programme.</p> <p>WG has committed to fund 50% (£22.474m) of the total costs for the Band A programme. To receive this funding the Council has to provide match funding of £22.474m. Whilst £5m is from core funding allocations the Council is also relying on raising £4m from S106 agreements and £13.475m from the sale of school and other sites.</p> <p>It continues to be a challenge to release sufficient land for sale to</p>	<ul style="list-style-type: none"> • Insufficient progress may have a negative impact on pupils' learning and wellbeing • There is a link between attendance, attainment and the school environment • It may affect the range of educational opportunity for pupils • There may be inefficient use of resources, due to a mismatch in the supply and demand for places in different schools • Deterioration in the state of school buildings will result in increased running costs and the need for 	<p>Likelihood - 6</p> <p>Impact - 4</p> <p>Total - 24</p>	<p>The Council continues to implement a phased schools modernisation programme but within a revised timetable.</p> <p>WG has committed to fund 50% (£22.474m) of the total costs for the Band A programme through a combination of Capital Grant and LGBI. To receive this funding the Council needs to submit detailed business cases for each project including how its match funding will be provided.</p> <p>It is essential that the planned capital receipts⁶⁵ already committed and ring fenced from the sale of school sites are retained for school modernisation. Any change to this commitment would require Council approval.</p> <p>Maintain strong programme and project management arrangements. There is a track record of delivering projects to time, cost and quality.</p> <p>Procurement through the South East Wales Schools & Capital Programme Contractor Framework will continue via the new</p>	<p>Corporate Director</p> <p>Education & Family Support</p>	<p>Likelihood - 3</p> <p>Impact - 4</p> <p>Total - 12</p>

⁶⁴Priority 3 –Smarter use of resources - Key project – School modernisation

⁶⁵ Priority 3 – Smarter use of resources - What we will do in 2016-17 – deliver the enhanced asset disposal programme to achieve £4m capital receipts by March 2017

Priority Theme	Risk Description	Potential Impact	Inherent Risk Score	Risk Reduction Measures	Risk Owner	Residual Risk Score
	<p>support the programme, If the Council is unable to do so, there may be a delay in new builds which may prejudice the Council's ability to provide for sufficient school places.</p> <p>Demand for disabled adaptations and repairs and maintenance are outstripping the budget. Failure to provide for disabled learners may result in litigation or tribunals.</p>	<p>emergency repairs. This could result in potential health and safety issues. Resources that could be better spent on direct support to children (BCBC schools are relatively poorly funded) will be diverted to less productive use</p> <ul style="list-style-type: none"> New schools are designed as community facilities and in the case of Coleg Cymunedol Y Dderwen is also a multi- agency hub <p>Inadequacies in buildings maintenance have been identified, including fire safety within schools.</p>		<p>framework SEWSCAP2.</p> <p>Maintain good links with Welsh Local Government Association and WG.</p> <p>Review catchment area boundaries to ensure supply meets demand.</p> <p>A strategy to utilise the mobile classrooms at Betws Primary school to support other schools is being developed from Summer 2017.</p> <p>Provide temporary accommodation where appropriate.</p> <p>Regular health and safety audits and condition surveys will enable the Council to prioritise improvement works and respond to emerging issues.</p> <p>The Safe, Dry and Warm project has commenced including the development of condition surveys of all school buildings. The Council has appointed a Fire Safety Officer.</p> <p>The demand for Welsh medium education in the valleys gateway area is being met by the council planning to move YGG Cwm Garw to the Betws school site where it will also be more accessible from other areas of the County Borough.</p>		
Links to all key priority themes	<p>Compliance with the Welsh Language Standards⁶⁶:</p> <p>If the Council has to comply with the Welsh Language Standards which it has appealed there will be additional pressure on the MTFS 2016-17 to 2019-20. There is also an ongoing strain on management capacity as the time taken to work through these issues is considerable and is taken away from the management of core services.</p> <p>The Council was required to implement 144 of the Welsh Language Standards by 30 March 2016 and a further 27 by 30 September 2016. The Welsh Language Commissioner has</p>	<p>There is a recurrent budget pressure of £313,000 and a one off pressure of £81,000 for 2016-17 to meet the estimated costs of implementing the majority of the Standards which the council is complying with. The pressure does not take into account the financial implications of the Standards which the council is appealing. If the council has to comply with these Standards there will be very significant additional strain on the MTFS.</p>	<p>Likelihood - 4</p> <p>Impact - 3</p> <p>Total - 12</p>	<p>A budget pressure arising from the implementation of the Welsh Language Standards has been recognised in the MTFS 2016-17 to 2019-20. Should the appeals not be successful the Council will meet the additional costs in the short term from the corporate contingency or Council Fund until such time as recurrent funding is identified from budget reductions elsewhere or Council Tax increases.</p> <p>Should the Welsh Language Commissioner determine that it is not unreasonable or disproportionate to comply with any of the standards that have been appealed then there is a further right of appeal to the Welsh Language Tribunal. Following a determination by the Tribunal, the Commissioner or Council can appeal to the High Court on a point of law only. During the appeals process the Council is not required to comply with those standards under appeal.</p> <p>The Council has been in regular contact with neighbouring Councils to establish their interpretation of certain Standards and also with the Welsh Language Commissioner when clarification on points of law and interpretation has been required.</p>	<p>Corporate Director</p> <p>Operational and Partnership Services</p>	<p>Likelihood - 4</p> <p>Impact - 3</p> <p>Total - 12</p>

⁶⁶ Priority 3 – Smarter use of resources - Aim to develop the culture and skills required to meet the needs of a changing organisation

Priority Theme	Risk Description	Potential Impact	Inherent Risk Score	Risk Reduction Measures	Risk Owner	Residual Risk Score
	<p>introduced an appeals process enabling councils to challenge the proportionality and reasonableness of the Standards and compliance timescales. The council appealed 10 of the March standards of which nine have initially not been accepted and a delay of one year has been allowed for the other. The Welsh Language Commissioner invited the Council to submit further information in support of the appeals and this information was provided on 27 June 2016. No response has yet been received.</p> <p>Further appeals may be lodged on the September 2016 Standards.</p>					

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BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO AUDIT COMMITTEE

29 SEPTEMBER 2016

REPORT OF THE CHIEF INTERNAL AUDITOR

INFORMATION AND ACTION REQUESTS BY COMMITTEE

1. Purpose of Report

1.1 To summarise for Members the actions and information requests made by the Audit Committee at its last meeting on the 30th June 2016.

2. Connection to Corporate Improvement Objectives / Other Corporate Priorities

2.1 Internal Audit's work impacts on all of the Corporate Improvement Objectives and other Corporate Priorities.

3. Background

3.1 Internal Audit conducts reviews according to an annual audit plan and reports findings to Audit Committee.

4. Current situation / proposal

4.1 A summary of actions and information provided is contained in the following table:

Audit Committee Date	Action /Request	Officer Responsible	Comment / Action / Resolution	Current Status
21 st April 2016	Risk Management - A Member referred to paragraph 4.3 of the report, and a statement confirming that the 2016-17 Corporate Risk Assessment was fully aligned with the Council's MTFS and Corporate Plan. She felt that future such versions of the Risk Management Policy should reflect this more clearly, and that this document needed to be cross referenced with the MTFS.	Risk Management & Insurance Officer	A version of the Corporate Risk Assessment has been produced which cross references the links between the Corporate Plan and Corporate Risk Assessment. The suitability of this format is to be assessed.	Ongoing
21 st April 2016	A Member referred to the Inherent and Residual Risk scores and asked how these compared with similar or other risks in neighbouring local authorities.	Risk Management & Insurance Officer	Risk assessments from six other councils have been received and will be analysed to see what themes are reoccurring. This information will be used during the next quarterly review.	Ongoing

21 st 2016	April	In response to a question from the Committee, the Chief Internal Auditor stated that she would provide a report to the Committee on the high percentage of savings achieved in Legal and Regulatory Services.	Head of Finance and CIA	Clarification from Members was sought at the meeting held on the 30 th June meeting in order to understand what additional information was required. As a consequence of this an ongoing piece of work is underway.	Outstanding
30 th 2016	June	In addition and in response to a question regarding the Porthcawl Harbour Project, the Chief Internal Auditor stated that she would provide the Committee with information.	CIA	Response will be provided to Members once this has been validated.	Outstanding

5. Effect upon Policy Framework & Procedure Rules.

5.1 None

6. Equality Impact Assessment.

6.1 There are no equality implications.

7. Financial Implications.

7.1 There are no financial implications regarding this report.

8. Recommendation.

8.1 That the Committee notes this report.

Helen Smith
Chief Internal Auditor
29th September 2016

Contact Officer: Helen Smith
Chief Internal Auditor

Telephone: (01656) 754901

Email: internalaudit@bridgend.gov.uk

Postal address: Bridgend County Borough Council
Internal Audit
Innovation Centre
Bridgend Science Park
Bridgend
CF31 3NA

Background Documents

None

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO AUDIT COMMITTEE

29 SEPTEMBER 2016

REPORT OF THE CHIEF INTERNAL AUDITOR

INTERNAL AUDIT – OUTTURN REPORT APRIL TO AUGUST 2016

1. Purpose of Report.

1.1 The purpose of this report is to inform the Audit Committee of actual Internal Audit performance against the five months of the audit plan year covering April and August 2016.

2. Connection to Corporate Improvement Plan / Other Corporate Priority.

2.1. The work of audit is intended to assist in the achievement of all corporate and service objectives.

3. Background

3.1. The 2016/17 Internal Audit Plan was submitted to the Audit Committee for consideration and approval on the 21st April 2016. The Plan outlined the assignments to be carried out and their respective priorities.

3.2. The Plan provided for a total of 1,053 productive days to cover the period April 2016 to March 2017.

4. Current situation / proposal

4.1. The following table shows an analysis of productive days achieved against the plan for the first two months of this financial year. A more detailed analysis as extracted from the Internal Audit Shared Service management information system is shown at **Appendix A**.

Directorates	2016/17 Full Year Plan Days	Proportion of Plan Days Available for April to August 2016	2016-17 April to August Actual Days delivered
CEX - Finance	130	54	79
Operational & Partnership Services	105	44	53
Education & Family Support	155	65	25

Communities	128	53	18
Social Services & Wellbeing	105	44	23
Cross Cutting Including: External Contingency - Unplanned Contingency - Fraud & Error	430	179	250
TOTAL PRODUCTIVE DAYS	1,053	439	448

4.2. The figures show that 448 actual days have been achieved, which is 9 days more than the expected target of 439 days.

4.3. At present the overall structure of the Section is based on 18 Full Time Equivalent (FTE) employees. However, at the end of the Financial Year 2015/16, the Section was carrying 4 FTE vacant posts, this has now increased to 5 FTE vacant posts but arrangements are in place to undertake a recruitment campaign to address some of the shortfall in staff resources.

