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Bridgend County Borough Council



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Rhowch wybod i ni os mai Cymraeg yw eich
dewis iaith.*

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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, 22 September 2017

Dear Councillor,

AUDIT COMMITTEE

A meeting of the Audit Committee will be held in Committee Rooms 2/3, Civic Offices, Angel Street, Bridgend, CF31 4WB on **Thursday, 28 September 2017 at 2.00 pm.**

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 a meeting of the Audit Committee dated 29 June 2017.
4. Bridgend County Borough Council Corporate Assessment follow-up report by
Wales Audit Office 11 - 28
5. Final Statement of Accounts 2016-17 29 - 212
6. The Corporate Risk Assessment 2017-18 213 - 278
7. Internal Audit - Outturn Report - April to August 2017 279 - 298
8. Updated Forward Work Programme 2017-18 299 - 302
9. Urgent Items
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.

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Yours faithfully

P A Jolley

Corporate Director Operational and Partnership Services

Councillors:

CA Green

JE Lewis

JR McCarthy

MJ Kearns

Councillors

B Sedgebeer

RMI Shaw

RM Granville

LM Walters

Councillors

CA Webster

A Williams

AJ Williams

MC Clarke

AUDIT COMMITTEE - THURSDAY, 29 JUNE 2017

MINUTES OF A MEETING OF THE AUDIT COMMITTEE HELD IN COMMITTEE ROOMS 2/3, CIVIC OFFICES ANGEL STREET BRIDGEND CF31 4WB ON THURSDAY, 29 JUNE 2017 AT 2.00 PM

Present

Councillor LM Walters – Chairperson

MC Clarke	CA Green	B Sedgebeer	A Williams
	MJ Kearn	CA Webster	AJ Williams
RM Granville			

Officers:

Randal Hemingway	Head of Finance & Section 151 Officer
Helen Smith	Chief Internal Auditor
Mary Williams	Chief Accountant
Yuan Shen	Corporate Improvement and Integrated Partnerships Manager
Gary Jones	Head of Democratic Services
Nigel Smith	Finance Manager

1. ELECTION OF CHAIRPERSON

The Head of Democratic Services (HDS) welcomed everyone to the meeting and explained the procedure for the appointment of the Chairperson. A vote was then taken to elect the Chairperson. The result of the vote was a tie. Following an update from the HDS the committee agreed to receive a verbal briefing from the nominees to describe their suitability for the role of Chairperson. Councillors Lyn Walters and Amanda Williams provided a briefing following which the committee acknowledged that both were extremely capable nominations. The vote was retaken and Councillor Lyn Walters was elected as the Chairperson and invited to take the chair.

RESOLVED: Councillor Lyn Walter was elected as the Chairperson of the Audit Committee

2. ELECTION OF VICE-CHAIRPERSON

The Chairperson thanked the committee for electing her and requested nominations for the Vice-Chairperson. Councillor Amanda Williams was nominated and unanimously elected as the Vice-Chairperson of the Audit Committee.

RESOLVED: That Councillor Amanda Williams was elected as the Vice-Chairperson of the Audit Committee.

3. APOLOGIES FOR ABSENCE

Apologies for absence were received from the following Councillors:

- JE Lewis – Other Council Business
- JR McCarthy - Other Council Business
- RMI Shaw

4. DECLARATIONS OF INTEREST

None

5. APPROVAL OF MINUTES

RESOLVED: The minutes of the meeting held on 27th April 2017 were approved as a true and accurate record subject to the following amendments:

- a. The inclusion of J Williams as an attendee at the meeting
- b. That minute 302 be revised:

Paragraph 1 be revised to read:

The Financial Audit Manager, Wales Audit Office presented the External Auditor's Annual Audit Plan 2016-17.

Paragraph 2, line 3 be revised to read:

work to be undertaken by the Auditor General at Bridgend CBC under the Public Audit

Paragraph 3 following "Audit Work to be undertaken" to delete "and a schedule of authorised grant signatories".

Paragraph 7 line 4 be amended to read:

Wales Audit Office would need to know the leave commitments of key finance staff as it would need

Resolution to read:

That the content of the External Auditor's Annual Audit Plan 2016-17 be noted.

6. SAVINGS PLANNING

The Head of Finance presented a report which informed the committee of the findings of the "Savings Planning" work carried out by Wales Audit Office (WAO) on all local authorities across Wales. He explained that the WAO had carried out work at all 22 councils in Wales to assess the development and delivery of Councils' medium term financial strategies and movement in reserves.

He added that Bridgend had made a number of changes which will impact upon the council's financial resilience and savings planning. These included the creation of a budget reduction contingency reserve, the introduction of a formal monitoring and reporting process for any prior year budget reduction proposals not fully realised in-year, an overhaul of the MTFS development process, a thorough mid-year review and assessment of the council's reserves position and the Head of Finance re-designated as the Section 151 Officer and appointed to the Corporate Management Board.

RESOLVED: That the Audit Committee noted the report.

7. ANNUAL GOVERNANCE STATEMENT 2016-17

The Head of Finance presented a report requesting that the Audit Committee note the reviewed Code of Corporate Governance (Appendix A) and approve the Annual Governance Statement (AGS) for inclusion in the Council's Statement of Accounts for 2016-17.

He explained that in 2016, CIPFA published its new "Delivering Good Governance in Local Government Framework", which positions the attainment of sustainable economic, social, and environmental outcomes as a key focus of governance processes and structures. The Guidance has considered the requirements of the Well-being of Future Generations (Wales) Act 2015 and embedded the five ways of working into the CIPFA framework.

A review the Council's existing Code of Corporate Governance was undertaken and any comments were incorporated into a revised Code of Corporate Governance which was considered by Cabinet in June. A copy of the reviewed Code of Corporate Governance was shown at Appendix A to the report.

It was decided that due to time constraints, the AGS 2016-17 was produced on the historical six principles as set out in the 2007 Framework in demonstrating strong governance. However, where possible, evidence was also included to support governance against the new 2016 principles. Next year, the Council will use the new principles in producing its AGS 2017-18 in line with the new 2016 framework.

Members queried whether using the 6 existing principles from the 2007 framework would be acceptable by the auditors. They were advised that many authorities had opted to use this methodology which was unlikely to create an issue with the Auditors.

RESOLVED: That the Audit committee noted the reviewed Code of Corporate Governance (Appendix A) and approved the Annual Governance Statement (Appendix B) for inclusion in the Statement of Accounts 2016-17.

8. STATEMENT OF ACCOUNTS 2016-17 (UNAUDITED)

The Head of Finance presented a report which provided the unaudited Statement of Accounts for 2016-17 to the Audit Committee for noting and the Harbour Authority Return for 2016-17 for approval. He explained that the Statement of Accounts for 2016-17 had to be signed and dated by the responsible financial officer before the 30 June 2017, certifying that they represented a true and fair view of the financial position of the Council.

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. The revised budgets differ from those set at the beginning of the year as account has been taken of agreed transfers from contingencies. Overall there was a net under-spend on Directorates' budgets of £2.279 million with the reasons for the under-spend being provided within the Statement of Accounts 2016-17.

The net under-spend for the year was £0.356 million. This was transferred into the Council Fund which totalled £7.960 million as at 31 March 2017. This represented a 4.7% increase of the fund on the previous year (£7.604 million at 31 March 2016).

The Council also spent money providing new facilities, enhancing assets within the Council's portfolio or providing capital grants to others. The total capital spending during 2016-17 was £18.356 million. The Accounts explain how the capital expenditure is financed and what assets have been produced or enhanced during the period. The Head

of Finance advised that the audited accounts would be presented to the Audit Committee for approval by 30 September 2017.

Members queried the over-spend of the Social Services and Wellbeing Directorate commenting that this budget was revised to £61m and was still overspent. Was the overall budget now being revised for the forthcoming year.

The Head of Finance explained that an element of price inflation was included in the budgets but that with appropriate evidence finance could allocate a budget uplift. It was prudent that some funding was retained centrally to support directorates if needed. The significant part of the over-spend related to the Looked After Children's (LACs) budget not reducing or making the intended progress as rapidly as expected in providing the improvement from the use of low cost placements. The numbers of LAC had reduced but were still higher than had been forecast and therefore £1million was used from earmarked reserves to address this ongoing risk.

RESOLVED: That the Audit Committee:-

- a. noted the unaudited Statement of Accounts for 2016-17 (at Appendix A);
- b. approve the Harbour Authority Annual Return 2016-17 (at Appendix B).

9. ANNUAL TREASURY MANAGEMENT OUTTURN REPORT 2016-17

The Head of Finance provided an update the Audit Committee on the outturn position for Treasury Management activities, Treasury Management and Prudential Indicators for 2016-17 and to highlight the compliance with the Council's policies and practices.

He explained that the Council has complied with its legislative and regulatory requirements during 2016-17. The Treasury Management Strategy 2016-17 and the Half Yearly Outturn were reported to Council with the Annual Report being reported to Cabinet and Council in September 2017. Quarterly monitoring reports were presented to Cabinet during 2016-17.

He added that no long term borrowing was taken in 2016-17 and no debt rescheduling had been undertaken as there were no significant savings to be made. The loan portfolio would be reviewed during 2017-18. Favourable cash flows have provided surplus funds for investment and the balance on investments at 31 March 2017 was £33.75 million with an average rate of interest of 0.55%. This was an increase from the start of the financial year where investments were £26.00 million but the average rate of interest has reduced from 0.67% and at the same time the base rate reduced from 0.50% to 0.25% in August 2016, hence a reduction in yield. Appendix A detailed the movement of the investments during 2016-17 by counterparty types and shows the average balances, duration and rates for the year.

The Treasury Management function will be reviewed by the Council's external Auditors, the Wales Audit Office, during the 2016-17 annual audit which has not yet been completed, however an update will be provided to Cabinet and Council in September 2017.

Internal Audit undertook an audit of the Treasury Management function during 2016-17 and the audit identified that "the completed Control Risk Self Assessment (CRSA) provided 100% positive responses which indicate that risks have been considered

and mitigated. No weaknesses have been identified during the current review consequently no recommendations are deemed necessary on this occasion”.

The Council's Treasury Management Advisors contract expired on 31 August 2016. Arlingclose were the successful tenderer and from 1 September 2016 awarded a new four year contract. The contract will be reviewed annually and either party may at any time terminate this agreement on 3 months prior written notice.

RESOLVED: That the Audit Committee note the Annual Treasury Management Activities for 2016-17.

10. **PROPOSED FORWARD WORK PROGRAMME 2017-18**

The Chief Internal Auditor presented a report which proposed the Forward Work Programme for 2017/18 for the Audit Committee to consider and approve.

She described the core functions of the committee and explained that an effective Audit committee helped to raise the profile of internal control, risk management and financial reporting issues. The Committee could also enhance public trust and confidence in the financial governance of the Authority. She added that the proposed programme for the committee was shown at appendix A

Members queried the recent issues regarding the waste services contract and that this was so significant that there should be audit involvement in the contract and procurement processes. It was also highlighted that Risk Management was also of key interest and the Chairperson requested that this item be brought forward to the September meeting of the committee.

The Chief Internal Auditor advised that she would update the Forward Work Programme for the next meeting of the committee.

RESOLVED: That the Forward Work Programme be approved subject to the amendments agreed at the meeting.

11. **INTERNAL AUDIT SHARED SERVICE CHARTER 2017/18**

The Chief Internal Auditor present a report requesting that the Audit Committee approve the Council's Internal Audit Shared Service Charter for 2017/18.

She explained that on 1st April 2013, the Public Sector Internal Audit Standards (PSIAS) came into force and superseded the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice for Internal Auditors. The Audit Committee support the role of internal audit by overseeing its independence, objectivity, performance and professionalism; supporting the effectiveness of the internal audit process and promoting the effective use of internal audit within the assurance framework.

She described the purpose and objectives of Internal Audit Service and how the service operated between the two local Authorities. She added that all Chief Officers of the Council were 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.

The Chief Internal Auditor advised the committee of her duties which included the need to ensure that the service was appropriately resourced to achieve the approved risk based plan. She added that external assessment would 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 previous External Assessment took place during 2016/17.

RESOLVED: The Audit Committee approved the Internal Audit Shared Service Charter for 2017/18 as attached to the report.

12. EXTERNAL ASSESSMENT OF INTERNAL AUDIT SHARED SERVICE

The Chief Internal Auditor present a report requesting that the Audit Committee considered the report of the External Assessor and approve the actions for improvement.

She explained that In accordance with the requirements of both Councils' Audit Committee an external assessment of the Bridgend and Vale Internal Audit Shared Service; was undertaken by the Chartered Institute of Public Finance and Accountancy (CIPFA). The assessment commenced on the 30th January 2017 and the on site assessment concluded on the 3rd February 2017. The external assessment report was attached at Appendix A to the report.

She added that the Assessor made 18 recommendations and a further 10 suggestions for improvement. The subsequent action plan (including responses and action dates) to address these recommendations was attached at Appendix 1 of the report. Overall, the assessment identified no areas of non-compliance and the Assessor commented that all auditees and Statutory Officers were positive in their responses and understanding of the audit process and the value it added.

RESOLVED: That the Audit Committee noted the report of the External Assessor and approved the actions for improvement.

13. INTERNAL AUDIT STRATEGY AND ANNUAL RISK BASED AUDIT PLAN APRIL 2017 TO MARCH 2018

The Chief Internal Auditor present a report which informed the Audit Committee the Council's Internal Audit Strategy and Annual Risk Based Audit Plan for the year April 2017 to March 2018.

She explained that Internal Audit Planning is not an exact science but the proposed draft risk based plan for 2017/18 struck a good balance between the risks identified, the internal audit resources available and the assurance work being carried out by other agencies.

She added that the structure of the Internal Audit Shared Service was based on 18 full time equivalent employees (FTE's). The Service commenced the Financial Year 2016/17 with four vacant posts and this has now increased to nine, which represents 50% of the structure. Arrangements are in place to address this shortfall; however, a prudent approach to the number of deliverable productive days for the coming year is required. Therefore the proposed plan provides for a maximum of 1,085 productive days being delivered during 2017/18. Delivery of the 1,085 productive days will be dependent on the planned resources being realised. Should this not be the case, there is also the potential to buy in any service shortfall during the year in order to meet the maximum commitment. Any significant deviation from this will be reported back to the Audit Committee.

AUDIT COMMITTEE - THURSDAY, 29 JUNE 2017

The 2017/18 draft Annual Risk Based Audit Plan of work has been formulated to ensure compliance with the Standards. In order to keep Members of the Audit Committee fully informed, and to ensure compliance with Standards for Internal Audit the draft detailed plan was attached at Appendix 2 of the report.

The concerns raised following the submission of the draft plan to the Audit Committee on the 27th April 2017, relating to the number of days allocated to the Social Services and Wellbeing Directorate. A detailed plan was attached at Appendix 3 together with additional information extracted from the cross-cutting reviews that will be included and impact particularly on the Social Services and Well-being Directorate.

Member thanked the officers for their hard work and clarified that the audit plan could be achieved with the plans that were in place to address the resourcing issues.

They also raised concerns regarding the increasing risks from cyber-attack and the ability of the Authority to maintain its service in light of the recent attacks on the NHS. The Head of Finance advised that the recent cyber-attacks related to a known vulnerability with Windows XP platforms.

RESOLVED: That the Audit Committee approved the draft Internal Audit Strategy and draft Annual Risk Based Audit Plan for 2017/18.

14. INTERNAL AUDIT - OUTTURN REPORT - APRIL TO MAY 2017

The Chief Internal Auditor present a report informing the Audit Committee of actual Internal Audit performance against the two months of the Audit Plan year covering April and May 2017.

She explained that the 2017/18 Internal Audit Plan was submitted to the Audit Committee for consideration and approval on the 27th April 2017. The Plan outlined the assignments to be carried out and their respective priorities. The Plan provided for a total of 1,085 productive days to cover the period April 2017 to March 2018.

She added that following an analysis of productive days achieved against the plan for the first two months of this financial year the figures show that 116 actual days have been achieved, which is less than the expected maximum target of 181 by 65 days. At present the overall structure of the internal Audit Section is based on 18 Full Time Equivalent (FTE) employees. However, at the end of the Financial Year 2016/17, the Section was carrying 9 FTE vacant posts and this continues to be the case for the start of the new Financial Year. As Audit is only two months into the start of the new Audit Plan, no significant weaknesses in the system of internal control have been identified so far to date.

RESOLVED: That the Audit Committee considered the Internal Audit Outturn Report covering the period April to May 2017 to ensure that all aspects of their core functions are being adequately reported.

15. URGENT ITEMS

None

The meeting closed at 4.15 pm

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BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO AUDIT COMMITTEE

28 SEPTEMBER 2017

REPORT OF THE CHIEF EXECUTIVE

BRIDGEND CBC CORPORATE ASSESSMENT FOLLOW-UP REPORT BY THE WALES AUDIT OFFICE

1. Purpose of Report.

- 1.1 To present the Wales Audit Office's report to the Audit Committee for noting and information (attached as **Appendix A**).

2. Connection to Corporate Improvement Objectives/Other Corporate Priorities

- 2.1 The corporate assessment provides a position statement on the Council's capacity and capability to deliver continuous improvement. It examines the track record of performance and outcomes as well as examining the key arrangements that are necessary to underpin improvements in services and functions.

3. Background.

- 3.1 In 2015, the Wales Audit Office undertook an in-depth corporate assessment of Bridgend County Borough Council. The focus of the assessment was on the extent to which arrangements are helping to improve service performance and outcomes for citizens.
- 3.2 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".
- 3.3 The Auditor General did not make any formal recommendations. Instead, he made eight proposals for improvement. These proposals are included in the report (pp. 4-5) attached at **Appendix A**.

4. Current situation / proposal.

- 4.1 The Wales Audit Office carried out a follow-up audit earlier this year. The audit examines whether the Council is making effective progress against the proposals for improvement issued in the Corporate Assessment report.

4.2 The Auditor General has concluded that “the Council has responded effectively to the issues we raised in the Corporate Assessment and has either fully implemented our proposals for improvement or has made progress against them”. A summary of the findings is presented on page 5 and page 6 of the attached report, with further information in relation to the Council’s progress against each proposal for improvement being set out in *Appendix 1* of the report.

4.3 The Wales Audit Office intends to give further consideration to the matters that remain outstanding as part of their programme of audit work for 2017-18.

5. Effect upon Policy Framework& Procedure Rules.

5.1 There is no effect upon the Policy Framework and the Procedure Rules.

6. Equality Impact Assessment

6.1 No equality impact assessment has been undertaken as this is a report for information.

7. Financial Implications.

7.1 There are no financial implications in this report.

8. Recommendation.

8.1 That the Audit Committee receive the report and note the content of the report and the improvement that has been made.

Darren Mepham
Chief Executive
11 September 2017

Contact Officer: Yuan Shen, Group Manager, Corporate Performance, Partnerships and Transformation

Telephone: (01656) 643224

E-mail: yuan.shen@bridgend.gov.uk

Postal Address Level 4, Civic Offices, Angel Street, Bridgend, CF31 4WB

Background documents

None



WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Archwilydd Cyffredinol Cymru
Auditor General for Wales

Improvement Assessment 2016-17, Corporate Assessment Follow Up – **Bridgend County Borough Council**

Audit year: 2016-17

Date issued: August 2017

Document reference: 87A2017-18

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

The team who delivered the work comprised Ian Phillips, Katherine Simmons, Samantha Clements and Steve Barry.

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Summary report

The Council has responded effectively to the issues we raised in the Corporate Assessment and has either fully implemented our proposals for improvement or has made progress against them

- 1 In January 2016 we published our Corporate Assessment report. The purpose of the Corporate Assessment was to provide a position statement of Bridgend County Borough Council's capacity and capability to deliver continuous improvement. It 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 We found that: The Council was 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. Our report made the following proposals for improvement:

The Council of the future	
P1	Establish the vision of the Council for 2020 that will support a strategic approach to service delivery and guide service planning.
Performance management	
P2	Explain the reason for an improvement target and the scale of improvement expected. (Annual Improvement Report 22 September 2015)
P3	Review 'measures of success' to ensure they enable an evaluation of intended performance and that the explanation of performance is based upon that measure. (Annual Improvement Report 22 September 2015)
P4	Ensure performance rating reports clearly state whether the Council has achieved what it intended.
ICT	
P5	Develop the ICT service to ensure it supports the Council's transformation agenda.

Human Resources

P6 Develop the HR service and, specifically, workforce planning so that they support the Council's transformation agenda and ensure workforce considerations are embedded in service business planning.

Asset Management

P7 Ensure service business plans incorporate consideration of future property requirements.

Collaboration

P8 Build upon the current development of Local Service Board arrangements by adopting measures to evaluate the success of the key collaborative activities.

- 2 This report examines whether the Council is making effective progress against the proposals for improvement issued in the Corporate Assessment report. We found that **the Council has responded effectively to the issues we raised in the Corporate Assessment and has either fully implemented our proposals for improvement or has made progress against them.** We came to this conclusion because:
- the Council has established a vision for 2020 that will support a strategic approach to service delivery and guide service planning.
 - the Council is refining its performance reporting:
 - the Council includes the rationale for targets in performance reports where appropriate, and these set out the scale of improvement expected;
 - the Council is working towards ensuring 'measures of success' enable an evaluation of intended performance and that the explanation of performance is based upon that measure; and
 - the Council has more clearly defined how it applies RAG ratings within Scrutiny and Corporate Performance Assessment (CPA) reports and is refining its public performance reporting to ensure it clearly states whether the Council has achieved what it intended.
 - there have been developments in the ICT service to ensure it supports the Council's transformation agenda; some actions have been completed whilst others are progressing, but are at a formative stage.
 - workforce considerations are now embedded in service business planning. There are other developments in progress within the HR service that whilst not explicitly supporting the Council's transformation agenda, are intended to develop the HR service.
 - Service Business Plans now incorporate consideration of future property requirements.

- Public Services Boards have replaced Local Service Boards and there remains scope to strengthen arrangements with regard to the adoption of measures to evaluate the success of the key collaborative activities.
- 3 We have set out our findings in relation to the Council's progress against each proposal for improvement in [Appendix 1](#). We intend to give further consideration to the matters that remain outstanding as part of our programme of audit work for 2017-18.

Appendix 1

Proposals for improvement and findings

Proposal for improvement	Follow-up findings
<p>P1 Establish the vision of the Council for 2020 that will support a strategic approach to service delivery and guide service planning.</p>	<p>Complete – the Council has established the vision of the Council for 2020 that will support a strategic approach to service delivery and guide service planning: The Council's Corporate Plan for 2016-2020 sets out three priorities: supporting a successful economy, helping people to become more self-reliant and smarter use of resources. Our May 2017 report Good Governance when Determining Significant Service Changes found that:</p> <ul style="list-style-type: none"> • these priorities provide the Council with a defined focus for activity and Cabinet members and senior officers are able to articulate how they are shaping decisions on service change. There is alignment between the Corporate Plan and Medium Term Financial Plan and, as part of the budget-setting process, savings proposals are mapped against the three priorities to help ensure they are guiding decision-making. • the Directorate Business plans for 2017-18 contain an action plan or, in the case of the Communities Directorate Business Plan, a section entitled 'Commitments, Milestones and Indicators' that is centred around the three improvement priorities in the Corporate Plan and with specific actions set out under each of the three improvement priorities. Therefore, the Council can demonstrate that the vision and priorities they have set is guiding service planning.
<p>P2 Explain the reason for an improvement target and the scale of improvement expected. (Annual Improvement Report 22 September 2015).</p>	<p>Complete – the Council includes the rationale for targets in performance reports where appropriate, and these set out the scale of improvement expected: The process for setting and challenging the rationale is embedded in business planning and is reflected in Directorate Business Plans, Scrutiny reports and its Corporate Plan 17-18.</p>

Proposal for improvement	Follow-up findings
<p>P3 Review 'measures of success' to ensure they enable an evaluation of intended performance and that the explanation of performance is based upon that measure. (Annual Improvement Report 22 September 2015).</p>	<p>In progress – the Council is working towards ensuring its 'measures of success' enable an evaluation of intended performance and that the explanation of performance is based upon that measure:</p> <p>The only complete cycle of Corporate Planning and Performance Evaluation since the Corporate Assessment is for 2015-2016. The Council recognised that it requires a range of evidence to demonstrate its progress in achieving its improvement objectives and took a more outcome focussed approach to performance evaluation reporting for 2015-2016.</p> <p>We found that:</p> <ul style="list-style-type: none"> • the links between the measures of success set out in the Corporate Plan and the evaluation of progress presented within the Annual Report were not always clear. • there were instances where the descriptions of the 'measures of success' differed between the Corporate Plan and the Annual Report/Annual Report Annexe. • the presentation of parts of the contextual data within the Annual Report and parts in the Annual Report Annexe could also have an impact on the reader's ability to have a clear and complete understanding of progress made. • For 2016-2020, the Council streamlined its Corporate Plan and reviewed its success measures. The template for the Annual Report 2016-2017 replicates the measures of success from the 2016-2017 Corporate Plan. This provides an opportunity for far greater alignment between the performance planning and evaluation reports, making it easier to compare intended against actual performance and eliminating the variance in definitions. We will be undertaking the audit of Bridgend's assessment of 2016-2017 performance later in the year.
<p>P4 Ensure performance rating reports clearly state whether the Council has achieved what it intended.</p>	<p>In progress – the Council has more clearly defined how it applies RAG ratings within Scrutiny and Corporate Performance Assessment (CPA) reports and is refining its public performance reporting to ensure it clearly states whether the Council has achieved what it intended:</p>

Proposal for improvement	Follow-up findings
	<p>the Council aims for its presentation of performance information to be appropriate to the audience, while being sufficiently detailed to give a clear picture of performance. This has led to a greater focus in its public reporting on outcomes/impact and the use of narrative instead of RAG ratings to provide context on performance against commitments. As per P3 above, although we found that the links between the Corporate Plan's measures of success and the explanation of performance in the Annual Report 2015-2016 were not always clear, the Council's Annual Report for 2016-2017 provides an opportunity for greater clarity on whether the council has achieved what it intended.</p> <p>Since the Corporate Assessment, the Council has worked to more closely align the quarterly performance reports that go to the CPA meetings and those that go to the Corporate Resources and Improvement Overview and Scrutiny Committee. The Council uses a key to clarify the method for determining the RAG rating for these reports.</p>
<p>P5 Develop the ICT service to ensure it supports the Council's transformation agenda.</p>	<p>In progress – there have been developments in the ICT service to ensure it supports the Council's transformation agenda; some actions have been completed whilst others are progressing, but are at a formative stage:</p> <p>The Council has produced a revised ICT Strategy that explicitly recognises that the service must support the Council's transformation agenda. The strategy is appropriately future-focused in that it sets out that the Council will deliver a transformational shift towards digital access to services and digitisation of the most common internal processes.</p> <p>Our January 2016 Corporate Assessment set out that the ICT service was under-resourced, which was hindering its ability to identify and progress opportunities for modernisation and development. Historically, the Council has had difficulty recruiting</p>

Proposal for improvement	Follow-up findings
	<p>staff to enable the service to operate at full capacity. The Council, having exhausted external recruitment processes, made the decision to use an apprenticeships model to fill outstanding vacancies. The Council recognise that this approach is not without risk as it is necessary to account for a period where new staff are learning their trade and developing their skills. However, the Council has reduced the number of Full Time Equivalent vacancies from eleven to two. The service is therefore on the whole much better placed to provide support to the Council's transformation agenda and the organisation as a whole.</p> <p>Our January 2016 Corporate Assessment set out that in 2014 SOCITM, the society for IT practitioners in the public sector, gave the Council website a one star rating, which is the lowest rating. The Council acknowledges that its website needs to improve and one of the aims of its digital transformation programme is to improve its website. As part of that digital transformation programme the Council is developing 'My Account' which is an online feature enabling access to Council services. The Council is shortly going to be 'going live' with its Council tax service and with its Benefits service later this year.</p> <p>The Council is also looking to redesign its website in order to facilitate the promotion of 'self-service' ie residents accessing services more directly and it will shortly be engaging with residents to determine user needs.</p>
<p>P6 Develop the HR service and, specifically, workforce planning so that they support the Council's transformation agenda and ensure workforce considerations are embedded in service business planning.</p>	<p>Part complete/Part in progress – workforce considerations are now embedded in service business planning. There are other developments in progress within the HR service that whilst not explicitly supporting the Council's transformation agenda, are intended to develop the HR service:</p> <p>The Council has completed the main focus of this proposal for improvement in that all business plans for 2017-18 have a section on workforce planning. The format used</p>

Proposal for improvement	Follow-up findings
	<p>for four of those business plans allows sufficient detail to be provided. There is less detail in the Communities Directorate Business Plan and it would benefit from using the same format as the other business plans in respect of workforce planning information.</p> <p>HR have also been involved in other aspects of the Council's workforce planning. In 2015-16 they piloted an exercise to progress workforce planning through a dashboard approach. The feedback from this pilot indicated that another approach was needed and HR are currently planning a more tailored approach to workforce planning with each Directorate. The Corporate Management Board receives a workforce information report every six months that is designed to assist with workforce planning at a directorate and Council wide level. The Council's 2017-18 update to the workforce plan is close to being finalised, and the transformation agenda is central to that plan.</p> <p>Since the Corporate Assessment the HR team have worked to make line managers more independent. The Council procured and developed the iTrent system to allow managers to access information they need instead of raising queries with HR. One of the strands of the digital transformation programme that is being rolled out is called HR self-serve. In 2016-17 the following elements of that programme went live:</p> <ul style="list-style-type: none"> • employees able to update personal details ie name, address; • line managers have direct access to absence management module; and • line managers have direct access to employee training records. <p>Further development of the internal HR system to ensure efficient on-line service is planned.</p>

Proposal for improvement	Follow-up findings
	<p>There have been other developments in the period since the Corporate Assessment was published (January 2016) to date. These developments are more regular business developments as opposed to explicitly supporting the Council's transformation agenda, but they are included here as they reflect issues that were raised in the Corporate Assessment. Our Corporate Assessment reported that staff views about the appraisals process were mixed; some considered that it generally led to support (particularly if necessary to secure planned improvements), others that the system was inflexible and budget limitations restricted opportunities for skills development. The Council have subsequently developed an appraisal toolkit which is designed to support managers undertaking appraisals.</p> <p>The Corporate Assessment reported that improving the management of sickness absence has been identified as a key corporate priority. HR have attempted to address this issue by producing an Absence Management toolkit and by offering absence management training courses to managers, albeit these are not mandatory courses. Despite these initiatives, a Council internal audit report dated September 2016 sets out that the number of FTE days lost due to sickness marginally increased in the period from 2013-14 to 2015-16 and is above the public sector average. The Council have informed us that since then sickness absence has improved marginally, but it remains a long-standing issue for the Council.</p> <p>Our Corporate Assessment outlined that the Council has experienced significant challenges in recruiting staff. As set out above (in ICT PFI section) the Council has sought to address the under-resourcing in its ICT service by adapting an apprenticeships model. HR are currently considering rolling out this model for other departments as well, but recruitment remains an ongoing challenge for the Council.</p>

Proposal for improvement	Follow-up findings
<p>P7 Ensure service business plans incorporate consideration of future property requirements.</p>	<p>Complete – Service Business Plans now incorporate consideration of future property requirements:</p> <p>All of the 2017-18 Business Plans contain a section on future property requirements, although the Social Services and Wellbeing Directorate Business Plan could benefit from a bit more explanatory detail. This plan refers to certain proposed property upgrades but would benefit from further information as it is not clear what some of the bullet points mean in isolation eg one bullet point is ‘Mental Health Team accommodation’ and another is ‘AWEN Cultural Trust Asset Development’ but there is no supporting text to explain why these matters need to be taken into account as part of the service business plan.</p>
<p>P8 Build upon the current development of Local Service Board arrangements by adopting measures to evaluate the success of the key collaborative activities.</p>	<p>In progress – Public Services Boards have replaced Local Service Boards and there remains scope to strengthen arrangements with regard to the adoption of measures to evaluate the success of the key collaborative activities:</p> <p>Local Service Boards were replaced with effect from 1 April 2016 by Public Services Boards. Obviously, the Council is just one member of the Bridgend Public Services Board (PSB), and is not solely accountable for its governance arrangements. Nevertheless, the Council is an important member of the PSB and is in a position to make an important contribution to evaluating the success of key collaborative activities undertaken by the PSB. Furthermore, under section 35 of the Well-being of Future Generations (Wales) Act 2015, an overview and scrutiny committee of a local authority has the power to review or scrutinise decisions made by the PSB and to review or scrutinise the PSB’s governance arrangements. The Council has a track record of successful collaborative activity that it undertakes outside of the PSB, and the Council’s Partnership Support Team has worked with members of both the Local Service Board and the PSB to develop a performance management framework, that includes a project pro-forma and a project monitoring form. The project monitoring</p>

Proposal for improvement	Follow-up findings
	<p>form contains progress report stages that helpfully enable ongoing project monitoring and this may include project reviews carried out by the PSB. However, there remains scope for the PSB to adopt further measures to evaluate the success of key collaborative activities, for example by formally introducing post project learning into its arrangements to ensure that the PSB is clear on what went well, and conversely where lessons could be learned, in terms of its collaborative activity. This is important for all members of the PSB to engage with. The Council needs to know the outcomes of all its collaborative working, as such working is a key contributor to realising its three overarching priorities of Supporting a successful economy, Smarter use of resources and Helping people to be more self-reliant.</p>

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

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO AUDIT COMMITTEE

28 SEPTEMBER 2017

REPORT OF THE SECTION 151 OFFICER

FINAL STATEMENT OF ACCOUNTS 2016-17

1. Purpose of this report

- 1.1 The purpose of this report is to present the final Statement of Accounts for 2016-17 which is now due to be certified 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 2016-17 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 CIPFA's 'Code of Practice on Local Authority Accounting in the United Kingdom' (the Code).
- 3.2 The unaudited Statement of Accounts for 2016-17 was presented to Audit Committee on 29 June 2017 for noting and had been signed by the Responsible Financial Officer on 19 June 2017. 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 2016-17 is attached at **Appendix A** and is required to be signed off as presenting a true and fair view of the financial position of the Council as at 31 March 2017 by 30 September 2017.

4. Current Situation / Proposal

4.1 The Council Fund and earmarked reserves balances as at 31 March 2017 presented in the pre-audit Statement of Accounts are detailed in the below table:

Opening Balance 2015-16 £'000	Movement 2015-16 £'000	Closing Balance 2015-16 £'000	Reserve	Drawdown 2016-17 £'000	Additions 2016-17 £'000	Closing Balance 2016-17 £'000
7,450	154	7,604	Council Fund Balance		356	7,960
2,410	(256)	2,154	Delegated Schools Balance	(1,288)		866
3,407	299	3,706	Maesteg School PFI Equalisation		243	3,949
35,637	3,416	39,053	Earmarked Reserves	(6,463)	13,754	46,344
48,904	3,613	52,517		(7,751)	14,353	59,119

4.2 It is pleasing to report that there have been no adjustments as a result of the external audit that have impacted on these year-end figures. However the WAO Audit of Financial Statements Report does raise the following number of corrections to the draft financial statements :-

- i. **Note 7 Government Grants** (page 77) – a number of reclassifications of government grants between the various lines. The overall total of Government Grants remained the same post audit at £92.559 million.
- ii. **Note 13 Officers' Remuneration** (page 80) – the median salary was reduced by £199 as the salary within the pre-audited accounts of £20,138 was as at the 1 April 2017 whereas it should have been the 31 March 2017.
- iii. **Note 13 Officers' Remuneration** (page 82) – an amount of £296,682 has been moved from the total of the Exit Packages 2016-17 to a note below as it related to exit packages agreed in 2015-16 but not paid until 2016-17.
- iv. **Note 15 External Audit Costs** (page 83) - the cost of the audit for Grant Claims and Returns was reduced by £7,000 to reflect the figure disclosed in the WAO Audit Plan.
- v. **Note 19 Expenditure and Income Analysed by Nature** (page 89) – there were a number of reclassifications following more detailed analysis of transactions during the audit which affected various lines for income and expenditure including £2.572 million moving from the Government Grants and Contributions line to the Fees, Charges and Other Service Income line and £935,000 reclassified from Other Service Expenses to Employee Expenses in 2016-17.
- vi. **Note 20c Summary of Property, Plant & Equipment** (page 91) – there were changes to this note from the pre-audited Statement of Accounts. Firstly, where the Cipfa Asset Register had been updated to account for the Rhiw Car Park, the addition for Assets Under Construction had been understated and Other Land and Buildings overstated by £2.770 million. This was identified as a result of the audit of the asset register. Secondly, a total of £4.375 million of the

expenditure on the Welsh Community Care Information System (WCCIS) was reclassified as an Intangible Asset as it related to Software Licences. This amount has been moved out from Vehicles, Plant & Equipment into a new asset class on the Balance Sheet for Intangible Assets.

- vii. **Note 20 Provisions** (page 96) – a minor amendment was necessary to separate out ‘Other Provisions’ of £297,000 from the Insurance Provision.
- 4.3 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**.
- 4.4 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 as described in paragraph 4.2 together with the management responses to the recommendations made.
- 4.5 **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 2017. As a result, there is therefore no requirement for Audit Committee to re-approve this Annual Return. The Return will be published on the Council’s website.
- 4.6 **Appendix F** contains the Annual Return for Catalogue Supplies which ceased operation on the 31 March 2016 but had some additional transactions within 2016-17 which needed auditing. **Appendix G** contains the audit letter on Catalogue Supplies which now needs approval by this Committee.
- 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 2016-17 (**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**)
- Note the Annual Return for Porthcawl Harbour (**Appendix D**) and note the Wales Audit Office's Letter on the Return (**Appendix E**)
- Approve the Annual Return for Catalogue Supplies (**Appendix F**) and note the Wales Audit Office's Letter on the Return (**Appendix G**).

Randal Hemingway CPFA
Head of Finance and Section 151 Officer
28 September 2017

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 2017-18
Harbour Authority Annual Return 2017-18



Bridgend County Borough Council

Statement of Accounts 2016-17



**Bridgend County Borough Council
Civic Offices
Angel Street
BRIDGEND
CF31 4WB
(01656) 643643**

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Narrative Report

1. The Statement Of Accounts

These Accounts have been produced in line with the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) for 2016-17. This is in accordance with International Financial Reporting Standards (IFRS). The main changes include the adoption of the following changes incorporated into the Code of Practice:

Telling the Story – requires changes to the presentation of local authority financial statements through changes in the segmental reporting arrangements for the Comprehensive Income and Expenditure Statement and introduces a new Expenditure and Funding Statement and associated notes. The statement brings together the Council's performance reported on the basis of expenditure measured under proper accounting practices with statutorily defined charges to the Council Fund. This replaces the need for the Council to report the cost of individual services in their Comprehensive Income and Expenditure Statement in accordance with the format specified in Section 3 of the Service Reporting Code of Practice (SeRCOP). This change also introduces a streamlined Movement in Reserves Statement (MiRS) as reflected within this Statement of Accounts.

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 the Section 151 officer 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 Financial Statements

i. The Comprehensive Income & Expenditure Statement (CIES)

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

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

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

The second part, other comprehensive income and expenditure, shows the gains or losses in the measurement of the assets and liabilities of the Council. Those gains or losses arise as a result of

changes in market valuations, interest rates or changes in measurement assumptions relating to pensions assets and liabilities.

For 2016-17, the Council showed a deficit on the Provision of Services of £9.914 million. This contrasts with the budget outturn underspend of £0.356 million, the difference between the two is explained in the Expenditure and Funding Statement.

ii. Expenditure and Funding Statement

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

iii. Movement in Reserves Statement (MiRS)

The Movement in Reserves Statement shows the movement from the start of the year to the end on the different reserves held by the Council, analysed into 'usable reserves' (ie those that can currently be used to fund expenditure or reduce local taxation) and other 'unusable' reserves. It shows how the movements in year of the Council's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax for the year. The Net Increase/Decrease line shows the statutory Council Fund balance movements in the year following those adjustments and this shows that the total Council Fund balance has increased by £0.356 million.

iv. Balance Sheet

The Balance sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves are usable reserves, ie those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve may only be used to fund capital expenditure or repay debt). The second category of reserves represents those that the Council is not able to use to provide services. This category of reserves represents those that the Council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement in 'Adjustment between accounting basis and funding basis under regulations'. The balance sheet shows the Council's net worth was £138.863 million, which is a decrease in net worth of £3.190 million from 2015-16 (which was £142.053 million).

v. Cash Flow Statement

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. 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 provided by the Council. Investing activities represent the extent to which cash outflows have been made for 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 capital (ie borrowing) to the Council. The cash and cash equivalent position of the Council has decreased by £5.518 million.

e) The Notes to the Accounts

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

f) Funding Council Services

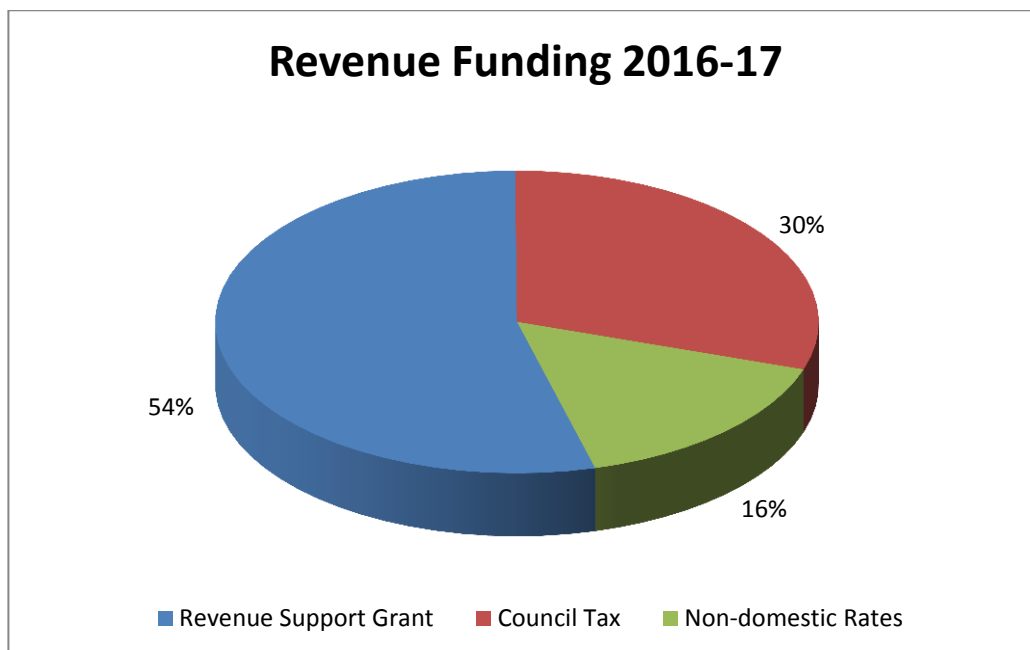
The Council incurs two types of expenditure – revenue expenditure and capital expenditure.

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.

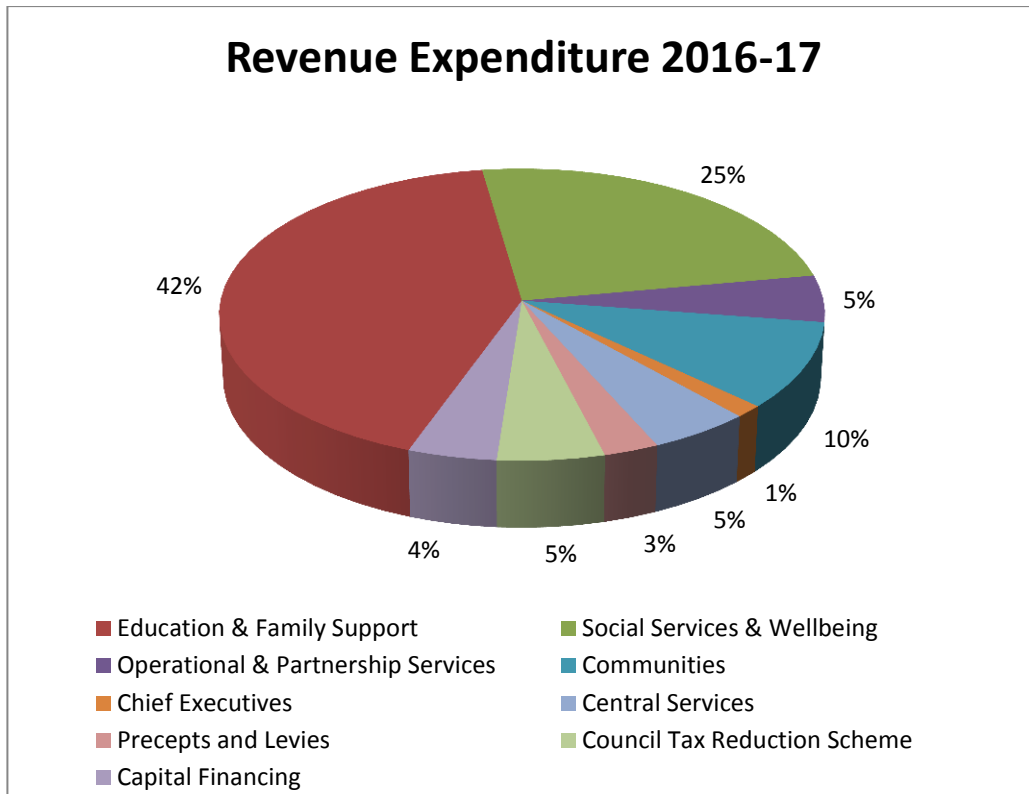
Capital expenditure covers spending on assets such as roads, new schools, redevelopment and the major renovation of buildings. These assets will provide benefits to the community for several years and the expenditure is mainly financed by borrowing and capital grants.

a) Revenue spending on council services

Where the money came from...



Where the money was spent...



In 2016-17 the net spend on revenue services was £211.433 million. This compares to £213.712 million anticipated when the budget was revised, resulting in a £2.279 million underspend on Directorate Budgets. It is important to note that due to movement of services between Directorates year-on-year comparisons cannot be made. The overall position for the Council was a slight underspend of £356,000 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 2016-17 compared with the budget set for the year. Explanations are provided for significant differences between spend and budget.

Comparison of actual spend with budget 2016-17

Directorate/Budget Area	Original Budget 2016-17 £'000	Revised Budget 2016-17 £'000	Actual Outturn 2016-17 £'000	Actual Over / (Under) Spend 2016-17 £'000
Directorate Budgets				
Education and Family Support	108,034	108,238	107,653	(585)
Social Services and Wellbeing	59,697	61,383	62,560	1,177
Communities	24,644	24,871	24,517	(354)
Operational and Partnership Services	14,899	14,952	13,236	(1,716)
Chief Executives	4,333	4,268	3,467	(801)
Total Directorate Budgets	211,607	213,712	211,433	(2,279)
Council Wide Budgets				
Capital Financing	10,128	10,128	11,115	987
Precepts and Levies	6,959	6,879	6,881	2
Sleep Ins	800	264	0	(264)
Council Tax Reduction Scheme	14,304	14,304	13,358	(946)
Insurance Costs	1,559	1,559	1,316	(243)
Building Maintenance	900	729	413	(316)
Other Corporate Budgets	8,634	7,316	(1,516)	(8,832)
Total Council Wide Budgets	43,284	41,179	31,567	(9,612)
Accrued Council Tax Income			(974)	(974)
Appropriations to / from Earmarked Reserves			12,509	12,509
Transfer to Council Fund			356	356
Total	254,891	254,891	254,891	0

The overall outturn at 31 March 2017 shows a balanced position, following the transfer of £356,000 to the Council Fund, in line with Principle 8 of the MTFs. After including in-year draw down of reserves, Directorate budgets provided a net underspend of £2.279 million and council wide budgets a net underspend of £9.612 million. These are offset by the requirement to provide Earmarked Reserves for a range of new future risks and expenditure commitments.

The underspend on Directorate net budgets for the year is a result of a number of factors including the maximisation of grant and other income, strict vacancy management and general efficiencies. Directorates drew down £7.751 million in-year from approved earmarked reserves to meet specific one-off pressures identified in previous years, including funding for transformation projects through the Change Fund, funding for capital projects, draw down of school balances, funding for demolition work and service specific one-off pressures.

The underspend masks underlying budget pressures in some service budgets which were reported during the year and still persist. The main financial pressures are in the service areas of Looked After Children and Adult Social Care. It should be noted that these budget areas can be volatile and small

changes in demand can result in relatively high costs being incurred. As patterns of provision change within Directorates, service budgets are reviewed and re-aligned accordingly.

Monitoring of Budget Reduction Proposals

Budget Reductions 2015-16

The MTFs Budget Reduction Contingency was established in line with MTFs Principle 12 that “Resources are allocated to deliver the Bridgend Change Programme based on clear strategic plans that are kept under review by Corporate Directors to maintain alignment with the MTFs and a MTFs Budget Reduction Contingency will be maintained”, and has been used to partly mitigate the shortfalls on the following budget reduction proposals in this financial year.

2015-16 Budget Reduction Shortfalls		
COM 1	MREC	£150,000
COM 11	Blue Badges	£83,000
CH 9	School Transport	£100,000
2016-17 Budget Reduction Shortfalls		
RES29	To rationalise the core office estate - leasing of Raven's Court	£195,000

Budget Reductions 2016-17

A report was presented to Cabinet on 5 July 2016 on Financial Performance 2015-16. In the report it was highlighted that, of the £11.225 million budget reduction proposals for 2015-16, £2.692 million were not met in full, with a shortfall in the financial year of £1.909 million. The report stated that these proposals would continue to be monitored alongside current year proposals, with mitigating action to achieve them to be identified. Not all proposals have been fully delivered however and where this is the case Directorates have identified a recurrent solution and mitigating actions to provide a more permanent solution.

The budget approved for 2016-17 included savings proposals of £7.477 million. £2.385 million of these proposals were not realised in full in 2016-17, but the expenditure associated with them has been offset by vacancy management, and other savings elsewhere within the budget. Of the £2.385 million of proposals not fully achieved, £540,000 was realised in 2016-17, leaving a shortfall of £1.845 million. As such there is still a recurrent pressure on 2017-18 budgets which will need to be addressed by implementing agreed savings proposals or identifying and delivering alternatives. Future monitoring reports will review achievement against these targets in addition to 2017-18 budget reductions. A summary of achievement of the budget reduction proposals is provided below.

Achievement of Budget Reductions 2016-17

DIRECTORATE	Total Budget Reductions Required £'000	Total Budget Reductions Achieved £'000	Shortfall £'000
Education and Family Support	976	504	472
Social Services and Wellbeing	2,984	1,993	991
Communities	1,377	1,025	352
Operational and Partnership Services	985	985	0
Chief Executive	217	187	30
Council Wide Budgets	938	938	0
TOTAL	7,477	5,632	1,845

The most significant of those proposals not achieved in full in-year include:

- Home to School College Transport (£450,000) – in particular the achievement of school transport efficiencies and rationalisation of special educational needs transport. Budgets have been realigned in 2017-18 to address the shortfall.
- Transfer of Family Care Service to Community Hubs (£158,000) - This saving should be achieved in full in 2017-18.
- Remodelling of Children's Residential and Respite Care (£200,000) - There is an on-going review of remodelling options to identify savings. The Directorate will need to identify alternative proposals in 2017-18 if this proposal is not achievable.
- Reduction in Safeguarding Looked After Children (LAC) numbers and costs (£357,000) – progress has been made in reducing the existing number of Looked After Children, however the number of new children entering the system is making it very difficult to make savings at the required level. This is being progressed through the Early Intervention and Safeguarding Board.
- Review of Highways maintenance / DLO services (£112,000) – due to a delay in completing the restructure, however this is now complete and the saving will be achieved in full in 2017-18.
- Lease of Raven's Court (£195,000) – met from the MTFs Budget Reduction Contingency Reserve in 2016-17. Active marketing of the building continues however if this is unsuccessful the reduction may be undeliverable.
- Implement some aspects of Council Tax and Housing Benefits on line (£30,000) - delay in implementing Channel Shift prevented full savings being achieved in this financial year.

Directors continue to work with their staff to deliver their proposals or find alternatives to prevent future budget overspends.

Commentary on the financial position as at 31st March 2017

The most significant variances are identified and explained below.

Education and Family Support Directorate

The net budget for the Directorate for 2016-17 was £108.238 million and the actual outturn was £107.653 million, following draw down of £2.54 million from Earmarked Reserves, resulting in an underspend of £585,000. The most significant variances are:

EDUCATION & FAMILY SUPPORT DIRECTORATE	Net Budget £'000	Outturn £'000	Variance Over/ (under) budget £'000	% Variance
Built Environment Service	997	1,010	13	1.3%
Inter Authority Recoupment	126	(519)	(645)	-511.9%
Early Years	606	541	(65)	-10.7%
Behaviour Support Service	1,442	1,359	(83)	-5.8%
School Improvement	966	800	(166)	-17.2%
Strategic Planning and Resources	4,126	4,013	(113)	-2.7%
Home to School/College Transport	3,860	4,986	1,126	29.2%
Catering Services	775	494	(281)	-36.3%
Integrated Working	1,022	856	(166)	-16.2%

Built Environment Service

- Whilst the overall position for the Built Environment service is a small overspend of £13,000, there are underlying variances across the areas of service.
- There was an over spend of £185,000 on the DLO. Charge-out rates were amended in year in line with CIPFA guidance. The result was a reduced charge out rate following the removal of ineligible costs. Close monitoring will be required in 2017-18 on productivity rates to ensure a break even position is achieved going forward. The over spend has been offset by over-recovery of income against the income target in Architects (£81,000) and Quantity Surveyors (£34,000), along with staff vacancy management in Mechanical and Electrical Engineers (£26,000) and the Energy Department (£64,000).

Inter Authority Recoupment

- There is an underspend of £645,000 for out of county education placements, due to a combination of a reduction in the number of placements (28 at March 2016 to 24 at March 2017) as pupils are brought back in-County to be educated (£588,000) and additional income from pupils from other local authorities (£57,000) being placed in Bridgend's schools. £445,000 of this budget has been transferred to the Home to School Transport budget in 2017-18 to mitigate pressures on that budget.

Early Years

- There is an underspend of £65,000 on Early Years due to a combination of vacant posts, an unforeseen increase in grant income and reduced spend on Nursery Development Grants pending 2017-18 MTFS budget reductions.

Behaviour Support Service

- The net underspend of £83,000 is a combination of higher clawbacks from schools arising from an increase in the number of pupils educated other than at school, along with vacant posts at the Bridge Alternative Provision (£116,000). This is offset by increased costs on 1:1 ancillary support due to difficulties in recruitment of permanent staff (£32,000) and consequently use of agency staff at a higher cost to the Council.

School Improvement

- The underspend of £166,000 mainly relates to the delay in appointments to the Development Team (£124,000) which supports the strategic review of schools, and has been used to mitigate other over spends within the Directorate. These posts have now been filled. There is a budget reduction of £68,000 against the Development Team in the MTFS for 2017-18 as an alternative funding source has been identified to enable the budget to be reduced without impacting on service delivery. The balance of the underspend is due to additional grant income.

Strategic Planning and Resources

- The underspend of £113,000 has primarily arisen as a result of later than expected construction of the 21st Century Schools Programme, and the consequent need to borrow as part of the Local Government Borrowing Initiative (LGBI). The revenue funding will be used to repay the cost of borrowing once the schemes progress.
- On 28th March 2017, Cabinet resolved to abandon the proposal to relocate Mynydd Cynffig Primary to the Cynffig Comprehensive School site. Consequently, the cost of design and other works associated with the scheme were recharged to the Directorate revenue budget under this area of service. These amounted to £327,000. This was, however, offset by funding from the Corporate Contingency.

Home to School / College Transport

- There is an overspend on the Home to School/College Transport budget of £1.126 million, of which £337,000 relates to over spends carried forward from 2015-16. The 2015-16 MTFS savings were not fully achieved partly due to the limited rationalisation of contracts because of increases in the number of pupils eligible for transport, which is outside of the control of the local authority and difficult to predict with accuracy. In addition, budget reductions in respect of changes to the Learner Travel Policy were not fully realised as the agreed change to the policy by Cabinet was not able to be implemented until September 2016 and this did not bring the same level of savings as were originally identified. The overspend has been partly mitigated by a contribution of £100,000 from the MTFS Budget Reduction Contingency Reserve.
- Further efficiencies to Special Education Needs (SEN) and Looked After Children (LAC) transport have been pursued 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.
- Additional MTFS proposals for 2016-17 of £450,000 have added to these pressures. Budget realignments have taken place as part of the 2017-18 budget setting process to mitigate the shortfalls in this area of service with the majority coming from the Inter Authority Recoupment under spend identified above.
- The Council has set aside one-off funding in an earmarked reserve to undertake work on safe routes to schools.

Catering Services

- The underspend of £281,000 has arisen partly as a result of strict vacancy management (£116,000). This prudent approach was adopted as labour costs can be affected by disruption to trading days during the winter months, which did not materialise as adverse weather conditions were not experienced. In addition, the service also achieved £139,000 more than their targeted income. This is primarily due to higher demand for secondary school meals than was anticipated when the budgets were set at the start of the financial year.
- These underspends will contribute to the 2017-18 MTFS target for catering of £79,000.

Integrated Working

- Integrated Working has under spent by £166,000. This is primarily due to staff vacancy management of £125,000, with the balance due to an under spend on Volunteer Drivers Support – the service was temporarily ceased in February 2017 pending a review.

Schools' Delegated Budgets

- School balances reduced from £2.154 million at the end of 2015-16 to £866,000 at the end of 2016-17 (a reduction of £1.288 million), representing 0.93% of the funding available. Total deficit budgets equate to £1.225 million and total surplus budgets equate to £2.090 million.
- Out of a total of 59 schools there are 18 schools (13 primary, 4 secondary and 1 special) with deficit budgets and 7 schools (5 primary, 1 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 - Education and Family Support, in line with the agreed 'Guidance and procedures on managing surplus school balances'.

Social Services and Wellbeing Directorate

The Directorate's net budget for 2016-17 was £61.383 million and the actual outturn was £62.560 million, following draw down of £1.806 million from Earmarked Reserves, resulting in an overspend of £1.177 million. The most significant variances are:

SOCIAL SERVICES AND WELLBEING DIRECTORATE	Net Budget £'000	Outturn £'000	Variance Over/ (under) budget £'000	% Variance
Older People Residential Care	8,084	8,320	236	2.9%
Older People Home Care	8,640	7,936	(704)	-8.1%
Assessment & Care Management Older People and Physical Disability	3,475	2,890	(585)	-16.8%
Learning Disabilities Residential Care	1,458	1,753	295	20.2%
Learning Disabilities Home Care	5,516	6,177	661	12.0%
Learning Disabilities Day Opportunities	3,099	2,896	(203)	-6.6%
Mental Health Home Care	412	626	214	51.9%
Looked After Children	10,546	11,521	975	9.2%

Older People Residential Care

- The overspend has arisen mainly as a result of a reduction in income in respect of nursing care of £230,000 compared to 2015-16. This is mainly due to lower income received on nursing provision in our establishments following a more prudent approach to the recovery of income secured against property, based on historical patterns, which has resulted in less income being accounted for in the 2016-17 financial year.

Older People Home Care

- There is an underspend of £704,000 as a result of reduced costs from the transfer of homecare packages to the independent sector, as part of the Council's strategy to focus local authority homecare on specialist and complex care only.

Assessment and Care Management

- There is an underspend of £301,000 on assessment and care management for older people, and £284,000 on assessment and care management for people with physical disabilities. The underspend has been generated through good vacancy management but also through identification of additional external funding to offset the costs of core service activities.

Learning Disabilities Residential Care

- There has been an overspend of £295,000 as a result of the transition of 'complex needs' children into adult services. This over spend is after draw down of £245,000 from earmarked reserves.
- Going forward, whilst there are no known children with care needs that are coming of age within the next financial year, analysis will be carried out to understand the future demands of the service. Those that have transferred have been assessed to determine the most appropriate form of placement to meet their needs, which are generally at a lower cost.

Learning Disabilities Home Care

- There is an overspend of £661,000 arising from an increase in the number of hours within existing care packages, to meet more complex needs, together with an increase in the number of supported living schemes by one. Income received from charges to other Local Authorities is also less than budgeted.

Learning Disabilities Day Opportunities

- There is an underspend of £203,000 arising from staff vacancies. Most have now been filled with those remaining used to meet budget reductions in 2017-18.

Adult Mental Health Home Care Services

- There is an overspend of £214,000 on home care as a result of increased demand for domiciliary care in this service area, coupled with an increase of two additional service users within the supported living scheme.

Looked After Children (LAC)

- There is an overspend of £975,000 on LAC, after a draw-down of £440,000 from Earmarked Reserves. This is mainly as a result of the delay in implementing a new model for residential services (£400,000 MTFs saving from 2015-16 and 2016-17 to be realised) which has taken some time to establish due to the need for significant research, consultation and options appraisals, and the slower than anticipated safe reduction of looked after children (£357,000 in 2016-17). Project plans for both of these areas are now in place and the required work has gathered momentum, with significant capital work due to take place in 2017-18. There is a plan to place more children into in-house foster placements from high cost independent placements.
- Whilst the number of looked after children across Wales and within Bridgend has continued to rise over recent years, the number as a proportion of the child population has actually decreased. The Early Intervention and Safeguarding Board has been reviewing the type of placements in which our more vulnerable children are placed, and through placement in more appropriate settings, has achieved an overall financial saving. The focus has been, and will continue to be, on reducing the number of out of county placements, where it is appropriate and safe to do so. The number of LAC at the end of March 2017 was 390 compared to 382 at the end of March 2016, and the number of out of county placements is currently 10 with some individual placements costing around £220,000 per annum. Although the net LAC population has increased, it should be noted that:
 - The Service has reduced high cost Independent Fostering Agency (IFA) placements by 7 which can reduce the annual cost by approximately £330,000.
 - 88 children ceases to be LAC but during this time 97 became LAC.

- The Service has implemented its performance strategy identifying high cost placements and transferring to lower cost placements
- When reviewing the LAC population of 390 as at the end of March 2017, the net annual equivalent LAC cost is approximately £290,000 less than the cost of the LAC population of 382 as at April 2016.
- In addition, there are a number of “When I am Ready” clients (where a care leaver continues to live with their foster carer after they turn 18) that are still in a placement, which the Council funds, but do not count as LAC. For 2017-18 this has been recognised as a new budget pressure following the implementation of the Social Services and Wellbeing (Wales) Act 2014 and funded accordingly.

The budget is closely monitored and a recovery plan is in place to work toward reducing the current over spend and ensure that the budget for 2017-18 is effectively managed.

Other Child and Family Services

- This Service is not projecting a significant variance, and therefore this Service isn't reported in the table above. However, it must be noted that this is following the draw-down of £308,000 from Earmarked Reserves to offset the overspend on the joint adoption service. The overspend relates mainly to the contribution to the Western Bay pooled fund. Each authority's contribution is based on the number of placements by each authority as a % of total Western Bay placements, and currently Bridgend's proportion of placements is 34% of the total compared to 24% anticipated when the budget was set. This recognises the proactive approach to trying to reduce the number of looked after children, by providing more permanent solutions. This shortfall has been addressed for 2017-18 through a budget pressure in the MTFs.

Communities Directorate

The net budget for the Directorate for 2016-17 was £24.871 million and the actual outturn was £24.517 million, following draw down of £2.287 million from Earmarked Reserves, resulting in an underspend of £354,000. The most significant variances are:

COMMUNITIES DIRECTORATE	Net Budget	Outturn	Variance Over/ (under) budget	% Variance
	£'000	£'000	£'000	
Development	301	162	(139)	-46.2%
Regeneration	1,788	1,692	(96)	-5.4%
Streetworks	8,018	8,260	242	3.0%
Highways and Fleet	6,127	6,475	348	5.7%
Parks and Open Spaces	2,010	1,942	(68)	-3.4%
Transport & Engineering	842	746	(96)	-11.4%
Streetscene Support	326	253	(73)	-22.4%
Adult Learning	177	83	(94)	-53.1%
Property (Estates)	1,264	867	(397)	-31.4%

Development Control

- There is an underspend of £139,000 due to an increase in the number of larger planning applications which attract higher fee levels during the financial year. Fees are set by Welsh Government and vary according to the type of development. As a result of the number of applications, the service has received more income than budgeted. However, it cannot be

guaranteed that a similar number of large applications will be received next year and so at this point the increased income generated should be regarded as 'one-off'.

Regeneration

- There is an underspend of £96,000 on the Regeneration budget. This is primarily due to staff vacancy management (£50,000) with the balance from underspends on non-staffing budgets. The underspend on non-staffing budgets is partly linked to the early implementation of future MTFS budget reductions, and partly due to an underspend in the Economic Development Unit marketing and promotion budget as a result of the staff capacity constraints and higher than anticipated contributions from sponsors.

Streetworks

- The net overspend of £242,000 on Streetworks includes an over spend on the Waste Disposal Budget of £365,000. The MREC saving of £300,000 for 2015-16 was not achieved, but it was partly mitigated by a contribution of £150,000 from the MTFS Budget Reduction Contingency reserve. Budget re-alignments have taken place as part of the 2017-18 budget setting process to mitigate this shortfall. There were also additional tonnage costs of £454,000 which have been partly offset by savings from the interim Anaerobic Digestion (AD) procurement project of £239,000.
- Under the new waste contract commencing in 2017-18, there is a forecast reduction in the amount of tonnage going to the MREC due to an increase in kerbside recycling and at the Civic Amenity Sites. £196,000 drawn-down from Earmarked Reserves to support procurement project costs for the new Waste Contract which commenced 1 April 2017.
- There is a further budget reduction target of £200,000 in respect of the MREC in 2017-18 which is anticipated to be achieved when the procurement process to appoint a contractor to operate and manage the MREC is concluded. This remains an area of considerable management focus in partnership with Neath Port Talbot CBC. A £100,000 saving is also included in the MTFS for 2017-18 against the AD Procurement exercise which is nearing conclusion.

Highways and Fleet

- The net overspend on Highways and Fleet is £348,000. Included within this is an over spend on Highways Maintenance and Fleet Services of £441,000 which mainly constitutes expenditure on highways maintenance borne by the Directorate (£293,000) along with a downturn in commercial income in Fleet Services (£148,000). The reduction in income is due to a number of factors, including the general reduction in the Council's budgets and the closure of County Supplies. This has been offset by an underspend of £131,000 in street lighting, which has arisen following the Local Government Borrowing Initiative (LGBI) programme of replacement of lanterns, and subsequent reduction in energy costs and required maintenance. This saving will be used in 2017-18 to meet short term shortfalls in MTFS savings, whilst proposals are being progressed e.g. car parking charges review.
- The outturn position of the DLO has been positively affected by South East Wales Trunk Road Agency (SWTRA) requesting additional works on the A470 subsequent to the withdrawal of Merthyr Council from the maintenance activities on the trunk road. Additional requests were also received to assist on trunk road maintenance in the Neath Port Talbot area. It is unclear at this time if any additional works will be requested over and above the service level commitment in 2017-18 and the financial implications of any such requests.

Parks and Open Spaces

- There is an underspend on Parks and Open Spaces of £68,000 primarily due to an underspend on staffing. The underspend has arisen as part of a restructure of the parks service and will not reoccur in 2017-18.

Transport and Engineering

- There is a net underspend across the service of £96,000. Within this there is a pressure on the car park budget of £111,000, primarily due to the delay in the implementation of MTFS budget reductions, including charging for blue badges (£165,000) and increases in car parking charges (£60,000), combined with car park income shortfalls (£140,000). This has been mitigated by a contribution of £83,000 from the MTFS Budget Reduction Contingency Reserve and draw down of funding from Earmarked Reserves. The Directorate has identified mitigating underspends to address this pressure in the short-term. There is a further budget reduction of £50,000 in the 2017-18 MTFS relating to a broad review of car parking including staff and elected member parking passes.
- There is an overspend on Traffic Management and Road Safety of £64,000. £20,000 of this is due to the shortfall on the MTFS saving relating to School Crossing Patrols. The balance of the over spend is due to a shortfall in internal fee income.
- Policy and Development has an overspend of £79,000. This mostly consists of an overspend on staffing costs due to the late implementation of staffing restructures.
- The overspends identified have been offset by Engineering services exceeding their income target (£275,000) primarily due to the balance of working on EU/non EU funded projects compared with previous years. There has also been an underspend under Public Transport Co-ordination due to staff vacancy management (£75,000).

Streetscene Support

- There is an underspend across the service of £73,000 due to staff vacancy management and reduced spend on supplies and services.

Adult Community Learning (ACL)

- There is an underspend across the service of £94,000 due to staff vacancy management. This, in part, was as a result of a reduced programme of courses due to uncertainty about the future provision of ACL following significant changes to the area strategic partnership and Bridgend College's delivery of an ACL programme. This will contribute towards the 2017-18 MTFS saving target of £70,000 for a reduction in Adult Community Learning provision.

Property

- There is an underspend across Property Estates of £397,000. This is mainly due to the draw-down of Welsh Government funding in respect of Hartshorn House of £250,000, which has been transferred into an earmarked reserve to cover operational costs and refurbishment within the commercial property portfolio. There is also an underspend of £117,000 arising from staff vacancies, which is partly offset by an over spend arising from under occupancy of the Innovation Centre, as a result of difficulties in attracting tenants.
- The Section 151 Officer made a one-off allocation from the MTFS Budget Reduction Contingency Reserve against the £195,000 saving in respect of Raven's Court following the failure to lease the building during the financial year.

Operational and Partnership Services Directorate

The net budget for the Directorate for 2016-17 was £14.952 million and the actual outturn was £13.236 million, following draw down of £1.056 million from Earmarked Reserves, resulting in an underspend of £1.716 million. The most significant variances are:

OPERATIONAL AND PARTNERSHIP SERVICES DIRECTORATE	Net Budget	Outturn	Variance Over/ (under) budget	% Variance
	£'000	£'000	£'000	
Housing Options and Homelessness	693	375	(318)	-45.9%
Legal Services	1,976	1,783	(193)	-9.8%
Human Resources & Organisational Development	3,536	3,175	(361)	-10.2%
ICT	3,726	3,466	(260)	-7.0%
Regulatory Services	1,470	1,350	(120)	-8.2%

Housing and Homelessness

- There is an underspend on this area of £318,000. This is mainly as a result of the use of core staff to undertake duties for which the Council receives Welsh Government grant funding (transitional funding and Supporting People grant), and small underspends on other budgets. This budget is currently being reviewed by the Head of Finance and Director of Operational and Partnership Services to ascertain whether or not there is a recurrent budget saving that could be realised going forward.

Legal Services

- The underspend of £193,000 on legal services is partly due to an increase in recovery of legal costs (£69,000), partly due to an underspend on legal costs and disbursements, and the balance due to staffing vacancies (£72,000), most of which are built into the MTFS as budget reductions for 2017-18.

Human Resources and Organisational Development

- Part of the underspend relates to vacancy management in preparation for future MTFS savings (£200,000) and the balance has arisen as a result of vacancies pending recruitment.

ICT

- The underspend of £260,000 is as a result of vacancies within the team, and reduced telephone charges (£40,000), along with an underspend of £168,000 on software licences, due to a proactive approach to the rationalisation of software across the Council when the opportunity arises. Some of these savings are in preparation for future MTFS savings.

Regulatory Services

- The underspend relates to repayment of an underspend on the shared regulatory service following the closure of the 2015-16 accounts, which was primarily due to staff vacancies following the creation of the shared service. The amount of this underspend, and any potential repayment, was not known until the accounts had been audited.

Chief Executives

The net budget for the Directorate for 2016-17 was £4.268 million and the actual outturn was £3.467 million, following draw down of £58,000 from Earmarked Reserves, resulting in an underspend of £801,000. The most significant variances are:

CHIEF EXECUTIVES	Net Budget	Outturn	Variance Over/ (under) budget	% Variance
	£'000	£'000	£'000	
Chief Officers	645	508	(137)	-21.2%
Housing Benefit Administration	696	485	(211)	-30.3%
Housing Benefit Payments	52	(368)	(420)	-807.7%

Chief Officers

- The underspend mainly relates to the vacant staffing budget following the departure of the Corporate Director Resources. This was included in MTFS budget reductions for 2017-18.

Housing Benefit Administration

- There is an underspend in respect of the administration of housing benefit arising mainly from staffing vacancies, but also additional grant income. The 2016-17 budget pressure in relation to the new Emmaus facility was reviewed in quarter 3 and reduced by £100,000 and returned to the corporate budget.

Housing Benefit Payments

- The gross budget is £48.478 million, which is offset by £48.427 million of income, the majority of which is housing benefit subsidy. There is an underspend in respect of the payment of housing benefit of £420,000. This comprises additional recovery of over-payments, totalling £245,000, and £180,000 underspend as a result of the reduced need for a provision for bad debt.

Council Wide budgets

This section of the accounts includes budgets, provisions and services which are council wide, and not managed by an individual Directorate. The net budget is £41.179 million and the actual outturn was £31.567 million, resulting in an underspend of £9.612 million. The most significant variances are detailed below:

COUNCIL WIDE BUDGETS	Net Budget	Outturn	Variance Over/ (under) budget	% Variance
	£'000	£'000	£'000	
Capital Financing	10,128	11,115	987	9.7%
Council Tax Reduction Scheme	14,304	13,358	(946)	-6.6%
Repairs and Maintenance	729	413	(316)	-43.3%
Insurance Premiums	1,559	1,316	(243)	-15.6%
Other Corporate Budgets	7,316	(1,516)	(8,832)	-120.7%

Capital Financing

- The net overspend of £987,000 is a combination of an underspend on interest paid due to lower borrowing than anticipated (£1.3 million), as the Council uses its own internal resources to finance schemes, which is more than offset by a one-off payment of £2.35 million of prudential borrowing in respect of Raven's Court to reduce future capital financing costs. There is also slightly lower interest realised than projected on internal borrowings following the repayment of previous prudential borrowing amounts.

Council Tax Reduction Scheme

- The underspend of £946,000 is a result of lower demand than forecast for the Council Tax Reduction Scheme. This a demand led budget which is based on full take up, but actual take up is not known until year end. There is a reduction in this budget in the MTFs of £300,000 for 2017-18 with further budget reductions planned for future years, depending on take up at that time.

Repairs and Maintenance

- The underspend of £316,000 is a result of slippage on some minor works schemes and feasibility studies, which will now be completed in 2017-18. An Earmarked Reserve has been established to meet these costs. There is also an underspend on prudential borrowing in respect of the Civic Offices Enveloping Scheme, which will be completed in 2017-18.

Insurance Premiums

- The underspend of £243,000 has mainly arisen as a result of a fortuitous and unexpected rebate in respect of the Maesteg PFI scheme under the contract's premium sharing agreement (£170,000). There is also a small amount of additional income generated from recharges to direct labour organisations for insurance arranged on their behalf.

Other Corporate Budgets

- There is a significant movement on the Council's balance sheet in respect of historic and current council tax and housing benefits debtors. This has created a favourable movement of £3.678 million on other corporate budgets. With regard to housing benefits, these have previously only been established as debtors in the housing benefits system and not in the Council's main accounts. This is a change of accounting treatment which, going forward, will recognise the debts in the year in which they are raised, rather than the year in which they are paid. The balance relates to a reduced bad debt provision in the balance sheet for council tax following higher recovery rates. Consequently these are one-off adjustments and will not reoccur.
- There is also an underspend of £961,000 in respect of insurance monies released into the revenue account to provide a contribution towards the 21st Century Schools programme. This funding has been transferred to earmarked reserves to offset the cost in 2017-18.
- There are a number of other underspends on council wide budgets, totalling £5.09 million including:
 - o Reduced requirement from Directorates in relation to pay and prices following low rates of inflation (£1.58 million). While this has not been required in 2016-17, this is currently a particular risk area for council budgets as inflation indices have risen over recent months.
 - o Lower than expected in-year cost of implementing auto enrolment for new entrants (£400,000). This cost should be fully known by the end of 2017-18 as the Council works towards the end of the auto enrolment transitional period (30 September 2017).
 - o Under spends on other corporate budgets e.g. corporate contingency, provision for increased superannuation and national insurance contributions (£1.7 million).
 - o In addition, funding was held corporately in the budget to meet the budget pressures associated with the Extra Care scheme (£1 million revenue contribution to capital) and implementation of the Welsh Language Standards. Due to the delay in the Extra Care scheme, the funding has been transferred to an Earmarked Reserve, pending construction works. In addition, a number of Welsh Language Standards are currently under appeal, and as a consequence there is a delay in implementation of the full suite of standards, and therefore spend on this budget (£319,000), until the outcome of the appeal is received from the Welsh Language Commissioner.
- These have been partly offset by a one-off payment of £896,000 of prudential borrowing in respect of Glamorgan Records Office to reduce future capital financing costs.

This underspend has enabled a number of new Corporate Earmarked Reserves to be established to meet pressures in 2017-18, some of which were reported in quarter 2 and quarter 3, including in particular contributions to the capital reserve in support of possible future additions to the capital programme (subject to full Council approval) and funding of demolition works, to avoid costs associated with vacant premises. The underspend 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 2017-18, many of which were originally planned to be undertaken in 2016-17. The underspend on accrued council tax income of £974,000 has been transferred into the service reconfiguration reserve to support the cost of transformation programmes. Further information on Earmarked Reserves is provided in note 27 to the Statement of Accounts.

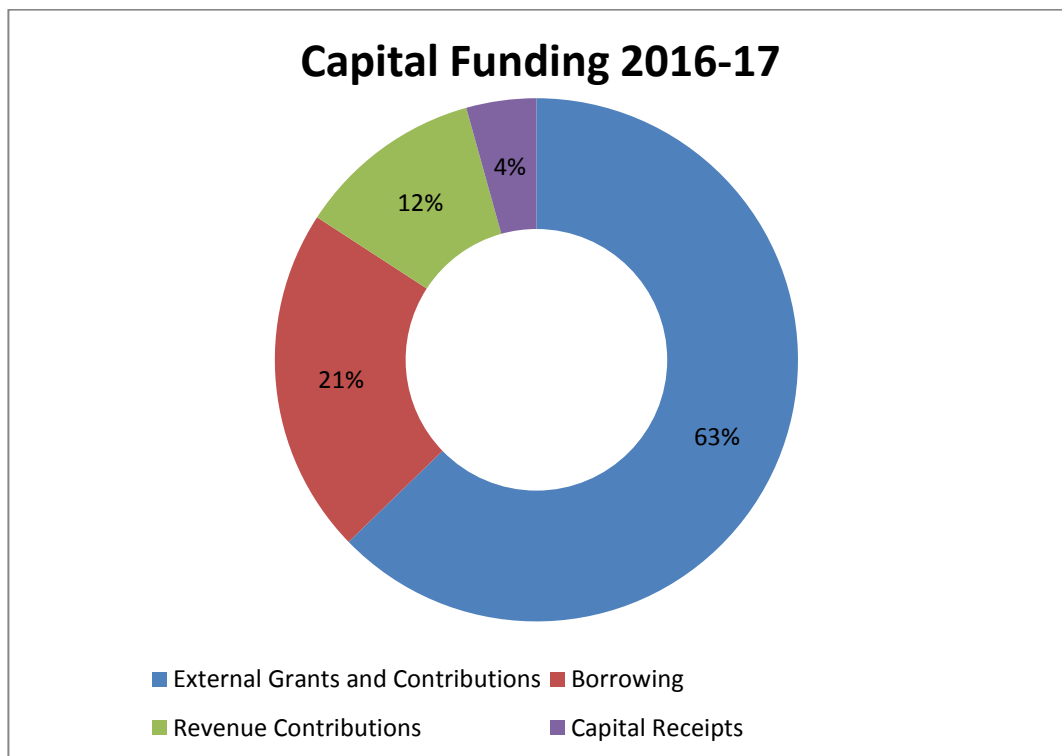
The council wide budgets have been reviewed as part of the MTFS 2017-18 to 2020-21 and will be subject to significant reductions over the life of the MTFS.

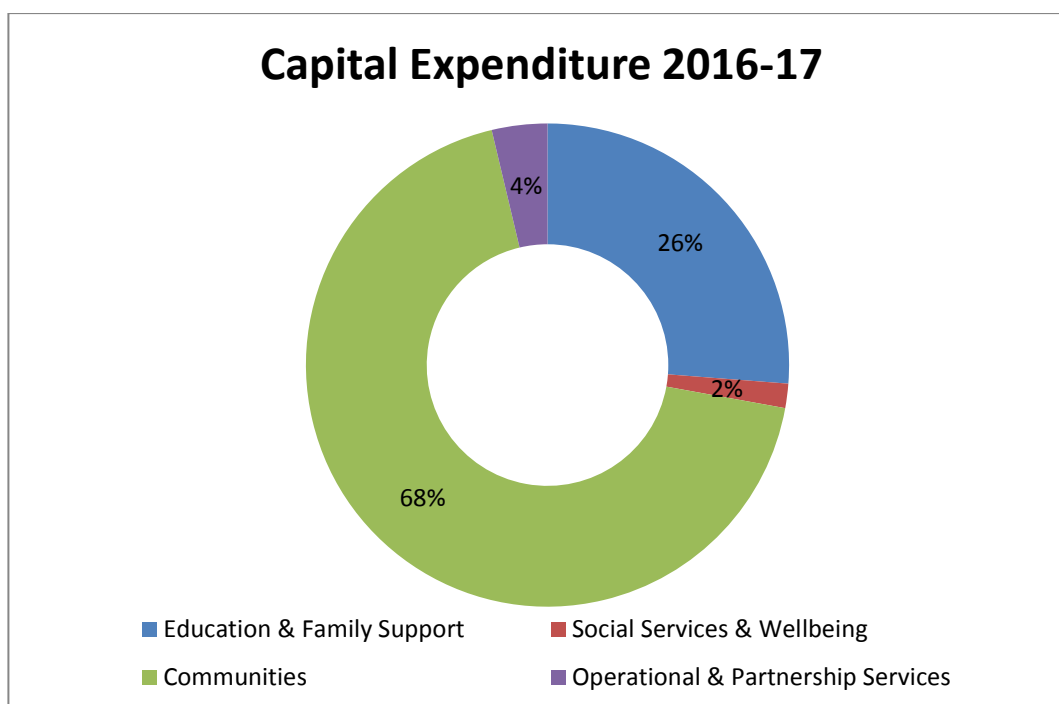
b) Capital spending in 2016-17

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 2016-17 was £18.356 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
- Garw Valley South, Pencoed and Brynmenyn Primary Schools
- Civic Offices refurbishment
- Disabled Facility Grants
- Carriageway reconstruction and street lighting

Where the money came from:



What the money has been spent on:**Capital programme outturn**

The original budget approved by Council on 10 March 2016 was further revised and approved by Council during the year to incorporate budgets brought forward from 2015-16, budgets carried forward into 2017-18, and any new schemes and grant approvals. The revised programme presented to Council on 31 May 2017 totals £18.356 million for 2016-17. The main changes from the capital programme presented to Council on 1 March 2017 are:

- Total slippage of £7.670 million into 2017-18, including:
 - £565,000 in relation to school modernisation schemes;
 - £1 million fund set aside for parks and pavilion improvements to support successful Community Asset Transfer;
 - £922,000 for Housing related / Disabled Facilities grants, as a result of timing differences between grant awards and householder claims. There was slippage against the Disabled Facilities Grants budget in previous years due to delays with occupational health referrals, leading to a backlog, and this has had a knock-on effect to the ability to catch up in the following year. The commitment has carried forward into 2017-18. In addition, there was a delay in receipt of applications for Empty Homes Grants and Gones in Towns Grants which has led to a further underspend. These grants should be fully spent in 2017-18.
 - £480,000 in respect of the purchase of income-generating non-operational assets;
 - £820,000 minor works schemes due to completion of schemes rolled forward from the previous year, subsequent delays in commencing current year schemes and limited capacity within the Built Environment Service.
- Reduced budgets for a number of schemes in 2016-17, totalling £871,000, particularly in respect of the proposed replacement Mynydd Cynffig Primary School which has been removed from the capital programme.

Total expenditure as at 31st March 2017 is £18.266 million, resulting in an underspend of £89,000 on BCBC resources. This under spend will be returned to the Capital Receipts Fund.

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:-

	2016-17 £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 2017 long term borrowing totalled £97.432 million (£97.434 million 2015-16) and long term liabilities totalled £21.064 million (£21.759 million 2015-16) 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 2017 can be summarised as follows:-

Opening Balance 2016-17 £'000	Reserve	Movement during 2016-17		Closing Balance 2016-17 £'000
		Additions/ Re- classification £'000	Drawdown by Directorates £'000	
7,604	Council Fund Balance	356	-	7,960
2,154	Delegated Schools Balance	-	(1,288)	866
3,706	Maesteg School PFI Equalisation	243	-	3,949
39,053	Earmarked Reserves	13,754	(6,463)	46,344
52,517	TOTAL INCLUDING COUNCIL FUND	14,353	(7,751)	59,119

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 2017-18. 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.

Earmarked Reserves

The Council is required to maintain adequate financial reserves to meet the needs of the organisation. The MTFs includes the Council's Reserves and Balances Protocol which sets out how the Council will determine and review the level of its Council Fund balance and Earmarked Reserves. During 2016-17, Directorates drew down funding from specific Earmarked Reserves and these were reported to Cabinet through the Monitoring Reports. The final Directorate draw-down from Reserves is detailed below:-

	Draw down from Earmarked Reserves 2016-17 £'000
Education & Family Support	2,543
Social Services & Wellbeing	1,806
Communities	2,288
Operational & Partnership Services	1,056
Chief Executives	58
Total	7,751

The draw-down was £4.095 million from Corporate Reserves, £2.368 million from Directorate Reserves and £1.288 million in respect of a net movement on school balances.

At year end, the Protocol requires that the Chief Finance Officer reviews existing Earmarked Reserves, and consider requests from Directorates for new Reserves or additional Corporate Reserves based on new risks or pressures. This review has now been undertaken together with an assessment of the risks and pressures that are sufficiently 'known' or 'probable' over the MTFs period and for which an Earmarked Reserve is therefore required. This review has identified the need for £10.416 million to create new or enhance existing Corporate Reserves including reserves to help support the Capital Programme, to meet the cost of future service reconfigurations (including severance payments), to provide funding for the Extra Care Provision as agreed within the MTFs, to continue with the Council's Digital Transformation programme and to replenish the MTFs Contingency Reserve.

In determining what Directorate Earmarked Reserves are required, priority has been given to those demonstrating significant risk, those which are sufficiently 'known' or 'probable' and those for which funding needs to be set aside as a priority, with consideration given to any existing reserve balances. The total of new and replenishments to existing Directorate Earmarked Reserves is £2.093 million. The largest addition is £1 million to the Looked After Children's Reserve to replenish the reserve and further enhance it following the draw-down of almost £800,000 during the 2016-17 financial year. The total of additions/reclassifications as a result of the Chief Finance Officer's review is £12.509 million.

As per last year, under proper accounting practice as detailed in CIPFA's Code of Practice on Local Authority Accounting, all grants and contributions should be analysed to see whether there are specific conditions attached to them. When the conditions are actually satisfied the grant is credited to the Comprehensive Income and Expenditure Statement regardless of whether the actual expenditure has been incurred. In these cases the Council can decide to transfer the grant monies to an

Earmarked Reserve to fund future expenditure. In 2016-17, there was £841,000 of grants received which, in line with International Financial Reporting Standards (IFRS), have been transferred to Earmarked Reserves to ensure the funding is protected in accordance with the original terms and conditions of the grant or contribution.

There are also a number of '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, Maesteg PFI funding, Building Control costs, Special Regeneration Fund projects and the preparation of the Local Development Plan. These have been enhanced by £647,000 at year end.

A full breakdown of the total movement on Earmarked Reserves as at 31 March 2017 is provided in Note 27 to the Core Financial Statements. Total Reserves excluding the Equalisation of Grants and Spend is £44.418 million, an increase of £4.758 million from the start of the financial year. The remaining under spend on the revenue account of £356,000 will be transferred to the Council Fund.

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 2017. 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 2016-17 is £252.450 million (£245.270 million in 2015-16), an increase of £7.18m. 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 2016-17 compared to 2015-16

The Council's accounts for the financial year 2016-17 have been prepared in accordance with the requirements of the Code of Practice on Local Authority Accounting in the United Kingdom 2016-17 ('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 'Telling the Story' and changes to the presentation of information to aid a better understanding of the Council's service management and this has been reflected in the production of the Statement of Accounts for 2016-17.

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.

Signed: _____

Councillor Lyn Walters
Chair of Audit Committee

28 September 2017

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 as at 31 March 2017 and of its income and expenditure for the year ended 31 March 2017

Signed: _____

Randal Hemingway
S.151 Officer & Head of Finance

28 September 2017

Annual Governance Statement 2016-17

1. Scope of Responsibility

- 1.1 Bridgend County Borough Council (the Council) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, 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.
 - a. The Council has 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) (The 2007 edition).
 - b. In 2016, CIPFA and SOLACE published the revised *Delivering Good Governance in Local Government Framework* and the *Delivering Good Governance in Local Government Guidance Notes for Welsh Authorities*. The revised Framework establishes a new set of seven principles that characterise effective governance for all local authority bodies. These principles have superseded those set out previously in 2007. The Council has reviewed its Code of Corporate Governance to reflect these new principles.
- 1.6 Following discussion with the Wales Audit Office (WAO), it has been agreed that 2016-17 will be a transitional year in the way that the Council produces its Annual Governance Statement. For the purposes of this report, the Council has followed the historical six principles as set out in the 2007 Framework in demonstrating strong governance and where possible has included evidence to support governance against the new principles. Next year the Council will draw on the new principles in producing its Annual Governance Statement in line with the new 2016 framework.

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 2017. The description of the arrangements in place is built around the core principles set out in the Council's Code of Corporate Governance.

3. The Governance Framework

The table below outlines the governance framework by which the Council is directed and controlled and through which it accounts to, engages with and, where appropriate, leads its communities

Key Documents: Annual Review/ Production	Key Documents: Ad hoc Review/Production	Process/ Regulatory Monitoring
Corporate Plan Medium Term Financial Strategy Annual Report Annual Governance Statement Asset Management Plan Budget Book Communications, Marketing and Engagement Strategy Code of Corporate Governance Corporate Risk Assessment Directorate Business Plans Financial Resilience Report Single Integrated Partnership Plan Statement of Accounts Treasury Management Strategy Workforce Plan	Anti-Fraud and Bribery Policy Anti-Money Laundering Policy Assessment of Local Wellbeing Business Continuity Plans Code of Conduct – Part 5 of the Constitution Constitution Contract Procedure Rules Corporate Complaints Policy Corporate Training and Development Elected Member Learning & Development Strategy Financial Procedure Rules Health & Safety Gap Analysis/Policy Human Resources Protocols & Management Guidelines Information & Communications Technology Strategy Information Management Strategy Performance Management Framework Record of Decisions Shaping Bridgend's Future Consultation Social Services Representations & Complaints Procedure Strategic Equality Plan Whistleblowing Policy	Audit Committee Annual Improvement Report (WAO) Budget Monitoring Reports to Cabinet & Scrutiny Committees Citizens' Panel Corporate Assessment (WAO) Corporate Safeguarding Policy Corporate Performance Assessment (CPA) Council Tax Leaflet External Audit Forward Work Programme for Committees Freedom of Information Head of Finance – s151 Officer Inspectorate Reports Internal Audit Job Descriptions Job Evaluation Process Law & Governance Member Development and Induction Monitoring Officer Regulatory, Scrutiny & Standards Committees Scheme of Delegation Staff Induction Treasury Management Monitoring Reports

3.1 The six principles of corporate governance (2007 Framework) that underpin the effective governance of all local authority bodies as defined by CIPFA and SOLACE and adopted by the Council 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 identified the following points whilst gathering evidence under each of the principles to gain assurance that governance within the Council is robust. The new 2016 principles are outlined in brackets where it is possible to map these against the historic principles as per the CIPFA guidance 2016.