4.4. At the end of the period, 10 reviews / jobs have been completed and closed, 8 of which has provided management with an overall substantial / reasonable audit opinion on the internal control environment for the systems examined. Of the remaining 2 reviews, 1 identified significant weaknesses to such an extent that on limited assurance could be placed on the overall control environment and one, although necessary, was closed with no opinion being provided due to the nature of the work undertaken.

5. Effect upon Policy Framework & Procedure Rules.

5.1. There is no effect upon the policy framework and procedure rules.

6. Equality Impact Assessment.

6.1. There are no equality implications arising from this report.

7. Financial Implications.

7.1. Effective audit planning and monitoring are key contributors in ensuring that the Council's assets and interests are properly accounted for and safeguarded.

8. Recommendation.

8.1. That Members give due consideration to the Internal Audit Outturn Report covering the period April to August 2016 to ensure that all aspects of their core functions are being adequately reported.

Helen Smith
Chief Internal Auditor
29th September 2016

Contact Officer: Helen Smith – Chief Internal Auditor

Telephone: (01656) 754901

E-mail: internalaudit@bridgend.gov.uk

Postal Address

Bridgend County Borough Council
Internal Audit
Innovation Centre
Bridgend Science Park
Bridgend
CF31 3NA

Background Documents

None

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**Bridgend and Vale Internal Audit Service: Head of Internal Audit's Outturn Report April 2016 to August 16
Bridgend County Borough Council.**

Executive Summary

This report provides a summary of the work completed by the Bridgend and Vale Internal Audit Shared Service for five months of the year covering the period April to August 2016 and provides the Head of Audit's initial opinion on the Council's framework of governance, risk management and internal control. Therefore, based on our work carried out so far this year, my overall opinion is that the Council's framework of governance, risk management and control is considered to be satisfactory.

Introduction

The aim of the Shared Service is to help both Councils meet high standards of service delivery. Internal Audit is an assurance function that primarily provides an independent and objective opinion to the organisation on the control environment comprising risk management, internal control and governance by evaluating its effectiveness in achieving the organisation's objectives. It objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic and effective use of resources. The Shared Service supports the Audit Committees in discharging their responsibilities for:

- Advising on the adequacy and effectiveness of the Council's risk management, internal control and governance processes in accordance with the requirements of the Accounts and Audit (Wales) Regulations 2015.
- Supporting both the Chief Executive and the Head of Finance with their delegated responsibilities for ensuring arrangements for the provision of an adequate and effective internal audit.
- Monitoring the adequacy and effectiveness of the Internal Audit Shared Service and Director's / Heads of Service responsibilities for ensuring an adequate control environment.

- Supporting the Head of Finance in discharging his statutory responsibilities under Section 151 of the Local Government Act 1972.
- Ensuring that the Council's External Auditor in relation to our work on the main financial systems audits can place reliance on this.

Definition of Internal Audit

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. (Source:- Public Sector Internal Audit Standards).

Statutory Framework

Internal Audit is a statutory requirement for local authorities. There are two principal pieces of legislation that impact upon internal audit in local authorities; these are:-

- Section 151 of the Local Government Act 1972 requires every authority to make arrangements for the proper administration of its financial affairs and to ensure that one of the officers has responsibility for the administration of those affairs.
- Section 5 of the Accounts and Audit (Wales) Regulations 2015 states that "a relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.

All principal local authorities subject to the Accounts and Audit (Wales) Regulations 2015 must make provision for internal audit in accordance with the Public Sector Internal Audit Standards (PSIAS).

Audit Committee

It is important to ensure that the Council has a sufficiently independent and effective Audit Committee that follows best practice. Audit Committees are a key component of corporate governance. They are a key source of assurance about the Council's arrangements for managing risk, maintaining an effective control environment, and reporting on financial and non-financial performance. In addition, Internal Audit provides a key source of assurance to the Committee as to whether controls are operating effectively.

External Audit

The Council's External Auditor examines the work of Internal Audit on an annual basis in order to place reliance on this work when undertaking their audit work on the Council's Financial Statement of Accounts. The Council's External Auditors are the Wales Audit Office.

Public Sector Internal Audit Standards (PSIAS)

The Standards the Internal Audit Shared Service works to are the Public Sector Internal Audit Standards. These standards set out:

- The definition of internal auditing;
- Code of ethics.

- International standards for the professional practice of internal auditing. These standards cover the following areas:
 - Purpose, authority and responsibility.
 - Independence and objectivity;
 - Proficiency and due professional care;
 - Quality assurance and improvement programme;
 - Managing the internal audit activity;
 - Nature of work;
 - Engagement planning;
 - Performing the engagement;
 - Communicating results;
 - Monitoring progress;
 - Communicating the acceptance of risks.

The PSIAS apply to all internal audit service providers, whether in-house or outsourced. During 2015-16 a self-assessment was undertaken to review our compliance with the Public Sector Internal Audit Standards. In addition, the Council's External Auditors undertook a desk top assessment of compliance and the verbal feedback received was that no issues were identified. Work is already underway to ensure that the Bridgend and Vale Internal Audit Service is subject to an independent external assessment as required by the standards and the Council's Audit Committee.

Internal Audit Coverage – April 2016 to August 2016

The level of internal audit resources required to examine all the Council's activities far exceed those available each year. It is, therefore, essential that the work of Internal Audit be properly planned to ensure that maximum benefit is gained from the independent appraisal function that internal audit provides.

Resources must be appropriately targeted by assessing the Council's total audit needs and preparing a plan that ensures systems are reviewed on a risk basis according to the impact they have on service delivery.

The Internal Audit Plan for 2016/17 is based, to a large extent, on the Council's Corporate Risk Register. This was complemented by:

- Priorities identified by Corporate Directors;
- Heads of Service key risks,
- The requirements of the Council's Section 151 Officer;
- External Audit and
- Those concerns / issues raised by Internal Audit in previous audits and our knowledge of potentially high-risk areas.

The Plan was submitted and approved by the Council's Audit Committee on 21st April 2016. The plan provided for a total commitment of 1,053 productive days for the year. Table 1 below provides the outturn for the service for the period April to August 2016 and further detail is provided in Appendix B. The current structure for the Shared Service comprises of 18 Full Time Equivalent employees (FTE's), which provides for a comprehensive Internal Audit Service to both the Vale of Glamorgan and Bridgend County Borough Councils. The Head of Audit aims to achieve best practice, but continues to take account of the issues of affordability at a time when both Councils are looking to make substantial reductions in costs. The service has already been vastly streamlined and continues to apply lean auditing risk based methodologies to its plan of work. At the commencement of this financial year, the service was carrying 4 vacant FTE posts, this has subsequently increased to 5 FTE, however, the section is in the process of recruitment to address the shortfall in staff resources.

Table 1 – Productive outturn for the period April 2016 to August 2016

Directorate	2016/17 Full Year Plan Days	2016/17 Expected days for the period April to Aug 16	2016/17 Actual Days achieved for the period April to Aug 16
Chief Executive / Resources	130	54	79
Operational Services and Partnerships	105	44	53
Education and Family Support	155	65	25
Communities	128	53	18
Social Services and Wellbeing	105	44	23
Cross Cutting – (Including External Client, Unplanned and Fraud and Error)	430	279	250
Total	1,053	439	448

As can be seen from the table above, the actual outturn for the period shows that the number of productive days expected to be achieved has been slightly exceeded by 9 productive days. The Table further shows that the proportion of productive days achieved vary from that expected by Directorate activity.

A total of 10 reviews have been completed, 8 (80%) of which have been closed with either a substantial or reasonable assurance opinion level. 1 review (10%) has identified weaknesses in the overall control environmental. The remaining one review (10%), although necessary, it did not culminate in an overall audit opinion.

Internal Control Weaknesses

There are no significant cross cutting internal control weaknesses identified so far this year which would impact on the Council's Annual Governance Statement. However, there specific weaknesses identified are listed below:-

Bus Services Support Grant – key issues: - The review identified that the current process of collating and submitting the kilometres travelled for the quarterly return is inadequate and led to large discrepancies going unidentified until the end of the claim period, resulting in an overpayment being received. Based on the findings, only **limited assurance** can be placed on the control environment due to the weaknesses identified. The discrepancies resulted in an over-claim for the year. This was subsequently rectified on the year end claim.

Our overall opinion on a system is based on both the materiality and impact of the system and our opinion on the internal control arrangements within the system. The combination of these factors then results in a category of risk to the Council as shown in Table 2 below:

Table 2

SYSTEM CONTROL		MATERIALITY AND IMPACT		
		HIGH	MEDIUM	LOW
1	Satisfactory	Moderate	Minimal	Minimal
2	Reasonable	Moderate	Moderate	Minimal
3	Limited – Significant Improvements required	Of Concern	Moderate	Moderate
4	No Assurance – Fundamental weaknesses identified.	Significant	Of Concern	Moderate

Therefore, having regards to the reviews completed so far to-date and the overall opinions given, my overall opinion is the Council's overall internal control arrangements are considered to be **reasonable**, resulting in a "**minimal**" level of risk.

Audit Recommendations – 2016/2017

Following each audit, report recipients are asked to complete an action / implementation plan showing whether they agree with the recommendations made and how they plan to implement them. The classification of each recommendation made assists management in focusing their attention on priority actions. For the period April to August 2016, Internal Audit has made a total of 13 recommendations, of which management has given written assurance that all of these will be implemented.

From time to time and where it is deemed appropriate to do so; Merits Attention recommendations will be made; by their very nature they relate specifically to an action that is considered desirable but does not necessarily have an impact on the control environment. To this end, these recommendations are not included on the Management Implementation Plan or logged on the Internal Audit Management Information system. Therefore a formal written response is not required from the client or included in table 3 below.

Table 3

2016 -17 Recommendation Priority	No. Made	No. Agreed	No. Implemented	No. not Yet due to be actioned	No. Over due action date
			Complete	Pending	Outstanding
Fundamental (Priority One) Rating - D and E (+ to -) Action – Immediate Implementation	0	0			
Significant (Priority Two) Rating – C (+ to -) Action – Implementation within 6 – 12 months	13	12	1	5	0
Total	13	12	1	11	0

Audit Recommendations – 2015/2016

Table 4 below shows those recommendations which remain still outstanding from 2015/16.

Table 4

Analysis of Overdue Implementation of Recommendations for 2015-16	No. Overdue	One month overdue Target date	Two months overdue target date	Three or more months overdue target date
		Amber	Amber	Red
Fundamental (Priority One) Rating - D and E (+ to -) Action – Immediate Implementation	0	0	0	0
Significant (Priority Two) Rating – C (+ to -) Action – Implementation within 6 – 12 months	8	8	0	0
Total	8	8	0	0

Internal Audit - Successes

Some of our successes so far this year include:

- Internal Audit Plans for 2015/16 were delivered in accordance with expectations
- Internal Audit Plans for 2016/17 have been approved by both Audit Committees and Corporate Management in a timely manner.
- We continue to provide an excellent internal audit provision to both Bridgend County Borough Council and the Vale of Glamorgan Council, so much so that both Audit Committees have supported the proposal to extend the Shared Service Partnership Agreement until 31st January 2018, which has been approved by both Cabinets.
- We continue to support staff in obtaining professional qualification including CIPFA - Corporate Governance, Institute of Internal Auditors (IIA) and the Association of Accounting Technicians (AAT) as well as continuing professional development (CPD).