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 (CIPFA 2016 - Principle C – Defining outcomes in terms of sustainable economic, social, and environmental benefits)

4.1 The Council has a clear vision – one Council working together to improve lives. In 2016, the Council developed a new set of corporate priorities and defined clear outcomes for each priority. A new corporate plan for 2016-2020 was created to realise the vision and to deliver outcomes for the local people, 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 forecast reductions in funding from the Welsh Government. 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

4.2 The Council has reviewed these priorities recently against the requirements of the Well-being of Future Generations (Wales) Act 2015 as well as the requirements of the Local government (Wales) Measure 2009, and decided that these three priorities are its improvement objectives under the Measure and wellbeing objectives under the Act. The reviewed Corporate Plan for 2017-18 has reflected these amendments. It has also embedded the Council's wellbeing state, required by the Act, into the document, and sets out how our priorities link to the seven national wellbeing goals.

4.3 The vision, principles and improvement priorities set out in the Corporate Plan available via this link <http://www1.bridgend.gov.uk/media/414512/reviewed-bcbc-corporate-plan-2016-2020-for-17-18.pdf> give the direction for development of Directorate Business Plans. The Corporate Plan identifies a number of outcome-focused success indicators, some of which are benchmarking

measures. The indicators included in the Plan are aimed at measuring the success of our outcomes and evidence our joined up working with citizens and partners, as well as providing a measure of performance. These are reported to Corporate Performance Assessment (CPA) panel on a regular basis and subject to scrutiny on a bi- annual basis.

- 4.4 Alongside the Corporate Plan, the Council approved a Medium Term Financial Strategy (MTFS) for the period 2016-17 to 2019-20 available via this link <http://parliament/ieListDocuments.aspx?CId=142&MId=2341&Ver=4>. 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.
- 4.5 The Council has a range of projects and programmes in progress to ensure that the improvement priorities are achieved and provides corporate leadership that supports change throughout the Council. The Corporate Programme Management Board (PMB) oversees a number of major initiatives to deliver change:
- 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; and
 - Strategic collaboration projects e.g. City Deal.
- 4.6 The Council works collaboratively with a number of partners providing joint services to maximise efficiencies and improve outcomes for the benefit of our citizens. Key collaborations include: Shared Regulatory Service, Central South Consortium, Western Bay, HALO, Awen, Coychurch Crematorium. These partnerships are initially monitored by those elected members appointed by Cabinet/ Council to represent the Council's interests on the outside body. The Overview and Scrutiny Committee also receive reports from Council partners which enable Elected Members to monitor the governance arrangements and the outcomes being delivered.
- 4.7 The Auditor General for Wales (the Auditor General) audited the Council's Improvement Plan for 2016-17, and also one for 2017-18, and for each year certified that the Council had 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.
- 4.8 The Auditor General also audited the Council's assessment of its performance in 2016-17 in accordance with the Measure and his Code of Audit Practice and certified in November 2016 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.

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

- Ongoing use of the Citizens' Panel (a representative group of over 1,500 residents aged 16+) and extensive public consultation and engagement activity undertaken with citizens on various Council services and policies including reduction proposals;
- Delivery of the Council's Communications, Marketing and Engagement Strategy 2016-17
- Highest response by % of residents in Wales to the budget consultation.
- Increased the range of ways citizens can complete surveys ie desktop, tablet or mobile.
- Introduced an email database (in addition to the Citizens' Panel of over 1,500 residents who have requested to be kept up to date on key consultations.
- Citizen engagement and involvement activities to inform Bridgend's Assessment of Wellbeing, and public consultation on the draft assessment developed by the Public Services Board

5. **Principle 2 - Members and Officers working together to achieve a common purpose with clearly defined functions and roles**

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 the Council;
- The Leader appoints members of the Cabinet and announces the Deputy Leader and the portfolio of Cabinet Members, details of which are published on the website;
- 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. Audit Committee appoints its own Chairperson;
- In total there are five Scrutiny Committees who 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, lay members, co-opted members and Church and Parent Governor Representatives. In total there are 8 members of the Committee, representing the above.

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. The Corporate Director, Operational and Partnership Services is the Monitoring Officer appointed under Section 5 of the Local Government and Housing Act 1989. The post holder holds overall responsibility for ensuring compliance with the law and his staff work closely with departments to advise on legal matters.
- 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. Changes to the management structure were proposed by the Chief Executive (following the post of the Corporate Director – Resources becoming vacant) and were agreed by Council in April 2016.
- 5.7 Since the deletion of the post of Corporate Director, the Head of Finance has been nominated as the Council's Section 151 Officer, as required by the 1972 Local Government Act, and carries overall responsibility for ensuring that the Council's financial management arrangements conform 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. Whilst not a Corporate Director, the Section 151 Officer is a member of the Corporate Management Board on the same basis as other members.
- 5.8 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. Following changes made in December 2014, the Corporate Director – Social Services and Wellbeing now holds 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.
- 5.9 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.
- 5.10 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. The incumbent post holder has taken a secondment to Welsh Government and an interim Head of Service was engaged in April 2017 to cover this role for the duration of the secondment.

- 5.11 The Council's Workforce Plan aims to identify critical workforce issues and provide a structured and co-ordinated approach to building the capacity and capability of our workforce. Updated annually by Human Resources (HR) in consultation with Business Managers, the plan incorporates an action plan of HR and Organisational Development (OD) Action Plan and is approved by the Corporate Management Board.
- 5.12 Corporate training and development opportunities are provided for priority areas either through targeted face to face training and e-learning, which employees can access through a learning management system. Specialist training is also provided and co-ordinated by service areas, which includes training to meet new legislative requirements.
- 5.13 Training needs are identified through the employee appraisal process where managers are able to identify with employees their development needs. A Core Training Framework is available providing details of corporate training available to assist this process.
- 5.14 Job descriptions are available which set out the job purpose and summarise main responsibilities and activities of the role. These are reviewed as part of the appraisal process. Appraisals take place between January and June each year and actions and targets are linked to service priorities reflected in annual business plans.
- 5.15 Terms and conditions of employment are set out for all employees via their Written Statement of Particulars of Employment. These comprise national terms and conditions of employment and those negotiated on a local basis, e.g. the Council's Pay and Grading Scheme
- 5.16 HR policies protocols and managers' guidelines are available and are reviewed to ensure they are compliant with employment legislation, best practice and meet organisational needs. These are developed in consultation with legal colleagues and Trade Union representatives. The key policies are approved by Cabinet.
- 5.17 Health and wellbeing support is available for employees through the Care First counselling and employee assistance scheme which provides 24/7 access to counselling and advice on a broad range of workplace and personal matters, as well as a programme to help improve employees' health and wellbeing.
- 5.18 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 Framework is structured around the 'Plan, Do, Review, Revise' model. It clearly defines the Council's processes and procedures for performance management at each stage, including monitoring and performance data. It establishes the roles and responsibilities of members, managers and staff through the cycle. It shows the relationship between process and plans at Corporate, Directorate and Service level, linking to individual appraisals. It includes expectations around the style and behaviour of managers to support the further evolution of a strong culture of self-assessment.

- 5.19 During 2016-17, the Council strengthened the Corporate Management Board (CMB) challenge on Performance Management, to complement the Corporate Performance Assessment (CPA). This structured challenge further developed the use of Performance Indicators linked to service improvement and extended the opportunities for more detailed discussion of performance issues. The Performance Management system has been further developed to reflect these changes and continues to provide timely, consistent management information for managing service improvement and decision making.
- 5.20 In his Corporate Assessment report, published in January 2016, the Auditor General 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 CMB 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 (CIPFA 2016 - Principle A – Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law)**
- 6.1 There is a clear vision for the Council, that is, always to act as ‘One Council working together to improve lives’. The Council recognises that it will become a smaller, more flexible and innovative authority that works with partners and local communities to create a future in which residents have access to a more responsive and tailored service. It will also mean that residents take greater responsibility for making that happen, both for their own sake and for that of the community as a whole. These values are set out in the Council’s Corporate Plan.
- 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.
- 6.3 The Council is committed to the sustainable development principle and the five ways of working provided by the Well-being of Future Generations (Wales) Act 2015. The Council appointed a Cabinet Member for Well-being and Future Generations to lead the implementation of the Act. The Council has integrated well-being planning into its corporate and business planning process. The Council is reviewing its Performance Management Framework to ensure the sustainable development principle and the five ways of working underpin everything it does: plan-do-review-revise.
- 6.4 The behaviour of elected members and officers is governed by codes of conduct. Elected members are provided with training in accordance with the Elected Member Learning and Development Strategy which is approved by Council and co-ordinated by Democratic Services. Topics include code of conduct, declarations of interest and other subjects which clarify the behaviours of elected members. Some training particularly relating to regulatory functions have been identified as mandatory to ensure that Elected Members have a full understanding of their role before they make key decisions. Democratic Services also monitors training, provides reminders and maintain documents and publish a variety of documents and registers including the register of Gifts and Hospitality for Elected Members and Officers.

- 6.5 The Council takes fraud, corruption and maladministration very seriously and has the following procedures and 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
 - Social Services Representations & Complaints Procedure
 - Financial Procedure Rules
 - Contract Procedure Rules
- 6.6 Conduct of Members is monitored by the Public Services Ombudsman for Wales and the standards reflect Welsh Government Public Service Values. 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. There has not been a referral to the Standards Committee in respect of a Council member for many years and the Monitoring Officer has utilised the internal informal protocol approved by the Public Services Ombudsman for Wales successfully.
- 6.7 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.
- 6.8 The Council has a protocol for the use of Social Media. <http://www1.bridgend.gov.uk/media-centre/terms-and-conditions/social-media-policy.aspx>. 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 (CIPFA 2016 - Principle F – Managing risks and performance through robust internal control and strong public financial management)**
- 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); the Grants Policy and the Corporate Risk Management Policy. All managers have responsibility to ensure compliance with these policies.
- 7.6 The Council has adopted a category management approach to procurement. This is a strategic approach where our procurement resources are organised to focus on specific areas of spends. This enables category specialists to focus their time and conduct in depth market analysis to fully leverage procurement decisions on behalf of the Council as a whole. The results can be significantly greater than traditional transactional based purchasing methods. The corporate procurement unit also utilises and promotes collaborative frameworks, particularly the National Procurement Services (NPS).
- 7.7 The Council's Performance Management Framework describes the 'Golden Thread' for planning which links the Council's vision of "One Council 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 Public Services Board that is currently preparing its Wellbeing Plan and objectives that will influence/ and be influenced by the Council's priorities in the future. The vision and priorities set out in the Corporate Plan have a direct relationship with Directorate business plans, service delivery plans, group delivery plans and individuals' objectives within staff appraisals.
- 7.8 The Corporate Performance Assessment (CPA) is undertaken on a quarterly basis and is attended by Cabinet Members, Corporate Management Board, and Heads of Service. 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.
- 7.9 Specifically, the CPA monitors:
- The financial position by Directorate;
 - The Council's improvement priorities as defined by the Corporate Plan;
 - Service actions that are linked to Directorate priorities as defined by the Corporate Plan;
 - Key indicators/measures, through four perspectives that are linked to Directorate priorities in line with the Corporate Plan and at Service level for monitoring key operational performance; and
 - Corporate risks.
- 7.10 When necessary, the CPA may also, by way of exception, monitor progress against relevant national and collaborative initiatives.
- 7.11 During the latter part of 2015, Cabinet and CMB reviewed the current CPA process and agreed that for 2016-17, the CPA would cover a broader range of measures to assess performance

both of the Corporate Plan and at Service level in relation to business as usual activities. It was agreed that outcomes would be measured through four perspectives, concentrating on performance indicators that supported tangible outcomes. The indicators would measure value for money, service user outcomes, internal processes and organisational capacity. Indicators are monitored at the Head of Service level for there to be greater accountability across the organisation and a balanced scorecard approach is used in monitoring performance for 2016-17 onwards. CPA undertaken during 2016-17 reflected the new process, with work ongoing during the year to strengthen the suite of indicators used to challenge performance at Head of Service and Corporate Director Level.

- 7.12 The Council has developed a robust approach to the management of risk. The Corporate 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.
- 7.13 Risks are viewed from both a Service and Council-wide perspective which allows the key risks to be distilled in the Corporate Risk Register. Key corporate risks are monitored at the highest level within the Council, including Cabinet, Senior Management Team, Programme Management Board, CPA Overview and Scrutiny Committees and Audit Committee. The Council's approach ensures that key risks are considered when determining Council priorities, targets and objectives and are incorporated in Directorates' Business Plans. The main risks facing the Council that were identified during 2016-17 are set out in the Council's Corporate Risk Register which can be accessed <http://www.bridgend.gov.uk/media/393300/risk-register-2016-17.pdf>
- 7.14 In April 2015 Senior Management Team (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.
- 7.15 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. CMB regularly monitor the overall budgetary position and achievement of specific budget reductions and quarterly budget monitoring reports are produced for Cabinet and Scrutiny Committee. This work informs the production of the statutory annual Statement of Accounts.
- 7.16 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 March 2017. 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 (CIPFA2016 - Principle E - Developing the entity's capacity, including the capability of its leadership and the individuals within it)**
- 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 as outlined in their job/role descriptions. New members and staff are provided with an induction to familiarise them with protocols, procedures, values and aims of the Council.
- 8.2 Organisational structures in respect of Member responsibility and Directorate portfolios are contained within the constitution and are available on the Council's website. Members also have agreed role descriptions.
- 8.3 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.
- 8.4 Modern.Gov the Committee Administrative system is used to automate many of the administrative duties in respect of elected members and the formal decision making process. The system aids decision making, enables the tracking of actions and monitoring of decisions and provides a web-based decision register.
- 8.5 The Council takes a pragmatic approach to delegation of powers for decision making enabling lower level decisions to be subject to 'calling to account' but not 'call in' by scrutiny. The scheme is reviewed in detail regularly, updated to reflect any changes in legislation and following changes to the corporate structure and is published to the intranet. The Authority is informed of any changes that have been made using Bridgend's messages. Delegated powers and limits are clearly set out as are the use of sub delegations enabling effective and timely decision making.
- 8.6 The Auditor General's corporate assessment found that the Council's elected Members benefitted from a range of opportunities that equipped them with the skills they needed to discharge their roles effectively.
- 8.7 The Member Development Programme is regularly reviewed to ensure that any training activities are appropriate, relevant and timely. Webcasting Training has been delivered to elected Members and to Officers. A provider has been sourced and webcasting of Council and Committee meetings has become a performance indicator requiring at least 10 meetings to be webcast until 2018.

- 8.8 In 2016-17 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 (CIPFA 2016 - Principle B – Ensuring openness and comprehensive stakeholder engagement)**
- 9.1 The Council is committed to understanding and learning from the views of the public and using their feedback to help shape services and policies. There is a consultation and engagement toolkit in place to help managers to ensure consultation activities are robust as well as following legal guidance (Gunning's principles) and Participation Cymru's National Principles for Public Engagement in Wales that have been adopted by the Council. The planning and decision-making processes are designed to include consultation with stakeholders. The Communications, Marketing and Engagement Strategy provides a framework for engagement activities, which are undertaken by the Council.
- 9.2 The Welsh Language (Wales) Measure was introduced by Welsh Government in March 2010 and a compliance notice was served on the Council on 30 September 2015. The Council has made significant steps in its use of the Welsh Language to give Welsh speakers improved, enforceable rights in relation to the Welsh Language and has implemented a number of the standards. The Council is negotiating with the Welsh Language Commissioner in relation to implementing the remaining standards.
- 9.3 The Council has a Citizens' Panel made up of over 1,500 residents 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. This has helped to understand residents' opinions about the services the Council provides and to help improve things in the future. The panel is currently representative of residents aged 25 and over. The consultation team has key performance indicators in place to increase representation of 16-24 year olds, Welsh speakers and disabled residents, as well as indicators to increase representation across each ward to a minimum 1 per cent.
- 9.4 During 2016-17, the Council consulted on a wide range of issues including the following (this list is not exhaustive):
- Shaping Bridgend's Future;
 - Understanding demand for Welsh language education
 - Bridgend Town Centre access survey
 - Household waste: additional allowance scheme
 - Digital transformation
- 9.5 The Shaping Bridgend's Future consultation included 15 community engagement events/stands throughout the county borough, and, an online survey which captured the views of the public on how to achieve the necessary budget savings.

- 9.6 Social media is used to promote services and engage with the public, Regular Q&A sessions/debates are held 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.
- 9.7 Increasingly, surveys are being made available on desktop, tablet and mobile to increase the likelihood of residents responding. The consultation team has also created a database of over 1,500 residents who are interested in receiving HTML emails regarding key consultations happening in the county borough.
- 9.8 Citizens' Panel members and residents who opt to receive key consultation updates are sent engagement details on projects that may be of interest to them. Using the database has seen a 68% improvement in response rate for the PSB survey (online consultation on the Wellbeing Assessment) in 2017. Bridgend Business Forum members, the youth Council and the Bridgend Equality Forum are all invited to share their views (when relevant) to improve representation.
- 9.9 There is regular communication with staff through managerial arrangements which is supplemented by
- Bridgenders
 - Bridgenders Bulletin
 - Chief Executive updates to employees
 - Senior Management workshops

Trade Union meetings are held regularly with the Head of HR and representative Cabinet members.

- 9.10 The Corporate Plan is published on the Council's website, is communicated widely to staff and approved by Members, through the normal democratic process. Performance data is also published on the Web, to support the Council's achievements in delivering its improvements for the year. The Annual report is published on the website and like the Corporate Plan and performance data is agreed by elected members at Cabinet and Council on an Annual Basis. Notifications for the Corporate Plan and the Annual Report are published on the website and the local gazette on annually. The Annual Report is also available in key public buildings around the Borough for citizens to read.
- 9.11 The Council operates both a Corporate Complaints Procedure and a Social Services Representations & 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, in writing and for Social Services complaints can also be made verbally. The Council has set target times for responding to all complaints received to ensure accountability. The operation of the Complaints Policy is reported annually to full Council as it provides an opportunity for improvement in service delivery. Social Services also produce an Annual Report on their complaints which is reported to Cabinet.
- 9.12 There is a Corporate Safeguarding policy which includes details of Safeguarding in Employment.

- 9.13 The Recruitment and Selection Protocol and Managers' Guidelines detail the pre-employment vetting which involves establishing full employment histories; proof of identity; satisfactory references; health assessment; checks of qualifications; asylum and immigration checks; and criminal record checks with the Disclosure and Barring Service.
- 9.14 The Disclosure & Barring Service Policy applies to employees, volunteers, work placements and elected members. In addition, foster carers and prospective adoptive parents, student placements, licencing and school transport arrangements and any other regulated positions also come under the provisions of this policy. Additionally it applies to those directly employed by governing bodies.
- 9.15 The Council makes a large amount of information available to its citizens in an open and friendly way. Information can be obtained through the Council website and many other publications. Under the Freedom of Information Act, the Council is required to increase access to the information it holds, and part of the Act requires the provision of a Publication Scheme. The Scheme has been approved by the Information Commissioner's Office who is responsible for ensuring compliance with the legislation. The Scheme provides a guide to the information routinely made available to the public. Not all the information the Council publishes is detailed in the publication scheme. Information that is not published can be requested by making a FOI request. The Council considers all requests under the provisions of the legislation and adheres to the requirement to respond within 20 working days.
- 9.16 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. Work Programmes with agreed timescales for report, submission, approval by Legal and Finance, publication and distribution aid decision making at a strategic level. This ensures a corporate check on the impact of decisions and also probity both in legal and financial authorisations. The Council also implemented a webcasting facility in early 2016, which provides live streaming and an archive facility. The number of webcast viewers is monitored and the results are reported to the Democratic Services Committee. Officers and members work together to identify those meetings which are considered to be of key public interest and suitable for webcasting. Members of the public and 'expert' witnesses can participate by speaking at Overview and Scrutiny Committees similar to arrangements already in place for Development Control Committee.
- 9.17 The Well-being of Future Generations (Wales) 2015 Act (the 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 Council is one of the four statutory members of Bridgend Public Services Board (PSB). The Board also includes 'Invited Participants'. The work of the PSB can be found at Public Services Board - Bridgend County Borough Council: <http://www.bridgend.gov.uk/services/public-services-board.aspx>.
- 9.18 The main focus of the PSB in 2016-17 has been the statutory requirement to publish an Assessment of Local Wellbeing by April 2017. The Assessment will inform the wellbeing objectives to be included in the Wellbeing Plan which will be published by May 2018. The PSB is also responsible for implementing Bridgend County Together, the Single Integrated Partnership Plan for Bridgend, until it is replaced by the Wellbeing Plan. The PSB is taking a project approach to delivering its identified priorities. During the year the PSB also agreed its

Terms of reference and developed its governance arrangements, including embedding in Scrutiny arrangements.

9.19 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 have 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. In the recently published White Paper 'Reforming Local Government: Resilient and Renewed' the Welsh Government sets out its proposals for mandatory and systematic regional working to offer an opportunity to strengthen, regularise and simplify the existing arrangements between Local Authorities. Services that could be affected include transport, land use planning and building control, social services, education and public protection. Whilst the authority is already operating collaboratively in a number of these areas of service, there are still areas where joint working can be progressed.

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. 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. Much of this work is 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 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 A comprehensive Member Development Programme has been provided to ensure that all members (including the Lay and Co-opted Members) have the opportunity to gain a comprehensive understanding of their role as described in the Elected Member Role Descriptions approved by Council. 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 has been recognised by Estyn which noted that training provided to elected members increased their understanding and ability to interrogate data to enable them to challenge performance particularly regarding school performance data.

10.5 Members have a key role to play in safeguarding children and adults at risk. Members have been able to access training to further their understanding of their responsibilities in relation to safeguarding children and adults. The training which took place over several dates between October and December 2016 considered safeguarding within the context of the Social Services & Wellbeing (Wales) Act 2014.

10.6 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 which enables members to better understand their role 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.

10.7 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.

10.8 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 2016-17, 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. In accordance with the Public Sector Internal Standards the Internal Audit Shared Service underwent an external assessment,

which has been agreed by the Council's Audit Committee. Following a procurement exercise, CIPFA were commissioned to undertake the assessment which commenced at the end of January 2017 and concluded in February 2017. The outcome of the assessment was reported to the Council's Audit Committee on 27 April, which indicated that the assessment identified no areas of non-compliance with the standards that would affect the overall scope or operation of the internal audit activity. A number of recommendations have been made and whilst a number have already been actioned, the Council's Audit Committee will retain oversight of the implementation process to ensure that all recommendations are addressed.

- 10.9 Internal Audit completed a programme of reviews in accordance with the Annual Audit Plan for 2016-17. 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. 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. Any significant weaknesses in the control environment identified by Internal Audit are reported to senior management, the Audit Committee and Cabinet as appropriate.
- 10.10 The internal audit arrangement enables the Chief Internal Auditor to provide an opinion on the internal control, risk management and governance arrangements. The Head of Internal Audit has found that the 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, and that the Council's financial management arrangements was conforming to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010). On the basis of the audit work and taking into account all available evidence, the Head of Internal Audit has concluded that "the Council's framework of governance, risk management and control is considered to be satisfactory" and that "there are no significant cross cutting internal control weaknesses identified so far this year which would impact on the Council's Annual Governance Statement."
- 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, the Financial Resilience Assessment and the Corporate Assessment and followed up by the Wales Audit Office in 2016-17
- 10.12 Following on from the WAO proposals for improvement, the production and focus of the Annual Report was reviewed for 2015-16 making it more outcome focused and easier for citizens to understand the improvements the Council made in line with the improvements set out in the Corporate Plan. The effectiveness of the improved Annual Report 2015-16 is yet to be assessed by the WAO.
- 10.13 The Financial Resilience Assessment was undertaken during June to September 2016 and focused on delivery of the 2015-16 savings plans, the quality of its medium term financial plans and the robustness of its 2016-17 savings plans. The auditors also followed up their 2015-16 work to determine what the Council did as a consequence of what it learnt and how it had responded to the proposals for improvement in relation to financial planning. The auditors

sampled some of the savings proposals for 2016-17 and looked at the underlying assumptions, and whether there are adequate mechanisms to ensure they can be delivered in the planned timescale. In the review they found that the Council has strengthened its arrangements for reporting on the use of reserves but its approach to developing savings plans weakens arrangements. Over half of the savings plans are insufficiently well developed when setting the annual budget to ensure delivery in planned timescales and indicative savings plans for future years lack detail.

10.14 Overall the assessment concluded that “Whilst the Council has a sound financial planning framework underdeveloped savings plans may not fully support future financial resilience”. They made one proposal for improvement:

- That the Council strengthen financial planning arrangements by:
 - ensuring that savings proposals are fully developed and include realistic delivery timescales prior to inclusion in the annual budget; and
 - identifying indicative savings proposals over the period of the MTFS.

10.15 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.

10.16 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.

10.17 The outcome of the assessment was 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”*.

10.18 Since the conclusions of the Auditor General, the ICT Service has been developed to support the Council’s transformation agenda. An ICT Strategy has been developed and approved by Cabinet. The digital transformation is a key project to enable change as part of the Council’s transformation programme and training and development opportunities have been put in place to help address recruitment and retention issues within the ICT service.

10.19 The HR service has been further developed, specifically workforce planning so that they support the Council’s transformation agenda and ensure workforce considerations are embedded in service business planning.

10.20 The Council has also addressed the areas where improvement was identified by the Corporate Assessment, including the way in which its performance is evaluated and presented, evidenced by its annual report for 2015-16, performance report to Scrutiny Committees and the Council’s Corporate Plan and Directorate Business Plans for 2017-18. The WAO was undertaking a follow-up audit to ensure progress while this statement was prepared.

- 10.21 The Council has strong mechanisms in place to engage with citizens and partners to ensure there is transparency and public accountability. This includes for example in March 2017 a leaflet regarding the changes in household waste collection being enclosed with the annual Council tax bill to all households paying Council tax. The development of the Council's social media presence has extended the Council's communication, consultation and engagement mechanisms. Public interaction on our social media accounts including Q & A sessions with CMB, have increased public engagement which has directly informed our FAQs relating to the changes in provision of services to our citizens.
- 10.22 In 2016-17 the Auditor General undertook a Governance thematic review. The purpose of the review was to "provide assurance that Councils' governance arrangements are well-placed to respond to future challenges, as well as identify opportunities to strengthen arrangements and approaches". The review would also "provide insight and promote improvement through assessment of each of the 22 Councils' governance arrangements in relation to service change, taking into account the revised CIPFA framework, the Public Sector Equality Duty and the Future Generations (Wales) Act". The focus of the review was on Councils' governance arrangements for determining service changes.
- 10.23 The Auditor General concluded in his report, issued in May 2017, that "the Council has clear priorities that shape its decisions on significant service change and it seeks to learn and improve its arrangements, but there is scope to improve the accessibility of some information". The Auditor General made three proposals for improvement:
- The Council should improve the availability and accessibility of information relating to decision-making on significant service change, including, for example, publishing a Forward Work Programme(s) that covers Cabinet and Council business.
 - The Council should resolve how it will embed the sustainable development principle into decision-making
 - The Council should clearly set out how the impact of service changes will be monitored at the point of decision.
- The Council is considering these proposals and strive to improve in these areas.
- 10.24 The Public Services Ombudsman for Wales reports on each Council in Wales the number of complaints received and investigated. In July 2016 the Council received its Annual Letter for 2015-16. The letter noted an increase in the number of complaints received, 38 in 2015-16 compared to 33 in 2014-15. The comparative figure for the local authority average was 41 for 2015-16 (42 for 2014-15). One investigation was commenced by the Ombudsman in 2015-16. The Annual Letter noted that Planning and Building Control remain the biggest single area of complaints, followed by Road and Transport and Children's Services which both saw a 60% increase from last year. No "upheld" reports were issued and only one Quick Fix or Voluntary Settlement outcome recorded during the year.
- 10.25 Social Services is a regulated service area and there is an annual programme of inspection carried out by the Care and Social Services Inspectorate in Wales (CSSIW). In addition, the Director and Heads of Service have quarterly performance review meetings with CSSIW which ensure regulatory requirements are met and that significant service developments, challenges, workforce, performance and consultation activity is discussed. During 2016-17, the CSSIW completed a review of adult safeguarding and a review of carers. The verbal feedback following these reviews was positive.

- 10.26 There was an inspection of children's social care during January/February 2017. The inspection focussed on how children and families are empowered to access help and care and support services and on the quality of outcomes achieved for children in need of help, care and support and/or protection, including children who have recently become looked after by the local authority. The inspection also evaluated the quality of leadership, management and governance arrangements in place to develop and support service delivery. Formal feedback from this is still awaited and an action plan to progress the recommendations will be developed; it is planned that this will report into Scrutiny in July 2017. The relevant actions arising out of this inspection will be included in the Director of Social Services Annual Report 2016-17 which is in the process of being finalised.
- 10.27 The regulated service areas are also subject to an annual inspection and this includes the 4 older people residential care homes, the supported living environments, the three Children's Homes and the Fostering service.
- 10.28 The Statutory Director of Social Services annual report 2015-16 was submitted to CSSIW. It confirmed that the key priorities for the Directorate during 2015-16 were to progress the objectives of the Directorate Business Plan and also contribute to the new corporate priorities for 2016-17; to contribute to the Medium Term Financial Strategy (MTFS); to implement the new Social Services and Wellbeing (Wales) Act 2014 (SSWBA) and also implement the new Welsh Community Care Information System (WCCIS) – making Bridgend the first local authority in Wales to do so.
- 10.29 CSSIW confirmed in their subsequent performance review meeting with the Director and the two Heads of Service that they were satisfied that the annual report reflected the work undertaken in key areas including our achievements and future plans for the Directorate.
- 10.30 The remodelling Adult Social Care Board remains. The key transformation programme continues to be the central foundation for strengthening the remodelling workstreams and leads the prevention and wellbeing agenda across Bridgend, and regionally across the Western Bay Health and Social Care Collaboration. Key areas for remodelling in adult social services include the embedding of the new ways of working as laid down by the Social Services and Wellbeing (Wales) Act, for example the provision of information, advice and assistance. Progress has also been made towards the implementation of the extra care model, the remodelling of Home Care, Learning Disability and Mental health services as well as the continued development of the common access point based at Trem y Mor.
- 10.31 The budget approved for 2016-17 included savings proposals of £7.477 million (3.55% of net service budgets). However, as at quarter 3, £1.845 million of these proposals are at risk of not being realised, but the expenditure associated with them has in some instances 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 2017-18 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 audit work carried out for the year 2016-17, 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”. 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.

Action Plan

1. Review the Performance Management Framework to incorporate the requirements of the Well-being of Future Generations (Wales) Act 2015
2. Promote the new Code of Corporate Governance and the Well-being of Future Generations (Wales) Act to ensure they underpin everything the Council does.
3. Democratic Services is updating and will publish the Cabinet Forward Work Programme (FWP) on the website to improve transparency and access to the general public. The scheme of delegation will also be published on the Council’s website.
4. The working group set up to produce this year’s annual governance statement and to review the Council’s Code of Corporate Governance to reflect CIPFA’s new 2016 principles will continue to work together to promote the CIPFA’s new 2016 principles and to improve the AGS for next year..
5. The Council will put measures in place to respond to the recommendations within the Financial Resilience report and ensure that financial planning arrangements are strengthened with more robust savings delivery plans and implementation timescales.

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.

This statement demonstrates the level of assurance that the Council's governance arrangements can provide and that the arrangements continue to be regarded as fit for purpose.

Signed:

Section 151 Officer: _____ 28 September 2017

Randal Hemingway

Chief Executive Officer: _____ 28 September 2017

Darren Mepham

Leader of the Council: _____ 28 September 2017

Councillor Huw David

Statement of Accounting Policies

1. General principles

The Statement of Accounts summarises the Council's transactions for the 2016-17 financial year and its position at the year end of 31 March 2017. 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) 2016-17 and the *Service Reporting Code of Practice 2016-17* 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 Assets

Provisions

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 are 'Unusable' reserves as set out in Note 28 to the accounts.

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. 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 relevant Service Cost line in the Comprehensive Income and Expenditure Statement, but then reversed out through the Movement in 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 relevant Service Cost 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 Education and Family 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 entitled to be 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 Central Services in the Comprehensive Income and Expenditure Statement
 - 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. Re-measurements 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

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty’s Revenue and Customs. VAT receivable is excluded from income.

8. Overheads and support services

In line with changes in the Code of Practice on Local Authority Accounting (the Code) for 2016-17, overheads and support services are shown in the relevant service where they are incurred and are not recharged out to supported service areas. Any internal income as a result of transactions between departments is shown in the supplying service line with the corresponding charge being shown in the recipient service line. This represents a change from 2015-16 when support costs were recharged in line with the Service Reporting Code of Practice.

9. Intangible Assets

The Council accounts for software as intangible assets to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. Intangible assets relates to the Wales Community Care Information System (WCCIS) software development costs and licence.

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Council. The useful life used by the Council of the WCCIS is 8 years. Amortisation of the intangible asset is charged on a straight line basis over the useful life and is charged to the Social Services and Wellbeing line in the Comprehensive Income and Expenditure Statement.

10. 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 on assets below £40,000 is recognised as an asset but treated as non-enhancing expenditure and immediately impaired in full. 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 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, 15 years on Roads and other infrastructure assets according to estimated asset lives (ranging from 1 to 30 years).

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.

11. 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 Council also owns a number of paintings in various buildings and some public works of art, however their value is not recognised in the balance sheet as conventional valuation approaches lack sufficient reliability for inclusion.

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.

12. Charges to revenue for non-current assets

Services 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.

13. Revenue Expenditure Funded from Capital Resources under Statute (REFCUS)

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. Where this expenditure is funded by grants or contributions, this is also taken to the relevant service area where the expenditure has been charged.

14. 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 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 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.

15. 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.

16. 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.

17. 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.

18. 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.

19. Joint Arrangements

During the year the Council had administrative responsibilities for County Borough Supplies, which ceased trading on 31 March 2016. The Council agreed final balances to its partner authorities and the final accounts were audited in 2016-17. The Council continues to have administrative responsibilities for Coychurch Crematorium and independent financial statements continue to be prepared and reviewed for this joint committee. 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.

20. Council Tax Income

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

21. 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.

22. 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.

23. 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.

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 (that is **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 Commitment 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.

Financial Statements

Comprehensive Income and Expenditure Statement

2015-16 restated				2016-17			Notes
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000		Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000	
159,619	(47,695)	111,924	Education and Family Support	160,168	(44,483)	115,685	
77,972	(19,122)	58,850	Social Services & Wellbeing	85,871	(21,133)	64,738	
64,904	(26,798)	38,106	Communities	63,758	(23,942)	39,816	
28,157	(12,395)	15,762	Operational and Partnership Services	28,001	(12,882)	15,119	
55,721	(52,326)	3,395	Chief Executives and Finance	54,702	(51,173)	3,529	
23,099	(857)	22,242	Central Services	17,879	(5,717)	12,162	
409,472	(159,193)	250,279	Cost Of Services	410,379	(159,330)	251,049	
			Other Operating Expenditure				
11,944	-	11,944	Precepts payable	12,700		12,700	5
6,823	-	6,823	Levies payable	6,881		6,881	5
2,181		2,181	(Gain) / loss on disposal of non current assets	1,050		1,050	
20,948	-	20,948	Other Operating Expenditure	20,631	-	20,631	
			Financing and Investment Income and Expenditure				
4,546	-	4,546	Interest payable on debt	4,576		4,576	
69	-	69	Interest element of finance leases (lessee)	65		65	
1,434	-	1,434	Interest payable on PFI unitary payments	1,395		1,395	11
8,450	-	8,450	Net Interest on Net Defined Benefit Liability	8,050		8,050	29
-	(903)	(903)	Investment Interest & Other Interest Receivable		(942)	(942)	
-	(1,082)	(1,082)	Changes in fair value of investment properties			-	
14,499	(1,985)	12,514	Financing and Investment Income and Expenditure	14,086	(942)	13,144	
			Taxation and Non-Specific Grant Income				
	(148,002)	(148,002)	Revenue Support Grant		(145,233)	(145,233)	6
	(40,274)	(40,274)	National Non Domestic Rates		(42,142)	(42,142)	9
	(77,487)	(77,487)	Council Tax		(81,049)	(81,049)	8
	(13,622)	(13,622)	Recognised capital grants and cont.		(6,486)	(6,486)	7
	(1,400)	(1,400)	Non service related government grants		-	-	7
-	(280,785)	(280,785)	Taxation and Non-Specific Grant Income	-	(274,910)	(274,910)	
444,919	(441,963)	2,956	(Surplus) or Deficit on Provision of Services	445,096	(435,182)	9,914	
	(19,595)	(19,595)	(Surplus) or deficit on revaluation of Property, Plant and Equipment		(8,705)	(8,705)	
3,614		3,614	Impairment losses on non-current assets charged to the Revaluation reserve	3,941		3,941	
	(34,330)	(34,330)	Actuarial (gains) / losses on pension liabilities		(1,960)	(1,960)	29
		(50,311)	Other Comprehensive (Income) and Expenditure			(6,724)	
		(47,355)	Total Comprehensive (Income) and Expenditure			3,190	

Expenditure and Funding Analysis

2015-16				2016-17		
Net Expenditure Chargeable to the Council Fund	Adjustments between the Funding and Accounting Basis & transfers to Earmarked Reserves (Note 18)	Net Expenditure in the Comprehensive Income and Expenditure Statement		Net Expenditure Chargeable to the Council Fund	Adjustments between the Funding and Accounting Basis & transfers to Earmarked Reserves (Note 18)	Net Expenditure in the Comprehensive Income and Expenditure Statement
£'000	£'000	£'000		£'000	£'000	£'000
106,248	(5,677)	111,925	Education and Family Support	107,653	(8,032)	115,685
59,998	1,148	58,850	Social Services & Wellbeing	62,560	(2,178)	64,738
24,978	(13,127)	38,105	Communities	24,517	(15,299)	39,816
			Operational & Partnership			
13,629	(2,133)	15,762	Services	13,238	(1,881)	15,119
3,432	37	3,395	Chief Executives	3,467	(62)	3,529
36,315	14,073	22,242	Central Services	33,428	21,266	12,162
244,600	(5,679)	250,279	Cost Of Services	244,863	(6,186)	251,049
(244,754)	2,569	(247,323)	Other income and Expenditure	(245,219)	(4,084)	(241,135)
(154)	(3,110)	2,956	Surplus or Deficit	(356)	(10,270)	9,914
7,450			Opening Council Fund Balance	7,604		
154			Surplus or (Deficit) on Council Fund for year	356		
7,604			Closing General Fund Balance at 31 March	7,960		

Movement in Reserves Statement

	Council Fund Balance £'000	Earmarked Reserves £'000	Capital Receipts Reserves £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Total Unusable Reserves £'000	Total Council Reserves £'000
Balance at 31 March 2015 carried forward	7,450	41,454	14,534	153	63,591	31,109	94,700
<u>Movement in Reserves during 2015-16</u>							
Total Comprehensive Income and (Expenditure)	(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)	-
Transfers to Earmarked Reserves (Note 27)	(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

	Council Fund Balance £'000	Earmarked Reserves £'000	Capital Receipts Reserves £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Total Unusable Reserves £'000	Total Council Reserves £'000
Balance at 31 March 2016 carried forward	7,604	44,913	18,352	183	71,052	71,001	142,053
<u>Movement in Reserves during 2016-17</u>							
Total Comprehensive Income and (Expenditure)	(9,914)				(9,914)	6,724	(3,190)
Adjustments between accounting basis & funding basis under regulations (Note 4)	16,516		3,012	-	19,528	(19,528)	-
Transfers to Earmarked Reserves (Note 27)	(6,246)	6,246	-	-	-	-	-
Increase/(Decrease) in 2016-17	356	6,246	3,012	-	9,614	(12,804)	(3,190)
Balance at 31 March 2017 carried forward	7,960	51,159	21,364	183	80,666	58,197	138,863

Balance Sheet

31 March 2016 restated £'000		31 March 2017 £'000	Notes
	Property, Plant & Equipment		20c
377,815	Other land and buildings	379,014	
5,198	Vehicles, plant, furniture and equipment	4,605	
77,261	Infrastructure	70,047	
4,808	Community assets	5,015	
6,299	Assets under construction	4,067	
8,256	Surplus assets not held for sale	8,237	
73	Heritage Assets - Civic Regalia	73	
5,185	Investment Property	5,060	21
5,000	Intangible Assets	4,375	20d
2,007	Long Term Investments	4,003	30
	Long Term Debtors		
12	Housing Advances	8	
133	Finance Leases	-	
492,047	Long Term Assets	484,504	
14,543	Short Term Investments	26,572	30
4,035	Assets held for sale	1,730	23
419	Inventories	513	
27,346	Short Term Debtors	29,467	22
7,182	Cash and Cash Equivalents	1,664	30
53,525	Current Assets	59,946	
(960)	Short Term Borrowing	(952)	30
(32,772)	Short Term Creditors	(27,310)	24
(1,118)	Provisions due in 1 year	(1,214)	
(34,850)	Current Liabilities	(29,476)	
(2,362)	Provisions due after 1 year	(2,451)	25
(97,434)	Long Term Borrowing	(97,432)	30
	Other Long Term Liabilities		
(21,759)	PFI & Other Long Term Liabilities	(21,064)	26
(245,270)	Net pensions liability	(252,450)	29
(1,844)	Capital Grants Receipts in Advance	(2,714)	20h
(368,669)	Long Term Liabilities	(376,111)	
142,053	Net Assets	138,863	
	Usable reserves		27
7,604	Council Fund	7,960	
44,913	Earmarked reserves	51,159	27b
18,352	Capital Receipts Reserve	21,364	27a
183	Capital Grants Unapplied	183	
	Unusable Reserves		28
127,291	Revaluation Reserve	124,703	28a
(245,270)	Pensions Reserve	(252,450)	28b
192,078	Capital Adjustment Account	189,468	28c
(739)	Financial Instruments Adjustment Account	(731)	28d
(2,359)	Short-term Accumulating Compensated Absences Account	(2,793)	28e
142,053	Total Reserves	138,863	

Cash Flow Statement

2015-16 £'000		2016-17 £'000	Notes
2,956	Net (surplus)/deficit on the Provision of Services	9,914	
(28,969)	Adjustments to net deficit on the provision of services for non-cash movements	(31,442)	33
17,582	Adjustments for Items included in the net deficit on the provision of services that are investing and financing activities	11,778	
(8,431)	Net Cash Flows from Operating Activities	(9,750)	34
23,081	Investing Activities	22,614	35
(15,259)	Financing Activities	(7,346)	36
(609)	Net Increase / (Decrease) in Cash & Cash Equivalents	5,518	
(6,573)	Cash & Cash Equivalent at the beginning of the Reporting Period	(7,182)	
(7,182)	Cash & Cash Equivalent at the end of the Reporting Period	(1,664)	

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.

Notes to the Financial Statements

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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 2016-17 (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 2016-17 Code:

- IAS 139 - Amendment to the reporting of pension fund scheme transaction costs
- IAS 140 - Amendment to the reporting of investment concentration

As their implementation is from 1 April 2017 they would not have any impact on the 2016/17 Statements.

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 £24.1 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 however 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 2017 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Plant, Property and Equipment

Revaluation of the Council's assets is undertaken on a 3-year rolling programme. 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. Revaluation takes account of the value and condition of the asset, relevant components and also de-recognition where appropriate.

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 2016 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 (**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 balance sheet date;

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 the 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 2015-16 for comparative purposes and the adjustments for 2016-17.

Unusable Reserves

This includes the Revaluation Reserve which contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment; the Pensions Reserve which 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 Capital Adjustment Account which absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing and acquisition, construction or enhancement of those assets under statutory provisions; the Financial Instruments Adjustment Account which absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefitting from gains per statutory provisions; and the Short-term Accumulated Compensated Absences Account which absorbs the

differences that would otherwise arise on the Council Fund Balance from accruing holiday entitlements earned but not taken in the year.

2015-16	Usable Reserves			Unusable Reserves
	Council Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	
	£'000	£'000	£'000	£'000
Adjustment to the Revenue Resources				
<i>Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:</i>				
Pensions costs (transferred to (or from) the Pensions Reserve)	6,590			(6,590)
Financial Instruments (transferred to the Financial Instruments Adjustment Account)	(2,893)			2,893
Holiday Pay (transferred to the Accumulated Absences Reserve)	(1,865)			1,865
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (those items are charged to the Capital Adjustment Account)	32,093		14	(32,107)
Total Adjustments to Revenue Resources	33,925	-	14	(33,939)
Adjustments between Revenue and Capital Resources				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	(3,959)	3,959		
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	(8,513)			8,513
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	(1,262)			1,262
Total adjustments between Revenue and Capital Resource	(13,734)	3,959	-	9,775
Adjustments to Capital Resources				
Use of the Capital Receipts Reserve to finance capital expenditure		(146)		146
Application of capital grants to finance capital expenditure	(13,606)			13,606
Cash payments in relation to deferred capital receipts	(16)		16	
Other Amounts (including mortgage payments)		5		(5)
Total adjustments to Capital Reserves	(13,622)	(141)	16	13,747
Total Adjustments	6,569	3,818	30	(10,417)

2016-17	Usable Reserves			Unusable Reserves £'000
	Council Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	
Adjustment to the Revenue Resources				
<i>Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:</i>				
Pensions costs (transferred to (or from) the Pensions Reserve)	9,140			(9,140)
Financial Instruments (transferred to the Financial Instruments Adjustment Account)	(8)			8
Holiday Pay (transferred to the Accumulated Absences Reserve)	435			(435)
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (those items are charged to the Capital Adjustment Account)	31,134			(31,134)
Total Adjustments to Revenue Resources	40,701	-	-	(40,701)
Adjustments between Revenue and Capital Resources				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	(5,293)	5,293		
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	(10,301)			10,301
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	(2,105)			2,105
Total adjustments between Revenue and Capital Resource	(17,699)	5,293	-	12,406
Adjustments to Capital Resources				
Use of the Capital Receipts Reserve to finance capital expenditure		(2,285)		2,285
Application of capital grants to finance capital expenditure	(6,486)			6,486
Cash payments in relation to deferred capital receipts				
Other Amounts (including mortgage payments)		4		(4)
Total adjustments to Capital Reserves	(6,486)	(2,281)	-	8,767
Total Adjustments	16,516	3,012	-	(19,528)

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:

2015-16 £'000		2016-17 £'000
	Precepts	
10,207	Police and Crime Commissioner for South Wales	10,791
1,737	Community Councils	1,909
11,944	Sub total	12,700
	Levies	
6,484	South Wales Fire and Rescue Authority	6,542
223	Coroners Service	226
96	Archive Service	93
1	Margam Crematorium Joint Committee	0
19	Swansea Bay Port Health Authority	20
6,823	Sub total	6,881
18,767	Total	19,581

6. Revenue Support Grant (RSG)

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 2016-17 was £145.2 million (£148.0 million for 2015-16).

7. Government grants

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

2015-16	Specific Grants credited to Services	2016-17
£'000		£'000
(49,536)	Housing Benefit Subsidy	(48,571)
(6,502)	DCELLS Post 16 Grant	(6,331)
(5,213)	Education Improvement Grant	(4,951)
(5,672)	Other Education & Family Support	(6,823)
(1,687)	Other Social Services & Wellbeing	(1,704)
(4,845)	Others	(5,013)
(5,816)	Supporting People	(5,816)
(401)	Sport Play & Active Wellbeing	(405)
(2,973)	Concessionary Fares Grant	(2,996)
(3,178)	Flying Start	(3,287)
(2,796)	Sustainable Waste Grant	(2,777)
(708)	Housing/Council Tax Benefit Administration	(595)
(1,478)	Communities First	(1,550)
(1,898)	Families First	(1,740)
(92,703)	Total	(92,559)

2015-16	Other Government Grants credited to Taxation and Non-specific Grant Income	2016-17
£'000		£'000
(13,622)	Capital Grants and Contributions	(6,486)
(1,400)	Improvement Agreement Grant	-
(15,022)	Total	(6,486)

(107,725)	Total	(99,045)
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Grant income sits within the gross income column within services except for the Improvement Agreement Grant and Capital Grants and Contributions.

8. 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 Police and Crime Commissioner for South Wales 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 – 51,916.19 dwellings for 2016-17 (51,071.48 in 2015-16). The average amount for a Band D property is £1,542.40 in 2016-17 (£1,482.94 in 2015-16 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	10,055	14,759	13,921	9,947	7,208	4,058	1,383	282	88

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

2015-16 £'000		2016-17 £'000
(77,487)	Council Tax Collectable	(81,049)
	Less:	
1,737	Payable to Community Councils	1,909
10,207	Payable to Police and Crime Commissioner for South Wales	10,791
(386)	Provision for non-payment of Council Tax (decrease)	(1,084)
(65,929)	Net Proceeds from Council Tax	(69,433)

9. National Non-Domestic Rates (NNDR)

NNDR is organised on a national basis. The Welsh Government 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 48.6p in 2016-17 (48.2p in 2015-16). 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 £42.142 million in 2016-17 (£40.274 million in 2015-16).

10. Leases

Council as a Lessee

Operating Leases

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

31 March 2016 £'000		31 March 2017 £'000
(787)	Not later than one year	(768)
(2,021)	Later than one year	(1,943)
(7,583)	Later than five years	(7,026)
(10,391)	Total	(9,737)

Expenditure charged in the year to the Service areas was £0.843 million made up of minimum lease payments of £0.299 million and £0.545 million for contingent rents (£0.851 million in 2015-16 made up of £0.404 million minimum lease payments and £0.447 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 2016 £'000		31 March 2017 £'000
48	Not later than one year	88
120	Later than one year	139
800	Later than five years	875
968	Total	1,102

11. 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 which 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:-

2015-16 £'000	Unitary Charge	2016-17 £'000
636	Service Charge Element	638
1,434	Interest Element	1,395
513	Finance Lease Liability	552
2,583	Total	2,585

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	2017-18 £'000	2018-19 to 2022-23 £'000	2023-24 to 2027-28 £'000	2028-29 to 2032-33 £'000	2033-34 to 2033-34 £'000
Service Charge Element	502	2,511	2,511	2,511	495
Interest Element	1,352	5,997	4,313	1,872	14
Finance Lease Liability	595	3,737	5,421	7,862	620
Total	2,449	12,245	12,245	12,245	1,129

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 2017, the balance on the PFI equalisation earmarked reserve is £3.949 million (£3.706 million as at 31 March 2016).

12. Pooled Fund Arrangements under Section 33 NHS (Wales) Act 2006

There are some formal pooled budget arrangements between the Council and Abertawe Bro Morgannwg University Local Health Board under Section 33 NHS (Wales) Act 2006 and a pooled fund arrangement between 3 Councils for the delivery of an Integrated Family Support Service under s166-169 Social Services Wellbeing (Wales) Act 2014. The Integrated Family Support Service pooled arrangement commenced in August 2016.

2015-16			Partner	Purpose of Partnership	2016-17		
Gross Income Of Partnership £'000	Gross Expenditure of Partnership £'000	Council's Contribution £'000			Gross Income Of Partnership £'000	Gross Expenditure of Partnership £'000	Council's Contribution £'000
(615)	615	328	Abertawe Bro-Morgannwg University Health Board	Provision of day opportunities for people recovering from mental health problems.	(596)	596	318
(2,654)	2,625	569	Rhondda Cynon Taff CBC Merthyr Tydfil CBC Cwm Taf LHB Abertawe Bro Morgannwg University Health Board	Provision of specified community equipment for service users to enable them to continue to live in their own homes. Rhondda Cynon Taf are the lead partner	(2,645)	2,574	629
(4,414)	4,414	2,346	Abertawe Bro-Morgannwg University Health Board	Provision of integrated community support services	(4,595)	4,595	2,473
			Neath Port Talbot CBC, City and County of Swansea Council	Provision of an Integrated Family Support Service	(825)	825	275

13. Officers' Remuneration

Four separate disclosures 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 (2015-16: 6.64) and median salary is £19,939 (2015-16: £19,742), i.e. the Remuneration of the Chief Executive is 6.64 times more than the median remuneration of the Council's employees.

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:

2015-16 including Redundancy Costs	Remuneration Band	Number of Employees				
		Movement in Bandings	2016-17 inc Redundancy Costs	2016-17 exc Redundancy Costs (Note 1)	Number of Teachers inc in Figures exc Redundancy (Note 1)	Number of Non-Teachers inc in Figures exc Redundancy (Note 1)
23	£60,000 - £64,999	(4)	19	17	16	1
19	£65,000 - £69,999	(6)	13	12	12	-
5	£70,000 - £74,999	1	6	4	4	-
7	£75,000 - £79,999	1	8	6	1	5
9	£80,000 - £84,999	(3)	6	5	3	2
2	£85,000 - £89,999	(1)	1	1	1	-
4	£90,000 - £94,999	(3)	1	-	-	-
1	£95,000 - £99,999	1	2	1	1	-
8	£100,000 - £104,999	(6)	2	1	-	1
-	£105,000 - £109,999	6	6	4	1	3
1	£110,000 - £114,999	(1)	-	-	-	-
2	£115,000 - £119,999	(1)	1	1	1	-
-	£120,000 - £124,999	1	1	-	-	-
-	£125,000 - £129,999	-	-	-	-	-
1	£130,000 - £134,999	-	1	1	-	1
-	£135,000 - £139,999	1	1	-	-	-
1	£160,000 - £164,999	(1)	-	-	-	-
83		(15)	68	53	40	13

Note 1: There are 53 individuals with remuneration of £60,000 or more, including:-

- a) 40 Headteachers and Deputy Headteachers, and
- b) 13 Senior Managers of the Council, including the Senior Officers shown in Disclosure 3 below, and Heads of Service.

Disclosure 3 : Table of Senior Officer's Remuneration (including Pensions Contributions)

Job Title	Salary		Pension Contributions		Total Remuneration including Pension Contributions	
	16-17	15-16	16-17	15-16	16-17	15-16
	£	£	£	£	£	£
Chief Executive Officer & Head of Paid Service (Note 1)	132,402	131,091	28,202	27,529	160,604	158,620
Corporate Director - Education and Family Support (Note 4)	105,109	102,355	22,388	21,494	127,497	123,849
Interim Corporate Director - Education and Family Support (Note 4)	3,238	-	690	-	3,928	-
Corporate Director - Communities	105,109	104,068	22,388	21,854	127,497	125,922
Corporate Director - Social Service & Wellbeing	105,109	102,355	22,388	21,494	127,497	123,849
Corporate Director - Resources & s151 Officer (Note 5)	2,650	104,068	862	21,854	3,512	125,922
Head of Finance - s151 Officer (Note 5)	78,700	-	16,763	-	95,463	-
Corporate Director - Operational and Partnership Services (Note 6)	100,227	96,002	12,714	20,160	112,941	116,162

Notes

Note 1: The Chief Executive Officer's salary excludes payment for Returning Officer Duties. These amounted to £21,769 for a Parliamentary By-Election, two Welsh Assembly elections, two Police and Crime Commissioner elections and the European Referendum.

Note 2: Pension Contributions relate to actual payments made.

Note 3: 'Expenses' and 'Benefits in Kind' have been adjusted so that they exclude non-taxable reimbursements

Note 4: The Corporate Director – Education and Family Support has been seconded to Welsh Government and an interim Director has been appointed to cover this role. Costs recovered from the Welsh Government during 2016-17 totalled £12,373.

Note 5: The Corporate Director – Resources left the Council in April 2016 and the Head of Finance assumed the role of s.151 Officer and member of the Corporate Management Board.

Note 6: The Corporate Director Operational and Partnership Services was created as part of a management restructure in April 2016. It replaced the role of the Assistant Chief Executive Legal and Regulatory Services.

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	
	16-17	15-16	16-17	15-16	16-17	15-16	16-17	15-16
£0 - £20,000	12	38	20	31	32	69	302,137	604,894
£20,001 - £40,000	4	11	4	41	8	52	247,684	1,458,778
£40,001 - £60,000	2	10	4	9	6	19	305,452	953,031
£60,001 - £80,000	3	1	-	2	3	3	198,796	204,767
£80,001 - £100,000	1	1	-	2	1	3	93,884	266,552
£100,001 - £120,000	-	-	2	-	2	-	217,963	-
£120,001 - £140,000	-	-	-	1	-	1	-	139,431
	22	61	30	86	52	147	1,365,916	3,627,453

In addition to the above there were payments during 2016/17 of £296,682 relating to 34 exit packages approved in 2015-16.

14. 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.

2015-16 £'000		2016-17 £'000
544	Basic Salary (all Members)	526
508	Senior Salary	521
37	Civic Salary	42
1,089	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.

15. External audit costs

In 2016-17 Bridgend County Borough Council incurred the following fees relating to external audit and inspection. Of the amount incurred, £15,030 was claimed against grants:

2015-16 £'000		2016-17 £'000
196	Financial Statement Audit	200
97	Performance Audit	97
293	External Audit Services	297
47	Grant Claims and Returns	62
340	Total	359

16. 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 2016-17 the Council was charged £1,178,601 (2015-16: £867,435) 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 2016-17, the Council contributed to the Joint Committee an amount of £92,540 (£95,436 in 2015-16). 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. During the year Bridgend CBC made a contribution of £25,000 to the Crematorium. 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 CBC contribution to Margam Crematorium for 2016-17 was £439 (2015-16 – £1,312). 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. 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 CBC contribution to the joint arrangement for the year was £654,157 (2015-16 - £692,350).

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 2016-17 the contribution to the joint service by Bridgend CBC was £274,854 (2015-16 - £278,973).

Joint Adoption Service

The Joint Adoption Service is between Bridgend CBC, Neath Port Talbot CBC and City and County of Swansea. Bridgend's contribution to the service in 2016-17 was £824,789 (2015-16 - £593,512)

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 established in 2015-16. Bridgend CBC contribution to the joint service was £1,823,700 (2015-16 - £1,761,998)

Shared Internal Audit Service

Bridgend CBC and the Vale of Glamorgan CBC operate a joint Internal Audit Service. Bridgend CBC contribution to this joint service was £305,107 (2015-16 - £344,977)

Joint Vehicle Maintenance Service

Bridgend CBC and South Wales Police occupy joint premises for the delivery of their vehicle maintenance services. The contribution from Bridgend CBC to South Wales Police for the joint facility for 2016-17 was £93,223 (2015-16 – £110,773)

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 £286,942 (2015-16 - £366,621)

Civil Parking Enforcement

Bridgend provides Civil Parking Enforcement for both Bridgend CBC and Vale of Glamorgan CBC. The cost of providing the service on behalf of the Vale of Glamorgan CBC are fully recharged to them, the total cost being £197,966 (2015-16 - £174,180).

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 12 to the accounts.

Cardiff Capital Region City Deal (CCRCD)

Bridgend is a partner of the Joint Committee for CCRCD which consists of 10 Partner Authorities: Blaenau Gwent; Caerphilly; Cardiff; Merthyr Tydfil; Monmouthshire; Newport; Rhondda-Cynon-Taf; Torfaen and the Vale of Glamorgan. CCRCD commenced during 2016-17 and Bridgend's contribution for the year was £16,899. During the year the total expenditure of the partnership was £179,177.

17. 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 6 and 7 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 2016-17 is shown in Note 14. Grants were made to organisations whose senior management included Members including Bridgend County Borough Citizens Advice Bureau £247,046 (£190,339 in 2015-16) and Bridgend Association of Voluntary Organisations £95,370 in 2016-17 (£164,147 in 2015-16 (restated)). 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. Other payments made to organisations where members declared interests totalled £179,345. One Member did not provide a Related Party disclosure by the completion of the audit.

Chief Officers

During 2016-17 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 2016-17 the Council was charged £1,178,601 (2015-16: £867,435) in respect of goods, services and capital works. The Corporate Director – Social Services and Wellbeing was an Associate Board Member of Abertawe Bro Morgannwg University Health Board. The Council and the Health Board have a range of formal arrangements as set out in note 12 – Section 33 NHS (Wales) Act 2006.

The Head of Regeneration, Development and Property Services is a Board Member for Bridgend College and also a Director of the newly formed Bridgend Business Improvement District (BID). During 2016-17 the value of payments to the College totalled £194,850 (2015-16: £152,290). The

Council acts as the collector of Business Rates on behalf of the Business Improvement District and transfers those monies to the company. The Council has no business transactions with the BID Company. No Directors received any remuneration for these roles.

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 2016-17, the Council contributed to the Joint Committee an amount of £92,540 (£95,436 in 2015-16). 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. Financial statements 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. 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 supplied 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 12. It also pays a management fee to the Awen Trust for cultural related services which is a not for profit organisation. The Board of Awen Trust has 3 Members on its Board.

18. Note to the Expenditure and Funding Statement

Adjustments between Funding and Accounting Basis 2015-16				
Adjustments from Council Fund to arrive at the Comprehensive Income and Expenditure Statements amounts	Adjustments for Capital Purposes (Note 1)	Net change for the Pensions Adjustments (Note 2)	Other Differences (Note 3)	Total Adjustments
	£'000	£'000	£'000	£'000
Education and Family Support	(7,827)	799	1,351	(5,677)
Social Services & Wellbeing	762	651	(265)	1,148
Communities	(12,516)	295	(906)	(13,127)
Operational & Partnership Services	(1,190)	217	(1,160)	(2,133)
Chief Executives	-	86	(49)	37
Central Services	5,709	(188)	8,552	14,073
Net cost of services	(15,062)	1,860	7,523	(5,679)
Other income and expenditure from the Expenditure and Funding Analysis	7,060	(8,450)	3,959	2,569
Difference between Council Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	(8,002)	(6,590)	11,482	(3,110)

Adjustments from Council Fund to arrive at the Comprehensive Income and Expenditure Statements amounts	Adjustments for Capital Purposes (Note 1)	Net change for the Pensions Adjustments (Note 2)	Other Differences (Note 3)	Total Adjustments
	£'000	£'000	£'000	£'000
Education and Family Support	(4,902)	(241)	(2,889)	(8,032)
Social Services & Wellbeing	(177)	(185)	(1,816)	(2,178)
Communities	(13,187)	(78)	(2,034)	(15,299)
Operational & Partnership Services	(652)	(62)	(1,167)	(1,881)
Chief Executives	-	(24)	(38)	(62)
Central Services	8,776	(500)	12,990	21,266
Net cost of services	(10,142)	(1,090)	5,046	(6,186)
Other income and expenditure from the Expenditure and Funding Analysis	(1,324)	(8,050)	5,290	(4,084)
Difference between Council Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	(11,466)	(9,140)	10,336	(10,270)

Note 1 - Adjustments for Capital Purposes

The adjustments for capital purposes column adds in depreciation and impairment, revaluation gains and losses and Revenue Expenditure Funded by Capital under Statute (REFCUS) in the services line, and for:

- Other operating expenditure – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets
- Financing and investment income and expenditure – the statutory charges for capital financing (i.e. the Minimum Revenue Provision) and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices
- Taxation and non-specific grant income and expenditure – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

Note 2 - Net Change for the Pensions Adjustments

The net change for the removal of pension contributions and the addition of IAS19 Employee Benefits pension related expenditure and income:

- For Services this represents the removal of the employer pension contributions made by the authority as allowed by statute and the replacement with current service costs and past service costs
- For Financing and Investment Income and Expenditure – the net interest on the defined benefit liability is charged to the CIES.

Note 3 - Other Differences

Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:

- For financing and investment income and expenditure the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts
- The charge under Taxation and non-specific grant income and expenditure represents the difference between what is chargeable under statutory regulations for council tax and NDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.

19. Expenditure and Income Analysed by Nature

This table sets out how the funding to the Council has been used in providing services in line with generally accepted accounting practices. This will include cash and non-cash transactions including accounting adjustments in line with International Financial Reporting Standards.

2015-16 £'000		2016-17 £'000
	Expenditure	
171,886	Employee expenses	174,030
211,245	Other services expenses	212,340
26,341	Depreciation, amortisation, impairment	24,009
14,499	Interest payments	14,086
18,767	Precepts and levies	19,581
2,181	Loss on disposal of assets	1,050
444,919	Total expenditure	445,096
	Income	
(62,528)	Fees, charges and other service income	(63,036)
(117,761)	Income from council tax, non-domestic rates	(123,191)
(259,689)	Government grants and contributions	(248,013)
(903)	Interest and investment income	(942)
(1,082)	Other income	-
(441,963)	Total income	(435,182)
2,956	(Surplus) or Deficit on the provision of services	9,914

Notes to the Balance Sheet

20. Non-current Assets

a) Capital commitments

As at 31 March 2017 the Council has entered into a number of contracts for the construction or enhancement of property, plant and equipment in 2017/18 and future years of approximately £18.074m. Similar commitments at 31 March 2016 were £3.651m. The major budgeted commitments are:

2015-16 £'000		2016-17 £'000
3,350	Vibrant and Viable Places	-
-	- Garw Valley South Primary Provision	9,160
-	- Brynmenyn Primary School	7,176
-	- Civic Offices External Envelope	1,012
3,350	Total	17,348

b) Notes on Non-current Assets

Voluntary-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.

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. All assets are valued on a rolling 3-year basis as at 31 December with a review to 31 March to confirmed no significant changes in value during that period. 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 for non-investment assets, investment assets being valued independently by Cooke & Arkwright .

Summary of Property, Plant & Equipment (PPE)	Other Land and Buildings £'000	Vehicle, Plant and Equipment £'000	Infrastructure £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total PPE Assets £'000	PFI Assets Included in PPE £'000
Cost or Valuation								
At 1 April 2016	386,768	7,744	205,946	4,845	8,256	6,300	619,859	24,142
Additions	3,661	832	3,561	-	-	5,827	13,881	-
Accumulated Depreciation and Impairment written out to GCA	(4,423)	-	-	-	-	-	(4,423)	-
Revaluation increases/(decreases) recognised in the Revaluation Reserve	4,152	-	-	-	766	-	4,918	-
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	462	-	-	7	(14)	-	455	-
Derecognition - Disposals	(3,739)	(4)	-	-	(70)	-	(3,813)	-
Assets reclassified (to)/from Held for Sale	(430)	-	-	200	(1,863)	-	(2,093)	-
Assets reclassified (to)/from Investment Property	-	-	-	-	45	-	45	-
Other Movements in Cost or Valuation	6,930	-	-	-	1,130	(8,059)	1	-
At 31 March 2017	393,381	8,572	209,507	5,052	8,250	4,068	628,830	24,142
Accumulated Depreciation and Impairments								
At 1 April 2016	(8,953)	(2,546)	(128,685)	(37)	-	(1)	(140,222)	(4)
Depreciation Charge for the year	(10,362)	(1,303)	(10,654)	-	(1)	-	(22,320)	(927)
Accumulated Depreciation and Impairment written out to the surplus / deficit on the provision of services	4,423	-	-	-	-	-	4,423	-
Impairment Losses/(Reversals) recognised in the Revaluation Reserve	(154)	-	-	-	-	-	(154)	-
Impairment Losses/(Reversals) recognised in the Surplus/Deficit on the Provision of Services	(1,255)	(119)	(121)	-	-	-	(1,495)	-
Derecognition - other	-	-	-	-	-	-	-	-
Derecognition - disposals	1,922	1	-	-	-	-	1,923	-
Other Movements	12	-	-	-	(12)	-	-	-
At 31 March 2017	(14,367)	(3,967)	(139,460)	(37)	(13)	(1)	(157,845)	(931)
NBV as at 1 April 2016	377,815	5,198	77,261	4,808	8,256	6,299	479,637	24,138
NBV as at 31 March 2017	379,014	4,605	70,047	5,015	8,237	4,067	470,985	23,211

Summary of Property, Plant & Equipment (PPE)	Other Land and Buildings £'000	Vehicle, Plant and Equipment £'000	Infrastructure £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total PPE Assets £'000	PFI Assets Included In PPE £'000
Cost or Valuation								
At 1 April 2015	364,373	6,660	201,351	4,845	9,906	16,456	603,591	23,948
Additions	4,362	2,305	4,595	142	-	8,597	20,001	-
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)	-
At 31 March 2016	386,768	7,744	205,946	4,845	8,256	6,300	619,859	24,142
Accumulated Depreciation and Impairments								
At 1 April 2015	(10,043)	(2,573)	(117,978)	(37)	(139)	(608)	(131,378)	(601)
Depreciation Charge for the year	(9,936)	(1,194)	(10,477)	-	(90)	-	(21,697)	(807)
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	-
At 31 March 2016	(8,953)	(2,546)	(128,685)	(37)	-	(1)	(140,222)	(4)
NBV as at 1 April 2015	354,330	4,087	83,373	4,808	9,767	15,848	472,213	23,347
NBV as at 31 March 2016	377,815	5,198	77,261	4,808	8,256	6,299	479,637	24,138

d) Intangible Assets.

The Intangible asset refers to the Wales Community Care Information System, WCCIS.

Intangible Assets	Intangibles £'000
Cost or Valuation	
At 1 April 2016	5,480
At 31 March 2017	5,480
Accumulated Depreciation and Impairments	
At 1 April 2016	(480)
Depreciation Charge for the year	(625)
At 31 March 2017	(1,105)
NBV as at 1 April 2016	5,000
NBV as at 31 March 2017	4,375

Intangible Assets	Intangibles £'000
Cost or Valuation	
At 1 April 2015	3,840
Additions	1,640
At 31 March 2016	5,480
Accumulated Depreciation and Impairments	
At 1 April 2015	-
Depreciation Charge for the year	(480)
At 31 March 2016	(480)
NBV as at 1 April 2015	3,840
NBV as at 31 March 2016	5,000

e) Sources of finance for Capital Expenditure

2015-16 £'000		2016-17 £'000
(7,084)	Loans	(3,914)
(12,001)	Government grants	(9,568)
(146)	Capital receipts	(2,285)
(1,262)	Revenue contribution	(2,105)
(124)	Healthy Living Contract Capital Liability	-
(5,682)	Other contributions	(527)
(26,299)	Total	(18,399)

f) 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.

2015-16 £'000		2016-17 £'000
4,658	Revenue Expenditure Funded from Capital under Statute	4,518
(3,948)	Grants and Contributions	(3,736)
710	Total	782

g) Capital financing requirement and the financing of capital expenditure

2015-16 £'000	Capital Financing Requirement	2016-17 £'000
176,010	Opening Capital Financing Requirement	174,706
	Adjustment to Capital Financing Requirement Unsupported Borrowing	
-	Reversal	(259)
	Adjustment to Capital Financing Requirement Unsupported Borrowing	
-	MRP Reversal	13
176,010	Amended Opening Capital Financing Requirement	174,460
	Capital Investment	
21,517	Property, Plant and Equipment	13,881
4,658	Revenue Expenditure Funded from Capital under Statute	4,518
124	Healthy Living Contract Capital Expenditure	-
	Sources of Finance	
(17,681)	Grants & Contributions	(10,095)
(146)	Capital receipts applied	(2,285)
(1,262)	Revenue Contributions	(2,105)
(5,169)	Minimum Revenue Provision	(5,123)
(1,646)	Unsupported Borrowing MRP	(4,534)
(1,086)	Healthy Living Contract MRP	-
(51)	Innovation Centre MRP	(55)
(49)	Crematorium MRP	(50)
(513)	PFI School MRP	(552)
174,706	Closing Capital Financing Requirement	168,060
	Explanation for Movements in Year	
(1,306)	Decrease in Underlying Need to Borrow (supported by government financial assistance)	(1,259)
1,528	Increase/(Decrease) in Underlying Need to Borrow (unsupported by government financial assistance)	(4,534)
(1,013)	Assets acquired under finance leases	(55)
(513)	Assets acquired under PFI Contract	(552)
(1,304)	Increase/(Decrease) in Capital Financing Requirement	(6,400)

h) Capital Grants Received in Advance

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

2015-16 £'000		2016-17 £'000
(1,844)	Developers' Contributions - capital element	(2,714)
(1,844)	Total	(2,714)

21. Investment Properties

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

2015-16 £'000		2016-17 £'000
4,103	Balance at 1 April	5,185
-	- Transferred to Surplus Assets	(45)
-	- Disposals	(80)
1,082	Net gain / (loss) from fair value adjustments	-
5,185	Balance as at 31 March	5,060

22. 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:

2015-16 £'000		2016-17 £'000
12,177	Central Government Bodies	9,844
4,468	Other Local Authorities	4,717
809	NHS Bodies	246
9,892	Other Entities and Individuals	14,660
27,346	Balance as at 31 March	29,467

The Council collects NNDR payments on behalf of Welsh Government. As at the 31 March 2017, the Council had paid over more cash than it collected, this excess was included in the Balance Sheet as a debtor of £1.414 million. The equivalent for 2015-16 was a debtor of £0.882 million which represented monies not yet paid over by Welsh Government.

23. Assets Held for Sale

2015-16 £'000		2016-17 £'000
7,478	Balance at 1 April	4,035
488	Assets newly classified as held for sale: Property, Plant & Equipment	2,293
	Assets declassified as held for resale: Property, Plant & Equipment	(200)
(1,069)	Revaluation Gain/(Loss)	
(2,862)	Assets Sold	(4,398)
4,035	Balance as at 31 March	1,730

24. Short Term Creditors

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

2015-16 £'000		2016-17 £'000
(5,832)	Central Government Bodies	(4,199)
(4,998)	Other Local Authorities	(4,491)
(338)	NHS Bodies	(121)
(21,604)	Other Entities and Individuals	(18,499)
(32,772)	Balance as at 31 March	(27,310)

25. Provisions

The Council has two provisions as detailed below:

2015-16 £'000		Expenditure £'000	Increase/ (Decrease) £'000	2016-17 £'000	< 1 yr £'000	> 1 yr £'000
3,145	Insurance (BCBC)	(711)	666	3,100	649	2,451
335	Carbon Reduction Commitment	(340)	273	268	268	-
-	Other provisions	-	297	297	297	-
3,480	Balance as at 31 March	(1,051)	1,236	3,665	1,214	2,451

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 2016-17 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 2016-17. The payment will be made with the retrospective purchase of allowances in the summer 2017.

26. PFI and Other Long Term Liabilities

2015-16 £'000		Additions in Year £'000	Reduction in year £'000	Moved to Short Term Creditors £'000	2016-17 £'000
18,235	Maesteg School PFI Lease Liability			(595)	17,640
664	Innovation Centre Financial Liability			(60)	604
400	Waste Contract			(50)	350
60	Escrow (Football Club)	10			70
2,400	Welsh Government Loan - Llynfi Valley				2,400
21,759	Balance as at 31 March	10	-	(705)	21,064

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 2016-17, the amount written down was £552,000 and £595,000 has been transferred to Short Term Creditors leaving an outstanding long term liability of £17.640 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 2016-17 was £55,000 and £60,000 was transferred to Short Term Creditors resulting in a long term financial liability of £0.604 million at 31 March 2017.

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.

27. 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.

2015-16 £'000		2016-17 £'000
14,534	Balance at 1st April	18,352
3,959	Capital Receipts Received	5,293
5	Mortgage repayments (Council Fund)	4
(146)	Receipts used to finance capital expenditure	(2,285)
18,352	Balance as at 31st March	21,364

b) Earmarked Reserves

The Earmarked Reserves in the Balance Sheet as at 31 March 2017 are detailed below:

Opening Balance 2016-17 £'000	Reserve	Movement during 2016-17		Closing Balance 2016-17 £'000
		Additions/ Re- classification £'000	Drawdown by Directorates £'000	
7,604	Council Fund	356		7,960
	Corporate Reserves:			
1,491	Asset Management Plan	155	(384)	1,262
356	Building Maintenance Reserve	442	(80)	718
631	Capital feasibility fund	(194)	(188)	249
5,833	Capital Programme Contribution	6,193	(646)	11,380
1,950	Change Management	-	(362)	1,588
103	DDA Emergency Works	200	(121)	182
2,500	Digital Transformation	-	(564)	1,936
715	ICT & Finance Systems	710	(157)	1,268
2,035	Insurance reserve	670	(370)	2,335
10,874	Major Claims Reserve	(2,080)	(343)	8,451
	MTFS Budget Contingency	1,528	(528)	1,000
234	Property Disposal Strategy	56	(152)	138
-	Public Realm Reserve	200	-54	146
5,625	Service Reconfiguration	2,536	(58)	8,103
92	Waste Management Contract	-	(88)	4
500	Welfare Reform Bill	-	-	500
32,939	Total Corporate Reserves	10,416	(4,095)	39,260
	Directorate Reserves:			
471	Car Parking Strategy*	(208)	(88)	175
31	Community Safety Reserve	-	-	31
1,331	Directorate Issues*	198	(878)	651
48	Donations Reserves Account	2	-	50
	Human Resources Reserve	25	-	25
-	Local Development Plan IT System	20	-	20
824	Looked After Children	1,000	(788)	1,036
66	Partnership Reserves	-	-	66
76	Porthcawl Regeneration	188	(14)	250
-	Property Reserve	250	-	250
-	Safe Routes to Schools	200	(29)	171
285	School Projects Reserve	168	(22)	431
-	Waste Awareness Reserve	250	-	250
26	Webcasting Reserve	-	(20)	6
1,409	Wellbeing Projects	-	(529)	880
4,567	Total Directorate Reserves	2,093	(2,368)	4,292
2,154	Delegated Schools Balance	-	(1,288)	866
39,660	Total Reserves excluding Equalisation Reserves	12,509	(7,751)	44,418
	Equalisation and Grant Reserves			
-	IFRS Grants	841	-	841
152	Civil Parking Enforcement*	22	-	174
12	Building Control Reserve	3	-	15
201	Election costs	-	-	201
692	Highways Reserve	140	-	832
141	Local Development Plan	55	-	196
3,706	Maesteg School PFI Equalisation	243	-	3,949
349	Special Regeneration Fund*	184	-	533
5,253	Total Directorate Reserves	1,488	-	6,741
44,913	TOTAL EXCLUDING COUNCIL FUND	13,997	(7,751)	51,159
52,517	TOTAL INCLUDING COUNCIL FUND	14,353	(7,751)	59,119

* There are a couple of changes to the 2015-16 balances where previously grouped reserves have been separated out as shown in the table:

Reserve	Original Opening Balance 2015-16 £'000	Reallocation £'000	Amended Opening Balance 2015-16 £'000
Directorate Reserves:			
Car Parking Strategy*	623	(152)	471
Directorate Issues*	1,367	(36)	1,331
Equalisation and Grant Reserves			
Special Regeneration Fund*	313	36	349
Civil Parking Enforcement*	-	152	152
Total Equalisation Reserve	2,303	-	2,303

Council Fund

The transfer to the Council Fund for 2016-17 was £0.356 million. This increased the balance on the Fund to £7.960 million at the 31 March 2017 (£7.604 million at 31 March 2016).

Other Earmarked Reserves

The transfer to Earmarked Balances excluding the Council Fund Balance was £6.246 million in 2016-17 (transfer to Balances of £3.459 million in 2015-16). This was made up of additions to reserves of £12.509 million from Corporate budgets and £1.488 million additions from Directorate budgets and £7.751 million money transferred into the Comprehensive Income and Expenditure Statement to match expenditure within the year. An overview of each earmarked reserve is explained below:-

Corporate Reserves

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.

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.

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.

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.

Digital Transformation & ICT Reserve

These two reserves will fund the Digital Transformation of the Council supporting channel shift together with the costs of planned system developments from 2017-18 to 2018-19. It includes developments including the roll out of the cashless catering system.

Insurance Reserve

This reserve is based on the assessment for potential future liabilities including any residual payments from claims relating to the Municipal Mutual Insurance Limited.

Major Claims Earmarked Reserve

This reserve has been created to mainly cover the deficit on the pension fund, major capital contractual claims and mitigate against potential other claims against the Council.

MTFS Budget Contingency

In accordance with MTFS Principle 12, an earmarked reserve was established to provide additional capacity for discretionary use by the Chief Finance Officer to manage inescapable problems with delivery of MTFS savings.

Property Disposal Strategy

This reserve will cover legal, surveying and marketing costs associated with planned disposals to generate capital receipts for the Council

Public Realm Reserve

This reserve will be used for works on highways and other public realm maintenance or renovations of playgrounds for example.

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.

Waste Management Contract

This earmarked reserve is to facilitate the procurement of the next waste collection contract with the current contract expiring in 2017. The small balance will be fully utilised in 2017-18.

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.

Directorate ReservesCar 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.

Directorate Issues

This reserve relates to specific Directorate issues anticipated in 2017-18 together with some carried forward amounts from 2016-17. Examples include enhancement to school kitchens and a management information system for Catering, an officer to support the roll out of eProcurement within the Council and support for the Childrens' Advocacy Service.

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.

Human Resources Reserve

This reserve is to cover the cost of a new module on the Payroll System and the scanning of existing records.

Local Development Plan IT System

This reserve is to purchase specialist software for use in compiling population statistics to inform housing provision and to allow improved public facing access in order to compile representations to the forthcoming Local Development Plan (LDP) review.

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 Education and Family Support Services.

Partnership Reserves

This reserve will be utilised in 2017-18 for partnership working within the Council.

Porthcawl Regeneration

This reserve has been established to fund up front revenue costs associated with the proposed regeneration of Porthcawl.

Safe Routes to Schools Reserve

This reserve has been created to ensure that there are safe routes to schools following Learner Transport changes.

School Projects Reserve

This reserve covers both school's future projects expenditure and also the associated financing costs of any capital borrowing.

Waste Awareness Reserve

This reserve is to providing funding to promote the changes to the waste management contract and support for the customer contact centre.

Webcasting Reserve

This will be used to continue the programme of broadcasting certain Committee Meetings on the Council's web-site.

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.

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

2015-16 Closing Balance £'000	School Types	Nos in Category	2016-17 Budget £'000	2016-17 Spend £'000	2016-17 Closing Balance £'000
1,532	Primary Schools	50	45,369	44,903	466
162	Secondary Schools	9	41,776	41,927	(151)
460	Special Schools	2	8,285	7,735	550
2,154	Total	61	95,430	94,565	865

The 2015-16 Closing Balance figure is included within the 2016-17 Budget. This accounting treatment of including the prior year's closing balance in the current year's budget applies solely to Schools and does not apply in any other area of the accounts.

Equalisation and Grant Reserves

IFRS Grant Accounting Reserves

Under proper accounting practice, all grants and contributions should be analysed to see whether there are specific conditions attached to them. When the conditions are actually satisfied the grant is credited to the Comprehensive Income and Expenditure Statement regardless of whether the actual expenditure has been incurred. In these cases the Council can decide to transfer the grant monies to an earmarked reserve to fund future expenditure. In 2016-17, there was £841,000 of new International Financial Reporting Standards (IFRS) Grants that have been transferred to earmarked reserves to ensure the funding is protected in accordance with the original terms and conditions of the grant or contribution. Similarly monies from commuted sums have been placed into a Highways Reserve and income from Civil Parking Enforcement is now also as a specific earmarked reserve.

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 Local Development Plan and the Building Control Earmarked Reserves.

Maesteg PFI Equalisation Reserve

As outlined in note 11 above, there is a need for an Equalisation Fund for the Unitary Charges received from Welsh Government for the Maesteg PFI School.

28. 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.

2015-16			2016-17	
£'000	£'000		£'000	£'000
	115,916	Balance at 1 April		127,291
19,280		Upward Revaluation of Assets	8,705	
(3,299)		Downward Revaluation of Assets and Impairment Losses not charged to the Surplus/Deficit on the Provision of Services	(3,942)	
	15,981	Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of services		4,763
(2,464)		Difference between fair value depreciation and historical cost depreciation	(3,341)	
(2,142)		Accumulated gains on assets sold or scrapped	(4,010)	
	(4,606)	Amount written off to the Capital Adjustment Account		(7,351)
	127,291	Balance as at 31 March		124,703

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.

2015-16 £'000		2016-17 £'000
(273,010)	Balance at 1 April	(245,270)
34,330	Actuarial gains or losses on pensions assets and liabilities	1,960
(26,600)	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	(26,140)
20,010	Employer's Pensions Contributions and Direct Payments to Pensioners Payable in the Year	17,000
(245,270)	Balance as at 31 March	(252,450)

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 though there were no material adjustments in 2016-17.

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.

2015-16			2016-17	
£'000	£'000		£'000	£'000
	196,059	Balance at 1 April		192,078
		Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement :		
(23,087)		Charges for depreciation and impairment of non-current assets	(22,945)	
(3,259)		Revaluation losses on Property, Plant and Equipment	(1,064)	
(710)		Revenue Expenditure funded from Capital Under Statute	(782)	
(5)		Other amounts including Mortgage Payments	(4)	
(3,998)		Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(2,333)	
	(31,059)			(27,128)
	2,464	Adjusting amounts written out to the Revaluation Reserve		3,341
	(28,595)	Net written out amount of the cost of non-current assets consumed in the year		(23,787)
		Capital financing applied in the year:		
146		Use of the Capital Receipts Reserve to finance capital expenditure	2,285	
13,610		Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that has been applied to capital financing	6,486	
8,514		Statutory provision for the financing of capital investment charged against the Council Fund	10,301	
1,262		Capital expenditure charged against the Council Fund	2,105	
	23,532			21,177
	1,082	Movement in the market value of Investment Properties credited to the Comprehensive Income and Expenditure Statement		-
	192,078	Balance as at 31 March		189,468

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.

2015-16 £'000			2016-17 £'000	
(3,632)		Balance at 1 April		(739)
76		Premiums / Discounts Adjustments		-
7		Loans / Investments Adjustments		8
2,810		Premiums Paid		-
(739)		Balance as at 31 March		(731)

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.

2015-16			2016-17	
£'000	£'000		£'000	£'000
	(4,224)	Balance at 1 April		(2,359)
4,224		Settlement or cancellation of accrual made at the end of the preceding year	2,359	
(2,359)		Amounts accrued at the end of the current year	(2,793)	
		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		(434)
	1,865			
	(2,359)	Balance as at 31 March		(2,793)

29. 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 2016-17 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:-

Local Govt Pension Scheme	LGPS Unfunded Benefits	Teachers' Unfunded Benefits	Total	Comprehensive Income & Expenditure Statement	Local Govt Pension Scheme	LGPS Unfunded Benefits	Teachers' Unfunded Benefits	Total
£m	£m	£m	£m		£m	£m	£m	£m
2015-16	2015-16	2015-16	2015-16	Cost of Services :	2016-17	2016-17	2016-17	2016-17
17.56	0.00	0.00	17.56	Service cost comprising:	17.59	0.00	0.00	17.59
0.59	0.00	0.00	0.59	current service cost	0.50	0.00	0.00	0.50
0.00	0.00	0.00	0.00	past service costs	0.00	0.00	0.00	0.00
				(gain)/loss from settlements				
				Financing & Investment				
				Income & Expenditure :-				
8.05	0.25	0.15	8.45	Net interest expense	7.65	0.25	0.15	8.05
				Total Post Employment				
				Benefit Charged to the				
				Surplus or Deficit on the				
26.20	0.25	0.15	26.60	Provision of Services	25.74	0.25	0.15	26.14
				Other Post Employment				
				<i>Remeasurements of the net</i>				
				<i>defined benefit liability</i>				
				<i>comprising:</i>				
(1.54)	0.00	0.00	(1.54)	Return on plan assets (excluding	(62.39)	0.00	0.00	(62.39)
				the amount included in the net				
				interest expense)				
(26.08)	(0.26)	(0.15)	(26.49)	Actuarial (gains) / losses due to	138.41	0.67	0.38	139.46
				changes in financial assumptions				
0.00	0.00	0.00	0.00	Actuarial (gains) / losses due to	(28.69)	(0.20)	(0.12)	(29.01)
				changes in demographic				
(6.08)	(0.14)	(0.08)	(6.30)	assumptions	(49.93)	(0.06)	(0.03)	(50.02)
				Actuarial (gains) / losses due to				
				liability experience				
				Total Post-employment				
				Benefits charged to the				
				Comprehensive Income and				
(33.70)	(0.40)	(0.23)	(34.33)	Expenditure Statement	(2.60)	0.41	0.23	(1.96)
				Movement in Reserves				
				Statement:-				
(26.20)	(0.25)	(0.15)	(26.60)	Reversal of net charges made for	(25.74)	(0.25)	(0.15)	(26.14)
				retirement benefits in accordance				
				with IAS 19				
				Actual amount charged against				
				the Council Fund Balance for				
				pensions in the year				
19.09	0.49	0.43	20.01	Employers' Contributions payable	16.12	0.48	0.40	17.00
				to the scheme				
(21.98)	(0.49)	(0.43)	(22.90)	Retirement Benefits Paid Out	(22.03)	(0.48)	(0.40)	(22.91)

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		Local Govt Pension Scheme	LGPS Unfunded Benefits	Teachers' Unfunded Benefits	Total
£m 2015-16	£m 2015-16	£m 2015-16	£m 2015-16		£m 2016-17	£m 2016-17	£m 2016-17	£m 2016-17
689.16	7.63	4.56	701.35	Present value of defined benefit obligation	772.59	7.81	4.54	784.94
(456.08)	0.00	0.00	(456.08)	Fair Value of Plan Assets	(532.49)	0.00	0.00	(532.49)
233.08	7.63	4.56	245.27	Net liability arising from defined benefit obligation	240.10	7.81	4.54	252.45

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

£m 2015-16		£m 2016-17
438.85	Opening fair value of scheme assets at 1 April	456.08
14.03	Interest income on assets	15.49
	Remeasurement gain/(loss):	
	The return on plan assets, excluding the amount included in the net	
1.54	interest expense	62.39
19.09	Contributions by Employer	16.12
4.55	Contributions by Participants	4.44
(21.98)	Net Benefits Paid Out	(22.03)
456.08	Balance as at 31 March	532.49

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

Local Govt Pension Scheme	LGPS Unfunded Benefits	Teachers' Unfunded Benefits	Total		Local Govt Pension Scheme	LGPS Unfunded Benefits	Teachers' Unfunded Benefits	Total
£m	£m	£m	£m		£m	£m	£m	£m
2015-16	2015-16	2015-16	2015-16		2016-17	2016-17	2016-17	2016-17
698.52	8.27	5.07	711.86	Opening balance at 1 April	689.16	7.63	4.56	701.35
17.56	0.00	0.00	17.56	Current Service Cost	17.59	0.00	0.00	17.59
22.08	0.25	0.15	22.48	Interest Cost	23.14	0.25	0.15	23.54
4.55	0.00	0.00	4.55	Contributions from scheme participants	4.44	0.00	0.00	4.44
0.00	0.00	0.00	0.00	Remeasurement (gains) and losses:	0.00	0.00	0.00	0.00
(26.08)	(0.26)	(0.15)	(26.49)	Actuarial gains / losses arising from changes in financial assumptions	138.41	0.67	0.38	139.46
0.00	0.00	0.00	0.00	Actuarial gains / losses arising from changes in demographic assumptions	(28.69)	(0.20)	(0.12)	(29.01)
(6.08)	(0.14)	(0.08)	(6.30)	Actuarial gains / losses arising from changes in liability experience	(49.93)	(0.06)	(0.03)	(50.02)
0.59	0.00	0.00	0.59	Past Service Cost	0.50	0.00	0.00	0.50
(21.98)	(0.49)	(0.43)	(22.90)	Benefits Paid	(22.03)	(0.48)	(0.40)	(22.91)
0.00	0.00	0.00	0.00	Liabilities extinguished on settlements	0.00	0.00	0.00	0.00
689.16	7.63	4.56	701.35	Balance as at 31 March	772.59	7.81	4.54	784.94

Local Government Pension Scheme assets comprised:

Fair Value of Scheme Assets 2015-16 £m	Asset Split 2015-16 %		Fair Value of Scheme Assets 2016-17 £m	Asset Split 2016-17 %
15.826	3.47	Cash and cash equivalents	11.036	2.07
		Equity Instruments: <i>by industry type (FTSE Sector)</i>		
8.483	1.86	Oil & Gas	9.928	1.86
6.111	1.34	Basic Materials	13.559	2.55
37.034	8.12	Industrials	49.307	9.26
38.539	8.45	Consumer Goods	50.380	9.46
25.586	5.61	Health Care	31.902	5.99
49.393	10.83	Consumer Services	49.669	9.33
2.052	0.45	Telecommunications	1.615	0.30
4.834	1.06	Utilities	2.916	0.55
58.013	12.72	Financials	64.845	12.18
31.060	6.81	Technology	50.835	9.55
0.000	0.00	Real Estate	0.608	0.11
54.047	11.85	Pooled Equity Investment Vehicles	64.564	12.12
315.152	69.10	Sub-total equity	390.128	73.26
		Bonds: <i>By Sector</i>		
50.351	11.04	Corporate	53.845	10.11
44.787	9.82	Government	47.223	8.87
95.138	20.86	Sub-total bonds	101.068	18.98
		Property: <i>By Type</i>		
7.525	1.65	Retail	7.686	1.44
3.785	0.83	Office	4.085	0.77
6.932	1.52	Industrial	6.959	1.31
11.722	2.57	Other Commercial	11.528	2.17
29.964	6.57	Sub-total property	30.258	5.69
456.080	100.00	Total assets	532.490	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 (LGPS) 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 % pa		2016-17 % pa
3.40	Discount rate	2.60
1.80	Rate of pension increases	2.00
3.30	Rate of salary increases	3.25
Years		Years
	<i>Mortality Assumptions:</i>	
	Longevity at 65 for current pensioners :-	
23.10	Men	22.80
26.00	Women	24.90
	Longevity at 65 for future pensioners :-	
25.30	Men	25.00
28.40	Women	27.20

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 2015-16 £m	Decrease in Assumption 2015-16 £m		Increase in Assumption 2016-17 £m	Decrease in Assumption 2016-17 £m
(13.17)	13.42	Rate for discounting scheme liabilities (increase or decrease by 0.1%)	(14.08)	14.34
2.89	(2.86)	Rate of increase in salaries (increase or decrease by 0.1%)	2.81	(2.79)
10.51	(10.33)	Rate of increase in pensions (increase or decrease by 0.1%)	11.50	(11.31)
17.51	(17.55)	Longevity (increase or decrease in 1 year)	22.98	(22.83)

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 2019. 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 2018 are:-

	2017-18 £m
Local Government Pension Scheme	29.18
LGPS Unfunded	0.20
Teachers Unfunded	0.11
Total	29.49

The weighted average duration of the defined benefit obligation for the scheme members is 18.4 years, which is the same as for 2015-16.