- We continue to build on our excellent working relationship with Members, Chief Officers and staff within both Councils.

Resources, Qualifications and Experience

The Head of Internal Audit requires appropriate resources at their disposal to undertake sufficient work to offer an independent opinion on the Council's internal control environment. This is a fundamental part of the Bridgend County Borough Council's governance arrangements. The Internal Audit Annual Plan was presented to the Audit Committee in 21st April 2016, which is based on a provision of 1,053 productive days.

The Bridgend County Borough Council is in a partnership agreement with the Vale of Glamorgan Council who host the Internal Audit Shared Service. As at the 1st April 2016 the staffing structure is listed in table 5 below.

Table 5

2015-16 Staffing Structure	FTE
Operational Manager Audit - Head of Audit	1
Principal Auditor	2
Group Auditor	2
Group Auditor (Information Systems)	1
Auditor (3 posts are vacant at present)	9.5
Trainee Auditor	1
Trainee Auditor (Information Systems) (vacant at present)	1
Administrative Assistant	0.5
Total	18

The total resource of 18 Full Time Equivalents (FTE's) provides for a comprehensive Internal Audit Service. The Head of Audit aims to achieve best practice but continues to take account of the issues of affordability at a time when both Councils are looking to make substantial reductions in costs. The service has already been vastly streamlined and continues to apply lean auditing risk based methodologies to its plan of work. At the commencement of this financial year the Section was carrying 4 vacant posts, and this has recently increased to 5 vacant full time equivalent posts, however, a recruitment campaign is under way.

In accordance with the Public Sector Internal Audit Standards, the Head of Audit must ensure that Internal Auditors possess the knowledge, skills and competencies needed to perform their individual responsibilities. Internal Auditors are therefore encouraged to study for and obtain professional qualifications. In addition, it is a requirement of the standard that the Head of Audit must hold a professional qualification and be suitably experienced. The following information outlined in table 6 below demonstrates the experience and qualification mix for the Internal Audit Shared Service.

Experience and Qualifications

Table 6

No of Years Experience	No of years in Auditing	No of Years In Local Government	Professional Qualifications	No of Staff.
Up to 1 year	0	0	Accountants (CIPFA; FCCA; ICAEW)	3
1 to 2 years	0	0	Certified Information Systems Auditor (CISA)	2
2 to 5 years	4	2	Institute of Internal Auditors – full membership and Prince2 Practitioner Level	1
5 to 10 years	4	7	Institute of Internal Auditors – practitioner level; part qualified or audit certificate	2
Over 10 years	5	4	Association of Accounting Technicians (AAT)	1
			Part Qualified AAT	3
			Studying (CISA, AAT, IIA, CIPFA etc.)	1
Total Staff	13	13	Total	13

All staff are encouraged to attend relevant courses and seminars to support their continual professional development. All staff have the opportunity to attend courses run by the Welsh Chief Auditors Group on a diverse range of topics. Individuals keep records of their continuing professional development based on their professional body requirements.

Internal Audit – Other Activities

- **Anti-Fraud** – the Internal Audit Shared Service continues to assist in promoting an anti-fraud and corruption culture. We have ensured that staff are made aware; via StaffNet; of any recent scams and frauds that have occurred in both the public and private sectors.
- **National Fraud Initiative** – The Council, via Internal Audit, has again participated in the National Fraud Initiative (NFI) as part of the statutory external audit requirements. This brings together data from across the public sector including local authorities, NHS, other government departments and other agencies to detect “matches” i.e. anomalies in the data which may or may not be indicative of fraud, for further investigation.
- **Advice and Guidance** – Internal Audit continues to provide advice and guidance both during the course of audits and responding to a wide range of ad-hoc queries.
- **Attendance at and contribution to, working groups etc.** - The Section continues to contribute to the development of the Council and ensuring that we are up to date with best practice by attending the following:-
 - Audit Committee;
 - Scrutiny Committees (as required);
 - Cabinet (as required);
 - Corporate Management Team (as required);
 - Corporate Improvement Group.
 - The Welsh Chief Auditors Group and all its sub-groups (including South Wales Computer Audit Group; South East Wales Education Audit Group; Social Services Audit Group).
- **Investigation Work** – We continue to support Senior Management in providing resources and expertise in investigating allegations of fraud and misappropriation.

The Public Sector Internal Audit Standards requires that the Head of Internal Audit develops and maintains a quality assurance and improvement programme that covers all aspects of the internal audit activity. The section has a “Quality Assurance and Improvement Programme (QAIP) that has been presented to, and approved by, the Audit Committee.

1. **Performance Management** – the section’s key performance indicators are set out in the section below.
2. **Quality Assurance** – each individual audit report and supporting working papers / documents are reviewed by either a Principal Auditor or the Head of Audit. Appropriate standards have been set by the Head of Internal Audit in accordance with the Standards. The file reviews ensure the audits comply with the Section’s internal processes and procedures and the overall Public Sector Internal Audit Standards. Where necessary corrective action is taken.

Internal Audit – Performance Indicators

The Section has one key indicator as follows: **The Percentage of Audits Completed in Planned Time**

Table 7

Justification of this performance indicator: to ensure that Internal Audit provides sufficient coverage to ensure that the requirements of the Council’s Section 151 Officer and External Audit are met and that Internal Audit can give sufficient assurance to the Audit Committee regarding the Council’s system of internal control, risk management and governance arrangements.

Target: 89.7%	<p>Quarter 1 performance - April to June 2016 Achievement: 88.89% Vale - 50% BCBC</p> <p>Overall Achievement: Number of Audit Completed = 11</p> <p>Number completed within planned time = 9</p> <p>Overall percentage achieved = 81.82%</p>
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Therefore from the number of audits completed for the first quarter of this financial year combined for both Councils; the target has not been achieved. ☹️

The Section started the year with 4 vacant posts and this has increased to 5 at present.

The Section also participates annually in the Welsh Chief Auditors Group benchmarking exercise. The results for 2015/16 have recently been received and are as follows:

Table 8

Performance Indicator 2015/2016	IASS Performance For the Vale 2015/16	Overall Average Performance 2015/16	Overall Average Performance 2014/15
Percentage of Planned Audits Completed	99%	85%	84%
Number of Audits Completed	135	96	111
Percentage of Audits Completed in Planned Time	93%	68%	71%
Percentage of directly chargeable time, actual versus planned	103%	90%	88%
Average number of days from audit closing meeting to issue of draft report.	9.5 days	7.3 days	8.2 days
% of staff leaving during the Financial Year	3%	10%	11%

As can be seen from the table above, the Section is performing well. This, together with our overall performance indicators for the service provided to Bridgend places us once again in the top quartile. It should be noted that the overall average performance for 2015/16 is only based on 54% of the Welsh Chief Auditors Group returning their performance figures (11 councils have failed to return their data sets).

As can be seen from the table above, the Section is performing well. This, together with our overall performance indicators for the service provided to the Vale of Glamorgan Council places us once again in the top quartile.

Governance Arrangements

The governance framework comprises the systems and processes, and cultures and values, by which the Council is directed and controls its activities through which it accounts to, engages with and leads the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of the governance framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness.

Good Governance is about doing the right things, in the right way, for the right people in a timely, inclusive, open, honest and accountable way.

Bridgend County Borough Council is committed to the principles of good governance and as a result has adopted a formal Code of Corporate Governance (COCG) for the last six years. The Code of Governance is based upon the six principles as defined by the Chartered Institute of Public Finance and Accountancy (CIPFA), the Society of Local Authority Chief Executives (SOLACE) and incorporates the “Making the Connections” governance principles and values as set out by the Welsh Government.

The COCG also makes provision for a joint commitment by Members and Officers to the principles it contains, as well as a statement of assurance jointly signed by the Leader of the Council and the Chief Executive. This helps to ensure that the principles of good governance are not only fully embedded but also cascade through the Council and have the full backing of the Leader of the Council and elected Members, as well as the Chief Executive and the Corporate Management Board. The work of the Internal Audit Shared Service represents a fundamental function in delivering the Council’s Corporate Governance responsibilities.

Across the whole of the United Kingdom, local councils are facing unprecedented challenges following reduced Government funding and increased demands on essential services. Between 2016-17 and 2019-20, the Council is expecting to have to make budget reductions of up to £35.5 million. Budget cuts of this scale present a significant challenge that will require the Council to make many difficult decisions about what services can be maintained and what cannot.

The Council remains unwavering in its commitment towards improving and finding ways of delivering local services, providing better outcomes for residents and achieving savings that will ensure they can deliver a succession of balanced budgets.

As stated earlier in the report, based on the work completed so far to date by the Internal Audit Shared Service for the period April to August 2016; no significant cross cutting control issues have been identified that would impact on the Council’s overall control environment. The weaknesses that have been identified are service specific and the recommendations made to improve the overall control environment have been accepted and are being / will be implemented.

It is clear that the scale of the challenges to come will mean that “business as usual”, however well managed, will not be enough. The challenge will be to consider alternative delivery models for services across the Council and this will be essential to mitigate the impact of cuts and assist in continuing to provide priority services. Therefore, as the Council continues to experience reduced resources,

increased demands on services and new and innovative forms of delivery; there is a need to ensure that the control environment; including governance and risk management; remains robust, proportionate and is as efficient and effective as possible.