Teachers

In 2016-17, the Council paid £8.1 million (£7.6 million for 2015-16) to the Teachers Pensions Agency in respect of teachers' pension costs. The increase was as a result of the continued impact of an increase in the 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 2016-17, these amounted to £0.451 million (£0.5 million for 2015-16).

30. 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 Assets

A financial asset is a right to future economic benefits controlled by the Council that is represented by cash, equity instruments, or a contractual right to receive cash or another financial assets, or an obligation to exchange financial assets and liabilities with another entity that is potentially favourable to the Council. 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 Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument.

Short term Investments and Cash and Cash Equivalents (included in Current Assets) in the Balance Sheet are detailed below:

31 March 2016		31 March 2017
Balance Sheet £'000	Short Term Investments and Cash and Cash Equivalents	Balance Sheet £'000
14,543	Short Term Investments (< 1 year)*	26,572
14,543	Total Short Term Investments	26,572
9,502	Cash & Cash Equivalents (Deposits)	3,250
(2,320)	Cash in Hand/Overdrawn	(1,586)
7,182	Total Cash & Cash Equivalents	1,664
5,771	Short Term Trade Receivables (Debtors)	7,713
27,496	Total Current Financial Assets	35,949

*The total short term investments include £10,334 representing accrued interest in long term investments in addition to short term interest of £62,044. The £7.713 million Trade Receivables

(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 £29.370 million in the balance sheet as debtors that do not meet the definition of a financial liability, Note 22 provides more detailed information of the total short term debtors figure.

International Financial Reporting Standard (IFRS) 13 Fair Value defines the fair value of a financial asset 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 assets 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 are 3 levels in the fair value hierarchy for calculations, however due to the type of financial assets the Council hold the only level applicable at 31 March 2017 is level 2, where the fair value is calculated from inputs other than quoted prices that are observable for the asset – this is interest rates or yields for similar instruments.

There were two new long term investments in 2016-17 both for 4 years totalling £4 million and the Long Term Investment figures in the balance sheet is £4.003 million (£2.007 million at 31 March 2016). The Fair Value (Level 2) is £4.037 million which has been calculated by discounting at the market rate for a similar instrument with equivalent remaining term to maturity on 31 March 2017.

31 March 2016			Fair Value Level	31 March 2017	
Balance Sheet £'000	Fair Value £'000			Balance Sheet £'000	Fair Value £'000
2,007	2,011	Long Term Investments	2	4,000	4,037

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 or an obligation to exchange financial assets and liabilities with another entity that is potentially unfavourable to the Council. 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 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:

31 March 2016 £'000	Short Term Borrowing & Other Short Term Liabilities	31 March 2017 £'000
(278)	Accrued Interest Long Term Loans	(272)
(57)	Escrow (Bocam Park) Short Term	(60)
(229)	Escrow (Wind Farms) Short Term	(230)
(346)	Education/Social Services Trust Funds	(340)
(50)	Other Trust Funds	(50)
(960)	Short Term Borrowing	(952)
(5,103)	Short Term Trade Payables (Creditors)	(5,245)
(1,176)	Other Short Term Financial Liabilities (Creditors)	(404)
(7,239)	Total Current Financial Liabilities	(6,601)

The short term Trade Payables (Creditors) figure £5.245 million relates to trade payables for goods and services received. 45% of this is not overdue for payment and 55% is due within 6 months. The other short term financial liabilities figure of £0.407 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 2016-17 is made up as follows:-

31 March 2016 £'000	Short Term Liability relating to Other Long Term Liabilities	31 March 2017 £'000
(552)	Maesteg School PFI Lease Liability	(595)
(55)	Innovation Centre Financial Liability	(60)
(50)	Waste Contract (MREC)	(50)
(657)	Total	(705)

The £5.245 million, £0.407 million and £0.705 million shown in the two tables above are all included in the Short Term Creditors Balance Sheet figure of £27.213 million which also includes creditors that do not meet the definition of a financial liability so is not detailed here. Note 24 provides more detailed information of the total short term creditors figure.

Under IFRS 13 the fair value of a financial liability is 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 the Council holds the only level applicable to the Council at 31 March 2017 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 2017, 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 authority loans of the same remaining term to maturity at the 31 March.
- 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 £97.432 million is made up as follows:

31 March 2016				Fair Value Level	31 March 2017		
Principal Sum Outstanding £'000	Balance Sheet £'000	Fair Value £'000			Principal Sum Outstanding £'000	Balance Sheet £'000	Fair Value £'000
(77,617)	(77,617)	(103,678)	PWLB (long term)	2	(77,617)	(77,617)	(115,604)
(77,617)	(77,617)	(103,678)	Total PWLB debt		(77,617)	(77,617)	(115,604)
(19,250)	(19,817)	(29,878)	LOBO's	2	(19,250)	(19,815)	(33,208)
(19,250)	(19,817)	(29,878)	Total Market Loans		(19,250)	(19,815)	(33,208)
(96,867)	(97,434)	(133,556)	Total Long Term Borrowing		(96,867)	(97,432)	(148,812)

PFI and other long term liabilities figure in the balance sheet of £21.064 million are detailed below:

31 March 2016		Other Long Term Liabilities	Fair Value Level	31 March 2017	
Balance Sheet £'000	Fair Value £'000			Balance Sheet £'000	Fair Value £'000
(18,235)	(26,499)	Maesteg PFI Lease Liability	2	(17,640)	(26,854)
(664)	(961)	Innovation Centre Financial Liability	2	(604)	(887)
(400)	(406)	Waste Contract (MREC)	2	(350)	(378)
(60)	(60)	Escrow (Football Club)	Cost	(70)	(70)
(2,400)	(2,400)	Llynfi	Cost	(2,400)	(2,400)
(21,759)	(30,326)	Total Other Long Term Liabilities		(21,064)	(30,589)

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.

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.

31 March 2016 Gross Assets (Liabilities) £000	Offsetting of Financial Assets and Liabilities	31 March 2017 Gross Assets (Liabilities) £000
1,974	Bank Accounts in Credit	1,920
1,974	Total Financial Assets	1,920
(2,229)	Bank Overdrafts	(2,012)
(2,229)	Total Financial Liabilities	(2,012)
(255)	Net Position on Balance Sheet	(92)

Financial Instruments – Gains and Losses

The gains and losses recognized in the Comprehensive Income and Expenditure Statement in relation to financial instruments consist of the following:

31 March 2016				31 March 2017		
Financial Liabilities Amortised Cost £'000	Financial Assets Loans & Receivables £'000	Total £'000		Financial Liabilities Amortised Cost £'000	Financial Assets Loans & Receivables £'000	Total £'000
6,049	-	6,049	Interest Expense	6,036	-	6,036
6,049	-	6,049	Interest Payable and similar charges	6,036	-	6,036
-	(903)	(903)	Interest Income	-	(942)	(942)
-	(903)	(903)	Interest and Investment Income	-	(942)	(942)
6,049	(903)	5,146	Net (gain)/loss for the year	6,036	(942)	5,094

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 10 March 2016 accepted the Treasury Management Strategy 2016-17 and the Treasury Management and Prudential Indicators.

The Treasury Management Strategy includes an Annual Investment Strategy in compliance with the Welsh Government'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 and its Treasury Management Practices seek the highest rate of return consistent with the proper levels of security and liquidity so as to achieve a suitable balance between risk and return or cost. 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 Council. Actual performance is also reported annually to Members in the form of the Annual Treasury Management Outturn Report which is reviewed by Audit Committee.

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. 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 its Investment Strategy.

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.

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. The counterparty limits were constantly reviewed and where market conditions dictated, the limit was dropped. No breaches of the Council's counterparty criteria occurred during 2016-17 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 2017 totalled £33.75 million as detailed below and shown in the balance sheet as Long Term Investments (£4.003 million), Short Term Investments (£26.572 million) and included within Cash and Cash Equivalents (£3.250 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 2017 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) and the remaining time to maturity:

Counterparty Category	Credit Rating	Instant Access Deposit Accounts	Notice Period Deposit Account	Deposits Maturing Within 1 Month	Deposits Maturing Within 2 to 3 Months	Deposits Maturing Within 4 to 6 Months	Deposits Maturing Within 7 Months to 1 Year	Deposits Maturing Within 3 to 4 Years	Total
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Bank	AA-	2,250							2,250
Bank	A	1,000	2,000		2,000	1,000			6,000
Local Authorities	AA				5,000		2,000		7,000
Local Authorities unrated					2,000	4,500	2,000	4,000	12,500
Building Societies	A			4,000					4,000
Building Societies unrated				1,000	1,000				2,000
Total		3,250	2,000	5,000	10,000	5,500	4,000	4,000	33,750

As at 31 March 2016 the credit risk exposures were:

Counterparty Category	Credit Rating	Instant Access Deposit Accounts	Notice Period Deposit Account	Deposits Maturing Within 1 Month	Deposits Maturing Within 2 to 3 Months	Deposits Maturing Within 4 to 6 Months	Deposits Maturing Within 7 Months to 1 Year	Deposits Maturing Within 1 to 2 Years	Total
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Bank	AA-	500							500
Bank	A	1,000	2,000						3,000
Local Authorities	AA						2,000		2,000
Local Authorities unrated				10,000	5,500		2,000	2,000	19,500
Building Societies	A								-
Building Societies unrated					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 are recognised as short term, however, £4.883 million of the £7.713 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:

31 March 2016 £'000	Trade Debtors Past Due but not impaired	31 March 2017 £'000
923	Less than three months	3,169
582	Three to six months	679
343	Six months to one year	279
541	More than one year	756
2,389	Total	4,883

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. In addition 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 % 2016-17	Lower Limit 2016-17	Actual % 31 March 2017	Principal Outstanding £'000 31 March 2017
Less than one year	50	-	-	-
Between 1 and 2 years	25	-	-	-
Between 2 and 5 years	50	-	-	-
Between 5 and 10 years	60	-	12.47	12,079
More than ten years	100	40	67.66	65,538
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.

31 March 2016 £'000	Maturity Analysis Financial Liabilities	31 March 2017 £'000
(7,897)	Less than one year	(7,310)
(705)	Between one and two years	(756)
(4,878)	Between two and five years	(5,078)
(14,510)	Between five and ten years	(17,575)
(79,282)	More than ten years	(75,271)
(19,817)	Uncertain date*	(19,815)
(127,089)	Total Financial Liabilities	(125,805)

* The £19.250 million (19.87%) and £19.815 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 24 July 2017) 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 2017-18 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 foreign exchange risk (loss arising from movements in exchange rates) as borrowing and investments are only carried out in sterling. Price risk (financial gains or losses arising from movement in the prices of financial instruments) is also not applicable to the Council as, whilst the Council's Annual Investment Strategy allows investments in instruments such as bank certificates of deposit and Government Bonds, the Council currently invests in instruments where the sum returned on maturity is the same as the initial amount invested. Therefore only interest rate risk is applicable which 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 2016-17 £m	Revised Projection TMS 2017-18 £m	Actual Principal Outstanding 31 March 2017 £m
Total Projected Principal Outstanding on Borrowing	96.87	96.87	96.87
Total Projected Principal Outstanding on Investments (including cash/cash equivalents deposits)	12.00	30.00	33.75
Net Principal Outstanding	84.87	66.87	63.12
Fixed interest rates (net principal) exposure	140.00	140.00	49.12
Variable interest rates (net principal) exposure	50.00	50.00	14.00

The Council's investments classed as 'loans and receivables' and loans borrowed are not carried at fair value on the balance sheet, so changes in their fair value will 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 Council 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 2017, 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	132	0
Interest receivable on variable rate investments	(229)	229
Impact on Surplus or Deficit on Provision of Services	(97)	229

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.

31. Post Balance Sheet Events

There are no Post Balance Sheet Events.

32. 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 2017, 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.

Halo Leisure, Bridgend County Borough Council's Leisure Services Partner, is an admitted body to the Rhondda Cynon Taf Local Government Pension Fund. A formal admission agreement is in place between the Council and Halo Leisure, a registered Charity and Social Enterprise, which governs the relationship and the financial terms of participation.

For employees who were previously employed by Bridgend CBC and have been transferred to Halo Leisure, the admission agreement states that at the point of transfer any accrued pension liabilities relating to the members scheme membership prior to the commencement date is assumed to be 100% funded. Halo Leisure will only be responsible for the increase in liabilities from the commencement date with the Council acting as guarantor for the previously accrued liabilities at the point of transfer.

Similarly Awen Cultural Trust is also an admitted body to the Rhondda Cynon Taf Government Pension Fund with the same arrangements as for Halo Leisure. The Council is acting as guarantor for any accrued pension liabilities at the point of transfer of Bridgend CBC staff to the Trust.

Notes to the Cash Flow Statement

33. Adjustments for Non-Cash Movements

2015-16 £'000		2016-17 £'000
(26,342)	Depreciation & Impairment of Assets	(24,009)
10,071	Movement in Stock, Debtors & Creditors	8,234
(6,590)	Pension Fund Adjustments	(9,140)
(1,056)	Provisions	(185)
(6,140)	Disposal of Non Current Asset	(6,342)
1,082	Changes in Fair Value of Investment Property	-
6	Other non cash movements	-
(28,969)	Adjustments to net deficit on the provision of services for non-cash movements	(31,442)

34. Operating Activities

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

2015-16 £'000		2016-17 £'000
(13,599)	Cash Flow on Revenue Activities	(14,859)
4,545	Interest Paid	4,578
1,503	Interest element of finance lease and PFI rental payments	1,460
(880)	Interest Received	(929)
(8,431)	Net Cash Flows from Operating Activities	(9,750)

35. Investing Activities

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

2015-16 £'000		2016-17 £'000
21,517	Purchase of Property, Plant and Equipment and Investment Property	13,881
5,523	Purchase / (Proceeds) from Short Term Investments	14,025
(3,959)	Proceeds from sale of Property, Plant and Equipment and Investment Property	(5,292)
23,081	Net Cash Flows from Investing Activities	22,614

36. Financing Activities

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

2015-16 £'000		2016-17 £'000
(3,971)	Cash Receipts of short and long term borrowing	(10,200)
(15,598)	Other Receipts from financing activities	(7,356)
1,500	Repayments of short and long term borrowing	10,210
2,810	Repayment of Premiums on loans	-
(15,259)	Net Cash Flows from Financing Activities	(7,346)

Independent Auditor's Report to the Members of the Audit Committee of Bridgend County Borough Council

I have audited the accounting statements and related notes of Bridgend County Borough Council for the year ended 31 March 2017 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 2016-17 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 26, 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 2017 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 2016-17.

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
29 September 2017

The maintenance and integrity of Bridgend County Borough Council's website is the responsibility of the Accounting Officer/Client Officer; the work carried out by auditors does not involve consideration of these matters and accordingly auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

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.

Expenditure and Funding Statement

This statement brings together local authority performance reported on the basis of expenditure measured under proper accounting practices with statutorily defined charges to the Council Fund.

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.

Bridgend County Borough Council

Cyngor Bwrdeistref Sirol Pen-y-bont ar Ogwr



Civic Offices, Angel Street, Bridgend, CF31 4WB / Swyddfeydd Dinesig, Stryd yr Angel, Pen-y-bont, CF31 4WB

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

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

Date / Dyddiad: 28 September 2017

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

Representations regarding the 2016-17 financial statements

This letter is provided in connection with your audit of the financial statements of Bridgend County Borough Council (the Council) for the year ended 31 March 2017 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 Code of Practice on Local Authority Accounting in the United Kingdom; 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.

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 financial statements are free of material misstatements, including omissions.

Representations by the Council

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 Council's Audit Committee on 28 September 2017.

We confirm that we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that it has been communicated to you. We confirm that, as far as we are aware, there is no relevant audit information of which you are unaware.

Signed by:

Signed by:

Section 151 Officer

Chair of the Audit Committee

Date: 28 September 2017

Date: 28 September 2017



WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Archwilydd Cyffredinol Cymru
Auditor General for Wales

Audit of Financial Statements Report – **Bridgend County Borough Council**

Audit year: 2016-17

Date issued: September 2017

Document reference: **481A2017**

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

infoofficer@audit.wales.

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

Contents

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 2017 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 are £4.5 million. Whether an item is judged to be material can also be affected by certain qualitative issues such as legal and regulatory requirements, or areas of the financial statements that we consider to be of particular interest to the reader that we therefore judge to be sensitive. Examples of such areas are the remuneration report and related party disclosures, which we consider to be material by nature and hence set lower levels of materiality.
- 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. To meet this requirement this report sets out for your consideration the matters arising from the audit of the Council's 2016-17 financial statements.

Status of the audit

- 5 We received the draft financial statements for the year ended 31 March 2017 on 20 June 2017, and have now substantially completed the audit work.
- 6 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

- 7 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](#).
- 8 The proposed audit report is set out in [Appendix 2](#).

Significant issues arising from the audit

Uncorrected misstatements

- 9 The Council's finance officers corrected all of the misstatements identified in the draft financial statements. Therefore, there are no uncorrected misstatements to report.

Corrected misstatements

- 10 The more important misstatements that were corrected are set out with brief explanations in [Appendix 3](#). We consider that these reported corrections should be drawn to your attention due to their relevance to your responsibilities over the financial reporting process.

Other significant issues arising from the audit

- 11 In the course of the audit we consider a number of matters both qualitative and quantitative relating to the financial statements and we report any significant issues to you. We comment below on significant matters that arose, and also on aspects of our audit that we are required to report to you:

- **While the Council has generally sound accounting and financial reporting practices, there are some areas that need to be strengthened.** We found that the overall quality of the draft financial statements presented to us for audit had improved on the previous year. Generally, we found the information provided to be relevant, reliable, comparable, material and easy to understand. We concluded that the majority of the accounting policies, and the accounting estimates, are appropriate and financial statement disclosures unbiased, fair and clear. We have however made some important observations and recommendations in [Appendix 4](#), some of which are in respect of accounting and reporting practices.

We will continue to work closely with officers over the coming months to agree the information that is required earlier to streamline the closure process and move to the faster closing of both the preparation and audit of the annual financial statements.

- **With the exception of the audit of related party disclosures, we did not encounter any significant difficulties during the audit.** We are grateful for the help and assistance provided to us by the staff of the finance and other departments throughout the audit. We generally received information in a timely and helpful manner and were not restricted in our work. We did experience difficulty and delay with the audit of related party disclosures, due to the relatively high number of councillors who had not provided their

related party returns, as required. We comment further on this difficulty within [Appendix 4](#).

- **There were no significant matters discussed and corresponded upon with management which we currently 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.**
- **While we did not identify any material weaknesses in your internal controls, we did identify a high proportion of errors in the processing of housing benefit claims.** Of the 45 claims tested, 11 had been incorrectly processed and paid, with errors totalling £3,087.06 over the 45 claims (in absolute terms). The nature of the errors was primarily attributable to human error rather than any fundamental control failure or process weakness. We extrapolated the errors across the total value of housing benefit expenditure for 2016-17. Our calculation of the extrapolated error (being a hypothetical audit estimate of the potential error, based on the errors within our sample) resulted in an extrapolated error of £1.9 million. The purpose of this extrapolation was to determine whether the errors were material to the audit of the financial statements. We concluded that the level of extrapolated error was significant, but did not exceed our materiality of £4.5 million. We comment further on these errors within [Appendix 4](#).
- **There are no other matters specifically required by auditing standards to be communicated to those charged with governance.** While there are no other such matters to report, we would like to take this opportunity to comment on the Council's 2016-17 Governance Statement. We worked closely with officers to improve the draft 2016-17 Governance Statements and the revised audited Statement now accords more closely with the new guidance in place. The revised Statement is a shorter and more meaningful read, and officers intend to make further improvement to the 2017-18 Governance Statement.

Recommendations arising from our 2016-17 financial audit work

- 12 The recommendations arising from our financial audit work are set out in [Appendix 4](#). Management has responded to them and we will follow up progress on them during next year's audit. Where any actions are outstanding, we will continue to monitor progress and report it to you in next year's report.

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 Wales Audit Office and the Council that we consider to bear on our objectivity and independence.

Appendix 1

Final Letter of Representation

[The Council's letterhead]

Auditor General for Wales
Wales Audit Office
24 Cathedral Road
Cardiff
CF11 9LJ

28 September 2017

Representations regarding the 2016-17 financial statements

This letter is provided in connection with your audit of the financial statements of Bridgend County Borough Council (the Council) for the year ended 31 March 2017 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 Code of Practice on Local Authority Accounting in the United Kingdom; 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.

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 financial statements are free of material misstatements, including omissions.

Representations by the Council

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 Council's Audit Committee on 28 September 2017.

We confirm that we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that it has been communicated to you. We confirm that, as far as we are aware, there is no relevant audit information of which you are unaware.

Signed by:

Section 151 Officer

Date: 28 September 2017

Signed by:

Chair of the Audit Committee

Date: 28 September 2017

Appendix 2

Proposed audit report of the Auditor General to the Council

Auditor General for Wales' report to the Members of Bridgend County Borough Council

I have audited the accounting statements and related notes of Bridgend County Borough Council for the year ended 31 March 2017 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 2016-17 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 25, 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 2017 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 2016-17.

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
29 September 2017

24 Cathedral Road
Cardiff
CF11 9LJ

Appendix 3

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.

The matters below are set out in order of the Notes to the financial statements. None of the corrections impacted on the bottom line of the Comprehensive Income and Expenditure Account.

Exhibit 1: summary of corrections made to the draft financial statements

	Value of correction	Nature of correction	Reason for correction
1	Various adjustments	Note 7 Amendments to the analysis of 'specific grants credited to services'. Significant amendments included: <ul style="list-style-type: none">• 'Housing benefit subsidy', with a decrease of £1,300,000; and• 'Other social services and wellbeing', with an increase £1,350,000. There was no overall impact on the total value of the specific grants credited to services of £92,559,000.	To ensure that amounts disclosed in note 7 are accurately classified.
2	£199	Note 13 Decrease in the median salary, changing from £20,138 to £19,939.	The working paper provided to support the calculations of the median salary had been based on salaries as at 1 April 2017 (ie for 2017-18). A revised working paper was provided showing the calculation for 2016-17 (as at 31 March 2017).

	Value of correction	Nature of correction	Reason for correction
3	£296,682	<p>Note 13</p> <p>Decrease of £296,682 in the total cost of exit packages within disclosure 4 of Note 13.</p> <p>Inclusion of a footnote to disclose the amount of £296,682, which relates to exit packages that were approved in 2015-16 but paid in 2016-17.</p>	To remove amounts included in the 2016-17 disclosure which related to exit packages approved during 2015-16, and to disclose these separately as a footnote.
4	£7,000	<p>Note 15</p> <p>Decrease in the figure for 'grant claims and returns' within the audit fees disclosed.</p>	To agree the amount disclosed to our 2017 Audit Plan.
5	£2,572,000	<p>Note 19</p> <p>An increase in 'fees, charges and other service income', and a corresponding decrease in 'government grants and contributions'.</p>	To correctly classify income across income categories
6	£935,000 (2016-17) £4,159,000 (2015-16 comparative)	<p>Note 19</p> <p>Adjustments:</p> <ul style="list-style-type: none"> • 2016-17 – increase in employee expenses and decrease in other service expenses of £935,000; and • 2015-16 – increase in employee expenses and decrease in other service expenses of £4,159,000. 	To correctly classify expenditure across the expenditure categories.
7	£2,770,000	<p>Note 20c</p> <p>Adjustments:</p> <ul style="list-style-type: none"> • increase in 'assets under construction' additions and decrease in 'land and buildings' additions; and • increase in 'other movements in cost and valuation' both within the headings of 'assets under construction' and 'land and buildings'. 	To correctly classify in-year additions on an asset under construction, and transfer the full asset value to land and buildings upon completion of the asset.

	Value of correction	Nature of correction	Reason for correction
8	£4,375,000	<p>Note 20c</p> <p>Decrease in the following lines under the heading 'vehicles, plant and equipment':</p> <ul style="list-style-type: none"> • cost or valuation at 1 April 2016 and at 31 March 2017 - £5,480,000; • accumulated depreciation and impairments at 1 April 2016 - £480,000; • depreciation charge for the year - £625,000; • accumulated depreciation and impairments at 31 March 2017 - £1,105,000; • net book value as at 1 April 2016 - £5,000,000; and • net book value as at 31 March 2017 - £4,375,000. <p>Note 20d</p> <p>Inclusion of a new note (note 20d) for intangible assets disclosing the following amounts:</p> <ul style="list-style-type: none"> • cost or valuation at 1 April 2016 and at 31 March 2017 - £5,480,000; • accumulated depreciation and impairments at 1 April 2016 - £480,000; • depreciation charge for the year - £625,000; • accumulated depreciation and impairments at 31 March 2017 - £1,105,000; • net book value as at 1 April 2016 - £5,000,000; and • net book value as at 31 March 2017 - £4,375,000. 	To correctly classify an intangible asset that had been incorrectly classified with 'vehicles, plant and equipment'.
9	Various adjustments to Note 25 provisions	<p>Note 25</p> <ul style="list-style-type: none"> • £297,000 transferred from 'Insurance (BCBC)' to 'other provisions'; and • increase in 'expenditure' and decrease in 'increase/(decrease)' of £711,000 against the line for 'Insurance (BCBC)'. 	To correctly classify and analyse in-year provision movements.

Appendix 4

Recommendations arising from our 2016-17 financial audit work

We set out all the recommendations arising from our audit with management's response to them. We will follow up these next year and include any outstanding issues in next year's audit report:

Exhibit 2: Matter arising 1

Matter arising 1 – Processing of housing benefit claims	
Findings	<p>We initially tested a sample of 20 housing benefit cases, of which eight cases contained error. As a result of this high error rate, we needed to extend our sample by a further 25 cases. Of these 25 additional cases, three contained error.</p> <p>Therefore, 11 of the 45 cases tested contained error, with individual errors ranging from 30 pence to £1,889. The value of the 11 errors totalled £3,087.06 (in absolute terms), with:</p> <ul style="list-style-type: none"> • six of the errors being underpayments to claimants that totalled £2,682.75; and • five of the errors being overpayments to claimants that totalled £404.31. <p>We did not identify any weaknesses in the processing controls over housing benefit claims, rather the errors had arisen due to processing errors by officers, mostly being in respect of the recording of earned income and associated deductions, and changes in rent and household occupancy.</p> <p>As reported in paragraph 11 of this report, we were able to conclude that the level of extrapolated error was significant, but did not exceed our materiality of £4.5 million.</p>
Priority	High
Recommendation	<p>The Council should strengthen the arrangements in place, which should include:</p> <ul style="list-style-type: none"> • ensuring that adequate induction and ongoing training is provided to all housing benefit staff; and • ensuring that management review and oversight is satisfactory, with particular regard to the input of data into the housing benefit system. <p>The Council should also seek to repay claimants who have been underpaid (for the whole period affected by processing errors); and determine whether to recover or write-off the overpayments.</p>

Matter arising 1 – Processing of housing benefit claims	
Benefits of implementing the recommendation	Payments of housing benefit to claimants are correct.
Accepted in full by management	Yes
Management response	In addition to the routine claims checking, targeted checks will be undertaken as a project on specific Housing Benefit areas, eg earned income. The report to identify potential unprocessed rent increases will be re-run and examined; processing accuracy will become a standing item for discussion at team meetings and as part of the induction and training process. All identified errors have been corrected and payments made, overpayment recovery, or write-off where appropriate, has been actioned.
Implementation date	March 2018

Exhibit 3: Matter arising 2

Matter arising 2 – Councillors' related party returns	
Findings	<p>Our examination of the related party disclosures found 11 councillors (some 20% of councillors) had not submitted their related party return, as required. The returns are an essential part of the preparation of the financial statements submitted for audit.</p> <p>The 11 returns remained outstanding at the start of August, representing a material risk to the completeness of the related party disclosures within the financial statements.</p> <p>Due to the material risk to the financial statements, officers rigorously pursued all of the outstanding returns, and as at 19 September one return remained outstanding.</p>
Priority	High
Recommendation	<p>The Council should:</p> <ul style="list-style-type: none"> formally remind all councillors of the importance of completing and submitting their annual related-party return by the deadline set by the Finance Department; and ensure that any outstanding related party returns are always pursued promptly.
Benefits of implementing the recommendation	The timely receipt of related party returns from all councillors enables the related party disclosures within the financial statements to be materially accurate.
Accepted in full by management	Yes

Matter arising 2 – Councillors’ related party returns	
Management response	Management will present a report to Council in March of the relevant financial year which will explain the disclosure requirement and the importance of a timely return and at this meeting, the Related Party Return will be issued to Members. If necessary, a follow-up report will be presented to Audit Committee to highlight any Returns outstanding.
Implementation date	March 2018

Exhibit 4: Matter arising 3

Matter arising 3 – Identifying and recording the disposal of capitalised plant and equipment	
Findings	<p>Our review of fixed-asset disclosures noted that the gross book value of disposals of ‘Vehicles, Plant and Equipment’ is very low at £4,000, despite there being in-year additions of £832,000. Typically, many of the additions are likely to have been purchased to replace existing disposable assets.</p> <p>On further examination we established that the Council does not have a process in place to identify and notify the Finance Department of disposals of IT equipment and furniture.</p> <p>It is important that a process is in place that requires all departments to formally notify (at the time of disposal) the Finance Department of an asset disposal. This would enable the Finance department to update the Council’s fixed asset register, which supports the annual financial statements.</p> <p>While this is a significant control weakness, we were able to conclude that it does not represent a risk of material misstatement to the 2016-17 financial statements.</p>
Priority	High
Recommendation	<p>The Council should review its process for the recording and control of the disposals of its assets, which should include a review of:</p> <ul style="list-style-type: none"> • the instructions sent to all departments; and • of the adequacy of the monitoring arrangements over departmental compliance.
Benefits of implementing the recommendation	The asset register reflects only those assets which exist and disposed assets are correctly removed from the asset register.
Accepted in full by management	Yes

Matter arising 3 – Identifying and recording the disposal of capitalised plant and equipment	
Management response	A review of the disposal process for vehicles, plant and equipment will take place. The ICT asset management process has already been amended to include notification to Finance of additions, changes, and deletions.
Implementation date	March 2018

Exhibit 5: Matter arising 4

Matter arising 4 - Infrastructure asset balances	
Findings	<p>Our examination of the Council's infrastructure assets proved to be difficult in respect of the testing of their existence and ownership.</p> <p>These difficulties arose because many of the assets are old (as a guide, typically more than ten years old), for which detailed records are not easily accessible. For example, a number of the assets are recorded within the asset register as groupings, either by the year the expenditure was incurred or by the nature of the asset.</p> <p>We worked closely with officers to trace through the information available to us to support our testing of a sample of the infrastructure assets. This work enabled us to conclude that, despite the poor records for some of the assets, the asset classification is materially accurate.</p>
Priority	High
Recommendation	<p>The Council should ensure that going forward, infrastructure assets are recorded in the fixed asset register at an appropriate level, and with sufficient detail for each specific asset. The Council should avoid the use of general groupings.</p> <p>Looking back, the Council should review the infrastructure assets currently in the asset register to ensure that all of them are adequately supported by the relevant documentation, and thus valid. Historic balances that cannot be supported should be written out of the asset register, and thereby written off the Council's balance sheet. .</p>
Benefits of implementing the recommendation	Infrastructure assets recorded in the fixed asset register and disclosed in the financial statements are accurate.
Accepted in full by management	Yes

Matter arising 4 - Infrastructure asset balances	
Management response	There are general groupings of capital expenditure within the Capital Programme especially around the allocations for Directorates' Minor Works. Extra work will be undertaken during the capital closing process to more accurately break these down for the asset register. Also, there will be a review of historic assets up to six years old to try to allocate them and any unsupported assets will be written off as appropriate. However, there are two opening balances within Infrastructure from the former Mid Glamorgan County Council and Ogwr Borough Council that would be too large to write off.
Implementation date	May 2018

Exhibit 6 – Matter arising 5

Matter arising 5- Generation of council-tax reports	
Findings	<p>Some residents pay their council tax bill in advance of the year ahead, thus resulting in the Council receiving 'income in advance', and recognising a liability on its balance sheet.</p> <p>In line with this principle, the Council's creditors as at 31 March 2017 included advance council-tax payments of £1,530,476.</p> <p>While we were able to review the controls in place to gain some audit assurance, we were unable to substantively test the £1.5 million year-end balance, as the Council could not provide us with a breakdown of the year-end balance. We understand that this weakness arose because the council tax system is a 'live' system that is unable to generate a report of historic data.</p>
Priority	High
Recommendation	The Council should generate the necessary council-tax reports on the final day of each financial year, so that all year-end creditor and debtor balances are fully supported by all of the underlying transactions, for audit purposes.
Benefits of implementing the recommendation	Provide assurance to the auditors that council-tax transactions selected for testing are correctly included in year-end debtor and creditor balances and therefore recognised in the correct financial year.
Accepted in full by management	Yes
Management response	The Report will be added to the suite of year-end reports going forward so that this will be available for testing by External Audit.

Matter arising 5- Generation of council-tax reports

Implementation date	March 2018
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Exhibit 7: Matter arising 6**Matter arising 6 - Incorrect calculation of an exit package payment**

Findings	<p>We tested a sample of ten of the 52 exit packages paid to employees, and disclosed within the financial statements (Note 13). We found an error in the calculation of one of the exit packages tested, which had resulted in an overpayment of £2,454 to the employee.</p> <p>Officers reviewed the other 42 payments and shared their work with us, which indicated that the one error was an isolated case.</p> <p>We were able to conclude that the error identified does not represent a risk of material misstatement to the 2016-17 financial statements.</p>
Priority	Medium
Recommendation	<p>The Council should review why the one error arose in order to determine whether any changes are necessary to strengthen controls.</p> <p>Also, the Council should look to either recover the money or seek approval to write it off.</p>
Benefits of implementing the recommendation	Exit package payments made to individuals are accurate and in line with Council policy.
Accepted in full by management	Yes
Management response	<p>The actual error related was as a result of a spreadsheet formula that overstated the number of full years worked. The Finance Manager – Financial Control has now documented the process to ensure that there is segregation between the Human Resources Advisors that calculate the package and the Pensions Team that checks the accuracy. The previous spreadsheet template has been amended to ensure that this does not happen again.</p>
Implementation date	Done

Exhibit 8: Matter arising 7

Matter arising 7 - IT controls and support	
Findings	<p>Our audit includes a high-level review of some of the key IT controls operating within the systems that inform the production of the financial statements. As part of this review we noted the following:</p> <ul style="list-style-type: none"> • The service level agreement (SLA) for the provision of the CIPFA Asset Register (dated 2012) highlights that some of the system uses Windows 2003 Enterprise Edition and MS SQL 2005, both of which are no longer supported. As a result of our observation, CIPFA confirmed to officers that their environment has been upgraded since the 2012 SLA, and is using systems that are supported. • When resetting user passwords on the E5 main accounting system, and cash receipting system, appropriate security checks are not always undertaken when resetting passwords via the telephone, in order to confirm the user is who they say they are. • The Northgate SX3 and CIPFA Asset Register systems both have an inbuilt 'tick box' option to require users to set complex passwords, which would be more secure. However, we found that the option is not used by the Council.
Priority	Medium
Recommendation	<p>The Council should:</p> <ul style="list-style-type: none"> • Update its SLA with CIPFA. • Ensure that when resetting user passwords on the E5 main accounting system, and cash receipting system, appropriate security checks should be undertaken when resetting passwords via the telephone to confirm the user is who they say they are. This control may also be strengthened by the potential addition of an appropriate password reset tool. • Ensure that the Northgate SX3 and CIPFA Asset Register systems both make use of the available 'password complexity function', in order to strengthen password security control.
Benefits of implementing the recommendation	The security of the IT systems and infrastructure supporting the annual financial statements is more robust.
Accepted in full by management	Yes

Matter arising 7 - IT controls and support

Management response	Management will request an updated SLA from Cipfa and will examine the use of self-serve password resets on E5 main accounting system and the use of complex passwords on Northgate. This has been implemented on the CIPFA asset register.
Implementation date	June 2018

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

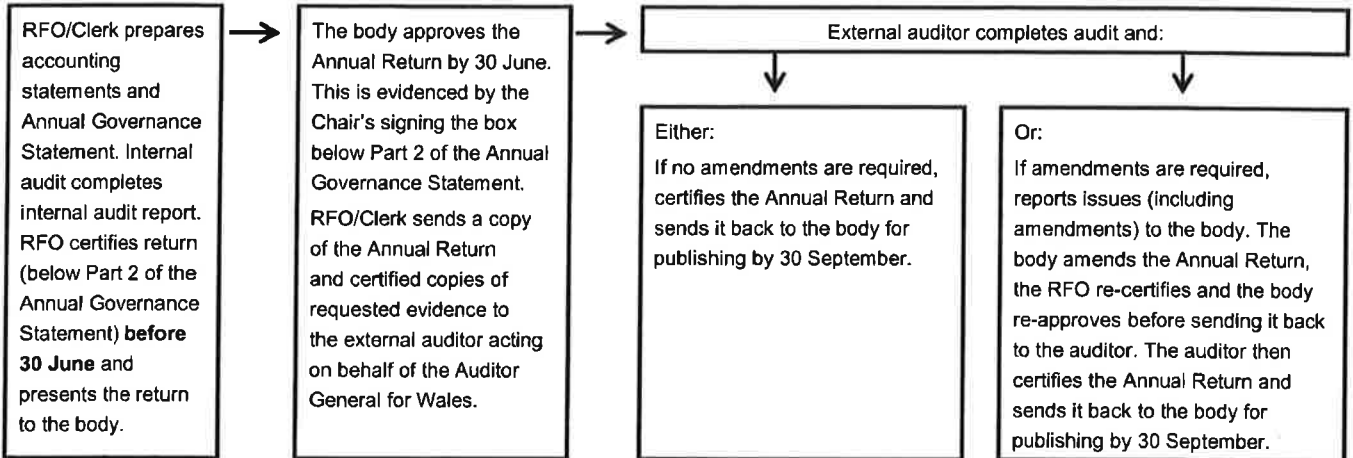


Smaller local government bodies in Wales Annual Return for the Year Ended 31 March 2017

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 read the guidance on completing this Annual Return and complete all sections highlighted in red including both sections of the Annual Governance Statement.

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. Unless requested, please **do not** send any original financial or other records to the external auditor.

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

Initial submission to the external auditor		Done?	
		Yes	No
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 2017?	<input type="checkbox"/>	<input type="checkbox"/>
	Do the accounts add up and does the balance carried forward from last year equal the opening balance this year?	<input type="checkbox"/>	<input type="checkbox"/>
	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 type="checkbox"/>	<input type="checkbox"/>
	Does the bank reconciliation as at 31 March 2017 agree to line 9?	<input type="checkbox"/>	<input type="checkbox"/>
All sections	Have all red boxes been completed and explanations provided where needed?	<input type="checkbox"/>	<input type="checkbox"/>
Supporting evidence	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 type="checkbox"/>	<input type="checkbox"/>

Accounting statements 2016-17 for:

Name of body: Porthcawl Harbour

	Year ending		Notes and guidance for compilers
	31 March 2016 (£)	31 March 2017 (£)	

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	(244,768)	(228,342)	Total income or receipts recorded in the cashbook minus amounts included in line 2. Includes support, discretionary and revenue grants.
4. (-) Staff costs	64,905	66,833	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	128,903	128,903	Total expenditure or payments of capital and interest made during the year on external borrowing (if any).
6. (-) Total other payments	50,960	32,606	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	56350	0	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	(56350)	0	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	3,611,726	3,482,823	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	<table border="1"> <tr> <th>Yes</th> <th>No</th> <th>N/A</th> <th>Yes</th> <th>No</th> <th>N/A</th> </tr> <tr> <td><input type="radio"/></td> <td><input type="radio"/></td> <td><input checked="" type="radio"/></td> <td><input type="radio"/></td> <td><input type="radio"/></td> <td><input checked="" type="radio"/></td> </tr> </table>	Yes	No	N/A	Yes	No	N/A	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>		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).
Yes	No	N/A	Yes	No	N/A										
<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 2017, that:

	Agreed?		'YES' means that the Council/Board/Committee:	PG Ref	
	Yes	No*			
<p>1. We have put in place arrangements for:</p> <ul style="list-style-type: none"> effective financial management during the year; and the preparation and approval of the accounting statements. 	<input checked="" type="radio"/>	<input type="radio"/>	Properly sets its budget and manages its money and prepares and approves its accounting statements as prescribed by law.	6, 12	
<p>2. We have maintained an adequate system of internal control, including measures designed to prevent and detect fraud and corruption, and reviewed its effectiveness.</p>	<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	
<p>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.</p>	<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	
<p>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.</p>	<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	
<p>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.</p>	<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	
<p>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.</p>	<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	
<p>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.</p>	<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	
<p>8. We have taken appropriate action on all matters raised in previous reports from internal and external audit.</p>	<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	
<p>9. Trust funds – in our capacity as trustee, we have:</p> <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 have registered as an employer with HM Revenue and Customs and properly operate Pay As You Earn as part of our payroll arrangements; or We do not need to register for PAYE because none of our employees are paid £112 or more a week, get expenses and benefits, have another job or get a pension.	☑	☐	Has registered as an employer and properly operates PAYE unless all of the exemption criteria are met.	13
2. We have maintained proper payroll records for each of our employees including deductions of tax and national insurance.	☑	☐	Has kept records of payments made to employees including taxable expenses or benefits and of payments made to HMRC.	13
3. We have adopted a Code of Conduct setting out proper standards of behaviour expected of councillors and individually, have agreed to abide by the code.	☑	☐	The body and its members have adopted and agreed to abide by a Code of Conduct as required by law.	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 2017.</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>Minute 8 29-6-17</p>
<p>RFO signature: </p>	<p>Chair signature: </p>
<p>Name: name required <u>RANDY HEMMINGWAY</u></p>	<p>Name: name required <u>LYN WALTERS</u></p>
<p>Date: dd/mm/yyyy <u>21/06/2017</u></p>	<p>Date: dd/mm/yyyy <u>29/6/17</u></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 2017.</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>Chair signature:</p>
<p>Name: name required</p>	<p>Name: name required</p>
<p>Date: dd/mm/yyyy</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 2017 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 2017.

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 performed in annually. No relevant issues identified.
2. Financial regulations have been met, payments were supported by invoices, expenditure was approved and VAT was appropriately accounted for.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	No audit performed in 2016/17. Previous audit in 2015/16 revealed no relevant issues.
3. The body assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	No audit performed in 2016/17. Previous audit in 2015/16 revealed no relevant issues.
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 type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	No audit performed in 2016/17. Previous audit in 2015/16 revealed no relevant issues.
5. Expected income was fully received, based on correct prices, properly recorded and promptly banked, and VAT was appropriately accounted for.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	No audit performed in 2016/17. Previous audit in 2015/16 revealed no relevant issues.
6. Petty cash payments were properly supported by receipts, expenditure was approved and VAT appropriately accounted for.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	No relevant issues raised in the 15/16 Audit. VAT for each purchase and sale was confirmed as itemised on the general ledger.
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 audited annually. No relevant 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"/>	No separate bank account for Porthcawl Harbour. Centralised bank reconciliation performed. Centralised main accounting audit performed in annually. No relevant 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 performed in annually. No relevant 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"/>	None.

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 checked="" type="radio"/>	<input type="radio"/>	Corporate risk management process in place. No risks specific to Porthcawl Harbour have been identified.
13. Insert risk area	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	Insert text
14. Insert risk area	<input type="radio"/>	<input type="radio"/>	<input checked="" 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.

[My detailed findings and recommendations which I draw to the attention of the Council/Board/Committee are included in my detailed report to the Council/Board/Committee dated _____.] * Delete if no report prepared.

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 2015-16 and 2016-17. I also confirm that there are no conflicts of interest surrounding my appointment.

Name of person who carried out the internal audit: Joan Davies

Signature of person who carried out the internal audit: *J. Davies*

Date: 09/06/2017

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 2016) equals the balance brought forward in the current year (line 1 of 2017). Explain any differences between the 2016 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 / 24 Heol y Gadeirlan
Cardiff / Caerdydd
CF11 9LJ

Tel / Ffôn: 029 2032 0500

Fax / Ffacs: 029 2032 0600

Textphone / Ffôn testun: 029 2032 0660

info@audit.wales / post@archwilio.cymru

www.audit.wales / www.archwilio.cymru

Reference: DO17-008

Date issued: 12 September 2017

Dear Members

Porthcawl Harbour Annual Return for the year ended 31 March 2017

The Auditor is responsible for providing an opinion:

- on whether the information contained in the Annual Return is in accordance with proper practices; 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 2017 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 2017 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 the Accounting Statements.

Other matters not affecting our opinion

We note that the Committee approval and certification section of the unaudited Annual Return did not contain the minute reference and date of meeting at which the return was approved by the Joint Committee as this information was not available at the time of completion of the Annual Return. This has now been included in the audited Annual Return.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Derwyn Owen'.

Derwyn Owen

Engagement Director

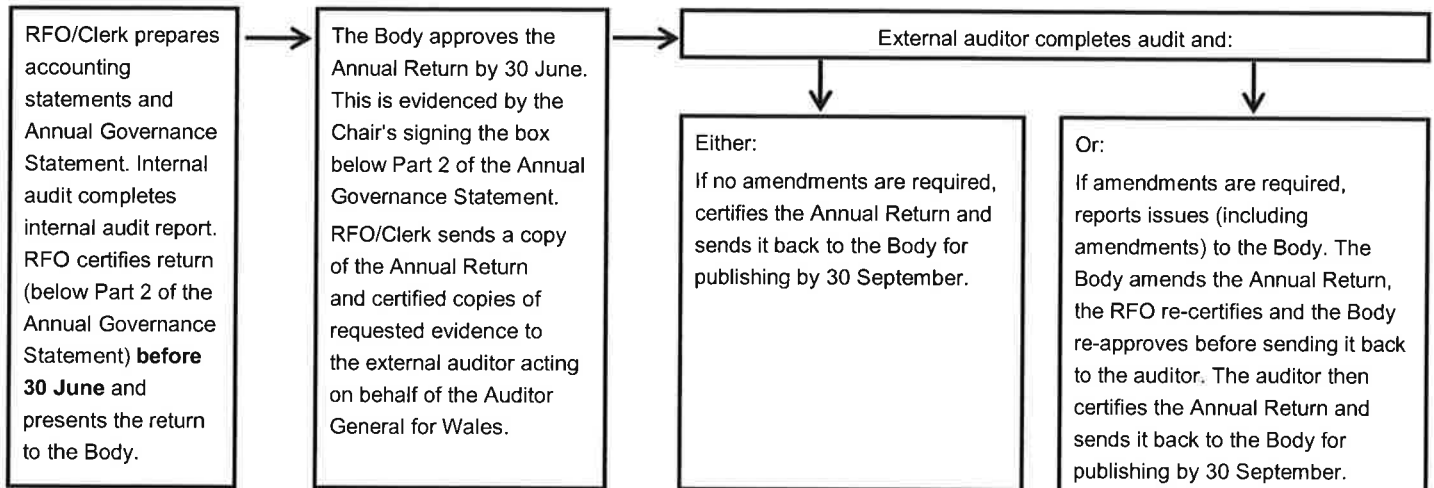


Smaller local government bodies in Wales Annual Return for the Year Ended 31 March 2017

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 2017?	<input 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 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 type="radio"/>	<input type="radio"/>
	Does the bank reconciliation as at 31 March 2017 agree to line 9?	<input type="radio"/>	<input type="radio"/>
All sections	Have all red boxes been completed and explanations provided where needed?	<input 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 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 type="radio"/>	<input type="radio"/>

Accounting statements 2016-17 for:

Name of body:

	Year ending		Notes and guidance for compilers
	31 March 2016 (£)	31 March 2017 (£)	
Statement of income and expenditure/receipts and payments			
1. Balances brought forward	1216	771	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	6372	87	Total income or receipts recorded in the cashbook minus amounts included in line 2. Includes support, discretionary and revenue grants.
4. (-) Staff costs	-1180	-93	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	0	0	Total expenditure or payments of capital and interest made during the year on external borrowing (if any).
6. (-) Total other payments	-5637	-765	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	771	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	238	0	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	1128	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	-595	0	Income and expenditure accounts only: Enter the value of monies owed by the body (except borrowing) at the year-end.
11. (=) Balances carried forward	771	0	Total balances should equal line 7 above: Enter the total of (8+9-10).
12. Total fixed assets and long-term assets	0	0	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	<input type="radio"/> Yes <input type="radio"/> No <input type="radio"/> N/A	<input type="radio"/> Yes <input type="radio"/> No <input type="radio"/> 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).

Annual Governance Statement (Part 1)

We acknowledge as the members of the 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 2017, 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 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 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 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 checked="" type="radio"/>	<input type="radio"/>	<input 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.


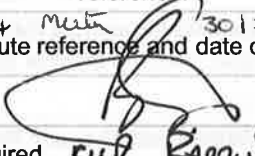
Annual Governance Statement (Part 2)

	Agreed?		'YES' means that the Council/Board/Committee:	PG Ref
	Yes	No*		
1. We calculated and approved the Committee's budget requirement for the 2016-17 financial year in accordance the Local Government Finance Act 1992 and proper practices.	<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 and a summary of the Committee's financial position on a regular 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 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.

Committee approval and certification

The 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 Committee, and its income and expenditure, or properly presents receipts and payments, as the case may be, for the year ended 31 March 2017</p>	<p>Approval by the Committee</p> <p>I confirm that these accounting statements and Annual Governance Statement were approved by the Committee under minute reference:</p> <p>minute 54 Meeting 30/3/17 Insert minute reference and date of meeting</p>
<p>RFO signature: </p>	<p>Chair signature: </p>
<p>Name: name required RANDAL HEMINGWAY</p>	<p>Name: name required Cllr. Barry Stephens JP</p>
<p>Date: dd/mm/yyyy 21/03/2017</p>	<p>Date: dd/mm/yyyy 30/03/2017</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 2017.</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>Insert minute reference and date of meeting</p>
<p>RFO signature:</p>	<p>Chair signature:</p>
<p>Name: name required</p>	<p>Name: name required</p>
<p>Date: dd/mm/yyyy</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 2017 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:

The 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 2017.

The internal audit has been carried out in accordance with the 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 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"/>	Annual internal audits have provided assurance followed by a review of the closure procedures in January 2017.
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"/>	As above.
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"/>	External review commissioned regarding viability resulting in the decision to close the service.
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 type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	None.
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"/>	Examination of the final position regarding outstanding debtors confirmed that the final outstanding debts were received in December 2016.
6. Petty cash payments were properly supported by receipts, expenditure was approved and VAT appropriately accounted for.	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	None.
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"/>	Salaries paid by central BCBC payroll. A review of redundancy costs was included in the final audit of the closure procedures.
8. Asset and investment registers were complete, accurate, and properly maintained.	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	No assets of any value.

	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 type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	No separate bank account. Balance sheet codes agreed at year end. Reliance placed on annual audits by Wales Audit Office.
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 type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	As above.
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"/>	None.

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 checked="" type="radio"/>	Not covered due to closure of the service.
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.

[My detailed findings and recommendations which I draw to the attention of the Council/Board/Committee are included in my detailed report to the Council/Board/Committee dated _____.] * Delete if no report prepared.

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 2015-16 and 2016-17. I also confirm that there are no conflicts of interest surrounding my appointment.

Name of person who carried out the internal audit: Joan Davies
Signature of person who carried out the internal audit: 

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 / 24 Heol y Gadeirlan
Cardiff / Caerdydd
CF11 9LJ

Tel / Ffôn: 029 2032 0500

Fax / Ffacs: 029 2032 0600

Textphone / Ffôn testun: 029 2032 0660

info@audit.wales / post@archwilio.cymru

www.audit.wales / www.archwilio.cymru

Reference: DO17-009

Date issued: 15 September 2017

Dear Committee Members

Catalogue Supplies Joint Committee Annual Return for the year ended 31 March 2017

The Auditor is responsible for providing an opinion:

- on whether the information contained in the Annual Return is in accordance with proper practices; 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 2017 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 2017 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 the Accounting Statements.

Other matters not affecting our opinion

We note that the Committee approval and certification section of the unaudited Annual Return did not contain the minute reference and date of meeting at which the return was approved by the Joint Committee as this reference was not available at the time of completion of the Annual Return. This has now been included in the audited Annual Return.

Yours sincerely



Derwyn Owen

Engagement Director

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO AUDIT COMMITTEE

28 SEPTEMBER 2017

REPORT OF THE HEAD OF FINANCE

THE CORPORATE RISK ASSESSMENT 2017-18

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 2017-18 Corporate Risk Assessment which have arisen out of the review undertaken in July 2017 and certain other changes to risks that have been made subsequently.

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 2017-18 Corporate Risk Assessment was approved by Council on 1 March 2017 and is fully aligned with the Council's Medium Term Financial Strategy and 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 the Council's services and the wider County Borough, what

is being done to manage the risks and allocates responsibility for the Council's response. Since it was reviewed by SMT the Medium Term Financial Strategy, Waste, Educational Attainment, Local Government Reorganisation and Collaboration risks have been updated to reflect important changes. In addition the risk assessment also incorporates a new risk in relation to an unfunded NJC pay claim for 2018-2019. **Appendix 2** is a version of the Corporate Risk Assessment which demonstrates, via footnotes, the links with the Corporate Plan.

- **Making the cultural change necessary to deliver the Medium Term Financial Strategy**

The risk description has been changed to reflect the overall budget reduction of £5.852 million and the “most likely” requirement to reduce budgets by more than £35 million over the next four years. The political makeup of the Council has now changed and it may be harder to reach a consensus on where budget reductions should be found and how the budget should be balanced. The risk description describes the uncertainties which are faced; these include the future of Welsh Government settlements as there is no indication about future years funding, the impact on Council budgets of perceived pressures in the Welsh NHS budget, whether the 1% pay cap will continue and the challenges experienced in the delivery of social services transformation programmes.

The risk impact remains unchanged.

The risk reduction measures note that following a motion to Council in May the Budget Research and Evaluation Panel has been asked to review the 1% efficiency saving in schools budgets. If this is not continued there will be nearly £1million extra to find in reductions from other services.

The consultation “Shaping Bridgend’s Future” received the strongest response rate of any Council consultation in recent years. This made the Council better able to find more acceptable areas for budget reductions. In the future the Council will continue to ask residents for their views on the difficult decisions which the Council will need to make.

The financial resilience of the Council will be improved as it seeks to increase the Council Fund reserve to the Welsh average of 2.7%. The fund was increased by £356,000 in 2016-17.

A commercialisation programme is being led by the Head of Finance to identify new and existing opportunities.

The risk score remains unchanged.

- **Supporting vulnerable children, young people and their families**

The risk description has been changed to emphasise that there is a strong link between adverse childhood experiences and poor physical and mental health, chronic disease, lower educational achievement and lower economic success in adulthood.

The risk reduction measures have been changed to note that the Council will reduce adverse childhood experiences and demand on services by investing in early help and intervention programmes. The Care and Social Services Inspectorate Wales (CSSIW) has recently completed an inspection of the service and the initial feedback was that whilst the implementation of the Social Services and Wellbeing (Wales) Act 2014 is 'work in progress' the Council has made good progress.

A number of other changes have been made to the risk reduction measures. They note that whilst there has been a slower than anticipated safe reduction in the number of Looked After Children, there is an earmarked reserve that supports the service area.

A multi-agency safeguarding hub is being developed to improve outcomes for children, young people and their families. Phase 2 of the Multi-Agency Safeguarding Hub (MASH) now needs to be implemented including the future accommodation.

Work is progressing on the adaptations required to support the 52 week residential provision for children with disabilities at Heronsbridge School and it is envisaged that this will assist in reducing the costs of out of county placements.

In addition the Council will finalise the support plan template and reviewing mechanisms for young carers.

The inherent risk likelihood score has been increased from 5 to 6 with a resulting risk score of 24. The residual risk score remains at 20.

The risk impact remains unchanged.

Consideration of the impact of Bridgend locality health services migrating from ABMU to Cwm Taf is being included in the October review of the risk.

- **Welfare reform**

The risk description has been updated to include the number of households affected by the reduction in the benefit cap from £23,000 to £20,000.

The risk reduction measures show the options open to tenants who fall into arrears specifically through the allocation of the bedroom cap.

The risk impact and score remains unchanged.

- **Supporting adults at risk**

The risk description has been changed in a number of areas. It makes reference to the physical and mental health needs within the County Borough being identified in the Population Assessment. In addition the comments about the risks associated with the use of independent providers have been expanded to include the financial stresses caused by the minimum wage, work related time; including the requirement to pay staff for travelling time, plus auto-enrolment in pension schemes.

The risk description notes that demand for services and the requirements of legislation are increasing. Examples are the General Data Protection Regulation (GDPR) and the Regulation and Inspection of Social Care Act 2016. These are being introduced against a background of very significant budget reductions being made in the last six years and further MTFs reductions of £2.2 million being needed in 2017-18 with more again in 2018-19.

The risk impact notes the effect of GDPR; including the potential for very large fines and also that a new system of service regulation and inspection is being introduced by the Regulation and Inspection of Social Care Act 2016.

The risk reduction measures advise that the Council has successfully been on a significant journey of remodeling services and that Officers understand the budget and the legislative requirements as well as the need to reduce demand by investing in targeted early help and intervention programmes.

The risk reduction measures now include the Population Assessment. It provides a clear and specific evidence base in relation to care and support needs and Carers' needs and will underpin the delivery of statutory functions and inform planning and operational decisions.

They say that further training will be required to implement the Regulation and Inspection of Social Care Act 2016, but that BCBC has a track record of training its domiciliary and residential workers and it is likely that these predecessor qualifications will count towards the qualification required. The Council is consulting with Western Bay Partners about how the requirements of the Act will be met.

The comments about the two Extracare homes have been updated to say that this £3 million commitment is progressing.

The Council's Information Governance Board is planning its response to GDPR which comes into force in May 2018.

Finally, the risk reduction measures note that there is a vibrant and mixed domiciliary care market in Bridgend which works very well in partnership with the Council to meet changes in demand. The Council actively seeks to develop and strengthen the market to attract new, quality providers and also engages in early communication and engagement with its partners. Should a provider experience difficulties, the Council has contingency plans in place.

The positive management of the risk has resulted in a reduction in the residual risk score for likelihood from 5 to 4. This means that the overall residual risk score is now 16.

Consideration of the impact of Bridgend locality health services migrating from ABMU to Cwm Taf is being included in the October review of the risk.

- **The economic climate and austerity**

The risk reduction measures note that the Council supports the Bridgend Business Improvement District (BID). Businesses have voted in favour of establishing a Business Improvement District in the town centre and a manager has been appointed. There will now be increased investment into the town's economy from the proceeds of the BID levy over the next three years and key issues which affect the success of the town can be addressed transforming Bridgend into a better place to do business.

The information concerning developments in Porthcawl has been brought up to date. These include work being underway on the Maritime and Water Sports Centre, the completion of the refurbishment of the Jennings Building and the completion of the extension to the Welsh Coastal Footpath.

The Welsh European Funding Office has approved an extension until March 2020 of the Bridges Into Work 2 scheme. This targets help towards economically inactive and long-term unemployed people over the age of 25.

The risk description, impact and score remain unchanged.

The result of the General Election may influence the UK Government's austerity programme, however at the current time there is no certainty about this.

- **Disposing of waste**

The risk description notes that the vehicles being used for recycling under the new service are the same as those used under the old. From October 2017 Kier will be introducing new high capacity vehicles which will result in some rerouting. There is a risk that the service will suffer further disruption and miss collections as the new arrangements bed in.

The inconvenience to residents and reputational damage to the Council when miss-collections take place has been added to the risk impact.

The risk mitigation measures note that the new waste and recycling contract commenced with Kier in April 2017 and that this will improve the Council's environmental performance protecting future generations. It will assist the Council in meeting the WG waste targets and avoid the imposition of fines.

Following the launch of the new waste and recycling contract, there was always going to be disruption as vehicles were rerouted and the new scheme was implemented. This was expected. However in weeks two and three it is accepted that the recycling collection was badly resourced because the contractor misjudged the level of resource required. Service levels dropped to an unacceptable degree. The levels of miss-collecting of recycling are now improving week on week and current collections are well above 99%. Unfortunately some residents who are receiving poor service are repeatedly suffering the same errors.

The Council also introduced an absorbent hygienic products collection and the delivery of this service has also been poor. Some bags have not been delivered

to residents and some collections have not taken place. Blue bag residual waste, bulky waste and garden waste all have low levels of miss-collection.

The risk reduction measures say that Kier are due to introduce new recycling vehicles in October 2017 and that the level of resource must be correct and that they must have sound plans for implementation.

The food waste risk reduction measures have been updated. BCBC and Swansea CBC have agreed a 15 year contract for all household food waste to be processed at Parc Stormy within Bridgend County Borough. The process produces methane gas, which is collected to power a generator and produce electricity that is exported to the national grid. The remaining material becomes a bio-fertilizer which is applied to nearby farm land.

The risk score remains unchanged.

- **Healthy lifestyles**

The risk mitigation measures have been updated. These include the number of persons using the National Exercise Referral Programme, the continued growth in the number of visitors to HALO facilities, the “Get On Track” programme which has successfully supported over 30 young people with additional needs or who are considered to be NEET and the “Later Life” programme which has supported physical activity in day care, residential care and community settings.

The risk description, impact and score remain unchanged.

- **Maintaining infrastructure**

The comment that a proportion of the £400,000 Public Realm Improvement Fund can be spent on the highways network has been removed from the risk mitigation measures.

The risk description, impact and score remain unchanged.

- **Ineffective collaboration with partners**

The risk description has been changed to note the recent announcement by Welsh Government that the Bridgend locality of ABMU is to be moved to Cwm Taf University Health Board. This is highly significant. In the long term it means that all of the Council’s collaborations will be aligned on the same footprint and there are benefits in terms of effectiveness and efficiency that should arise from that.

The risk impact notes that in the case of health and social care integration there are significant risks associated with the health board changes. Specifically these are the risk of a loss of momentum with health and social care collaboration as the Bridgend locality health services migrate from ABMU to Cwm Taf.

The risk reduction measures include specific work to address the anticipated change. These include early and ongoing discussions with Welsh Government,

Cwm Taf and Western Bay partners, internal arrangements being put in place to ensure that key members and officers can share and develop a consistent view of the situation and adequate resources and communication with staff who work closely with Western Bay partners.

The risk owner has changed to include the Chief Executive and the Corporate Director Social Services and Wellbeing.

The residual risk score has increased from 12 to 16. This recognises that certain things that the Council might otherwise have done with ABMU may not happen pending the move to Cwm Taf and also that existing relationships will inevitably weaken as ABMU refocuses. It has not increased further because the Council will work hard to reduce the impact of any disruption.

- **Educational provision**

The risk description has been changed by removing reference to the 1% annual efficiency target. This comment has been added to the Educational Attainment risk.

The risk reduction measures note that the strategic review into the development and rationalisation of the curriculum and school estate provision of Primary, Secondary and Post 16 Education has been undertaken. Comments on each of the four work streams have been added. Band B projects are being developed to meet the challenges of demographic change, leading to a possible increase in places/new schools to cater for additional pupils from housing developments identified in the Local Development Plan, possible expansion of Welsh medium provision and a possible rationalisation of school places due to the Council's policy on all through Primary provision.

The School Leadership and Federations and Curriculum and Workforce Boards have delivered on their objectives with work being transferred to Central South Consortium to continue on a regional basis. The Post 16 work stream continues via the Post 16 Board.

Additional comments around Band B have been added to say that Welsh Government have confirmed that the programme will be funded and with intervention rates of 50% for capital projects and 75% for mutual investment model projects. The Council will now decide what it is prepared to commit to funding.

The risk reduction measures note that the Welsh Strategic Education Plan (WESP) has been consulted upon and will be reported on in 2017-18. All Councils in Wales are awaiting further information from Welsh Government in respect of the timings associated with the delivery of the WESP.

The risk impact and score remain unchanged.

- **The impact of homelessness**

The risk description has been amended to say that the prevention of homelessness is not always achievable for those deemed intentionally homeless

because of their own behaviour or those who are considered vulnerable and chaotic and whose lifestyle, age, and mental health issues make it difficult to hold down the responsibility of accommodation. This may increase the numbers of visible street homeless people who may prove to be difficult cases to place within current projects. Some of these cases are linked to Social Services and Looked After Children.

The risk impact notes that from 1 April 2017, 18 to 21 year olds making new Universal Credit claims were not entitled to help with housing costs unless they are in an exempt group. Also, single private renters under the age of 35, are usually only entitled to benefit at the shared accommodation rate. This rule is changing so that it is extended to supported housing in 2019. In addition the UK Government has indicated that Local Housing Allowance will apply to all new tenancies created after 1 April 2016 for anyone in Social Housing (no age restriction).

The risk reduction measures show that Welsh Government has made available transitional funding to support the implementation of the Housing (Wales) Act 2014. However, this support ceases at the end of 2017-18. The Council will have to stop the activity which the £136,000 funding supports, such as the provision of tenancy bonds and the employment of some officers, or it will create a budget pressure. A withdrawal of money for bonds may impact on the Council's Bed and Breakfast budget and its assistance to former prisoners.

The phasing out of the Communities First programme will take place over 2017-18. Some projects will be sustained through legacy funding, of which the Council will receive £328,173 per annum for two years from April 2018. A decision on how to use the legacy funding will need to be made by the Council and it might include the financial inclusion project which helps prevent homelessness.

The final change to the risk reduction measures is that a review of the current homeless hostel is to take place to ensure that it is fit for purpose.

The risk score remains unchanged.

- **Local Government Reorganisation / Mandated Regional Collaboration**

The risk title has been changed to include Welsh Government mandated regional collaboration.

The risk description has been changed to note that the Welsh Government has moved away from a reorganisation of local government in favour of mandated regional collaboration. Whilst there is further detail to be developed and announced by Welsh Government it is clear that the intention is to direct specific local authorities to work together on specific services by specific deadlines. Any changes must assist the delivery of cost effective services within diminishing resources. For BCBC this is likely to be within the Cardiff Capital City Region footprint or major sub divisions within that.

The risk impact says that the nature of the mandate for collaboration could lead to unproductive work and reduce the Council's capacity to deal with planned

transformations that are required to deliver the corporate plan and the supporting MTFS.

Welsh Government officials have tended to make assumptions about what can and should be delivered jointly and what this should cost or save. There is a risk that the collaborations that we are directed to enter into may be counterproductive. They may not save money and in some cases may cost more. They could lead to a reduction in quality or quantum of service and the planning and implementation timescales may be unrealistic.

The risk reduction measures note that the Council is committed to collaboration as an element of its transformation programme and that the Council will seek to influence developments in a positive manner through direct communication with Welsh Government and through collaborative representation via the WLGA, SOLACE and other professional officer networks.

The risk score remains unchanged.

- **Educational attainment**

The risk reduction measures have been updated to include the latest results and provisional results information. Across the Foundation phase, Key Stage 2 and Key Stage 3, performance has been at the expected level and has shown an overall improvement during the past three years. It is at the expected level across the Authority. At Post 16 level Bridgend has performed above the Consortium average. Performance has been maintained at the same level as last year.

At Key Stage 4 there has been a provisional dip in performance reported by schools in 2017. This is mirrored by dips in performance across the region. The number of changes that schools have had to address in the recent academic year may have impacted performance. These include: GCSE reforms, A Level changes, full implementation of the Welsh Baccalaureate and in-cohort changes. A Central South Consortium action plan in response to the Key Stage 4 data has been established including the analysis of the provisional and final data, meetings with the Central South Consortium Managing Director about each school's performance, collection and sharing of question analysis, clear communication with schools about actions and good practice and visits to all schools by Challenge Advisors to evaluate performance and agree the required support.

A final analysis of results will be presented to Overview and Scrutiny Committee in January 2018.

The risk description, risk impact and risk score remain unchanged.

- **Health and safety**

The risk description has been changed to note that collaboration with Vale of Glamorgan Council in a joint Health and Safety service is being considered because it could improve service resilience by adding to the breadth of accessible skills. There will be a need to ensure that there is clear

communication so that the available expertise continues to be used appropriately.

The risk reduction measures note that a report concerning the possible collaboration with Vale of Glamorgan Council will be considered by Corporate Management Board. Also, the programme of health and safety audits and condition surveys of assets is being supported by a two year fixed term post.

The risk impact and score remain unchanged,

- **School modernisation**

The risk reduction measures develop what is said about Band B. WG have confirmed that the Band B programme will be funded with intervention rates of 50% for capital projects and 75% for mutual investment model projects. The Council will now decide what it is prepared to commit to funding.

The risk description, impact and score remain unchanged.

- **Welsh Language Standards**

The risk impact has been updated to note that the budget pressures have been rolled forward into the 2017-18 MTFS.

The risk reduction measures note that in April 2017 the Welsh Language Commissioner provided responses to the appealed standards and subsequently met with the Corporate Director, Operational and Partnership Services in May 2017. The Council agreed to consider implementing sixteen of the standards with two further standards requiring additional consideration. The Council also agreed to consider implementing an additional two standards that were not included on the Compliance Notice. The implications for service delivery are being considered and will be taken to Corporate Management Board for a decision. If the implications are considered to be severe there is a further right of appeal to the Welsh Language Tribunal.

The risk description and risk score remain unchanged.

- **NJC Pay Claim**

This is a new risk. The risk description says that the Trades Unions have submitted a pay claim for 2018-19 that deletes NJC points SCP 6-9 to give a minimum wage of £8.45 per hour, plus a 5% increase on all pay points. If Trades Unions are successful in making their pay claim then this will lead to increased challenge to budgets (if it is unfunded) and structural difficulties within the workforce as the differential between lower pay grades is eroded.

The risk impact notes that the Council's annual pay bill is about £170,000,000 and therefore every 1% increase costs £1,700,000. If the award is unfunded 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. There will almost certainly be a further reduction in the workforce.

The bottom pay scale is marginally above the National Living Wage. This means that as the National Living Wage increases, pay grades, based on job evaluation, are being compressed together at the bottom of the pay structure. If points SCP 6-9 are deleted there is less differential between staff and their supervisors. The position will deteriorate further as the National Living Wage is due to increase to £9 by 2020.

Since 2010 prices have increased faster than Local Authority wages. In addition remuneration in the private sector is increasing at a faster rate. This has led to the Council having difficulty in recruiting and retaining staff in some professions. The pay claim would partially address this in some areas.

The risk reduction measures note that the National Joint Council negotiates the pay and terms and conditions of staff in local authorities. They will be consulting with Councils on pay across the workforce and in particular how Councils can meet the challenge of the Government's proposed levels of National Living Wage. The unions' claim will form part of the consultation.

The Council will continue to manage its resources very carefully, in accordance with MTFs principles, and make difficult spending decisions. The workforce will decrease over the life of the MTFs reducing the impact of any pay increases. This will be managed through a year on year reduction in the headcount through redeployment, early retirements, voluntary redundancies and some compulsory redundancies.

- **Equal Pay**

This risk has been rescored with a likelihood of 3 and an impact of 3. The resulting risk score being 9. This score is too low to feature within the Corporate Risk Assessment. The reason for this reduction is that the pay and grading system was implemented in 2013. Claims are time limited for 6 years and so much of the Council's potential liability has dissipated.

- 4.2 In addition to the existing risks which are already in the Corporate Risk Assessment a range of ICT risks have been considered. However once the risk reduction measures have been applied the residual risk scores are not high enough to be included within the Corporate Risk Assessment. The wider impact of the General Data Protection Regulation is also being considered as part of the next risk review which will be reported to SMT in October 2017.
- 4.3 A scoring matrix is used which takes into account both the likelihood of the risk taking place and the impact if it did. The inherent risk is measured and then the residual risk, after the risk reduction measures are applied. The scoring matrix is within the Risk Management Policy.
- 4.4 The Corporate Risk Assessment will be subject to review in October 2017 by Senior Management Team, as part of the Corporate Performance Assessment, and twice yearly by Audit Committee.

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 2018 concerning the 2018-19 Corporate Risk Assessment and review of the Risk management Policy.

Randal Hemingway
Head of Finance
28 September 2017

Contact Officer: Roger Martin
Risk Management & Insurance Officer

Telephone: (01656) 643318

E-mail: roger.martin@bridgend.gov.uk

Postal Address Raven's Court, Brewery Lane, Bridgend CF31 4AP

Background documents

None

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>The overall headline increase of 0.1% in AEF was a better settlement for 2017-18 from Welsh Government (WG) than was anticipated, funding on a like for like basis was a reduction of -0.3%. Although this compared favourably to the -3.2% “most likely” assumption that was in the Council’s Medium Term Financial Strategy (MTFS) 2017-18, it still provides significant challenges particularly in view of unavoidable pressures on the budget such as the national agreements on pay, including the Living Wage and the apprenticeships levy. The result is an overall budget reduction of £5.852 million. The Council’s central “most likely” case predicts a requirement to save more than £35 million over the next four years.</p> <p>The most significant elements of this risk are:</p> <ul style="list-style-type: none"> • Uncertainty over the future of WG settlements, with no indication at present on future years’ funding, and the perceived pressures in the Welsh NHS • Uncertainty over the future of public sector pay in the context of the recent public debate surrounding pay restraint and the 1% pay cap. The Council is part of national pay bargaining and therefore this risk is not controllable. • Current challenges in the 	<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. It is expected that will do less but be better, however there may be disagreement amongst Council members around which areas will be “less”. The cost of redundancy payments will be a significant item given that around two thirds of net 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 as expectations around service delivery have not reduced in line with budgets. The Council’s reputation is being damaged as Council Tax bills increase year on year whilst discretionary and</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 corporate plan with its revised corporate objectives will direct the allocation of resources in the MTFS period.</p> <p>All directorates of the Council will be set a 1% annual efficiency target, with further reductions over and above this targeted more heavily towards budget areas which contribute less towards the Council’s objectives. This approach aligns the MTFS directly with the corporate plan and supports the Council in the delivery of its goals.</p> <p>In 2017-18 the council tasked all schools to make an efficiency saving of 1%. Following a motion to Council in May, the Budget Research and Evaluation Panel has been asked to review this in order to inform future budget decisions. If it is not continued there will be nearly £1m extra to find in reductions from other services. 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>To improve its Financial Strategy development, the Council has expanded the budget development process to more proactively consider how the Council might respond to different settlement scenarios. Also a budget narrative has been added to the MTFS. This seeks to make the MTFS more accessible and informative, improve understanding of the council’s financial strategy, its links to corporate priorities, and explain the goal of delivering sustainable services in line with the overarching ambition of the Wellbeing of Future Generations Act. The MTFS emphasises the significant financial investment in public services in the County Borough.</p> <p>The Council has secured greater involvement of stakeholders in the development of the MTFS and Corporate Plan. The consultation “Shaping Bridgend’s Future” has received the strongest response rate of any Council consultation in recent years. This made the Council better able to find more acceptable areas for budget reductions. It is planned that the consultation will ask residents for their views on the possible difficult decisions which the Council will need to make in future.</p> <p>An MTFS budget reduction contingency reserve has been created to enable the Council to manage delays or unforeseen obstacles to the delivery of significant budget reduction proposals.</p> <p>The 2017-18 Budget also includes a new fund to be targeted towards public realm improvements, with a recurrent budget of £400,000. There is also a new Community Action Fund which provides an individual allowance to each elected member of £5,000</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>delivery of Social Services transformation programmes, which may realistically decrease the council's ability to further reduce budgets in the immediate future.</p> <ul style="list-style-type: none"> A significant proportion of new Councillors, including a material change to the political balance. This is likely to mean that it may be more difficult in future to form a consensus of where reductions are found and how the budget is to be balanced. <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. Over the last four years the Council has reduced budgets by £34m. The decreases of the next four years will mean that total reductions will amount to about a quarter of the net budget.</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>preventative services are cut and statutory services come under increasing pressure.</p>		<p>to spend in their local wards during 2017-18 on matters that are important to those communities. This will provide new funding for local community priorities.</p> <p>The financial resilience of the Council will be improved as it seeks to increase the Council Fund reserve to the Welsh average of 2.7% by the end of the MTFS period. The fund was increased by £356,000 in 2016-17.</p> <p>The workforce will reduce over the life of the MTFS. This will be managed through a year on year reduction in the headcount through redeployment, early retirements, voluntary redundancies and some compulsory redundancies, for which there is additional, earmarked reserve funding.</p> <p>The way that staff work will change. The ICT strategy prioritises the delivery of agility with more staff working remotely. Sunnyside house will be vacated.</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. In 2017-18 digital transformation within the Council Tax and Benefits Service will be prioritised.</p> <p>Delivery of the MTFS will be supported as the Council finds the best management arrangements for property assets including 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 was set aside in the Change Management earmarked reserve to fund a fixed term dedicated Community Asset Transfer post and to meet additional legal and property requirements. The Community Asset Transfer Officer is in place.</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.</p> <p>As a minimum, fees and charges will be increased by at least the Consumer Prices Inflation Index plus 1%. A corporate income generation policy has been agreed and a commercialisation programme is being led by the Head of Finance to identify and maximise new and existing opportunities.</p> <p>WG has announced that as a result of the March 2017 budget an</p>		

Priority Theme	Risk Description	Potential Impact	Inherent Risk Score	Risk Reduction Measures	Risk Owner	Residual Risk Score
				extra £20m will be invested in social services in Wales each year. The priority areas are to improve the sustainability of the social care market, reduce the numbers of children going into care and improve support for carers.		
<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>There is a strong link between adverse childhood experiences and links with poor physical and mental health, chronic disease, lower educational achievement and lower economic success in adulthood.</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 Welsh Community Care Information System 	<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 free from adverse childhood experiences 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>Likelihood - 6</p> <p>Impact - 4</p> <p>Total - 24</p>	<p>The Council is committed to safeguarding the children and young people within the community.</p> <p>It will reduce adverse childhood experiences and demand on services by investing in early help and intervention programmes. A Remodelling Board has been established which oversees 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 2014 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. CSSIW has recently completed an inspection of the service and the initial feedback was that whilst the implementation of the Act is 'work in progress' BCBC has made good progress.</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 has been a slower than anticipated safe reduction in the number of Looked After Children. There is an earmarked reserve for Looked After Children that supports the service area. 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</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>

Priority Theme	Risk Description	Potential Impact	Inherent Risk Score	Risk Reduction Measures	Risk Owner	Residual Risk Score
				<p>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>The activity regarding increases and decreases on both the Child Protection Register and Looked After Children fluctuates weekly and is subject to robust monitoring by the Children’s Services senior management team.</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>A multi-agency safeguarding hub (MASH) is being developed to improve outcomes for children, young people and their families, by making sure that systems and processes enable needs to be identified as early as possible and responded to proportionately and by the right person/service. Work is progressing well and the majority of agencies within scope for the MASH have already co-located to within the Assessment Team. Phase 2 of the MASH now needs to be implemented including the future accommodation.</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). This includes the early identification of CSE as practitioners have either received CSE training or are part of an ongoing programme to enhance their knowledge and the completion of Care and Support Assessments and Section 47 investigations. All Social Workers are familiar with the Sexual Exploitation Risk Assessment framework.</p> <p>CSE meetings are held in Bridgend on a weekly basis which allows for continuous evaluation of the level of risk. The Council is also part of a focused multi-agency “CSE Task Force” including Police, ABMU Health, BCBC Education Department, Barnardo’s, the Youth</p>		

Priority Theme	Risk Description	Potential Impact	Inherent Risk Score	Risk Reduction Measures	Risk Owner	Residual Risk Score
				<p>Service and Early Help Services which assists good communication. There are also close links with A&E within ABMU and schools and colleges</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 the family home. Work is progressing on the adaptations and it is envisaged that this will assist in reducing costs of out of county placements.</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. In addition the Council will finalise the support plan template and reviewing mechanisms for young carers</p> <p>The development of services which will help children transition into adulthood including children with disabilities and those leaving care.</p>		
<p>Links to all key priority themes</p>	<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 2013 there has been a limit on the total benefit a working age person can</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 2017-18 was £378,460.</p> <p>The Social Housing Allocation Policy criteria gives those existing tenants in social housing, who fall into arrears specially due to the allocation of the bedroom cap, the option of registering on the Common Housing Register for rehousing and having a potential priority (dependent on circumstances) if they do. Existing tenants also have the option of requesting a transfer to a smaller property directly with their Registered Social Landlord. If arrears do result in a potential eviction after all other options have been explored the Registered Social Landlord will advise the Housing Solutions team.</p> <p>When advised by the DWP of a new benefit cap case, the Benefits Service contacts the affected claimants to discuss their options. The Benefits Service works closely with these families to ensure that they are adequately equipped to deal with the reduction in their</p>	<p>Head of Finance</p>	<p>Likelihood - 6</p> <p>Impact - 3</p> <p>Total – 18</p>

Priority Theme	Risk Description	Potential Impact	Inherent Risk Score	Risk Reduction Measures	Risk Owner	Residual Risk Score
		<p>receive. At the time of the initial change this affected 82 households in Bridgend. In November 2016 the benefit cap reduced from £23,000 to £20,000 and this increased the number of households affected to 189.</p> <p>From April 2013, maximum rent has been reduced in the social rented sector depending on the number of bedrooms required. 1,281 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 provided funding for 2016-17 of £12.7m and provision has been made in the Council's annual revenue budget for 2016-17 for an additional £1.6m to fund the projected total budget requirement of £14.6m.</p> <p>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. Positively, the UC taper rate was cut from 65% to 63% from April 2017. This means that benefits are withdrawn at a rate of 63p for every £ of net earnings.</p> <p>The UC caseload is building from 2016 onwards until the benefit is established for all claimants by the end of 2022.</p>		<p>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.</p> <p>As part of the MTFs, the Council has an earmarked reserve specifically for welfare reform.</p> <p>The living wage will increase to £7.50 and 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>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>Helping people to be more self-reliant</p> <p>Smarter use of resources</p>	<p>Supporting adults at risk:</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, as identified in the Population Assessment.</p> <p>Transformation is very significant and includes:</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 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</p>	<p>Likelihood - 6</p> <p>Impact - 4</p> <p>Total - 24</p>	<p>The Council has successfully been on a significant journey of remodelling services. Officers understand the budget, the legislative requirements and the need to reduce demand by investing in targeted early help and intervention programmes which will lead to people becoming more independent through reablement, recovery and progression.</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</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"> Embedding the provisions of the Social Services and Wellbeing Act (Wales) 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, including financial stress caused by the national minimum wage, work related time; including the requirement to pay staff for travelling time and auto-enrolment in pension schemes, The transfer of more homecare to the independent sector An increase in safeguarding activity including the Deprivation of Liberty Standards. There is a plan in place to manage the significant number of cases that are coming through under the Deprivation of Liberty legislation. The risk to the Council of significant increases in the cost of external contracts as a result of the implementation of the living wage from April 2016 The General Data protection Regulations (GDPR) which 	<p>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 of the organisation will suffer <p>The subject access data redaction requirements of GDPR have significant resource implications. Non-compliance with the Regulations could lead to very large fines.</p> <p>The Regulation and Inspection of Social Care Act 2016 will</p>		<p>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 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 the Continuing Professional Education and Learning of Social Workers in the 1st and 2nd year of professional practice workforce development. Further training will be required to implement the Regulation and Inspection of Social Care Act 2016. The Council has a track record of training its domiciliary and residential workers and it is likely that these predecessor qualifications will count towards the qualification require. The Council is consulting with Western Bay Partners about how the requirements of the Act will be met.</p> <p>A team has been established to work with persons in the secure estate. The Council has been planning, in partnership with other agencies, how it will meet its obligations to this population. There is a well-established, care and support for adults implementation group, with all affected stakeholders represented. In addition a separate working group has been established to lead and agree processes and responsibilities to ensure that the Council meets all its obligations to children. This is a new responsibility for the Council and its response continues to evolve.</p> <p>The Valuing Carers Compact is providing 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 Population Assessment has been completed. This provides a clear and specific evidence base in relation to care and support needs and Carers' needs. It will underpin the delivery of statutory functions and inform planning and operational decisions. It will drive</p>		

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	<p>come into force in March 2018.</p> <ul style="list-style-type: none"> Implementing the requirements of the Regulation and Inspection of Social Care Act 2016. <p>Demand for services and the requirements of legislation are increasing and at the same time resources are decreasing. Very significant budget reductions have been made in the last six years and further MTFs reductions of £2.2m are needed in 2017-18 and more again in 2018-19. Successfully implementing budget reductions will become increasingly hard and there is a risk that future proposals will be unpalatable.</p>	<p>from April 2018 (domiciliary care) and April 2020 (residential care) introduce a new system of service regulation and inspection. BCBC staff and staff from independent providers must have the necessary qualification within two years or they will be unable to practice. This creates an additional budget pressure as there will be a direct cost of the training and staff will have to be given time to complete it.</p>		<p>change, including by enabling both local authorities and Local Health Boards to focus on preventative approaches to care and support needs. It will provide the information required to support resource and budgetary decisions; ensuring services and outcomes are targeted, sustainable, effective and efficient. It will underpin the integration of services and particularly support the cooperation and partnership duties set out in the Act.</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. This links to the local implementation of the Ageing Well in Wales Plan which aims to make Bridgend a County of Age Friendly Communities.</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 developing two Extracare homes to replace three care homes. This is a £3m commitment which will mean that people can be supported to live more independent lives than would be the case in traditional residential care. The standard charge for an Extracare tenancy is around a quarter of a residential care placement.</p> <p>There are monitoring and safeguarding procedures in place to ensure that the services that are commissioned meet quality of care requirements. Independent residential care providers have been helped by the production of a Regional Quality Framework which provides a clear vision for quality in order to improve the lives of people and promote positive outcomes.</p> <p>The recruitment and training of existing staff to be Best Interest Assessors.</p>		

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				<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>The council's Information Governance Board is planning its response to the GDPR.</p> <p>There is a vibrant and mixed domiciliary care market in Bridgend which works very well in partnership with the Council to meet changes in demand. The Council actively seeks to develop and strengthen the market to attract new, quality providers and also engages in early communication and engagement with its partners. Should a provider experience difficulties, the council has contingency plans in place.</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>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 Welsh Local Government spending over the MTFS period 2017-18 to 2020-21. 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</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 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</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 and THI Programmes. Targeted investments have been made and successes achieved in key sectors such as tourism and the encouragement of micro business centres. The Council is working with Bridgend Business Forum to review business support in the context of the Cardiff Capital Region City Deal and establish a development strategy;</p> <p>The Council also supports the Bridgend Business Improvement District (BID). Businesses have voted in favour of establishing a Business Improvement District in the town centre and a manager has been appointed. There will now be increased investment into the town's economy from the proceeds of the BID levy over the next three years and key issues which affect the success of the town can be addressed transforming Bridgend into a better place to do business.</p> <p>The Council has an apprenticeship programme in operation.</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</p>	<p>Corporate Director Communities</p>	<p>Likelihood - 4</p> <p>Impact - 4</p> <p>Total - 16</p>

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	<p>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. There is uncertainty about what will happen to ongoing projects now that Article 50 has been triggered. Once the UK is outside of the EU there is even less certainty about funding because monies may be redirected away from regeneration to other government priorities.</p> <p>In addition there is a greater risk of general economic downturn following the vote to leave the EU. This is highly likely to impact on local economic viability and jobs.</p> <p>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>The drainage and flood risk mitigation requirements from NRW have become much more onerous on capital schemes</p>	<p>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>As a result of cuts in the service, the Council is unable to provide a coherent economic development response to the impact of Brexit, and fails to meet the needs of businesses and citizens, resulting in reputational damage and an increase in complaints.</p> <p>Delivery of housing was on track in 2015 but slipped 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> <p>The drainage and flood mitigation requirements from NRW impact all capital projects causing delay and often extra cost. In some cases schemes become unviable and cannot be developed.</p> <p>Many towns are built on rivers,</p>		<p>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 Car park redevelopment, aimed at bringing footfall and vitality to the town centre, is now complete, but work is still underway on the residential development. 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 and this has been prioritised for European funding.</p> <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>		