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<u>Code</u>	<u>Job</u>	<u>Job Name</u>	<u>Days</u>	<u>Budget</u>	<u>Date Commenced</u>	<u>Date Closed</u>	<u>Opinion</u>
ASSURANCE							
	Directorate	CHIEF EXECUTIVE - RESOURCES					
B	613 BCBC-	Advice & Guidance CEX / Resources	3.82	5.00	01/04/2016		
	622 BCBC -	NNDR c/fwd 15/16	5.84	5.00	01/04/2016	29/06/2016	Substantial
	625 BCBC -	C/F Creditors	18.75	15.00	01/04/2016	27/07/2016	Substantial
	631 BCBC -	BACS Security	1.79	3.00	01/04/2016	26/05/2016	Reasonable
	643 BCBC-	Corporate Change Fund	8.95	10.00	20/06/2016		
	650 BCBC -	Creditors Departmental Testing	28.47	15.00	11/07/2016		
	655 BCBC -	Creditor Authorisation Levels	11.22	15.00	25/07/2016		
Total for	Directorate	CHIEF EXECUTIVE - RESOURCES	78.84	68.00			
	Directorate	OPERATIONAL SERVICES & PARTNERSHIPS					
B	616 BCBC-	Advice & Guidance Op Serv & P/ship	1.39	5.00	01/04/2016		
	624 BCBC -	C/F Firewalls	10.30	9.00	01/04/2016		
	628 BCBC -	Absence Management	22.26	20.00	01/04/2016		
	640 BCBC -	ICT Asset Management Follow Up	3.58	5.00	21/06/2016		
	644 BCBC -	Sharepoint	9.22	10.00	01/07/2016		
	648 BCBC -	HR Self Service Review	6.22	5.00	11/07/2016		
Total for	Directorate	OPERATIONAL SERVICES & PARTNERSHIPS	52.97	54.00			
	Directorate	EDUCATION AND FAMILY SUPPORT					
B	614 BCBC -	Advice & Guidance Ed & Family Sup	0.88	5.00	01/04/2016		
	626 BCBC -	School Summary 15-16	5.37	5.00	01/04/2016	17/08/2016	Reasonable
	636 BCBC -	EIG Verification	4.32	2.00	02/06/2016		
	649 BCBC -	Built Env Further Process Review	1.39	15.00	11/07/2016		
	656 BCBC -	Youth Services	7.09	15.00	21/07/2016		
	658 BCBC -	Youth Work Strategy Support Grant	1.22	2.00	29/07/2016		
Total for	Directorate	EDUCATION AND FAMILY SUPPORT	20.27	44.00			
	Directorate	COMMUNITIES					
B	612 BCBC -	Advice & Guidance Communities	0.34	5.00	01/04/2016		
	638 BCBC -	Achieving Zero Waste	15.20	20.00	08/06/2016		
	641 BCBC -	Townscape Heritage Initiative	0.44	10.00	13/06/2016		
	651 BCBC -	Council Buildings Compliance	0.07	15.00	12/07/2016		
Total for	Directorate	COMMUNITIES	16.05	50.00			
	Directorate	SOCIAL SERVICES AND WELLBEING					

B	615 BCBC - Advice & Guidance SS & Wellbeing		0.37	5.00	01/04/2016		
	620 BCBC - Occupational Therapy c/fwd 15/16		12.06	10.00	01/04/2016	23/08/2016	Reasonable
	627 BCBC - Bus Svs Support Grant		6.96	7.00	08/04/2016	11/07/2016	Limited
Total for	Directorate	SOCIAL SERVICES AND WELLBEING	19.39	22.00			
	Directorate	BCBC CROSS CUTTING					
B	617 BCBC - Audit Planning		14.39	30.00	01/04/2016		
	618 BCBC - Audit Committee / CMB		16.89	30.00	01/04/2016		
	619 BCBC - Finalising 2015-16 Jobs		70.91	10.00	01/04/2016	31/08/2016	Not Applicable
	621 BCBC - Homelessness c/fwd 15/16		15.54	9.00	01/04/2016		
	623 BCBC - PSIAS Compliance c/fwd 15/16		7.64	5.00	06/05/2016	01/07/2016	Substantial
	632 BCBC - Performance Indicators		15.37	20.00	16/05/2016	15/08/2016	Reasonable
	635 BCBC - General Follow up Admin		0.81	2.00	04/04/2016		
	637 BCBC - CAATs & Data Extraction		12.26	10.00	16/05/2016		
	639 BCBC- Cash Handling		15.47	15.00	06/06/2016	25/08/2016	Reasonable
	645 BCBC - Legal & Reg Savings		8.78	5.00	01/07/2016		
	654 BCBC - External Assurance Compliance		11.45	10.00	05/07/2016		
	657 BCBC - Overtime & Out of Hours		11.39	15.00	15/07/2016		
Total for	Directorate	BCBC CROSS CUTTING	200.91	161.00			
Total for	Function	ASSURANCE	388.43	399.00			
		ANTI-FRAUD & CORRUPTION					
	Directorate	BCBC CROSS CUTTING					
B	630 BCBC - NFI		7.43	25.00	01/04/2016		
Total for	Directorate	BCBC CROSS CUTTING	7.43	25.00			
Total for	Function	ANTI-FRAUD & CORRUPTION	7.43	25.00			
		GOVERNANCE					
	Directorate	EDUCATION AND FAMILY SUPPORT					
B	660 BCBC - School Modernisation Programme		4.93	25.00	15/08/2016		
Total for	Directorate	EDUCATION AND FAMILY SUPPORT	4.93	25.00			
	Directorate	COMMUNITIES					
B	652 BCBC - Elections		1.79	15.00	12/07/2016		
Total for	Directorate	COMMUNITIES	1.79	15.00			
	Directorate	BCBC CROSS CUTTING					
B	629 BCBC - Final Accounts		2.91	5.00	01/04/2016		

	633 BCBC - Effectiveness of Audit Committee		3.21	2.00	01/04/2016
	634 BCBC - IASS Monitoring		7.53	10.00	01/04/2016
	647 Porthcawl Harbour		6.93	5.00	04/07/2016
Total for	Directorate	BCBC CROSS CUTTING	20.57	22.00	
Total for	Function	GOVERNANCE	27.30	62.00	
		RISK & PERFORMANCE MANAGEMENT			
	Directorate	SOCIAL SERVICES AND WELLBEING			
B	653 BCBC - Establishments Financial Controls		3.89	10.00	14/07/2016
Total for	Directorate	SOCIAL SERVICES AND WELLBEING	3.89	10.00	
	Directorate	BCBC CROSS CUTTING			
B	646 BCBC - Fleet Overview		21.15	20.00	01/07/2016
Total for	Directorate	BCBC CROSS CUTTING	21.15	20.00	
Total for	Function	RISK & PERFORMANCE MAN	25.03	30.00	
		Grand	448.20		

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BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO AUDIT COMMITTEE

29 SEPTEMBER 2016

REPORT OF THE CHIEF INTERNAL AUDITOR

COMPLETED AUDITS

1. Purpose of Report.

1.1. To summarise for Members the findings of the audits recently completed by Internal Audit Shared Service.

2. Connection to Corporate Improvement Objectives / Other Corporate Priority.

2.1. Internal Audit's work impacts on all the Corporate Improvement Objectives/other Corporate Priorities.

3. Background

3.1. Internal Audit conducts reviews according to an annual audit plan and reports a summary of the findings to Audit Committee.

4. Current situation / proposal.

4.1. Recently completed audits relating to 2015/16 and 2016/17 are summarised in **Appendix A** and is attached to this report.

4.2. Members are invited to raise any issues on these audits or to request the production of a fuller report at the next meeting.

5. Effect upon Policy Framework & Procedure Rules.

5.1. None

6. Equality Impact Assessment.

6.1 There are no equality implications.

7. Financial Implications.

7.1. None

8. Recommendation.

8.1. That Members consider the summary of completed audits to ensure that all aspects of their core functions are being adequately reported.

Helen Smith
Chief Internal Auditor
29th September 2016

Contact Officer: **Helen Smith**
 Chief Internal Auditor

Telephone: **(01656) 754901**

E-mail: **internalaudit@bridgend.gov.uk**

Postal Address

Bridgend County Borough Council
Internal Audit
Innovation Centre
Bridgend Science Park
Bridgend
CF31 3NA

Background documents

Internal Audit reports relating to the above audits held within the Internal Audit Division

2015/16 & 2016/17 Completed Audits**Reported at the 29th September 2016 Audit Committee Meeting**

Report Title	System Overview	Department & Directorate	Work Finalised	Audit Days	Key Messages	Audit Opinion
Business Support Services	Since 1st August 2014 the Business Support team became a centralised unit reporting to the Head of HR and Organisational Development and providing support to 3 client areas. (ICT, Built Environment and Property). The objective of the audit was to review the impact on the control environment as a result of Business Support being centralised to ensure processes and procedures remain robust and that there is a clear division of duties evident. The scope of the audit testing was limited to orders, invoicing and purchasing cards.	Operational Services & Partnerships	June 16	50	<p>Since centralisation the team has developed and implemented an electronic way of working, attempted to streamline a variety of financial processes as well as implementing generic and agile working with a view to creating an adaptable workforce. It was found that any new procedures strictly adhere to the Council's financial regulations and an authorised signatory listing has been developed and is referred to at all times. The team has regular communication with the 3 service areas and provides advice and support when necessary.</p> <p>The following key issues were identified. As a result of the restructure process, coupled with gaps in working instructions there is often a delay in invoices being raised and authorised on COA which means that monies</p>	Reasonable

Report Title	System Overview	Department & Directorate	Work Finalised	Audit Days	Key Messages	Audit Opinion
					<p>payable to the Council and owed to Suppliers is delayed. Purchase card reviews are not undertaken on the Barclaycard system in a timely manner (though it is acknowledged this is often out of the control of Business Support). A number of the delays identified during the various processes tested have stemmed from the Business Support team not receiving paperwork from departments (including schools) in a timely manner. Business Support will chase paperwork as much as possible and remind departments of the need to submit it promptly.</p>	
Council Tax	<p>The objective of the audit was to confirm there are sound systems of internal control in place with regard to the application of Single Person Discount (SPD) within the Council Tax system. The scope of the audit was to document the process in place for the awarding and monitoring of Single Person Discount and undertake any necessary testing to confirm. Also</p>	CEX & Finance	Aug 16	10	<p>The section has experienced and knowledgeable staff who actively pursue the NFI matches via an appropriate monitoring process. The section use I-mail for printing, producing and delivering mail and this has reduced mailing costs through time, postage and printing costs.</p> <p>It was identified from sample</p>	Reasonable

Report Title	System Overview	Department & Directorate	Work Finalised	Audit Days	Key Messages	Audit Opinion
	to review the process for dealing with NFI matches and to identify the progress to date.				testing that SPD application forms are not retained on information@work at all times, the Auditor could not verify that there are sufficient processes in place for verifying SPD before the Council Tax liability is discounted and that guidance in relation to granting SPD is not comprehensive.	
Highways Network Asset Valuations	With effect from 1 st April 2016, all local authorities are required to comply with the Chartered Institute of Public Finance and Accountancy (CIPFA) Transport Infrastructure Asset Code of Practice. The purpose of the new code will be to ensure that local authorities apply a consistent approach in how HNA valuations are recorded and reported in their 'Statement of Accounts'. Highway Services, Communities Directorate is responsible for preparing and collating the data for the HNA valuation, which is used by the Council's Finance section. The objective of the audit was to evaluate the integrity of the Highways Network Asset Valuation	CEX & Finance / Communities	July 16	14	Highway Services have produced supporting documentation to demonstrate the process and methodology undertaken in the 2014/15 valuation and there was sufficient evidence provided to support the methodology and calculations for the valuation of carriageways, footways and structures. The following key issues were identified which need to be addressed. There is no agreed process in place to accurately identify and capture additional / disposal of highway network assets. Furthermore, inaccurate Street Lighting, Street Furniture and Traffic Management System inventories	Reasonable

Report Title	System Overview	Department & Directorate	Work Finalised	Audit Days	Key Messages	Audit Opinion
	figures used for the recent return and to provide assurance that the valuations ultimately used in the balance sheet in 2016/17 are sound.				were used in the 2014/15 valuation.	
NNDR (Refunds)	The objectives of the audit were to confirm there are sound systems of internal control in place with regard to the operation of the NNDR Refunds function	CEX & Finance	June 16	10	It was found that clear processes were in place for dealing with NNDR Refunds, there was a clear audit trail against employee's actions in the RB Live system and segregation of duties between authorising and input of refunds was evident. There were no key issues identified during the Audit which need to be addressed.	Substantial
Creditors	The COA Financials Accounts Payable module is used to pay invoices received from suppliers of goods and services; additionally it maintains a record of payments made to suppliers. In conjunction with COA Financials, Bridgend County Borough Council (BCBC) uses Fiscal Technologies' AP Forensics which seeks to identify potential duplicate payments, fraud	CEX & Finance	July 16	21	When tested the controls on a separate user entering a payment to those authorising a payment was enforced for all 49,155 payments (totalling £85,336,538) made between 1 st April 2015 and 28 th January 2016. Payment cancellation actions required for a sample of 10 records from the Duplicate Invoice Recordings spreadsheet	Substantial

Report Title	System Overview	Department & Directorate	Work Finalised	Audit Days	Key Messages	Audit Opinion
	<p>and errors in current or historical data. The objective of the audit was to ensure that the systems and controls surrounding the COA Financials Accounts Payable module are robust and operating in accordance with the Financial Procedure Rules.</p>				<p>had all been acted on accordingly when cross-referenced against COA Financials. It was identified during the Audit that 232 potential duplicate payments that have been marked recommended by the National Fraud Initiative have not been examined by the Council. It was explained that these tend to be payments made on a 4 week cycle so are seen as low risk but they will be reviewed in the future.</p>	
Occupational Therapy including minor adaptations	<p>The principal aim of the Community Occupational Therapy Service is to promote the independence and safety of people with 'permanent & substantial' disabilities, living in their own homes and to ensure that their Carers (as applicable) are able to undertake support tasks safely. This audit focused on how Community Occupational Therapy assessments and referrals are managed and monitored and how minor adaptations and equipment loans are managed. To ensure that where necessary</p>	Social Services & Wellbeing	Aug 16	35	<p>Day to day operations are well rehearsed and good procedures are followed with monitoring being undertaken. Referrals are handled in short timescales that will exceed those historically recommended by the Local Government Ombudsman. It was recommended that advice should be sought with regard to the content of a Memorandum Of Understanding and service level agreement to ensure that they are sufficient</p>	Reasonable

Report Title	System Overview	Department & Directorate	Work Finalised	Audit Days	Key Messages	Audit Opinion
	contracts/agreements or SLA's are in place and up to date and agreed by both parties, they are effective and compliant and that budgets are managed and monitored effectively. Furthermore that the referral process is efficiently managed and work is completed and approved in a timely manner.					
Bus Services Support Grant	An audit of the Bus Services Support Grant claim made to SEWTA for 2015/16 was undertaken to ensure that the method of calculating the claim complied with the Terms and Conditions of the grant. Each quarter SEWTA hold back 10% of the grant funding to allow for any errors made over the preceding 12 months. The grant is claimable for the 12 months between April 2015 and March 2016	Social Services & Wellbeing	July 16	7	This was the first year that the spreadsheet created by Internal Audit was used by Physical Resources to collate the distance travelled by the vehicles. However testing revealed that there were discrepancies within the quarterly figures already submitted. It is clear therefore that the current process of collating and submitting the kilometres travelled for the quarterly return is inadequate, resulting in an overpayment being received and it was therefore recommended that all claims are checked by a second person before being submitted to minimise claim errors.	Limited

Report Title	System Overview	Department & Directorate	Work Finalised	Audit Days	Key Messages	Audit Opinion
Performance Indicators	A review of the 2015/16 performance indicators including National Strategic Indicators (NSI), Public Accountability Measures (PAM) and Local Indicators (LI) was undertaken to ensure that the process for collating, approving and submitting data for 2015/16 is robust and reliable. Three Local Indicators in relation to the Customer Services Centre performance targets were also reviewed together with providing assistance in the setup of the 2016/17 indicators resulting from the Social Services & Wellbeing Act Wales 2014.	Operational Services & Partnerships	Aug 16	15	The audit concluded that a robust Performance Management Framework is in place, linked to Corporate, Directorate and Service Plans; the Performance Management System (PMS) provides a 'one stop shop' for PIs and associated information, and Group Managers/Responsible Officers demonstrated awareness of processes. To improve the systems it was identified that supporting reports and documents were not consistently uploaded to the PMS by all departments; that formal final sign off of the PI was not always evident on the PMS and the performance information from third parties was not provided in a timely manner.	Reasonable
Cash Handling & Stock Control	The Customer Service Centre in the Civic Offices collects cash, cheque, credit and debit card payments for a number of Council Departments as well as dealing with a wide range of other queries and selling car park passes, Trade Waste sacks and RADAR keys.	Cross Cutting	Aug 16	15	Areas of good practice were identified such as staff are made aware of the key points in the Councils Constitution Rules of Procedure and service specific cash handling rules and segregation of duties was evident in the banking processes	Reasonable

Report Title	System Overview	Department & Directorate	Work Finalised	Audit Days	Key Messages	Audit Opinion
	<p>They are also the G4S collection point for a number of other departments within the Council. In addition some Council departments undertake their own income collection and G4S handover. The Customer Service Centre collected a total of £660,145.79 in cash, cheque, credit and debit card payments in 2015/16 from 10,645 transactions. Therefore the objectives of the audit was to ensure that the cash and stock controls at key collection points (Contact Centre, Licensing and Registrars) are operating effectively and in accordance with the Council Constitution Rules of Procedure.</p>				<p>across all three areas reviewed. Some recommendations have been made to improve controls across all three areas such as not mixing personal money in cash tins, and ensuring that cash is securely stored and accounted for at all times.</p>	

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO AUDIT COMMITTEE

29 SEPTEMBER 2016

REPORT OF THE CHIEF INTERNAL AUDITOR

AMENDMENTS TO KEY AUDIT DOCUMENTS

1. Purpose of Report.

1.1. To summarise for Members changes that have been made to a number of key documents used by the Internal Audit Shared Service.

2. Connection to Corporate Improvement Objectives / Other Corporate Priority.

2.1. Internal Audit's work impacts on all the Corporate Improvement Objectives/other Corporate Priorities.

3. Background

3.1. The Internal Audit Shared Service has a number of key policy documents that are utilised to ensure the efficient and effective running of the department. A requirement under the Public Sector Internal Audit Standards is that all key documents are reviewed and updated as necessary on a periodic basis.

4. Current situation / proposal.

4.1. Following a review of the Internal Audit Shared Service Manual, a number of the associated appendices have been updated. Copies of the revised documents are contained in Appendix A – C.

4.2. Charter – The Internal Audit Charter describes the purpose, authority and principal responsibilities of the audit service. The content of the previous Charter has not changed greatly; rather it has been amended to align with the Public Sector Internal Audit Standards. This provides the reader with a better structure. Minor additions to the Charter include reference to the Head of Audit as the Chief Audit Executive and the Audit Committee who assume the responsibility of the Board.

4.3. Code of Ethics – In accordance with the Internal Audit Charter, all Internal Auditors are required to confirm they will work in accordance with a code of ethics. The only update required to this document has been to include reference to the Seven Principles of Public Life.

4.4. Quality Assurance and Performance Management – The Public Sector Internal Audit Standards provide quality criteria in relation to internal audit activities, thus ensuring a culture of continuous improvement. This document has been drafted to record in one place the various activities performed by Internal Audit to ensure quality and performance management and how those activities align to the Standards.

4.5. In addition, on an annual basis, the Terms of Reference for Audit Committee should be reviewed and amended as necessary. The Chartered Institute of Public Finance and Accountancy (CIPFA) have published "Audit Committees" - Practical Guidance for Local Authorities and Police 2013 Edition. Taking into consideration the suggested terms of reference as outlined in the CIPFA publication, together with the necessary regulations including the Accounts and Audit (Wales) Regulations 2014; the Accounts and Audit (Wales) (Amendment) Regulations 2010; the Local Government (Wales) Measure 2011 and CIPFA's Delivering Good Governance in Local Government Framework; the current Terms of Reference for the Audit Committee have been reviewed and no amendments have been made; therefore, the current Terms of Reference as contained within the Council's Constitution is attached at Appendix D.

4.6. Members are invited to raise any questions on the content of these documents or amendments the made.

5. Effect upon Policy Framework & Procedure Rules.

5.1. None

6. Equality Impact Assessment.

6.1 There are no equality implications.

7. Financial Implications.

7.1. None

8. Recommendation.

8.1. That Members note the report and the updated documents. .

Helen Smith
Chief Internal Auditor
29th September 2016

Contact Officer: Helen Smith
Chief Internal Auditor

Telephone: (01656) 754901

E-mail: internalaudit@bridgend.gov.uk

Postal Address
Bridgend County Borough Council
Internal Audit
Innovation Centre
Bridgend Science Park
Bridgend
CF31 3NA

Background documents

Internal Audit reports relating to the above audits held within the Internal Audit Division

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INTERNAL AUDIT CHARTER FOR BRIDGEND & VALE INTERNAL AUDIT SHARED SERVICE 2016 - 2017

The Internal Audit Charter describes the purpose, authority and principal responsibilities of the Bridgend and Vale Internal Audit Shared Service (IASS) and how it will fulfil the role and responsibilities.

The charter is split into the following sections:

1. Purpose, Authority and Responsibility;
2. Independence and Objectivity;
3. Proficiency and due professional care;
4. Quality Assurance and Improvement Programme.

The Public Sector Internal Audit Standards (PSIAS) were developed in collaboration between the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Chartered Institute of Internal Auditors (CIIA). The unified set of standards is based on the mandatory elements of the IIA's International Professional Practices Framework (IPPF). They came into force on the 1st April 2013.

In accordance with the requirements of the PSIAS the Head of Audit is the appointed Chief Audit Executive (CAE) and is responsible for reviewing the Charter and presenting it to the Audit Committee, who assume the responsibility of the board, at least annually for review and approval.

Internal Audit is a shared service between the Vale of Glamorgan Council and Bridgend County Borough Council. The host authority for the delivery of the IASS is the Vale of Glamorgan Council. The governance of the provision of the shared service shall be carried out by the IASS Board. This is a group made up of the Head of Finance for Vale of Glamorgan (VOG) and Chief Executive for Bridgend County Borough Council (BCBC), or their nominated substitutes who shall be responsible for the strategic direction of the Service.

1. Purpose, Authority and Responsibility – Standard 1000

Definition

- 1.1 The Chartered Institute of Internal Auditors (CIIA) define internal auditing as “an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish

its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance issues”.