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		and this could have a severe impact on the corporate priority to regenerate town centres.		<p>The Council was successful in its bids to the Coastal Community Fund and for £4.5m of Attractor Wales money. This is funding a maritime and water sports centre, where work is underway, and an extension of the coastal pathway which has been completed.</p> <p>WG funding for a new town centre partnership is now delivering projects.</p> <p>Refurbishment of the Jennings building will be completed this summer. This includes restaurants and cafes plus live/work residential units.</p> <p>Cardiff Capital Region has secured a City Deal worth £1.28billion. 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 Council is contributing 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. A joint project is being developed to establish a network of enterprise hubs across the City Region, building on the Sony model in Bridgend. An options appraisal has been completed in draft to consider the future land use planning framework for South East Wales.</p> <p>Updated flood risk assessments can be prepared for sensitive areas such as town centres. There may be a need to explore a mixed approach to risk management, by developing updated flood evacuation plans, rather than have schemes fail to progress as a result of the prohibitive cost of mitigation measures.</p> <p>The Bridges into Work 2 (BIW2) project was originally funded to March 2018. WEFO have approved an extension until March 2020. The project targets help to the economically inactive and long-term unemployed people over the age of 25.</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 /</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 	<p>Likelihood - 5</p> <p>Impact - 4</p> <p>Total - 20</p>	<p>A new waste and recycling contract commenced with Kier in April 2017. This will improve the Council's environmental performance protecting future generations. It will assist the Council in meeting the WG waste targets and avoid the imposition of fines.</p> <p>Under the new contract, service delivery changed from 5 June 2017. The Council is continuing to collect waste on a fortnightly basis however homes are now limited to a two bag collection policy. The capacity volume of recycling sacks provided has been increased at the same time as the residual waste is reduced. Additional allowances are made in certain circumstances.</p>	<p>Corporate Director Communities</p>	<p>Likelihood - 4</p> <p>Impact - 4</p> <p>Total - 16</p>

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	<p>compost 52% of waste and this will rise to 64% by 2019-20 and 70% by 2025. A new service, which will deliver improved performance, has commenced.</p> <p>The vehicles being used for recycling under the new service are the same as those used under the old. From October 2017 Kier will be introducing new high capacity vehicles which will result in some rerouting. There is a risk that the service will suffer further disruption and miss collections as the new arrangements bed in.</p>	<p>allowance targets. This would mean less money to spend on council services.</p> <p>Increased recycling has a knock on effect to the contract requirements of MREC.</p> <p>Inconvenience to residents and reputational damage to the Council when miss-collections take place.</p>		<p>Following the launch, there was always going to be disruption as vehicles were rerouted and the new scheme was implemented. This was expected. However in weeks two and three it is accepted that the recycling collection was badly resourced as the contractor misjudged the level of resource required. Service levels dropped by an unacceptable degree. The levels of miss-collecting of recycling are now improving week on week and correct collections are now well above 99%. Unfortunately some residents who are receiving poor service are repeatedly suffering the same errors.</p> <p>The Council also introduced an absorbent hygienic products collection and the delivery of this service has also been poor. Some bags have not been delivered to residents and some collections have not taken place. Blue bag residual waste, bulky waste and garden waste all have low levels of miss-collection.</p> <p>Kier, are due to introduce new high capacity recycling vehicles in October 2017. The level of resource must be correct and there must be sound plans for implementation.</p> <p>The introduction of the Council's new waste collection policy has been supported by the appointment of a team of education and engagement officers.</p> <p>BCBC and Swansea CBC have agreed a 15 year contract for all household food waste to be processed at Parc Stormy within the County Borough. The process produces methane gas, which is collected to power a generator and produce electricity that is exported to the national grid. The remaining material becomes a bio-fertilizer which is applied to nearby farm land.</p> <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>		
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. The Welsh Health</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 	<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 2014 by focussing on prevention and wellbeing based interventions that can reduce the need for higher</p>	<p>Corporate Director</p> <p>Social Services & Wellbeing</p>	<p>Likelihood - 4</p> <p>Impact - 4</p> <p>Total - 16</p>

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	<p>Survey highlights the need to increase adult physical activity rates with only 52% of adults deemed sufficiently active.</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>which is 20 years longer than others</p> <ul style="list-style-type: none"> • 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 • 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>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 to 27,339 attendees, including 2,187 new referrals, in partnership with HALO Leisure to help reduce obesity levels and encourage better weight management. 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. The Programme is also supporting people with stroke, Parkinson’s Disease and pulmonary rehabilitation needs and age acquired chronic conditions,</p> <p>The “Getting Bridgend Moving” programme which is part of the “Getting Wales Moving” initiative will bring further health benefits and the role of movement and gentle exercise in improving mental health for persons with Dementia has been recognised,</p> <p>The number of physical activity visits to Council operated leisure facilities have increased by 92,508 over a two year period. In 2016-17 there were 1,185,887 visits to HALO centres. This shows continued growth. A successful “Access to leisure” scheme has exceeded participation targets and there are over 1,200 regular members using HALO facilities on a membership scheme over the age of 60.</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 94% of Primary schools and all Comprehensive 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. This has delivered a 5% increase in young people meeting curriculum standards.</p> <p>The Dame Kelly Holmes “Get on Track” programme has been successfully supported through two phases developing over 30 young people with additional needs or considered as NEET. The good practice in the County Borough has been recognised by Welsh Government and will be showcased at the Senedd in July 2017.</p> <p>The secondary schools programme achieved 71,352 participants</p>		

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				<p>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. • 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 supports a volunteer led walking network. • The “over 60” free swimming initiative achieves 80,000 visits per annum and is amongst the best performing in Wales. This also supports loneliness and isolation reduction targets of the Aging Well plan. • An Armed Forces and veterans free swimming scheme achieved 921 visits in 2016-17. • The “Later Life” programme has supported physical activity in day care, residential care and community settings including The OlympAge Games. <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. Priority 1 CAT 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. The Welsh Health Survey indicates a 4% reduction in smoking rates with Bridgend below the Welsh average.</p> <p>There are ongoing Licensing and partner meetings to review any</p>	<p>Corporate Director</p> <p>Communities</p>	

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				<p>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 regulatory service, which inspects premises and enforces legislation concerning sales to those who are underage.</p>	<p>Corporate Director</p> <p>Operational and Partnership Services</p>	
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>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 has now been a reduction in maintenance budgets.</p> <p>In 2017-18 there will be budget reductions in the areas of winter maintenance, weed spraying, technical surveys and road marking.</p> <p>The Highways and Transport capitalised annual allocation was maintained at £200,000.</p> <p>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>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 but fewer scans will now be made.</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 complaints.</p>	<p>Corporate Director</p> <p>Communities</p>	<p>Likelihood - 4</p> <p>Impact - 4</p> <p>Total - 16</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>The council has established</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</p>	<p>Likelihood - 6</p> <p>Impact - 4</p> <p>Total - 24</p>	<p>The Council has a clear vision – One Council working together to improve lives. It is uniquely placed to bring its own services together with the work of other agencies, communities, families and individuals for the benefit of the people of the County Borough.</p> <p>Collaboration is at the core of the principles the Council has developed to help meet the challenges it faces. (These principles are documented in our Corporate Plan 2016-2020.)</p> <p>The Council has a track record of working in partnerships with other public, third and private sector bodies, at both regional and local</p>	<p>Chief Executive</p> <p>Director of Social Services and 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
	<p>significant partnerships through the Cardiff City Deal, with neighbouring Councils for regulatory services and through the education consortium. These partnerships are at varying stages of maturity and require ongoing management to ensure that these relationships are effective.</p> <p>In addition the Council has significant partnerships with other bodies through the Public Service Board (PSB). There is a legal requirement for the PSB to exist however our focus remains on ensuring that the partnership is effective and adds value. So again these relationships require ongoing management.</p> <p>The Council is also a key partner in the Western Bay Health and Social Partnership Board which is mandated as part of the Social Services and Wellbeing Act.</p> <p>The recent announcement by Welsh Government that the Bridgend Locality of ABMU is to be moved to Cwm Taf is highly significant. There is a risk to the continuity of strategic planning and operational delivery across the Western Bay region as there will be a transitional phase of withdrawing from the collaboration west to join the collaboration east. There is a risk that the Council will not have sufficient resource to effectively manage the change.</p> <p>In the long term it means that all of our collaborations will be aligned on the same footprint and there are benefits in terms of effectiveness and efficiency that should arise from this.</p>	<p>WG and the potential for a drop in performance as measured against established KPIs.</p> <p>There are ongoing risks that the significant established partnerships remain effective. If they are not effective then there is a risk of missed opportunities and wasted effort.</p> <p>In the specific case of health and social care integration there are specific and significant risks associated with the health board changes. Specifically these are the risk of a loss of momentum with health and social care collaboration as the Bridgend locality health services migrate from ABMU to Cwm Taf.</p>		<p>levels, depending on different geographical and service footprints.</p> <p>Specific additional measures to address the anticipated change are:</p> <ul style="list-style-type: none"> • Initiate early and ongoing discussions with Cwm Taf and Western Bay partners at political, strategic and operational levels • Initiate early and ongoing discussion with Welsh Government • Put in place internal arrangements to ensure key members and officers can share and develop a consistent view of developments and requirements (including resources to support the level of change anticipated) • Maintain active involvement with existing and unchanging key partnerships : City Deal, Regulatory Services, Educational Improvement • Maintain effective communication and involvement with PSB partners • Ensure good communication with BCBC staff who work closely within the Western Bay partnership 		

Priority Theme	Risk Description	Potential Impact	Inherent Risk Score	Risk Reduction Measures	Risk Owner	Residual Risk Score
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>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 and faith based provision to meet demand.</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>Likelihood - 4</p> <p>Impact - 4</p> <p>Total - 16</p>	<p>A strategic review into the development and rationalisation of the curriculum and school estate provision of Primary, Secondary and Post 16 Education has been undertaken. The four work streams were:</p> <ul style="list-style-type: none"> School Modernisation Band B 2019-24. The main focus on Band B will be the provision of sufficient primary school places to meet demographic growth in the County Borough. In particular this may mean a possible increase in places/new schools to cater for additional pupils arising from housing developments identified in the LDP, possible expansion of Welsh medium provision and a possible rationalisation of school places to meet the Council's policy on all through primary provision. This work stream continues through the School Modernisation Board. Post 16 Education, the focus has been on exploring options for the delivery of Post 16 education in Bridgend for 2020 and beyond. The Council is working closely with comprehensive schools and Bridgend College. This work stream continues via the Post 16 Board. School leadership and federations has focused on reviewing guidance to deliver a strategic road map for deeper school partnerships in particular, taking into consideration the Robert Hill review. The Board has delivered on its objectives with work being transferred to Central South Consortium (CSC) to continue on a regional basis. Curriculum and workforce focused on the implementation of Donaldson and GCSE reform and workforce changes. The Board has delivered on its objectives with work being transferred to CSC to continue on a regional basis. <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>Band B of the school modernisation programme, if agreed, will provide the mechanism to deliver the developed strategy. Whilst not giving a firm commitment, WG have confirmed that the programme will be funded with intervention rates of 50% for capital projects and 75% for mutual investment model projects (similar to PFI). The Council will now decide what it is prepared to commit to funding.</p> <p>The council publishes its Welsh Education Strategic Plan (WESP) each year and has consulted on its new draft WESP with statutory consultees. The public consultation on the demand for Welsh Medium Education within Bridgend has concluded and will report in 2017-18 to support the delivery of the WESP. All Councils in Wales are awaiting further information from WG in respect of the timings associated with the delivery of the WESP.</p>	<p>Corporate Director</p> <p>Education & Family Support</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
				<p>Strong collaboration with communities and strategic partners, in particular Bridgend College.</p> <p>Monitoring 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 providing safer and more suitable schools.</p> <p>Close monitoring of surplus places.</p> <p>Ongoing scrutiny and support around the management of school budgets.</p> <p>Succession planning and strong recruitment of Headteachers.</p>		
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 and 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</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>The introduction of Universal Credit may increase 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 Solutions Team, the temporary</p>	<p>Likelihood - 5</p> <p>Impact - 3</p> <p>Total - 15</p>	<p>The Housing (Wales) Act 2014 gives the Council a strategic role in the functioning of the local housing market. The Council has developed a strategy for the period 2016-18. It contains five 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 has made available transitional funding to support the implementation of the Housing (Wales) Act. However, this support ceases at the end of 2017-18. The Council will have to cease the activity which the £136,000 funding supports, such as the provision of tenancy bonds and the employment of some officers, or it will create a budget pressure. A withdrawal of money for bonds may impact on the Council's Bed and Breakfast budget and its assistance to former prisoners. Outcomes for prisoners may deteriorate.</p> <p>A review of the current homeless hostel to take place to ensure that it is fit for purpose</p> <p>The Council continues to take a proactive prevention approach to address homelessness by helping citizens find solutions to their housing needs and getting to the root cause of why people become homeless.</p> <p>The Kerrigan Project commissioned through the Supporting People</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>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>The prevention of homelessness is not always achievable for those deemed intentionally homeless because of their own behaviour or those who are considered vulnerable and chaotic and whose lifestyle, age, and mental health issues makes it difficult to hold down the responsibility of accommodation. This may increase the numbers of visible street homeless people who may prove to be difficult cases to place within current projects. Some of these cases are linked to Social Services and LAC.</p>	<p>accommodation budget and other welfare services.</p> <p>From 1 April 2017, 18 to 21 year olds making new Universal Credit claims will not be entitled to help with housing costs unless they are in an exempt group.</p> <p>Single private renters under the age of 35, are usually only entitled to benefit at the shared accommodation rate. This rule is changing so that it extended to supported housing in 2019.</p> <p>UK Government has indicated that Local Housing Allowance will apply to all new tenancies created after 1 April 2016 for anyone in Social Housing (no age restriction).</p> <p>Any reduction in the WG grant for the Supporting People Programme might impact on services and the ability to sustain tenancies and increase homelessness.</p>		<p>Programme 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 regularly reviewed and is helping ensure the best use of available social rented property.</p> <p>The Supporting People Team has a programme to re-commission 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 established to support greater collaborative working.</p> <p>The impact of welfare reform has been reduced as far as possible. Communities First have commissioned a project to provide advice on financial inclusion across the three Communities First cluster areas. The phasing out of the Communities First programme will take place over 2017-18. Some projects will be sustained through legacy funding, of which the Council will receive £328,173 per annum for two years from April 2018. A decision on how to use the legacy funding will need to be made by the Council and it might include the financial inclusion project.</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. The needs of this group are currently being met through the transitional funding made available by WG to implement 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 and violence has been set up. The aim is to provide a holistic service to victims of domestic abuse and violence, by providing support, target hardening, early intervention and temporary refuge to assist families to remain in their own home and communities where it is safe to do so.</p>		

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Links to all priority themes	<p>Local Government Reorganisation / Mandated Regional Collaboration</p> <p>The Welsh Government has moved away from a reorganisation of local government in favour of mandated regional collaboration. Whilst there is further detail to be developed and announced by WG it is clear that the intention is to direct specific local authorities to work together on specific services by specific deadlines. Any changes must assist the delivery of cost effective services within diminishing resources.</p> <p>For Bridgend CBC this is likely to be within the Cardiff Capital City Region footprint or major sub divisions within that.</p> <p>This has specific implications for existing collaborations which are identified as a significant and separate risk.</p>	<p>There is a risk that the nature of the mandate for collaboration leads to unproductive work and reduces the Council's capacity to deal with planned transformations that are required to deliver its corporate plan and the supporting MTFS.</p> <p>Welsh Government officials have tended to make assumptions about what can and should be delivered jointly and what this should cost or save. There is a risk that the collaborations that the Council is directed to enter into may be counterproductive in that they do not save money or in some cases may cost more. This could lead to a reduced quality or quantum of service. Timescales for the planning and implementation may also be unrealistic.</p>	<p>Likelihood -5</p> <p>Impact - 4</p> <p>Total - 20</p>	<p>The Council is committed to collaboration as an element of its transformation programme. Collaborations can be beneficial to residents through improved outcomes, service resilience and efficiency.</p> <p>The Council will seek to influence developments in a positive manner through direct communication with Welsh Government and through collaborative representation via the WLGA, SOLACE and other professional officer networks.</p>	Chief Executive	<p>Likelihood - 3</p> <p>Impact - 4</p> <p>Total - 12</p>
<p>Supporting a successful economy</p> <p>Helping people to be more self-reliant</p>	<p>Educational attainment:</p> <p>If, despite the 1% annual efficiency target, 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>Likelihood - 4</p> <p>Impact - 4</p> <p>Total - 16</p>	<p>Across the Foundation Phase, Key Stage 2 and Key Stage 3, performance has been at the expected level and has shown an overall improvement during the past three years. It is at the expected level across the Authority.</p> <p>At Key Stage 4 there has been a provisional dip in performance reported by schools in 2017. This is mirrored by dips in performance across the region. The number of changes that schools have had to address in the recent academic year may have impacted performance. These include: GCSE reforms, A level changes, full implementation of the Welsh Baccalaureate and in-cohort changes.</p> <p>A CSC action plan in response to Key Stage 4 data has been established. A range of actions will be undertaken this half term. These includes:</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>Potential for a decline in Key Stage attainment results, PISA scores and other accreditation.</p> <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>		<ul style="list-style-type: none"> • Analysis of the provisional and final data • Completion for each secondary school of an initial performance template by challenge advisors leading to actions • Meetings with the CSC Managing Director about each school's performance • Development of a bank of shared recalled papers • Collection and sharing of question analysis • Clear communication with schools about actions and good practice • Challenge advisor visits to all schools to evaluate performance and agree the required support. <p>A final analysis of results will be presented to Overview and Scrutiny Committee in January 2018.</p> <p>Overall Bridgend has performed above the Consortium average at Post 16. Performance has been maintained at the same level as last year.</p> <p>Good support arrangements are in place for schools. CSC has recruited Consultant Governors to help governing bodies which are in need of support. The Council has strengthened its own support for schools by identifying an additional Group Manager with responsibility for school improvement. CSC has recently undergone an Estyn inspection (the first in Wales for a regional education consortium), the outcome of which has recognised the rapid improvement across the five authorities in the region, the fastest improvement nationally and that the Consortium is now at or above the national average in all indicators.</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 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 has supported 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.</p> <p>Estyn monitoring visits have taken place and these have been positive.</p> <p>There is a strong focus on raising standards of literacy and</p>		

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				<p>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>Following the work of the Task Group, the strategic review of education in Bridgend has concluded.</p> <p>Informal and formal collaboration between schools continues.</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 its 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>As further budget reductions are required, there is a risk that there will be a decrease in investment in assets and infrastructure.</p> <p>Collaboration with Vale of Glamorgan Council in a joint Health and Safety service is being considered because it could improve service resilience by adding to the breadth of accessible skills. If this progresses there will be a need to ensure that there is</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 A deterioration in the condition of the Council's assets and infrastructure 	<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>Health and safety audits and condition surveys of assets and infrastructure will enable the Council to prioritise works and respond to emerging issues. This is supported by a two year fixed term post to undertake the audit programme.</p>	Chief Executive	<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
	clear communication so that the available expertise continues to be used appropriately.			A full business case concerning the possibility of a collaboration with Vale of Glamorgan Council is going to be considered by CMB		
Links to all key priority themes	<p>School modernisation:</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 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>	<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 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 School facilities which are in a poor condition make it harder to attract high calibre new Headteachers to replace those reaching retirement age. Inadequacies in buildings maintenance have been identified, including fire safety within schools. 	<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 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>WG have confirmed that the Band B programme will be funded with intervention rates of 50% for capital projects and 75% for mutual investment model projects (similar to PFI). The Council will now decide what it is prepared to commit to funding.</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 continues and is providing better and safer school facilities.</p> <p>The demand for Welsh medium primary education in the valleys gateway area is being met by the council moving YGG Cwm Garw</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
				to the Betws school site where it will also be more accessible from other areas of the County Borough.		
Links to all key priority themes	<p>Compliance with the Welsh Language Standards:</p> <p>If the Council agrees to comply with the appealed Welsh Language Standards, additional pressure will be placed on the Council's budgets and this will need to be recognised in the MTFS. The ongoing strain on management capacity to work through these issues has reduced.</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 (WLC) 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 and eight of the September 2016 standards</p>	<p>There is a recurrent budget pressure of £313,000 and a one off pressure of £81,000 (established in 2016-17 but now rolled forward into 2017-18) 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, following the decisions from Corporate Management Board, 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>The Welsh Language Commissioner provided responses to the standards appealed in April 2017 and subsequently met with the Corporate Director, Operational and Partnership Services in May 2017. The council agreed to consider implementing sixteen of the standards with two further standards requiring additional consideration. The council also agreed to consider implementing an additional two standards that were not included on the Compliance Notice. The implications for service delivery are being considered and will be taken to Corporate Management Board for a decision. If the implications are considered to be severe there is a further right of appeal to the Welsh Language Tribunal.</p> <p>A budget pressure arising from the implementation of the Welsh Language Standards was recognised in the MTFS 2016-17 to 2019-20. The council has agreed to consider implementing the majority of the appealed standards and will need to meet any 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>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>
Links to all key priority themes	<p>If an unfunded NJC pay claim for 2018 to 2019 is accepted the Council may fail to deliver its Medium Term Financial Strategy:</p> <p>Trades Unions have submitted a pay claim for 2018-19 that deletes NJC points SCP 6-9 to give a minimum wage of £8.45 per hour, plus a 5% increase on all pay points.</p> <p>If Trades Unions are successful in making their pay claim then this will lead to increased challenge to budgets (if unfunded) and</p>	<p>The council's annual pay bill is about £170,000,000 and therefore every 1% increase costs £1,700,000. If the award is unfunded 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. There will almost certainly be a further reduction in the workforce.</p> <p>The bottom pay scale is marginally above the National</p>	<p>Likelihood – 3</p> <p>Impact -4</p> <p>Total - 12</p>	<p>The National Joint Council negotiates the pay and terms and conditions of staff in local authorities. They will be consulting with Councils on pay across the workforce and in particular how Councils can meet the challenge of the UK Government's proposed levels of National Living Wage. The unions' claim will form part of the consultation.</p> <p>The Council will continue to manage its resources very carefully, in accordance with MTFS principles, and make difficult spending decisions.</p> <p>The council has improved its Financial Strategy development by expanding the budget development process to more proactively consider how the Council might respond to different scenarios.</p> <p>The financial resilience of the Council is improving as it seeks to increase the Council Fund reserve.</p>	<p>Corporate Director</p> <p>Operational & Partnership Services</p> <p>Head of Finance</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>structural difficulties within the workforce as the differential between lower pay grades is eroded.</p>	<p>Living Wage. This means that as the National Living Wage increases, pay grades, based on job evaluation, are being compressed together at the bottom of the pay structure. If points SCP 6-9 are deleted there is less differential between staff and their supervisors. The position will deteriorate further as the National Living Wage is due to increase to £9 by 2020.</p> <p>Since 2010 prices have increased faster than Local Authority wages. In addition remuneration in the private sector is increasing at a faster rate. This has led to the council having difficulty in recruiting and retaining staff in some professions. The pay claim would partially address this in some areas.</p>		<p>The workforce will decrease over the life of the MTFS reducing the impact of any pay increases. This will be managed through a year on year reduction in the headcount through redeployment, early retirements, voluntary redundancies and some compulsory redundancies.</p>		

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 change¹ necessary to deliver the Medium Term Financial Strategy:</p> <p>The overall headline increase of 0.1% in AEF was a better settlement for 2017-18 from Welsh Government (WG) than was anticipated, funding on a like for like basis was a reduction of -0.3%. Although this compared favourably to the -3.2% “most likely” assumption that was in the Council’s Medium Term Financial Strategy (MTFS) 2017-18, it still provides significant challenges particularly in view of unavoidable pressures on the budget such as the national agreements on pay, including the Living Wage and the apprenticeships levy. The result is an overall budget reduction of £5.852 million.² The Council’s central “most likely” case predicts a requirement to save more than £35 million over the next four years.</p> <p>The most significant elements of this risk are:</p> <ul style="list-style-type: none"> • Uncertainty over the future of WG settlements, with no indication at present on future years’ funding, and the perceived pressures in the Welsh NHS • Uncertainty over the future of public sector pay in the context of the recent public 	<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.⁴ It is expected that will do less but be better, however there may be disagreement amongst Council members around which areas will be “less”. The cost of redundancy payments will be a significant item given that around two thirds of net 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 corporate plan with its revised corporate objectives will direct the allocation of resources in the MTFS period.⁵</p> <p>All directorates of the Council will be set a 1% annual efficiency target,⁶ with further reductions over and above this targeted more heavily towards budget areas which contribute less towards the Council’s objectives. This approach aligns the MTFS directly with the corporate plan and supports the Council in the delivery of its goals.</p> <p>In 2017-18 the council tasked all schools to make an efficiency saving of 1%. Following a motion to Council in May, the Budget Research and Evaluation Panel has been asked to review this in order to inform future budget decisions. If it is not continued there will be nearly £1m extra to find in reductions from other services.⁷ 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>To improve its Financial Strategy development, the Council has expanded the budget development process to more proactively consider how the Council might respond to different settlement scenarios. Also a budget narrative has been added to the MTFS. This seeks to make the MTFS more accessible and informative, improve understanding of the council’s financial strategy, its links to corporate priorities, and explain the goal of delivering sustainable services in line with the overarching ambition of the Wellbeing of Future Generations Act. The MTFS emphasises the significant financial investment in public services in the County Borough.</p> <p>The Council has secured greater involvement of stakeholders in the development of the MTFS and Corporate Plan. The consultation “Shaping Bridgend’s Future” has received the strongest response rate of any Council consultation in recent years.⁸ This made the Council better able to find more acceptable areas for budget reductions. It is planned that the consultation will ask residents for their views on the possible difficult decisions which the Council will need to make in future.</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 – To develop the culture and skills required to meet the needs of a changing organisation

² Priority 3 – Smarter use of resources – Our Aims - To achieve the budget reductions identified in the MTFS

⁴ Priority 3 – Smarter use of resources – Our Aims - To develop the culture and skills required to meet the needs of a changing organisation

⁵ Priority 3 – Smarter use of resources – Review capital expenditure to ensure alignment with corporate objectives

⁶ Priority 3 – Smarter use of resources – Our Aims - To achieve the budget reductions identified in the MTFS

⁷ Priority 3 – Smarter use of resources – Our Aims - To achieve the budget reductions identified in the MTFS

⁸ Priority 3 – Smarter use of resources – Improve our understanding of citizens’ views by developing and promoting mechanisms that increase responses to consultations

Priority Theme	Risk Description	Potential Impact	Inherent Risk Score	Risk Reduction Measures	Risk Owner	Residual Risk Score
	<p>debate surrounding pay restraint and the 1% pay cap. The Council is part of national pay bargaining and therefore this risk is not controllable.</p> <ul style="list-style-type: none"> Current challenges in the delivery of Social Services transformation programmes, which may realistically decrease the council's ability to further reduce budgets in the immediate future. A significant proportion of new Councillors, including a material change to the political balance. This is likely to mean that it may be more difficult in future to form a consensus of where reductions are found and how the budget is to be balanced. <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. Over the last four years the Council has reduced budgets by £34m. The decreases of the next four years will mean that total reductions will amount to about a quarter of the net budget.</p> <p>The budget reductions required will mean that deep transformational change is needed impacting the culture of the entire Council.³ There is a risk that the</p>	<p>increasingly dissatisfied with the Council as expectations around service delivery have not reduced in line with budgets. The Council's reputation is being damaged as Council Tax bills increase year on year whilst discretionary and preventative services are cut and statutory services come under increasing pressure.</p>		<p>An MTFS budget reduction contingency reserve has been created to enable the Council to manage delays or unforeseen obstacles to the delivery of significant budget reduction proposals.</p> <p>The 2017-18 Budget also includes a new fund to be targeted towards public realm improvements, with a recurrent budget of £400,000. There is also a new Community Action Fund which provides an individual allowance to each elected member of £5,000 to spend in their local wards during 2017-18 on matters that are important to those communities. This will provide new funding for local community priorities.⁹</p> <p>The financial resilience of the Council will be improved as it seeks to increase the Council Fund reserve to the Welsh average of 2.7% by the end of the MTFS period. The fund was increased by £356,000 in 2016-17.</p> <p>The workforce will reduce over the life of the MTFS. This will be managed through a year on year reduction in the headcount through redeployment, early retirements, voluntary redundancies and some compulsory redundancies, for which there is additional, earmarked reserve funding.</p> <p>The way that staff work will change. The ICT strategy prioritises the delivery of agility with more staff working remotely. Sunnyside house will be vacated.</p> <p>The ICT strategy also prioritises a transformational shift towards digital access to services and the digitisation of most common internal processes.¹⁰ 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. In 2017-18 digital transformation within the Council Tax and Benefits Service will be prioritised.¹¹</p> <p>Delivery of the MTFS will be supported as the Council finds the best management arrangements for property assets including Community Asset Transfer.¹² 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 was set aside in the Change Management earmarked reserve to fund a fixed term dedicated Community Asset Transfer</p>		

³ Priority 3 – Smarter use of resources – Our Aims – To develop the culture and skills required to meet the needs of a changing organisation

⁹ Priority 3 – Smarter use of resources – Our Aims – To make the most of our spend on goods and services

¹⁰ Priority 3 – Smarter use of resources – Our Aims – To improve the efficiency of and access to services by redesigning our systems and processes

¹¹ Priority 3 – Smarter use of resources – What we will do in 2017-18 – Increase the number of citizens using our online system to manage their council tax and housing benefit accounts and deliver financial savings

¹² Priority 3 – Smarter use of resources – Our Aims – To make the most of our physical assets, including school buildings

Priority Theme	Risk Description	Potential Impact	Inherent Risk Score	Risk Reduction Measures	Risk Owner	Residual Risk Score
	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>post and to meet additional legal and property requirements. The Community Asset Transfer Officer is in place.</p> <p>In addition to different management arrangements, delivery of the MTFS will be supported by the disposal of assets.¹³ An estimated £21m could be generated by the enhanced disposals programme.</p> <p>As a minimum, fees and charges will be increased by at least the Consumer Prices Inflation Index plus 1%. A corporate income generation policy has been agreed and a commercialisation programme is being led by the Head of Finance to identify and maximise new and existing opportunities.¹⁴</p> <p>WG has announced that as a result of the March 2017 budget an extra £20m will be invested in social services in Wales each year. The priority areas are to improve the sustainability of the social care market, reduce the numbers of children going into care and improve support for carers.</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>There is a strong link between adverse childhood experiences and links with poor physical and mental health, chronic disease, lower educational achievement and lower economic success in adulthood.</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 	<p>If services are not transformed the wellbeing and safety of children might be compromised.¹⁵ 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 free from adverse childhood experiences 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>Likelihood - 6</p> <p>Impact - 4</p> <p>Total - 24</p>	<p>The Council is committed to safeguarding the children and young people within the community.</p> <p>It will reduce adverse childhood experiences and demand on services by investing in early help and intervention programmes.¹⁶ A Remodelling Board has been established which oversees 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 2014 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 	<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>

¹³ Priority 3 – Smarter use of resources – To make the most of our physical assets and our key projects

¹⁴ Priority 3 – Smarter use of resources – What we will do in 2017-18 – develop and approach to the commercialisation of the council’s assets

¹⁵ Priority 2 – Helping people to be more self-reliant – Ensure that all services available work together to provide vulnerable children with seamless support when needed and prevent them from becoming Looked After

¹⁶ Priority 2 – Helping people to be more self-reliant – Our Aims – To reduce demand by investing in targeted early help and intervention programmes

Priority Theme	Risk Description	Potential Impact	Inherent Risk Score	Risk Reduction Measures	Risk Owner	Residual Risk Score
	<p>increased demands for safeguarding activity, for example, CSE, missing children, LAC and children and young people who are subject to care and support plans</p> <ul style="list-style-type: none"> • Embedding the provisions of the Social Services and Wellbeing (Wales) Act • Continued implementation of Welsh Community Care Information System 	<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>people coming out of care¹⁷</p> <p>Significant training has been carried out to ensure that the Council meets its duties under the Act. CSSIW has recently completed an inspection of the service and the initial feedback was that whilst the implementation of the Act is 'work in progress' BCBC has made good progress.</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 has been a slower than anticipated safe reduction in the number of Looked After Children. There is an earmarked reserve for Looked After Children that supports the service area. 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>The activity regarding increases and decreases on both the Child Protection Register and Looked After Children fluctuates weekly and is subject to robust monitoring by the Children's Services senior management team.</p> <p>The Council will strive for stability and permanence for Looked After Children.¹⁸ This will include using increased numbers of adoptions, special guardianship orders, residence orders and other long term arrangements with Foster Carers or extended family.¹⁹ 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>		

¹⁷ Priority 2 - Helping people to be more self-reliant – To give people more choice and control over what support they receive by providing early access to advice and information

¹⁸ Priority 2 - Helping people to be more self-reliant – What we will do in 2017-18 - £Establish a new model of residential provision for looked after children and young people

¹⁹ Priority 2 - Helping people to be more self-reliant – What we will do in 2017-18 – Recruit and retain Carers across the range of Fostering services

Priority Theme	Risk Description	Potential Impact	Inherent Risk Score	Risk Reduction Measures	Risk Owner	Residual Risk Score
				<p>A multi-agency safeguarding hub (MASH) is being developed to improve outcomes for children, young people and their families, by making sure that systems and processes enable needs to be identified as early as possible and responded to proportionately and by the right person/service. Work is progressing well and the majority of agencies within scope for the MASH have already co-located to within the Assessment Team. Phase 2 of the MASH now needs to be implemented including the future accommodation.</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). This includes the early identification of CSE as practitioners have either received CSE training or are part of an ongoing programme to enhance their knowledge and the completion of Care and Support Assessments and Section 47 investigations. All Social Workers are familiar with the Sexual Exploitation Risk Assessment framework.</p> <p>CSE meetings are held in Bridgend on a weekly basis which allows for continuous evaluation of the level of risk. The Council is also part of a focused multi-agency “CSE Task Force” including Police, ABMU Health, BCBC Education Department, Barnardo’s, the Youth Service and Early Help Services which assists good communication. There are also close links with A&E within ABMU and schools and colleges</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 the family home.²⁰ Work is progressing on the adaptations and it is envisaged that this will assist in reducing costs of out of county placements.</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. In addition the Council will finalise the support plan template and reviewing mechanisms for young carers²¹</p> <p>The development of services which will help children transition into adulthood including children with disabilities and those leaving care.</p>		

²⁰ Priority 2 - Helping people to be more self-reliant – What we will do in 2017-18 – Implement a new 52 week residential services model for disabled children and young people

²¹ Priority 2 – Helping people to be more self-reliant – Our Aims – To support Carers in maintaining their roles

Priority Theme	Risk Description	Potential Impact	Inherent Risk Score	Risk Reduction Measures	Risk Owner	Residual Risk Score
				2223		
Links to all key priority themes	<p>Welfare reform²⁴:</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 2013 there has been a limit on the total benefit a working age person can receive. At the time of the initial change this affected 82 households in Bridgend. In November 2016 the benefit cap reduced from £23,000 to £20,000 and this increased the number of households affected to 189.</p> <p>From April 2013, maximum rent has been reduced in the social rented sector depending on the number of bedrooms required. 1,281 households are affected which represents 29% of the total working age Housing Association benefit claimants. The total number of households in Bridgend is</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 2017-18 was £378,460.</p> <p>The Social Housing Allocation Policy criteria gives those existing tenants in social housing, who fall into arrears specially due to the allocation of the bedroom cap, the option of registering on the Common Housing Register for rehousing and having a potential priority (dependent on circumstances) if they do. Existing tenants also have the option of requesting a transfer to a smaller property directly with their Registered Social Landlord.²⁵ If arrears do result in a potential eviction after all other options have been explored the Registered Social Landlord will advise the Housing Solutions team.</p> <p>When advised by the DWP of a new benefit cap case, the Benefits Service contacts the affected claimants to discuss their 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 	Head of Finance	<p>Likelihood - 6</p> <p>Impact - 3</p> <p>Total – 18</p>

²² Priority 2 - Helping people to be more self-reliant – What we will do in 2017-18 – Finalise a transition service model to help disabled children move smoothly into adulthood

²³ Priority 2 - Helping people to be more self-reliant – What we will do in 2017-18 – Work with households and partners, to help prevent homelessness, including supporting care leavers to secure appropriate accommodation

²⁴ Introduction – Other important services

²⁵ Priority 1 – Who will help us?

Priority Theme	Risk Description	Potential Impact	Inherent Risk Score	Risk Reduction Measures	Risk Owner	Residual Risk Score
		<p>about 59,000.</p> <p>The Council will need to manage the Council Tax Reduction (CTR) scheme within its budget. WG has provided funding for 2016-17 of £12.7m and provision has been made in the Council's annual revenue budget for 2016-17 for an additional £1.6m to fund the projected total budget requirement of £14.6m.</p> <p>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. Positively, the UC taper rate was cut from 65% to 63% from April 2017. This means that benefits are withdrawn at a rate of 63p for every £ of net earnings.</p> <p>The UC caseload is building from 2016 onwards until the benefit is established for all claimants by the end of 2022.</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</p>		<p>The Benefits Service has been discussing UC changes with landlords since its announcement.</p> <p>As part of the MTFS, the Council has an earmarked reserve specifically for welfare reform.</p> <p>The living wage will increase to £7.50 and 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.²⁶</p>		

²⁶ Priority 1 – Who will help us?

Priority Theme	Risk Description	Potential Impact	Inherent Risk Score	Risk Reduction Measures	Risk Owner	Residual Risk Score
		<p>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>Helping people to be more self-reliant</p> <p>Smarter use of resources</p>	<p>Supporting adults at risk:</p> <p>If the Council in partnership with Western Bay²⁷ 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, as identified in the Population Assessment.</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 (Wales) 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 	<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 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 	<p>Likelihood - 6</p> <p>Impact - 4</p> <p>Total - 24</p>	<p>The Council has successfully been on a significant journey of remodelling services. Officers understand the budget, the legislative requirements and the need to reduce demand by investing in targeted early help and intervention programmes which will lead to people becoming more independent through reablement, recovery and progression.</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.²⁸ 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.²⁹</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.³⁰ 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 - 4</p> <p>Impact - 4</p> <p>Total - 16</p>

²⁷ Priority 2 – Helping people to be more self-reliant – Who will help us

²⁸ Priority 2 – Helping people to be more self-reliant – Our key projects – remodelling social care

²⁹ Priority 2 – Helping people to be more self-reliant – Our Aims – To support the third sector, town and community councils and community groups to meet local needs

³⁰ Priority 2 – helping people to be more self-reliant – What we will do in 2017-18

Priority Theme	Risk Description	Potential Impact	Inherent Risk Score	Risk Reduction Measures	Risk Owner	Residual Risk Score
	<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, including financial stress caused by the national minimum wage, work related time; including the requirement to pay staff for travelling time and auto-enrolment in pension schemes, • The transfer of more homecare to the independent sector • An increase in safeguarding activity including the Deprivation of Liberty Standards. There is a plan in place to manage the significant number of cases that are coming through under the Deprivation of Liberty legislation. • The risk to the Council of significant increases in the cost of external contracts as a result of the implementation of the living wage from April 2016 • The General Data protection Regulation (GDPR) which come into force in March 2018. • Implementing the requirements of the Regulation and Inspection of Social Care Act 2016. 	<p>Social Services and Wellbeing Act (Wales) 2014</p> <ul style="list-style-type: none"> • 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>The subject access data redaction requirements of GDPR have significant resource implications. Non-compliance with the Regulations could lead to very large fines.</p> <p>The Regulation and Inspection of Social Care Act 2016 will from April 2018 (domiciliary care) and April 2020 (residential care) introduce a new system of service regulation and inspection. BCBC staff and staff from independent providers must have the necessary</p>		<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.³¹</p> <p>A competent and skilled workforce is required in order to deliver this significant change agenda.³² The Social Care Workforce Development Programme is providing an extensive programme of training including the Continuing Professional Education and Learning of Social Workers in the 1st and 2nd year of professional practice workforce development. Further training will be required to implement the Regulation and Inspection of Social Care Act 2016. The Council has a track record of training its domiciliary and residential workers and it is likely that these predecessor qualifications will count towards the qualification require. The Council is consulting with Western Bay Partners about how the requirements of the Act will be met.</p> <p>A team has been established to work with persons in the secure estate. The Council has been planning, in partnership with other agencies, how it will meet its obligations to this population. There is a well-established, care and support for adults implementation group, with all affected stakeholders represented. In addition a separate working group has been established to lead and agree processes and responsibilities to ensure that the Council meets all its obligations to children. This is a new responsibility for the Council and its response continues to evolve.</p> <p>The Valuing Carers Compact is providing a framework for collaborative working and is a practical response to the requirement to support carers in the Social Services and Wellbeing (Wales) Act 2014.³³</p> <p>The Population Assessment has been completed. This provides a clear and specific evidence base in relation to care and support needs and Carers' needs. It will underpin the delivery of statutory functions and inform planning and operational decisions. It will drive change, including by enabling both local authorities and Local Health Boards to focus on preventative approaches to care and support needs. It will provide the information required to support resource and budgetary decisions; ensuring services and outcomes are targeted, sustainable, effective and efficient. It will underpin the integration of services and particularly support the cooperation and partnership duties set out in the Act.</p> <p>The Council has worked with ABMU³⁴ to develop a joint Dementia</p>		

³¹ Priority 2 – helping people to be more self-reliant – What we will do in 2017-18 – Continue to improve the ways that the council provides good information, advice and assistance to the public

³² Priority 3 – Smarter use of resources – What we will do in 2017-18 – Support managers to lead staff through organisational change

³³ Priority 2 – Helping people to be more self-reliant – To support Carers in maintaining their roles

³⁴ Priority 2 – Helping people to be more self-reliant – Who will help us

Priority Theme	Risk Description	Potential Impact	Inherent Risk Score	Risk Reduction Measures	Risk Owner	Residual Risk Score
	<p>Demand for services and the requirements of legislation are increasing and at the same time resources are decreasing. Very significant budget reductions have been made in the last six years and further MTFS reductions of £2.2m are needed in 2017-18 and more again in 2018-19. Successfully implementing budget reductions will become increasingly hard and there is a risk that future proposals will be unpalatable.</p>	<p>qualification within two years or they will be unable to practice. This creates an additional budget pressure as there will be a direct cost of the training and staff will have to be given time to complete it.</p>		<p>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. This links to the local implementation of the Ageing Well in Wales Plan which aims to make Bridgend a County of Age Friendly Communities.</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.³⁵ 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 developing two Extracare homes to replace three care homes. This is a £3m commitment which will mean that people can be supported to live more independent lives than would be the case in traditional residential care. The standard charge for an Extracare tenancy is around a quarter of a residential care placement.³⁶</p> <p>There are monitoring and safeguarding procedures in place to ensure that the services that are commissioned meet quality of care requirements. Independent residential care providers have been helped by the production of a Regional Quality Framework which provides a clear vision for quality in order to improve the lives of people and promote positive outcomes.³⁷</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>		

³⁵ Priority 2 – Helping people to be more self-reliant our key projects – There is a large programme which includes recommissioning adult home care, developing extra care and information and advice for people and their carers

³⁶ Priority 2 – Helping people to be more self-reliant our key projects – There is a large programme which includes recommissioning adult home care, developing extra care and information and advice for people and their carers

³⁷ Priority 2 – Helping people to be more self-reliant – Continue to involve service users, carers and communities in developing and commissioning services

Priority Theme	Risk Description	Potential Impact	Inherent Risk Score	Risk Reduction Measures	Risk Owner	Residual Risk Score
				<p>The council's Information Governance Board is planning its response to the GDPR.</p> <p>There is a vibrant and mixed domiciliary care market in Bridgend which works very well in partnership with the Council to meet changes in demand. The Council actively seeks to develop and strengthen the market to attract new, quality providers and also engages in early communication and engagement with its partners. Should a provider experience difficulties, the council has contingency plans in place.</p>		
Supporting a successful economy	<p>The economic climate and austerity:³⁸</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.³⁹</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 Welsh Local Government spending over the MTFS period 2017-18 to 2020-21. 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</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 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</p>	<p>Likelihood - 5</p> <p>Impact - 4</p> <p>Total - 20</p>	<p>The Council supports the business community via the Business Forum⁴⁰, Bridgend Tourism Association, the Destination Management Partnership, Coastal Partnership, and town centres, through the Town Centre Manager and THI Programmes. Targeted investments have been made and successes achieved in key sectors such as tourism⁴¹ and the encouragement of micro business centres. The Council is working with Bridgend Business Forum to review business support in the context of the Cardiff Capital Region City Deal and establish a development strategy;⁴²</p> <p>The Council also supports the Bridgend Business Improvement District (BID). Businesses have voted in favour of establishing a Business Improvement District in the town centre and a manager has been appointed. There will now be increased investment into the town's economy from the proceeds of the BID levy over the next three years and key issues which affect the success of the town can be addressed transforming Bridgend into a better place to do business.</p> <p>The Council has an apprenticeship programme in operation.⁴³</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.⁴⁴</p> <p>Increasing footfall via a greater number of residents living in town centres and by running high quality events.⁴⁵</p>	<p>Corporate Director</p> <p>Communities</p>	<p>Likelihood - 4</p> <p>Impact - 4</p> <p>Total - 16</p>

³⁸ Priority 1 – Supporting a successful economy

³⁹ Priority 1 – Supporting a successful economy – Aim – To create successful town centres

⁴⁰ Priority 1 – Supporting a successful economy – Who will help us

⁴¹ Priority 1 – Supporting a successful economy – What we will do in 2017-18 – Grow the value of tourism in the economy