Purpose

- 1.2 Internal Audit is a statutory service in the context of the Accounts and Audit Regulations (Wales) 2014 which states in respect of internal audit that:
- “A relevant body (i.e. Council) must maintain an adequate and effective system of internal audit of its accounting records and accounting control systems in accordance with the proper internal audit practices”.
- 1.3 Through its work Internal Audit will provide an independent and objective opinion to management and Members on the control environment comprising risk management, internal control and governance by evaluating the effectiveness in achieving the organisation’s objectives and ensuring the proper, economic, efficient and effective use of resources.
- 1.4 The work of Internal Audit forms part of the assurance framework, however, the existence of Internal Audit does not diminish the responsibility of management to establish systems of internal control to ensure that activities are conducted in a secure, efficient and well-ordered manner.
- 1.5 The IASS will also:
- Support the Head of Finance in both BCBC and VOG to discharge their Section 151 duties;
 - Contribute to and support the Corporate Service Directorates with the objective of ensuring the provision of, and promoting the need for, sound financial systems; and;
 - Investigate allegations of fraud or irregularity to help safeguard public funds.
 - Support the work of the relevant Audit Committees (the board) who are responsible for Internal Audit activities as part of their oversight role.
- 1.6 These objectives will be delivered through maintaining a high quality Internal Audit Shared Service function that meets the needs of the Council, supporting the Section 151 Officer and the Audit Committee in discharging their responsibilities and meeting the requirements of the PSIAS.

Authority

- 1.7 In accordance with the Accounts and Audit (Wales) Regulations 2014 (as amended from time to time), all Internal Audit staff shall have unrestricted access to all Council activities and records (whether manual or computerised systems), personnel, cash, stores, other assets and premises, including those of partner organisations and have authority to obtain such information and explanations as considered necessary to fulfil Internal Audit’s responsibilities. This will be undertaken with strict accountability for confidentiality and safeguarding of records and information.

- 1.8 All Chief Officers of the Council and their staff are required to give complete co-operation to Internal Audit staff for the expedient fulfilment of the audit process. In addition, all partners/agents contracted to provide services on the Council's behalf are also required to co-operate with Internal Audit staff and make available all necessary information. This requirement should be explicit within contract documents.
- 1.9 The Internal Audit service will have free and unrestricted access to the board and other Members of the Authorities.

Responsibility

- 1.10 The scope for Internal Audit work encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of BCBC's and VOG's control environment comprising risk management, internal control and governance in relation to the Council's defined goals and objectives.
- 1.11 This effectively means that Internal Audit has the remit to independently review all the Council's operations, resources, services and processes in place to:
- Establish and monitor the achievement of Council objectives;
 - Identify, assess and manage the risks to achieving the Council's objectives;
 - Facilitate policy and decision making;
 - Ensure the economical, effective and efficient use of resources;
 - Ensure compliance with established policies, procedures, laws and regulations;
 - Safeguard assets and interests from losses of all kinds, including those arising from fraud, irregularity or corruption;
 - Ensure the integrity and reliability of information, accounts and data, including internal and external reporting.
- 1.12 Internal Audit may also participate in consulting services related to governance, risk management and control. It is deemed that the Bridgend and Vale Internal Audit Shared Services do not undertake a consultancy type role at the current time. On an ad-hoc basis, advice and guidance is provided as requested. This will be of a minimal nature and will not jeopardise the independence of the IASS.
- 1.13 Both BCBC and VOG have Anti-Fraud and Anti-Bribery policies in place. Those policies refer to the services that can be sought by the Council from Internal Audit, should instances of suspected / detected fraud, corruption or impropriety take place.
- 1.14 Based on its activities, Internal Audit will report all significant risk exposures and control issues identified to the board and senior management.

2. Independence and Objectivity – Standard 1100

Independence

- 2.1 Internal Audit is independent of the activities which it audits including matters of audit selection, scope, frequency, timing and report contents, thereby providing an unbiased judgement to management. This is essential to its proper conduct and impartial advice to management.
- 2.2 Internal Audit has no direct operational responsibility or authority over any of the activities audited. It does not implement controls, develop procedures, install systems or prepare records.
- 2.3 To ensure this, Internal Audit operates within a framework that allows unrestricted access to senior management and Members, particularly the Leader of the Council, the Chair of the Audit Committee, the Managing Director (VOG) / Chief Executive (BCBC), Directors and Heads of Service, and maintains segregation from operations.
- 2.4 The Head of Internal Audit will:
 - Reports in his/her own name;
 - Report functionally to the Audit Committee and administratively to Head of Finance VOG;
 - Communicate and interact directly with Audit Committee during scheduled meetings and between meetings as appropriate;
 - Confirm to the board, at least annually, the organisational independence of the internal audit activity.

Objectivity

- 2.5 Internal Auditors must exhibit the highest levels of professional objectivity in gathering, evaluating and communicating information about the activity or process being examined. Internal Auditors must make a balanced assessment of the relevant circumstances and not be unduly influenced by their own interests or by others in forming judgments.
- 2.6 The IASS has adopted (as a minimum), the CIIA's Code of Ethics. Where members of the IASS have attained membership with other professional bodies such as CIPFA, or the Institute of Chartered Accountants in England and Wales (ICAEW), those officers must also comply with their relevant bodies' ethical requirements.
- 2.7 Each member of the IASS will receive a copy of the Code of Ethics and sign an annual declaration to confirm that they will work in compliance with the Code of Ethics as well as Councils standards and policies such as the Codes of Conduct. It is critical that all Auditors maintain high standards of integrity, independence, objectivity, confidentiality and competence.

- 2.8 To support the requirement for Internal Auditors to be independent and impartial, on an annual basis all staff are required to complete a declaration of any real or perceived conflicts of interest. This is done as part of the annual appraisal process, though management's attention should be brought to new conflicts as they arise during the year. The Head of Internal Audit is responsible for ensuring that audit staff are not assigned to operational areas or investigations that could compromise their independence (including previous and / or secondary employment elsewhere in the organisation or its Audit Partner).

3. Proficiency and Due Professional Care – Standard 1200

Proficiency and Resources

- 3.1 The Head of Internal Audit must hold a professional qualification (CIPFA, Association of Chartered Certified Accountants (ACCA) or equivalent) and be suitably experienced.
- 3.2 Each job role within the Internal Audit Shared Service structure will detail the prerequisite skills and competencies required for that role and these will be assessed annually in line with Council policy and the PSIAS. Any development and training plans will be regularly reviewed, monitored and agreed with officers.
- 3.3 All Auditors are also required to maintain a record of their continual professional development in line with their professional body.
- 3.4 For the IASS to fulfil its responsibilities, the service must be appropriately staffed in terms of numbers, professional qualifications, skills and experience. Resources will be assessed and must be effectively developed to achieve the approved risk based plan.

Due Professional Care

- 3.5 The Head of Internal Audit is required to manage the provision of a complete IASS to the Council which will include reviewing the systems of internal control operating throughout the Council, and will adopt a combination of system based, risk based, regularity, computer and contract audit approaches in addition to the investigation of fraud.
- 3.6 In discharge of this duty, the Head of Internal Audit will:
- Prepare an annual strategic risk based audit plan for formal agreement by the IASS Board and formal ratification by the relevant Audit Committee;
 - The Annual Audit Plan will be regarded as flexible and may be revised to reflect changing services and risk assessments; elements of the annual plan are also based on items within the Corporate Risk Register.
- 3.7 Internal Auditors must exercise due professional care by considering the:

- Extent of work needed to achieve the assignment objectives;
- Relative complexity, materiality or significance of matters to which assurance procedures are applied;
- Adequacy and effectiveness of governance, risk-management and control processes;
- Probability of significant error, fraud, or non-compliance; and
- Cost of assurance in relation to potential benefits.
- Considering various data analysis techniques and being alert to significant risks that may affect the objectives.

3.8 All stakeholders will be treated with respect, courtesy, politeness and professionalism. Any confidential or sensitive issues raised with or reported to Internal Audit staff will be dealt with in an appropriate manner.

3.9 Internal – our main contacts are with:

- Members - including but not exclusively the Audit Committee (the board);
- The Managing Director (VOG) and The Chief Executive (BCBC);
- IASS Board -The Chief Executive (BCBC) and Head of Finance (VOG);
- Corporate Directors – including Corporate Management Team / Board in their capacity as senior managers;
- Heads of Service;
- Group Managers / Operational Managers and line supervisors;
- Front line employees delivering services to the public;
- Back office support staff, in particular Financial Services, Legal Services, IT and HR.

3.10 External – Our main contacts are with:

- The Council's External Auditors – with whom Internal Audit work's together to ensure audit resources are used to best advantage for the benefit of the Council. The External Auditors place reliance on the work performed by Internal Audit when undertaking their financial accounts audit.
- Various Government Agencies and Inspectorates who may require Internal Audit to provide assurance for them. Alternatively an external assurance provider who's work Internal Audit may place reliance on.

4. Quality Assurance and Improvement Programme – Standard 1300

4.1 To enable the Head of Internal Audit to assess the IASS's activities conformance with the Definition of Internal Auditing and the PSIAS and to evaluate whether internal auditors apply the Code of Ethics, a Quality Assurance and Improvement Programme (QAIP) has been developed. The programme will also assess the IASS's efficiency and effectiveness and identify opportunities for improvement.

4.2 The QAIP includes both internal and external assessments in accordance with the Standards.

- 4.3 Assessment against QAIP forms part of the annual assessment of the effectiveness of internal audit (as contained within the Head of Internal Audit's Annual Opinion Report), which is presented to the Audit Committee and to the IASS Board.
- 4.4 Where there are instances of non-conformance to the PSIAS this will be reported to the Audit Committee and the IASS Board with any significant deviations being detailed within the Annual Governance Statement.

Internal Assessment

- 4.5 All Auditors have access to up to date business processes, working instructions, the Internal Audit Charter, Council policies, the PSIAS, journals, publications and other relevant articles. Where staff are members of bodies such as CIPFA and/or CIIA further guidance is available.
- 4.6 To maintain quality, work is allocated to staff with appropriate skills, competence and experience. All levels of staff are supervised. Work is monitored for progress, assessed for quality and to allow for coaching and mentoring.
- 4.7 Ongoing assessment of individuals is carried out through regular on-going reviews, one to one meetings, feedback from clients via the Client Satisfaction Surveys and formally in the annual personal development review process.
- 4.8 Targets are set for individual auditors (such as completion of an audit within a set number of days) as well as for the team (e.g. percentage of all audits completed within planned time). Audit targets and performance indicators will be agreed with the IASS Board and reported to the relevant Audit Committee.
- 4.9 In addition to the QAIP, progress made against the annual audit plan and any emerging issues (i.e. fraud risks or governance issues) are reported regularly to the relevant Audit Committee.
- 4.10 A periodic self-assessment on Internal Audit's activity as regards to its consistency with this charter, the PSIAS and the annual audit plan is undertaken.

External Assessment

- 4.11 In compliance with the PSIAS, external assessment will be carried out at least once every five years by a qualified, independent assessor or assessment team from outside of the Internal Audit Shared Services organisations. The preferred option of the Audit Committee's is through the procurement of an external organisation to perform the work. The detailed scope of work will be agreed by the IASS Board and the relevant Audit Committees. It is anticipated that an external assessment will be undertaken during the Financial Year 2016/2017.

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INTERNAL AUDIT SHARED SERVICE CODE OF ETHICS

Introduction

In accordance with the Internal Audit Charter, all internal auditors are required to confirm that they will work in compliance with a code of ethics. A Code of Ethics is necessary and appropriate for the profession of internal auditing, founded as it is on the trust placed in its objective assurance about risk management, control and governance.

This Code of Ethics is based upon the Public Sector Internal Audit Standards (PSIAS) which all internal auditors in UK public sector organisations must adhere to. Additionally, auditors who are members of other professional bodies, such as CIPFA, IIA or ISACA, must also comply with their relevant body's ethical requirements. The Code of Ethics applies to both individuals and entities that provide internal auditing services.

Public Sector Requirement:

Internal auditors who work in the public sector must also have regard to the Committee on Standards of Public Life's *Seven Principles of Public Life*, which can be found at www.public-standards.gov.uk and are detailed below.

The PSIAS Code of Ethics

1. Integrity

The integrity of internal auditors is founded upon trust and thus provides the basis for reliance on their judgement. Internal Auditors will never use their authority or office for personal gain. They will seek to uphold and enhance the standing of the profession. Internal Auditors will maintain the highest standard of integrity in all their business relationships both inside and outside the Council (both Bridgend County Borough Council and The Vale of Glamorgan Council). They will reject any business practice, which might reasonably be deemed improper.

Internal Auditors:

- Will perform their work with honesty, diligence and responsibility.
- Will observe the law and make disclosures expected by law and the profession.
- Will not knowingly be party to any illegal activity, or engage in acts that are discreditable to the profession of internal auditing or to the Councils or themselves in their professional capacity. The fact that an action is legal does not necessarily mean that it is ethical.
- Will respect and contribute to the legitimate and ethical objectives of the Councils.
- Will declare any personal interest, which may impinge or might reasonably be deemed by others to impinge on impartiality in any matter relevant to his or her duties.
- Will be trustworthy, truthful and honest. Internal Auditors should also promote and support these fundamental principles by leadership and example.

2. Objectivity

Internal Auditors exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or processes being examined. Internal Auditors make a balanced assessment of all the relevant circumstances and are not unduly influenced by their own interests or by others in forming judgements.

Internal Auditors:

- Will not participate in any activity or relationship that may impair or be presumed to impair their unbiased assessment. This participation includes those activities or relationships that may be in conflict with the interests of the Councils.
- Will not accept anything that may impair or be presumed to impair their professional judgement.
- Will disclose all material facts know to them that, if not disclosed, may distort the reporting of activities under review or distort their reports or conceal unlawful practices.
- Will at all times maintain their professional independence. They must be fair and must not allow prejudice or bias, conflict of interest or the influence of others to override their judgement and actions.

3. Confidentiality

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

Internal Auditors:

- Will be prudent in the use and protection of information acquired in the course of their duties.
- Will not use information for any personal gain or in any manner that would be contrary to the law or detrimental to the legitimate and ethical objectives of the Councils.
- Will respect the proper confidentiality of information acquired during the course of performing professional services: Information given in the course of duty should be true and fair and never designed to mislead.
- Will not use or disclose any such information without specific authority unless there is a legal or professional right or duty of disclosure.

4. Competency

Internal Auditors apply the knowledge, skills, and experience needed in the performance of internal auditing services. Internal Auditors foster the highest possible standards of professional competence amongst those for whom they are responsible, optimising the use of resources for which they are responsible to provide the maximum benefit to the Councils.

Internal Auditors:

- Will engage only in those services for which they have the necessary knowledge, skills and experience.
- Will continually improve their proficiency and the effectiveness and quality of their services.
- Will carry out professional services in accordance with the relevant technical and professional standards.
- Will perform professional services with due care, competence and diligence, and have a continuing duty to maintain their professional knowledge and skills at a level required to ensure that Councils and Clients receives the advantage of a competent professional service based on up-to-date developments in practice, legislation and techniques.

Review and Agreements

The Code of Ethics will be regularly reviewed and all staff must confirm that they agree to and will conform to this code on an annual basis.

Seven Principles of Public Life (Published 31st May 1995)

1. Selflessness

Holders of public office should act solely in terms of the public interest.

2. Integrity

Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.

3. Objectivity

Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.

4. Accountability

Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.

5. Openness

Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.

6. Honesty

Holders of public office should be truthful.

7. Leadership

Holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.

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QUALITY ASSURANCE AND PERFORMANCE MANAGEMENT

Introduction

The Bridgend & Vale Internal Audit Shared Service (B&V IASS) has formally adopted the Public Sector Internal Audit Standards (PSIAS), which became mandatory for Local Government bodies in 2013-14. The work of Internal Audit should be controlled at each level of operation to ensure that a continuously effective level of performance, compliant with the PSIAS, is being maintained. The PSIAS provide quality criteria in relation to internal audit activities, against which the performance of these activities can be evaluated. Internal Audit should be compliant with the PSIAS and achieve its objectives in order to sustain a commentary on compliance with these standards in the annual audit report.

The Quality Assurance Improvement Programme (QAIP) (Standard 1300) is about establishing a culture of continuous improvement. The QAIP, as outlined in the PSIAS, has been designed in conjunction with the Institute of Internal Auditors (IIA) to assist in raising standards and applying this across the public sector to bring about consistent improvement.

Within the B&V IASS assurance and improvement are of equal importance, involving planning activities followed by reflection and action to enable improvement. Quality will be built into the way we work and include every-day actions such as supervision, monitoring performance, checklists and customer feedback. The programme also assesses the efficiency and effectiveness of the internal audit activity and identifies opportunities for improvement. This is to be achieved through both internal assessment (PSIAS-1311) and external assessment (PSIAS-1312).

Management Responsibility

The Head of Audit (Chief Audit Executive) should implement a QAIP process designed to gain assurance through both internal and external review.

The Head of Audit should ensure that assignments are allocated to staff with the appropriate skills, experience and competence. Assignments can thus be measured against pre-determined performance measures and criteria.

The Head of Audit should ensure that Internal Audit staff at all levels are appropriately supervised throughout all audit assignments to monitor progress,

assess quality and coach staff. The extent of supervision will depend on the experience and training of the individual auditor.

The Head of Audit should establish policies and procedures to guide staff in performing their duties and ensure they conform to the PSIAS.

The Internal Audit function should be subject to an ongoing process of appraisal and supported development, designed to identify both good performance and any areas in which improvement or training is required. The Head of Audit will have liaised with senior management and the Audit Committee to set out the type, nature and timing of the assessments listed below. This will be periodically reviewed to ensure ongoing suitability. The outcome of these assessments will be reported to the Audit Committee (the Board) as required.

Types of Quality Assurance and Assessment

Within the B&V IASS, the Head of Audit is responsible for the QAIP, which covers all types of Internal Audit activities. Under the QAIP, quality should be assessed at both an individual audit engagement (assignment) level as well as at a broader internal audit activity level (i.e. covering the internal audit service provision.)

Internal Assessments (Standard 1311)

The PSIAS state that internal assessments must include ongoing monitoring of the performance of the internal audit activity; and periodic self-assessments or assessments by other persons within the organisation with sufficient knowledge of internal audit practices.

B&V IASS achieves this by:

- **The Post-Audit Assessments** - undertaken by the Principal Auditor overseeing the audit or the Head of Audit, (following the completion of each audit assignment);
- **Quality Reviews** – undertaken by Head of Audit on an ad hoc basis of completed assignments; (Note- all Limited / No Assurance reports will be reviewed by the Head of Audit as a matter of course).
- **Client Satisfaction Surveys** - Feedback from the client following each audit assignment. Any not achieving a satisfactory standard will be followed up by the Principal Auditor or Head of Audit with the service manager;
- **Internal Audit Outturn Monitoring** - Analysis of monthly outturn data, which is reported to the Audit Committee and relevant Chief Officers on a quarterly basis / in line with the Audit Committee timetable;
- **Annual PSIAS Assessment** - An annual internal assessment of Internal Audit's conformance with the PSIAS and CIPFA's Local Government Application Note with an improvement plan produced to address any areas of non-conformance identified;
- **Benchmarking with other Welsh Local Authorities** - Annual benchmarking exercise with other Internal Audit service providers covering both quantitative and qualitative aspects of service provision.

External Assessments (Standard 1312)

PSIAS-1312 states that external assessments must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organisation. It also states that the Chief Audit Executive (Head of Audit) must discuss with the Board (Audit Committee) the form of external assessments and the qualifications/independence of the external assessor or assessment team, including any potential conflict of interest.

The external assessment will, as a minimum, encompass the following elements of Internal Audit activity in its scope: -

- The extent to which audit practice and activity confirms with the Authority's Charter, , Internal Audit Code of Ethics, regulations, policy and procedures and ultimately the PSIAS
- Tools and techniques employed by Internal Audit;
- An assessment of whether the expectation of Internal Audit has been met by the organisation (senior officers and members) including whether audit activity adds value and improves operations within the authority;
- An assessment of the skills, knowledge and experience within the audit team and whether they are appropriate for the role; and
- A review of how well Internal Audit activity is woven into the wider governance arrangements.

All instances of non-conformance must be reported to the Board.

Performance Management

In order to monitor the effectiveness of the B&V IASS, the Audit Committee, in conjunction with the IASS should establish and maintain appropriate performance indicators to measure the work of the department. The performance indicators for the IASS are:

- Percentage of audits completed in planned time; (target of 89.7%)
- Percentage of productive days completed; (target of 100%)
- Percentage of Post Audit Assessment scores of 4 and above; (target of 85%)
- Percentage of audits completed with satisfactory feedback; (target of 80%)
- Percentage of professionally qualified auditors (CCAB or equivalent); (target of 50%)
- Number of working days lost due to sickness per FTE. (target of 5.8 for 16/17 for Resources Directorate)

The outcome and monitoring of these PI's will be reported to Audit Committee, the IASS Board and the relevant CMT/CMB.

Performance reviews are also undertaken with individual staff members as part of the Council's Performance Development Reviews (PDRs) process. The IASS has adopted the Vale of Glamorgan Council's PDRs process, which is completed bi-

annually with each member of the team. More detailed information on the process and its coverage can be found on the Vale of Glamorgan Council's Staffnet page.

Improving Performance

The Head of Internal Audit needs to ensure that the performance of his or her service improves over time, both in terms of measurement against indicators and generally in terms of quality of the service provided to the user. No Internal Audit section attains or remains excellent unless it is following a continuing process of development and improvement.

In order to drive continuous improvement, a Skills and Competencies Framework in line with CIPFA guidance has been developed for all staff / management to complete relevant to their grade. The outcome of this process will help to identify skills gaps within the department and / or training requirements of individuals. This will feed into the annual appraisal process.

**BRIDGEND AND VALE INTERNAL AUDIT SHARED SERVICE
POST AUDIT ASSESSMENT**

Auditor Assigned:

Title of Audit:

Audit APACE Ref	Start Date	Date draft Report issued	Budget Days	Amended Budget	Actual Days	Reasons For Overrun

To be completed at Draft report stage.

Note:

This post-audit assessment should be fully completed by the supervisor/manager and discussed with the auditor and immediately following the completion of the audit review.

This document should be completed within one week of the review of the draft report.

The post-audit assessment will be used to identify training and development needs of the auditor and develop and improve procedures within the internal audit section.

Section 1

Please ensure that the relevant boxes are ticked. Where either Column B or C is ticked; a comment must be included by the Reviewer in consultation with the Auditor.

	Yes	No	In Part	Comments
	A	B	C	
KEY CRITERIA				
1. Scope and Objectives Met:				
1.1 Auditor has understood the audit.				
1.2 Auditor has covered the areas sufficiently.				
2. Working Papers and Evidence				
2.1 Good standard of working papers.				
2.2 All working papers referenced appropriately.				
2.3 Working papers are easy to follow and sufficiently detailed.				
2.4 Sufficient Evidence has been obtained and is all relevant.				
3. Testing				
3.1 Risks identified.				
3.2 Thorough, comprehensive, meaningful and accurate tests undertaken.				

3.3 Well documented to address risks.				
4. Report				
4.1 Correct conclusions drawn from the findings.				
4.2 Good standard of report writing.				
4.3 Report is both timely and accurate.				
4.4 Appropriate recommendations have been made.				
4.5 The appropriate assurance level has been given.				
5. Other				
5.1 Auditor has identified areas of improvement in terms of efficiency and effectiveness.				
5.2 The Auditor has identified measurable savings for the client.				
5.3 Has the original Budget allocation been exceeded?				
5.4 Has the audit been completed within the agreed (revised) Budget Allocation?				

Section 2

Based on the responses above an overall assessment of 1 to 5 should be made. If the Auditor is in disagreement then their comments must be included.

ASSESSMENT CRITERIA

1 = none of the key criteria have been achieved. Scope and objectives either not understood by the Auditor or not met, over budget, poor quality working papers, insignificant testing.

2 = elements of the key criteria have been met however, scope and objectives not fully understood as demonstrated by review queries made.

3 = achieved key criteria but budget exceeded for no valid reason and/or report untimely and needed some amending.

4 = achieved key criteria, budget achieved or reduced and report issued in a timely manner.

5 = All key criteria met as set out in 4 above and an excellent report produced covering a very complex area. Very few review points required.

OVERALL ASSESSMENT BASED ON ABOVE	SCORE =
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To be completed jointly (during feedback meeting) by the auditor and the supervisor / manager.

Summary of areas where competency level exceeded expectation (score 5)

Summary of areas for development (Score 1, 2 and 3)

Action plan (including areas where specific training is needed and objectives for the next audit).

Sign and date when comments agreed:

Auditor

Principal Auditor / CIA

By signing the PAA, the Auditor is declaring that any information obtained during the course of the audit will not be used for personal gain.

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Committee, Sub-Committee, Panel or other Body	Membership	Function	Delegation of Function
<i>Audit Committee</i>	<i>12 County Borough Councillors and Lay Members (as set out in Article 8)</i>	<ul style="list-style-type: none"> • <i>Review, scrutinise and issues reports and recommendations in relation the Authority's financial affairs,</i> • <i>Review, scrutinise and issues reports and recommendations on the appropriateness of the Authority's risk management, internal control and corporate governance arrangements.</i> • <i>Oversee the Authority's internal and external audit arrangements (including the performance of external providers of Internal Audit) and review its financial statements.</i> • <i>To approve the Internal Audit Charter.</i> • <i>To approve the risk-based internal audit plan and to approve significant interim changes to the risk-based internal audit plan.</i> • <i>To contribute to the Quality Assurance and Improvement Programme and in particular, to the external quality assessment of internal audit that takes place at least once every five years.</i> • <i>To consider the Head of Internal Audit's annual report and opinion, a summary of internal audit activity (actual and proposed) and the level of assurance it can give over the Council's corporate governance arrangements.</i> • <i>To consider reports from Internal Audit on the adequacy of internal control.</i> • <i>To consider reports dealing with the management and performance of the providers of internal audit services.</i> • <i>To consider reports from Internal Audit on agreed recommendations not implemented within a reasonable timescale.</i> • <i>To identify issues from the annual Improvement Report by the Wales Audit Office.</i> • <i>To receive the Regulatory Programme.</i> 	<i>None.</i>

		<ul style="list-style-type: none"> • <i>To identify areas for examination by Internal and External Audit.</i> • <i>To be responsible for ensuring effective scrutiny of the Treasury Management Strategy and policies, in accordance with the Treasury Policy Statement and Treasury Management Prudential Indicators.</i> • <i>To maintain an overview of the Council's Constitution in respect of Contract and Finance Procedure Rules.</i> • <i>To review any issue referred to it by the Chief Executive Officer, the Monitoring Officer and the Section 151 Officer.</i> • <i>To monitor Council policies on anti-fraud and anti-corruption arrangements.</i> • <i>To consider the Council's Annual Governance Statement.</i> • <i>To assess the Council's compliance with its own and other published standards and controls.</i> • <i>To review and approve 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.</i> • <i>To consider the External Auditor's report in relation to those charged with governance on issues arising from the audit of the accounts.</i> <p><i>To receive reports from the External Regulators as appropriate.</i></p>	
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BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO AUDIT COMMITTEE

29 SEPTEMBER 2016

REPORT OF THE CHIEF INTERNAL AUDITOR

UPDATED FORWARD WORK PROGRAMME 2016-17

1. Purpose of Report.

- 1.1 To present to Members an update on the 2016/17 Forward Work Programme for the Audit Committee's information.

2. Connection to Corporate Improvement Objectives/Other Corporate Priorities

- 2.1 Internal Audit's work impacts on all of the Corporate Improvement Objectives /other Corporate Priorities.

3. Background.

- 3.1 The Core functions of an effective Audit Committee are:-

- To consider the effectiveness of the Council's Risk Management arrangements, the control environment and associated anti-fraud and corruption arrangements.
- Seek assurances that action is being taken on risk-related issues identified by auditors and inspectors.
- Be satisfied that the Council's assurance statements properly reflect the risk environment and any actions required to improve it.
- Oversee the work of internal audit (including the annual plan and strategy) and monitor performance.
- Review summary internal audit reports and the main issues arising, and seek assurance that action has been taken where necessary.
- Receive the annual report of the Chief Internal Auditor as Head of Audit.
- Consider the reports of external audit and inspection agencies, where applicable.
- Ensure that there are effective relationships between external and internal audit, inspection agencies and other relevant bodies, and that the value of the audit process is actively promoted.
- Review and approve the financial statements, external auditor's opinion and reports to Members, and monitor management action in response to the issues raised by external audit.

- 3.2 Effective Audit Committees help raise the profile of internal control, risk management and financial reporting issues within an organisation, as well as providing a forum for the discussion of issues raised by internal and external auditors. They enhance public trust and confidence in the financial governance of an Authority.

4. Current situation / proposal.

4.1 In order to assist the Audit Committee in ensuring that due consideration has been given by the Committee to all aspects of their core functions an updated forward work programme is attached at **Appendix A** covering 2016/17.

5. Effect upon Policy Framework& Procedure Rules.

5.1 None

6. Equality Impact Assessment

6.1 There are no equality implications arising from this report.

7. Financial Implications.

7.1 None

8. Recommendation.

8.1 That Members note the updated Forward Work Programme to ensure that all aspects of their core functions are being adequately reported.

Helen Smith
Chief Internal Auditor
29th September 2016

Contact Officer: Helen Smith
Chief Internal Auditor

Telephone: 01656 754901

E-mail: helen.smith@bridgend.gov.uk

Postal Address Bridgend and Vale Internal Audit Shared Service
Unit 2 A, Innovation Centre,
Bridgend Science Park,
Bridgend
CF31 3NA

Background documents

None

**AUDIT COMMITTEE
SCHEDULE OF MEETINGS AND FORWARD WORK PROGRAMME
2016 – 2017**

PROVISIONAL DATE OF MEETING	FORWARD WORK PROGRAMME	OFFICER RESPONSIBLE	UPDATE
2016			
30 th June	Information and Action Requests (if applicable).	Chief Internal Auditor (CIA)	Completed
	Updated Forward Work Programme.	CIA	Completed
	Pre-audited Statement of Accounts 2015/16.	Head of Finance	Completed
	Annual Governance Statement 2015-16	Corporate Director Operational Services and Partnerships	Completed
	Treasury Management Outturn 2015/16	Head of Finance	Completed
	Complete Audits (if applicable).	CIA	Completed
	Proposed Scope for the External Assessment of the IASS.	CIA	Completed
	External Auditors / Inspection Reports (where applicable).	Head of Finance/ WAO	
	IASS Outturn Report April and May 2016.	CIA	Completed
29th September			
	Information and Action Requests	CIA	
	Updated Forward Work Programme	CIA	Submitted
	Statement of Audited Accounts and Final Annual Governance Statement 2015/16	Head of Finance / WAO	Submitted
	Internal Audit 5 months Outturn Report April to August 2016.	CIA	Submitted
	Completed Audits Report (where applicable)	CIA	Submitted
	External Auditors / Inspection Reports (where applicable).	Head of Finance / WAO	N/A
	Corporate Risk Assessment Review 2016-17	Risk & Insurance Manager	Submitted
24th November			
	Up dated Forward Work Programme	CIA	
	Information and Action Requests (where applicable)	CIA	
	Fraud update	Head of Finance / Benefits Manager	
	Treasury Management Half Year Report 2016-17	Head of Finance	
	Completed Audits Report (if applicable)	CIA	
	Internal Audit Outturn Report – April 2016 to October 2016.	CIA	
	External Auditors / Inspection Reports (where applicable).	Head of Finance / WAO	
2017			
26 th January	Up dated Forward Work Programme	CIA	
	Information and Action Requests (if applicable)	CIA	
	Internal Audit 9 months Outturn Report April 2016 – December 2016	CIA	
	Completed Audits (where applicable)	CIA	
	Report on the work undertaken on School Audits.	CIA	
	External Auditors / Inspection Reports (where applicable)	Head of Finance / WAO	

APPENDIX A

	Corporate Risk Assessment 2016-17	Head of Finance	
	Treasury management strategy 2017-18	Head of Finance	
24th April	Information and Action Requests (where applicable)	CIA	
	Updated Forward Work Programme	CIA	
	Proposed Forward Work Programme 2017-18.	CIA	
	Internal Audit proposed Annual Strategy and Audit Plan 2017-2018.	CIA	
	Governance – Compliance with Public Sector Internal Audit Standards for 2016-17	CIA	
	Audit Committee – Terms of Reference	CIA	
	Internal Audit Shared Service Charter	CIA	
	Completed Audits (where applicable)	CIA	
	Head of Audit’s Annual Opinion Report and outturn for the Year 2016/17	CIA	
	External Auditors / Inspection Reports (if applicable): -	Head of Finance / WAO	