⁴² Priority 1 – Supporting a successful economy – Our key projects – City deal

⁴³ Priority 1 – Supporting a successful economy – Continue to capture apprenticeship opportunities

⁴⁴ Priority 1 – Supporting a successful economy – Continue to progress the development of low carbon heat schemes

⁴⁵ Priority 1 – Supporting a successful economy – Our key projects – Creating affordable housing in the town centre by converting vacant space over shops into accommodation

Priority Theme	Risk Description	Potential Impact	Inherent Risk Score	Risk Reduction Measures	Risk Owner	Residual Risk Score
	<p>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. There is uncertainty about what will happen to ongoing projects now that Article 50 has been triggered. Once the UK is outside of the EU there is even less certainty about funding because monies may be redirected away from regeneration to other government priorities.</p> <p>In addition there is a greater risk of general economic downturn following the vote to leave the EU. This is highly likely to impact on local economic viability and jobs.</p> <p>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>The drainage and flood risk mitigation requirements from NRW have become much more onerous on capital schemes</p>	<p>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 overruns on regeneration projects. There is no provision to fund unforeseen works.</p> <p>As a result of cuts in the service, the Council is unable to provide a coherent economic development response to the impact of Brexit, and fails to meet the needs of businesses and citizens, resulting in reputational damage and an increase in complaints.</p> <p>Delivery of housing was on track in 2015 but slipped 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> <p>The drainage and flood mitigation requirements from</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.⁴⁶</p> <p>Bridgend</p> <p>The Rhiw Car park redevelopment, aimed at bringing footfall and vitality to the town centre, is now complete, but work is still underway on the residential development.⁴⁷ 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.⁴⁸</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 and this has been prioritised for European funding.⁴⁹</p> <p>Porthcawl</p>		

⁴⁶ Priority 1 – Supporting a successful economy – What we will do in 2017-18 – Work with partners and communities to develop a tackling poverty strategy

⁴⁷ Priority 1 – Supporting a successful economy – Key project – successful economy programme

⁴⁸ Priority 3 – Smarter use of resources – Market the part of the Waterton site that is due to be vacated

⁴⁹ Priority 1 – Supporting a successful economy – Key project – successful economy programme

Priority Theme	Risk Description	Potential Impact	Inherent Risk Score	Risk Reduction Measures	Risk Owner	Residual Risk Score
		<p>NRW impact all capital projects causing delay and often extra cost. In some cases schemes become unviable and cannot be developed.</p> <p>Many towns are built on rivers, and this could have a severe impact on the corporate priority to regenerate town centres.</p>		<p>A new masterplan is being produced in support of phase 1 of the Seven Bays Project.⁵⁰</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 was successful in its bids to the Coastal Community Fund and for £4.5m of Attractor Wales money. This is funding a maritime and water sports centre, where work is underway, and an extension of the coastal pathway which has been completed.</p> <p>WG funding for a new town centre partnership is now delivering projects.</p> <p>Refurbishment of the Jennings building will be completed this summer. This includes restaurants and cafes plus live/work residential units.</p> <p>Cardiff Capital Region has secured a City Deal worth £1.28billion.⁵¹ 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 Council is contributing 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. A joint project is being developed to establish a network of enterprise hubs across the City Region, building on the Sony model in Bridgend. An options appraisal has been completed in draft to consider the future land use planning framework for South East Wales.</p> <p>Updated flood risk assessments can be prepared for sensitive areas such as town centres. There may be a need to explore a mixed approach to risk management, by developing updated flood evacuation plans, rather than have schemes fail to progress as a result of the prohibitive cost of mitigation measures.</p> <p>The Bridges into Work 2 (BIW2) project was originally funded to March 2018. WEFO have approved an extension until March 2020. The project targets help to the economically inactive and long-term unemployed people over the age of 25.⁵²</p>		

⁵⁰ Priority 1 – Supporting a successful economy – Develop and deliver the Porthcawl Investment Focus Programme to grow the value of tourism

⁵¹ Priority 1 – Supporting a successful economy – Our key projects – City deal

⁵² Priority 1 – Supporting a successful economy – What we will do in 2017-18 – Work with partners and communities to develop a tackling poverty strategy

Priority Theme	Risk Description	Potential Impact	Inherent Risk Score	Risk Reduction Measures	Risk Owner	Residual Risk Score
Supporting a successful economy Smarter use of resources	<p>Disposing of waste:⁵³</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 64% by 2019-20 and 70% by 2025. A new service, which will deliver improved performance, has commenced.</p> <p>The vehicles being used for recycling under the new service are the same as those used under the old. From October 2017 Kier will be introducing new high capacity vehicles which will result in some rerouting. There is a risk that the service will suffer further disruption and miss collections as the new arrangements bed in.</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. This would mean less money to spend on council services. <p>Increased recycling has a knock on effect to the contract requirements of MREC.</p> <p>Inconvenience to residents and reputational damage to the Council when miss-collections take place.</p>	<p>Likelihood - 5</p> <p>Impact - 4</p> <p>Total - 20</p>	<p>A new waste and recycling contract commenced with Kier in April 2017. This will improve the Council's environmental performance protecting future generations. It will assist the Council in meeting the WG waste targets and avoid the imposition of fines.⁵⁴</p> <p>Under the new contract, service delivery changed from 5 June 2017. The Council is continuing to collect waste on a fortnightly basis however homes are now limited to a two bag collection policy. The capacity volume of recycling sacks provided has been increased at the same time as the residual waste is reduced. Additional allowances are made in certain circumstances.</p> <p>Following the launch, there was always going to be disruption as vehicles were rerouted and the new scheme was implemented. This was expected. However in weeks two and three it is accepted that the recycling collection was badly resourced as the contractor misjudged the level of resource required. Service levels dropped by an unacceptable degree. The levels of miss-collecting of recycling are now improving week on week and correct collections are now well above 99%. Unfortunately some residents who are receiving poor service are repeatedly suffering the same errors.</p> <p>The Council also introduced an absorbent hygienic products⁵⁵ collection and the delivery of this service has also been poor. Some bags have not been delivered to residents and some collections have not taken place. Blue bag residual waste, bulky waste and garden waste all have low levels of miss-collection.</p> <p>Kier⁵⁶, are due to introduce new recycling vehicles in October 2017. The level of resource must be correct and there must be sound plans for implementation.</p> <p>The introduction of the Council's new waste collection policy has been supported by the appointment of a team of education and engagement officers.</p> <p>BCBC and Swansea CBC have agreed a 15 year contract for all household food waste to be processed at Parc Stormy within the County Borough. The process produces methane gas, which is collected to power a generator and produce electricity that is exported to the national grid. The remaining material becomes a bio-fertilizer which is applied to nearby farm land.⁵⁷</p> <p>A tender was let to allow an operator to provide residual waste</p>	<p>Corporate Director Communities</p>	<p>Likelihood - 4</p> <p>Impact - 4</p> <p>Total - 16</p>

⁵³ Introduction – Other important services

⁵⁴ Priority 3 – Smarter use of resources – What we will do in 2017-18 - To make the most of our spend on goods and services

⁵⁵ Priority 3 – Smarter use of resources – Improve our understanding of citizens' views by developing and promoting mechanisms that increase the responses to consultations

⁵⁶ Priority 3 – Smarter use of resources – Who will help us - Contractors

⁵⁷ Priority 3 – Smarter use of resources – What we will do in 2017-18 - To make the most of our spend on goods and services

Priority Theme	Risk Description	Potential Impact	Inherent Risk Score	Risk Reduction Measures	Risk Owner	Residual Risk Score
				handling facilities at MREC. The results and their implications are being considered.		
Helping people to be more self-reliant	<p>Healthy life styles:⁵⁸</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. The Welsh Health Survey highlights the need to increase adult physical activity rates with only 52% of adults deemed sufficiently active.</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 • 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>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 2014 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 to 27,339 attendees, including 2,187 new referrals, in partnership with HALO Leisure to help reduce obesity levels and encourage better weight management. 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. The Programme is also supporting people with stroke, Parkinson’s Disease and pulmonary rehabilitation needs and age acquired chronic conditions,</p> <p>The “Getting Bridgend Moving” programme which is part of the “Getting Wales Moving” initiative will bring further health benefits and the role of movement and gentle exercise in improving mental health for persons with Dementia has been recognised,</p> <p>The number of physical activity visits to Council operated leisure facilities have increased by 92,508 over a two year period. In 2016-17 there were 1,185,887 visits to HALO centres. This shows continued growth. A successful “Access to leisure” scheme has exceeded participation targets and there are over 1,200 regular members using HALO facilities on a membership scheme over the age of 60.</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</p>	<p>Corporate Director</p> <p>Social Services & Wellbeing</p>	<p>Likelihood - 4</p> <p>Impact - 4</p> <p>Total - 16</p>

⁵⁸ Introduction – Other important services

Priority Theme	Risk Description	Potential Impact	Inherent Risk Score	Risk Reduction Measures	Risk Owner	Residual Risk Score
				<p>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 94% of Primary schools and all Comprehensive 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. This has delivered a 5% increase in young people meeting curriculum standards.</p> <p>The Dame Kelly Holmes “Get on Track” programme has been successfully supported through two phases developing over 30 young people with additional needs or considered as NEET. The good practice in the County Borough has been recognised by Welsh Government and will be showcased at the Senedd in July 2017.</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. • 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 supports a volunteer led walking network. • The “over 60” free swimming initiative achieves 80,000 visits per annum and is amongst the best performing in Wales. This also supports loneliness and isolation reduction targets of the Aging Well plan. • An Armed Forces and veterans free swimming scheme achieved 921 visits in 2016-17. • The “Later Life” programme has supported physical activity in day care, residential care and community settings including The OlympAge Games. <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</p>	Corporate	

Priority Theme	Risk Description	Potential Impact	Inherent Risk Score	Risk Reduction Measures	Risk Owner	Residual Risk Score
		and the worsening condition of the infrastructure. This will lead to an increased requirement for emergency repairs.		<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 but fewer scans will now be made.</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 complaints.</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>The council has established significant partnerships through the Cardiff City Deal⁶³, with neighbouring Councils for regulatory services and through the education consortium. These partnerships are at varying stages of maturity and require ongoing management to ensure that these relationships are effective.</p> <p>In addition the Council has significant partnerships with other bodies through the Public Service Board (PSB).⁶⁴ There is a legal requirement for the PSB to exist however our focus remains on ensuring that the partnership is effective and adds value. So again these relationships require ongoing management.</p> <p>The Council is also a key partner in the Western Bay Health and</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 KPIs.</p> <p>There are ongoing risks that the significant established partnerships remain effective. If they are not effective then there is a risk of missed opportunities and wasted effort.</p> <p>In the specific case of health and social care integration there are specific and significant risks associated with the health board changes. Specifically these are the risk of a loss of momentum with health and social care collaboration as the Bridgend locality health services migrate from ABMU to Cwm Taf.</p>	<p>Likelihood - 6</p> <p>Impact - 4</p> <p>Total - 24</p>	<p>The Council has a clear vision – One Council working together to improve lives. It is uniquely placed to bring its own services together with the work of other agencies, communities, families and individuals for the benefit of the people of the County Borough.</p> <p>Collaboration is at the core of the principles the Council has developed to help meet the challenges it faces. (These principles are documented in our Corporate Plan 2016-2020.)</p> <p>The Council has a track record of working in partnerships with other public, third and private sector bodies, at both regional and local levels, depending on different geographical and service footprints.</p> <p>Specific additional measures to address the anticipated change are:</p> <ul style="list-style-type: none"> • Initiate early and ongoing discussions with Cwm Taf and Western Bay partners⁶⁵ at political, strategic and operational levels • Initiate early and ongoing discussion with Welsh Government • Put in place internal arrangements to ensure key members and officers can share and develop a consistent view of developments and requirements (including resources to support the level of change anticipated) • Maintain active involvement with existing and unchanging key partnerships : City Deal⁶⁶, Regulatory Services, Educational Improvement • Maintain effective communication and involvement with PSB partners • Ensure good communication with BCBC staff who work closely within the Western Bay partnership 	<p>Chief Executive</p> <p>Director of Social Services and Wellbeing</p>	<p>Likelihood - 4</p> <p>Impact - 4</p> <p>Total - 16</p>

⁶³ Priority 1 – Supporting a successful economy – Who will help us – City deal partners

⁶⁴ Priority 2 – Supporting a successful economy – Who will help us – Public Service Board partners

⁶⁵ Priority 2 – Supporting a successful economy – Who will help – Western Bay partners

⁶⁶ Priority 1 – Supporting a successful economy – Who will help us – City deal partners

Priority Theme	Risk Description	Potential Impact	Inherent Risk Score	Risk Reduction Measures	Risk Owner	Residual Risk Score
	<p>Social Partnership Board which is mandated as part of the Social Services and Wellbeing Act.</p> <p>The recent announcement by Welsh Government that the Bridgend Locality of ABMU is to be moved to Cwm Taf is highly significant. There is a risk to the continuity of strategic planning and operational delivery across the Western Bay region as there will be a transitional phase of withdrawing from the collaboration west to join the collaboration east. There is a risk that the Council will not have sufficient resource to effectively manage the change.</p> <p>In the long term it means that all of our collaborations will be aligned on the same footprint and there are benefits in terms of effectiveness and efficiency that should arise from that.</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>Financial constraints leading to a growing number of schools in a deficit budget situation.</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 school estate provision of Primary, Secondary and Post 16 Education has been undertaken.⁶⁷ The four work streams were:</p> <ul style="list-style-type: none"> School Modernisation Band B 2019-24.⁶⁸ The main focus on Band B will be the provision of sufficient primary school places to meet demographic growth in the County Borough. In particular this may mean a possible increase in places/new schools to cater for additional pupils arising from housing developments identified in the LDP, possible expansion of Welsh medium provision and a possible rationalisation of school places to meet the Council's policy on all through primary provision. This work stream continues through the School Modernisation Board. Post 16 Education, the focus has been on exploring options for the delivery of Post 16 education⁶⁹ in Bridgend for 2020 and beyond. The Council is working closely with comprehensive schools and Bridgend College⁷⁰. This work 	<p>Corporate Director</p> <p>Education & Family Support</p>	<p>Likelihood - 4</p> <p>Impact - 4</p> <p>Total - 16</p>

⁶⁷ Priority 1 – Supporting a successful economy – What we will do in 2017-18 – Complete the review into the curriculum and schools estates and Post 16 education

⁶⁸ Priority 3 – Smarter use of resources – Our key projects – Schools modernisation programme

⁶⁹ Priority 1 – Supporting a successful economy – What we will do in 2017-18 – Complete the review into the curriculum and schools estates and Post 16 education

⁷⁰ Priority 1 – Supporting a successful economy - Who will help us?

Priority Theme	Risk Description	Potential Impact	Inherent Risk Score	Risk Reduction Measures	Risk Owner	Residual Risk Score
		<p>School improvement schemes continue to be reactionary rather than strategic.</p> <p>Insufficient Welsh medium and faith based provision to meet demand.</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>stream continues via the Post 16 Board.</p> <ul style="list-style-type: none"> School leadership and federations has focused on reviewing guidance to deliver a strategic road map for deeper school partnerships in particular, taking into consideration the Robert Hill review. The Board has delivered on its objectives with work being transferred to Central South Consortium (CSC) to continue on a regional basis. Curriculum and workforce focused on the implementation of Donaldson and GCSE reform and workforce changes. The Board has delivered on its objectives with work being transferred to CSC to continue on a regional basis. <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>Band B of the school modernisation programme, if agreed, will provide the mechanism to deliver the developed strategy. Whilst not giving a firm commitment, WG have confirmed that the programme will be funded with intervention rates of 50% for capital projects and 75% for mutual investment model projects (similar to PFI). The Council will now decide what it is prepared to commit to funding.</p> <p>The council publishes its Welsh Education Strategic Plan (WESP) each year and has consulted on its new draft WESP with statutory consultees. The public consultation on the demand for Welsh Medium Education within Bridgend has concluded and will report in 2017-18 to support the delivery of the WESP⁷¹. All Councils in Wales are awaiting further information from WG in respect of the timings associated with the delivery of the WESP.</p> <p>Strong collaboration with communities and strategic partners, in particular Bridgend College.⁷²</p> <p>Monitoring 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 providing safer and more suitable schools.</p> <p>Close monitoring of surplus places.</p> <p>Ongoing scrutiny and support around the management of school budgets.</p> <p>Succession planning and strong recruitment of Headteachers.</p>		

⁷¹ Priority 3 – Smarter use of resources – Improve our understanding of citizens' views by developing and promoting mechanisms that increase the responses to consultations

⁷² Priority 1 – Supporting a successful economy - Who will help us?

Priority Theme	Risk Description	Potential Impact	Inherent Risk Score	Risk Reduction Measures	Risk Owner	Residual Risk Score
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 and 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>The prevention of homelessness is not always achievable for those deemed intentionally homeless because of their own behaviour or those who are considered</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>The introduction of Universal Credit may increase 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 Solutions Team, the temporary accommodation budget and other welfare services.</p> <p>From 1 April 2017, 18 to 21 year olds making new Universal Credit claims will not be entitled to help with housing costs unless they are in an exempt group.</p> <p>Single private renters under the age of 35, are usually only</p>	<p>Likelihood - 5</p> <p>Impact - 3</p> <p>Total - 15</p>	<p>The Housing (Wales) Act 2014 gives the Council a strategic role in the functioning of the local housing market. The Council has developed a strategy for the period 2016-18. It contains five priorities. These are:</p> <ul style="list-style-type: none"> • Take reasonable steps to prevent homelessness⁷³ • 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 regeneration⁷⁴ <p>WG has made available transitional funding to support the implementation of the Housing (Wales) Act. However, this support ceases at the end of 2017-18. The Council will have to cease the activity which the £136,000 funding supports, such as the provision of tenancy bonds and the employment of some officers, or it will create a budget pressure. A withdrawal of money for bonds may impact on the Council's Bed and Breakfast budget and its assistance to former prisoners.</p> <p>A review of the current homeless hostel to take place to ensure that it is fit for purpose</p> <p>The Council continues to take a proactive prevention approach to address homelessness by helping citizens find solutions to their housing needs and getting to the root cause of why people become homeless.</p> <p>The Kerrigan Project commissioned through the Supporting People Programme 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 Landlords⁷⁵, have implemented a Common Housing Register and Social Housing Allocations Policy. This is regularly reviewed and is helping ensure the best use of available social rented property.</p> <p>The Supporting People Team has a programme to re-commission the provision of structured, professional floating support to vulnerable groups which will help support tenancies and prevent homelessness and repeat homelessness.</p>	<p>Corporate Director</p> <p>Operational and Partnership Services</p>	<p>Likelihood - 5</p> <p>Impact - 3</p> <p>Total - 15</p>

⁷³ Priority 2 – helping people to be more self-reliant – What we will do in 2017-18 – Work with households and partners to prevent homelessness

⁷⁴ Priority 1 – Supporting a successful economy – Aim – To create successful town centres

⁷⁵ _Priority 1 – Supporting a successful economy – Who will help us

Priority Theme	Risk Description	Potential Impact	Inherent Risk Score	Risk Reduction Measures	Risk Owner	Residual Risk Score
	vulnerable and chaotic and whose lifestyle, age, and mental health issues makes it difficult to hold down the responsibility of accommodation. This may increase the numbers of visible street homeless people who may prove to be difficult cases to place within current projects. Some of these cases are linked to Social Services and LAC.	<p>entitled to benefit at the shared accommodation rate. This rule is changing so that it extended to supported housing in 2019.</p> <p>UK Government has indicated that Local Housing Allowance will apply to all new tenancies created after 1 April 2016 for anyone in Social Housing (no age restriction).</p> <p>Any reduction in the WG grant for the Supporting People Programme might impact on services and the ability to sustain tenancies and increase homelessness.</p>		<p>Following the national review of the Supporting People Programme, Regional Collaborative Committees have been established to support greater collaborative working.</p> <p>The impact of welfare reform has been reduced as far as possible. Communities First have commissioned a project to provide advice on financial inclusion across the three Communities First cluster areas. The phasing out of the Communities First programme will take place over 2017-18. Some projects will be sustained through legacy funding, of which the Council will receive £328,173 per annum for two years from April 2018. A decision on how to use the legacy funding will need to be made by the Council and it might include the financial inclusion project.</p> <p>Working with partners to improve private sector housing conditions and bring empty homes back into use.⁷⁶ 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. The needs of this group are currently being met through the transitional funding made available by WG to implement 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 and violence has been set up. The aim is to provide a holistic service to victims of domestic abuse and violence, by providing support, target hardening, early intervention and temporary refuge to assist families to remain in their own home and communities where it is safe to do so.</p>		
Links to all priority themes	<p>Local Government Reorganisation / Mandated Regional Collaboration</p> <p>The Welsh Government has moved away from a reorganisation of local government in favour of mandated regional collaboration. Whilst there is further detail to be developed and announced by WG it is clear that the intention is to direct specific local authorities to work together on specific services</p>	<p>There is a risk that the nature of the mandate for collaboration leads to unproductive work and reduces the Council’s capacity to deal with planned transformations that are required to deliver its corporate plan and the supporting MTFS.</p> <p>Welsh Government officials have tended to make assumptions about what can</p>	<p>Likelihood -5</p> <p>Impact - 4</p> <p>Total - 20</p>	<p>The Council is committed to collaboration as an element of its transformation programme. Collaborations can be beneficial to residents through improved outcomes, service resilience and efficiency.</p> <p>The Council will seek to influence developments in a positive manner through direct communication with Welsh Government and through collaborative representation via the WLGA, SOLACE and other professional officer networks.</p>	Chief Executive	<p>Likelihood - 3</p> <p>Impact - 4</p> <p>Total - 12</p>

⁷⁶ Priority 1 – Supporting a successful economy – Creating affordable housing in the heart of the town centre

Priority Theme	Risk Description	Potential Impact	Inherent Risk Score	Risk Reduction Measures	Risk Owner	Residual Risk Score
	<p>by specific deadlines. Any changes must assist the delivery of cost effective services within diminishing resources.</p> <p>For Bridgend CBC this is likely to be within the Cardiff Capital City⁷⁷ Region footprint or major sub divisions within that.</p> <p>This has specific implications for existing collaborations which are identified as a significant and separate risk.</p>	<p>and should be delivered jointly and what this should cost or save. There is a risk that the collaborations that the Council is directed to enter into may be counterproductive in that they do not save money or in some cases may cost more. This could lead to a reduced quality or quantum of service.</p> <p>Timescales for the planning and implementation may also be unrealistic.</p>				
<p>Supporting a successful economy</p> <p>Helping people to be more self-reliant</p>	<p>Educational attainment:</p> <p>If, despite the 1% annual efficiency target, school standards and pupil attainment do not continue to improve, including a narrowing of the gap between vulnerable pupils⁷⁸ 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.⁷⁹</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>Less capacity for provision for pupils with learning difficulties.</p> <p>Potential for parents to complain and/or take cases to</p>	<p>Likelihood - 4</p> <p>Impact - 4</p> <p>Total - 16</p>	<p>Across the Foundation Phase, Key Stage 2 and Key Stage 3, performance has been at the expected level and has shown an overall improvement during the past three years. It is at the expected level across the Authority.</p> <p>At Key Stage 4 there has been a provisional dip in performance reported by schools in 2017. This is mirrored by dips in performance across the region. The number of changes that schools have had to address in the recent academic year may have impacted performance. These include: GCSE reforms, A level changes, and full implementation of the Welsh Baccalaureate and in-cohort changes.</p> <p>A CSC action plan in response to Key Stage 4 data has been established. A range of actions will be undertaken this half term. These includes:</p> <ul style="list-style-type: none"> • Analysis of the provisional and final data • Completion for each secondary school of an initial performance template by challenge advisors leading to actions • Meetings with the CSC Managing Director about each school's performance • Development of a bank of shared recalled papers • Collection and sharing of question analysis • Clear communication with schools about actions and good practice 	<p>Corporate Director</p> <p>Education & Family Support</p>	<p>Likelihood - 3</p> <p>Impact - 4</p> <p>Total - 12</p>

⁷⁷ Priority 1 – Supporting a successful economy – Who will help us

⁷⁸ Priority 1 – Supporting a successful economy – What we will do in 2017-18 – Work with schools to close the gap in educational attainment for pupils eligible for free school meals and those who are not

⁷⁹ Priority 1 – Supporting a successful economy – Our aims – To help local people develop skills and take advantages of opportunities to succeed

Priority Theme	Risk Description	Potential Impact	Inherent Risk Score	Risk Reduction Measures	Risk Owner	Residual Risk Score
		<p>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.⁸⁰</p>		<ul style="list-style-type: none"> Challenge advisor visits to all schools to evaluate performance and agree the required support. <p>A final analysis of results will be presented to Overview and Scrutiny Committee in January 2018.</p> <p>Overall Bridgend has performed above the Consortium average at Post 16. Performance has been maintained at the same level as last year.</p> <p>Good support arrangements are in place for schools. CSC has recruited Consultant Governors to help governing bodies which are in need of support. The Council has strengthened its own support for schools by identifying an additional Group Manager with responsibility for school improvement. CSC has recently undergone an Estyn inspection (the first in Wales for a regional education consortium), the outcome of which has recognised the rapid improvement across the five authorities in the region, the fastest improvement nationally and that the Consortium is now at or above the national average in all indicators.</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 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 has supported 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.</p> <p>Estyn monitoring visits have taken place and these have been positive.</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 		

⁸⁰ Priority 1 – Supporting a successful economy – What we will do in 2017-18 – Work with schools to close the gap in educational attainment for pupils eligible for free school meals and those who are not

Priority Theme	Risk Description	Potential Impact	Inherent Risk Score	Risk Reduction Measures	Risk Owner	Residual Risk Score
				<p>Following the work of the Task Group, the strategic review of education in Bridgend has concluded.</p> <p>Informal and formal collaboration between schools continues.</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 its 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>As further budget reductions are required, there is a risk that there will be a decrease in investment in assets and infrastructure.</p> <p>Collaboration with Vale of Glamorgan Council in a joint Health and Safety service is being considered because it could improve service resilience by adding to the breadth of accessible skills. If this progresses there will be a need to ensure that there is clear communication so that the available expertise continues to be used appropriately.</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 • A deterioration in the condition of the Council's assets and infrastructure 	<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>Health and safety audits and condition surveys of assets and infrastructure will enable the Council to prioritise works and respond to emerging issues. This is supported by a two year fixed term post to undertake the audit programme.</p> <p>A full business case concerning the possibility of a collaboration with Vale of Glamorgan Council is going to be considered by CMB</p>	Chief Executive	<p>Likelihood – 3</p> <p>Impact – 4</p> <p>Total - 12</p>

⁸¹ Priority 3 – Smarter use of resources – our key projects – Schools' modernisation programme

⁸² Priority 3 – Smarter use of resources – Our aims – To make the most of our physical assets, including school buildings

Priority Theme	Risk Description	Potential Impact	Inherent Risk Score	Risk Reduction Measures	Risk Owner	Residual Risk Score
Links to all key priority themes	<p>School modernisation:⁸¹</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 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>	<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 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 facilities⁸² and in the case of Coleg Cymunedol Y Dderwen is also a multi- agency hub School facilities which are in a poor condition make it harder to attract high calibre new Headteachers to replace those reaching retirement age. Inadequacies in buildings maintenance have been identified, including fire safety within schools. 	<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. ⁸³</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 LGFI. 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. ⁸⁴</p> <p>Maintain good links with Welsh Local Government Association and WG.</p> <p>WG have confirmed that the Band B programme will be funded with intervention rates of 50% for capital projects and 75% for mutual investment model projects (similar to PFI). The Council will now decide what it is prepared to commit to funding.</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 continues and is providing better and safer school facilities.</p> <p>The demand for Welsh medium primary education in the valleys gateway area is being met by the council moving YGG Cwm Garw to the Betws school site where it will also be more accessible from</p>	<p>Corporate Director</p> <p>Education & Family Support</p>	<p>Likelihood - 3</p> <p>Impact - 4</p> <p>Total - 12</p>

⁸³ Priority 3 – Smarter use of resources – What we will do in 2017-18 – review capital expenditure to ensure alignment with corporate objectives

⁸⁴ Priority 3 – Smarter use of resources – To make the most of our spend on goods and services

Priority Theme	Risk Description	Potential Impact	Inherent Risk Score	Risk Reduction Measures	Risk Owner	Residual Risk Score
				other areas of the County Borough.		
Links to all key priority themes	<p>Compliance with the Welsh Language Standards:</p> <p>If the Council agrees to comply with the appealed Welsh Language Standards, additional pressure will be placed on the Council's budgets and this will need to be recognised in the MTFS. The ongoing strain on management capacity to work through these issues has reduced.</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 (WLC) 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 and eight of the September 2016 standards</p>	<p>There is a recurrent budget pressure of £313,000 and a one off pressure of £81,000 (established in 2016-17 but now rolled forward into 2017-18) 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, following the decisions from Corporate Management Board, the council has to comply with these Standards there will be very significant additional strain on the MTFS.⁸⁵</p>	<p>Likelihood - 4</p> <p>Impact - 3</p> <p>Total - 12</p>	<p>The Welsh Language Commissioner provided responses to the standards appealed in April 2017 and subsequently met with the Corporate Director, Operational and Partnership Services in May 2017. The council agreed to consider implementing sixteen of the standards with two further standards requiring additional consideration. The council also agreed to consider implementing an additional two standards that were not included on the Compliance Notice. The implications for service delivery are being considered and will be taken to Corporate Management Board for a decision. If the implications are considered to be severe there is a further right of appeal to the Welsh Language Tribunal.</p> <p>A budget pressure arising from the implementation of the Welsh Language Standards was recognised in the MTFS 2016-17 to 2019-20. The council has agreed to consider implementing the majority of the appealed standards and will need to meet any 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>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>
Links to all key priority themes	<p>If an unfunded NJC pay claim for 2018 to 2019 is accepted the Council may fail to deliver its Medium Term Financial Strategy:</p> <p>Trades Unions have submitted a pay claim for 2018-19 that deletes NJC points SCP 6-9 to give a minimum wage of £8.45 per hour, plus a 5% increase on all pay points.</p> <p>If Trades Unions are successful in making their pay claim then this</p>	<p>The council's annual pay bill is about £170,000,000 and therefore every 1% increase costs £1,700,000. If the award is unfunded the Council might fail to deliver the MTFS⁸⁶. 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. There will almost certainly be a further reduction in the workforce.</p>	<p>Likelihood – 3</p> <p>Impact -4</p> <p>Total - 12</p>	<p>The National Joint Council negotiates the pay and terms and conditions of staff in local authorities. They will be consulting with Councils on pay across the workforce and in particular how Councils can meet the challenge of the UK Government's proposed levels of National Living Wage. The unions' claim will form part of the consultation.</p> <p>The Council will continue to manage its resources very carefully, in accordance with MTFS principles, and make difficult spending decisions.</p> <p>The council has improved its Financial Strategy development by expanding the budget development process to more proactively consider how the Council might respond to different scenarios.</p>	<p>Corporate Director</p> <p>Operational & Partnership Services</p> <p>Head of Finance</p>	<p>Likelihood – 3</p> <p>Impact – 4</p> <p>Total - 12</p>

⁸⁵ Priority 3 – Smarter use of resources – To achieve the budget reductions identified in the Medium Term Financial Strategy

⁸⁶ Priority 3 – Smarter use of resources – Our aims – To achieve the budget reductions identified in the medium term financial strategy

Priority Theme	Risk Description	Potential Impact	Inherent Risk Score	Risk Reduction Measures	Risk Owner	Residual Risk Score
	<p>will lead to increased challenge to budgets (if unfunded) and structural difficulties within the workforce as the differential between lower pay grades is eroded.</p>	<p>The bottom pay scale is marginally above the National Living Wage. This means that as the National Living Wage increases, pay grades, based on job evaluation, are being compressed together at the bottom of the pay structure. If points SCP 6-9 are deleted there is less differential between staff and their supervisors. The position will deteriorate further as the National Living Wage is due to increase to £9 by 2020.</p> <p>Since 2010 prices have increased faster than Local Authority wages. In addition remuneration in the private sector is increasing at a faster rate. This has led to the council having difficulty in recruiting and retaining staff in some professions. The pay claim would partially address this in some areas.</p>		<p>The financial resilience of the Council is improving as it seeks to increase the Council Fund reserve.</p> <p>The workforce will decrease over the life of the MTFS reducing the impact of any pay increases. This will be managed through a year on year reduction in the headcount through redeployment, early retirements, voluntary redundancies and some compulsory redundancies.</p>		

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO AUDIT COMMITTEE

28 SEPTEMBER 2017

REPORT OF THE CHIEF INTERNAL AUDITOR

INTERNAL AUDIT – OUTTURN REPORT – APRIL TO AUGUST 2017

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 to August 2017.

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 2017/18 Internal Audit Plan was submitted to the Audit Committee for consideration and approval on the 27th April 2017. The Plan outlined the assignments to be carried out and their respective priorities.

3.2. The Plan provided for a total of 1,085 productive days to cover the period April 2017 to March 2018.

4. Current situation / proposal

4.1. The following table shows an analysis of productive days achieved against the plan for the five 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	2017/18 Full Year Plan Days	Proportion of Plan Days Available for April to August 2017		2017-18 April to August Actual Days delivered
		Max.	Min.	
CEX - Finance	130	54	54	24
Operational & Partnership Services	110	46	46	37
Education & Family Support	160	67	52	43
Communities	130	54	54	10
Social Services & Wellbeing	170	71	71	42

Cross Cutting including: External; Contingency unplanned and Fraud & Error	385	160	138	70
TOTAL PRODUCTIVE DAYS	1,085	452	415	226

4.2. The figures show that 226 actual days have been achieved, which is significant less than that expected.

4.3. At present the overall structure of the Section is based on 18 Full Time Equivalent Employees (FTE's). However, at the end of the Financial Year 2016/17, the Section was carrying 7.5 FTE vacant posts, which has subsequently increased to 9.5 FTE vacant posts.

4.4. At the end of the period, 13 reviews / jobs have been completed and closed, 11 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 weakness to such an extent that only 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 2017 to ensure that all aspects of their core functions are being adequately reported.

Helen Smith
Chief Internal Auditor
28th September 2017

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 2017 to August 2017
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 2017 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 2016-17 an External Assessment was undertaken to review our compliance with the Public Sector Internal Audit Standards. The External Assessor concluded that; overall the assessment identified no areas of non-compliance with the standards that would affect the overall scope or operation of the internal audit activity. Indeed, the Assessor has further stated that all auditees and statutory officers were positive in their responses and understanding of the audit process and the value it added.

It is important to note that there is a requirement within the PSIAS for an external assessment to be undertaken once every five years. The PSIAS came into effect from 1st April 2013 and therefore as a consequence of the external assessment undertaken during 2016/17, the Internal Audit Shared Service has met this requirement.

Internal Audit Coverage – April 2017 to August 2017

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 2017/18 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 27th April 2017. The plan provides for the delivery of 1,085 productive days for the year, with a commitment of a minimum of 995 productive days. Table 1 below provides the outturn for the service for the period April to August 2017 and further detail is provided in Appendix B. The current structure for the Shared Service is under review it currently comprises 18 Full Time Equivalent employees (FTE's), however, the proposal is to reduce the number of FTE's to 14 whilst revisiting the grades to ensure the service can attract the calibre of staff required in a competitive market place. 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 7.5 vacant FTE posts; this has subsequently increased to 9.5 FTE. This has had an impact on the number of days delivered for the first five months of this year as indicated below.

Table 1 – Productive outturn for the period April 2017 to August 2017

Directorate	2017/18 Full Year Plan Days	2017/18 Expected days for the period April to Aug 17		2017/18 Actual Days achieved for the period April to Aug 17
		Max.	Min.	
Chief Executive / Resources	130	54	54	24
Operational Services and Partnerships	110	46	46	37
Education and Family Support	160	67	52	43
Communities	130	54	54	10
Social Services and Wellbeing	170	71	71	42
Cross Cutting – (Including External Client, Unplanned and Fraud and Error)	385	160	138	70
Total	1,085	452	415	226

As can be seen from the table above, the actual outturn for the period shows that the number of productive days expected has not been achieved. The shortfall of 189 productive days on the minimum expected is as a direct result of staff vacancies and long term sickness absence. The ability to move forward with the re-structure has been hampered by sickness absence but it is envisaged that this will be resolved before the end of September. The lack of resources within the Service is of specific concern, however work is underway to address the shortfall.

A total of 13 reviews have been completed, 11 (84%) of which have been closed with either a substantial or reasonable assurance opinion level. 1 review (8%) has identified weaknesses in the overall control environmental. The remaining one review (8%), 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. It should be noted that the 1 review where weaknesses have been identified was as a result of a specific investigation.

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 **satisfactory**, resulting in a "minimal" level of risk.

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 27th April 2017, which is based on a provision of 1,085 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 2017 the staffing structure is listed in table 5 below.

Table 5

2017-18 Staffing Structure	FTE
Operational Manager Audit - Head of Audit	1
Principal Auditor (1 vacant post at present)	2
Group Auditor	2
Group Auditor (Information Systems – vacant at present)	1
Auditor (5.5 posts are vacant at present)	9.5
Trainee Auditor (vacant at present)	1
Trainee Auditor (Information Systems) (vacant at present)	1
Administrative Assistant	0.5
Total	18

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 7.5 vacant posts, and this has increased to 9.5 vacant full time equivalent posts. The level of vacancies and the ability to recruit is of serious concern. A re-structure of the service is underway which should be concluded by the end of September in addition contingency plans are proceeding to address the shortfall in the ability to deliver the productive days planned.

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 7 below demonstrates the experience and qualification mix for the Internal Audit Shared Service.

Experience and Qualifications

Table 7

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)	2
1 to 2 years	0	0	Certified Information Systems Auditor (CISA)	1
2 to 5 years	0	0	Institute of Internal Auditors – full membership and Prince2 Practitioner Level	0
5 to 10 years	3.5	3.5	Institute of Internal Auditors – practitioner level; part qualified or audit certificate	2
Over 10 years	5	5	Association of Accounting Technicians (AAT)	0
			Part Qualified AAT	0
			Studying (CISA, AAT, IIA, CIPFA etc.)	0
Total Staff	8.5	8.5	Total	5

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 /Board (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.

Internal Audit – Review of Performance Management and Quality Assurance Framework

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

The Section participates annually in the Welsh Chief Auditors Group benchmarking exercise. The results for 2016/17 have recently been received and are as follows:

Table 8

Performance Indicator 2016/2017	IASS Performance for BCBC 2016/17	Overall Average Performance 2016/17	IASS Performance For the BCBC 2015/16	Overall Average Performance 2015/16
Percentage of Planned Audits Completed	91	84%	98%	84%
Number of Audits Completed	75	90	102	95
Percentage of Audits Completed in Planned Time	63	63%	87%	70%
Percentage of directly chargeable time, actual versus planned	97.8	92%	99%	92%
Average number of days from audit closing meeting to issue of draft report.	9.5	8 days	9.5 days	6.8 days
% of staff leaving during the Financial Year	30.6*	10%	3%	9%

*combined figure for the shared service

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 2017; 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 relate to an investigation. The recommendations made to improve the overall control environment have been accepted and are being / will be implemented.

Of significant issue for the Internal Audit Shared Service is the current lack of resource and this is having an impact on the 2017/18 Audit Risk Based Plan. Carrying over 53% of its resource in vacant posts is unsustainable and without doubt will be a very difficult year for the service. A re-structure is underway which should be concluded by the end of September together with contingency measures to address the shortfall in the delivery of productive days.

In addition, Internal Audit is very mindful of the fact that in a Council of this size and complexity, with its significant savings requirements, there is an inherent risk of breakdown in the systems of control particularly where roles, responsibilities and systems are changing. 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.

<u>Cod</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		699 BCBC - C/F Main Acct & Bud Control	3.68	4.00	03/04/2017	05/07/2017	Substantial
		705 BCBC - Advice & Guidance CX & Resources	1.08	5.00	03/04/2017		
		718 BCBC - Income Generation	19.09	20.00	23/05/2017		
Total	Directorate	CHIEF EXECUTIVE - RESOURCES	23.85	29.00			
	Directorate	OPERATIONAL SERVICES & PARTNERSHIPS					
B		698 BCBC - C/F Payroll	5.07	5.00	03/04/2017	16/06/2017	Reasonable
		706 BCBC - Advice & Guidance OpSvs & P/ship	0.57	5.00	03/04/2017		
		710 BCBC - IT Systems & Security Review	9.93	10.00	24/04/2017	06/07/2017	Reasonable
		716 BCBC - Payroll Grievances	11.08	15.00	03/04/2017		
		734 BCBC - Supporting People Grant 16-17	0.20	10.00	30/08/2017		
Total	Directorate	OPERATIONAL SERVICES & PARTNERSHIPS	26.86	45.00			
	Directorate	EDUCATION AND FAMILY SUPPORT					
B		700 BCBC - C/F WB Allegation Education	3.61	5.00	03/04/2017	07/07/2017	Limited
		707 BCBC - Advice & Guidance Ed & Family Sup	0.81	5.00	03/04/2017		
		711 BCBC - Ed Minor Wks - Built Env	9.80	10.00	03/04/2017	05/07/2017	Substantial
		714 BCBC - CRSA & Assurance Schools 1617	4.22	3.00	03/04/2017	31/05/2017	Reasonable
		715 BCBC - Engagement of Consultants	13.65	10.00	03/04/2017		
		726 BCBC - Youth Work Strategy Support Grant	1.76	3.00	20/06/2017	07/07/2017	Reasonable
		727 BCBC - School Summary Report	4.73	5.00	20/06/2017		
		733 BCBC - Education Imp. Grant	4.97	5.00	17/07/2017	17/08/2017	Reasonable
Total	Directorate	EDUCATION AND FAMILY SUPPORT	43.55	46.00			
	Directorate	COMMUNITIES					
B		719 BCBC - Fleet	4.59	20.00	03/04/2017		
		729 BCBC - Highways Inspections & Complaints	4.80	20.00	03/07/2017		
Total	Directorate	COMMUNITIES	9.39	40.00			
	Directorate	SOCIAL SERVICES AND WELLBEING					
B		697 BCBC - C/F Data Sharing Soc Svs	9.36	9.00	03/04/2017	06/06/2017	Reasonable
		708 BCBC - Advice & Guidance SS & Wellbeing	0.34	5.00	03/04/2017		
		713 BCBC - Section 117	22.53	20.00	17/04/2017		
B		717 BCBC - Bus Svs Support Grant	4.90	5.00	18/05/2017	21/06/2017	Reasonable
Total	Directorate	SOCIAL SERVICES AND WELLBEING	37.13	39.00			

	Directorate	BCBC CROSS CUTTING					
B	701 BCBC - C/F Safeguarding		0.07	1.00	03/04/2017	15/05/2017	Reasonable
	703 BCBC - Finalising 2016-17 Jobs		11.49	20.00	03/04/2017	17/07/2017	N/A
	704 BCBC - Audit Planning		11.08	30.00	03/04/2017		
	709 BCBC - Audit Committee / CMB		10.41	30.00	03/04/2017		
	724 BCBC - Grant Verification Communities		1.96	2.00	05/06/2017	09/06/2017	Reasonable
	725 BCBC - Final Accounts		1.86	3.00	19/06/2017		
Total	Directorate	BCBC CROSS CUTTING	36.86	86.00			
	Directorate	SOCIAL SERVICES					
B	731 BCBC - Foster Care Payments		3.31	15.00	18/07/2017		
Total	Directorate	SOCIAL SERVICES	3.31	15.00			
Total	Function	ASSURANCE	180.95	300.00			
		ANTI-FRAUD & CORRUPTION					
	Directorate	BCBC CROSS CUTTING					
B	721 BCBC - NFI		0.74	15.00	03/04/2017		
	723 BCBC - Counter Fraud Framework		10.54	15.00	05/06/2017		
Total	Directorate	BCBC CROSS CUTTING	11.28	30.00			
Total	Function	ANTI-FRAUD & CORRUPTION	11.28	30.00			
		GOVERNANCE					
	Directorate	OPERATIONAL SERVICES & PARTNERSHIPS					
B	728 BCBC - New Member Support		9.70	10.00	03/07/2017		
Total	Directorate	OPERATIONAL SERVICES & PARTNERSHIPS	9.70	10.00			
	Directorate	SOCIAL SERVICES AND WELLBEING					
B	730 BCBC - Leisure Contract		2.03	10.00	03/07/2017		
Total	Directorate	SOCIAL SERVICES AND WELLBEING	2.03	10.00			
	Directorate	BCBC CROSS CUTTING					
B	720 BCBC - IASS Monitoring		2.43	10.00	03/04/2017		
	722 BCBC - COCG - AGS working group		0.81	5.00	03/04/2017		
Total	Directorate	BCBC CROSS CUTTING	3.24	15.00			
Total	Function	GOVERNANCE	14.97	35.00			
		RISK & PERFORMANCE MANAGEMENT					

	Directorate	BCBC CROSS CUTTING			
B	712 BCBC - Insurance		18.89	15.00	26/04/2017
Total	Directorate	BCBC CROSS CUTTING	18.89	15.00	
Total	Function	RISK & PERFORMANCE MAN	18.89	15.00	
		Grand	226.08		

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BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO AUDIT COMMITTEE

28 SEPTEMBER 2017

REPORT OF THE CHIEF INTERNAL AUDITOR

UPDATED FORWARD WORK PROGRAMME 2017-18

1. Purpose of Report.

- 1.1 To present to Members the updated Forward Work Programme for 2017/18 for consideration.

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 is given by the Committee to all aspects of their core functions the updated Forward Work Programme for 2017/18 is at **Appendix A**.

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 consider and note the updated Forward Work Programme 2017-18.

**Helen Smith
Chief Internal Auditor
28th September 2017**

**Contact Officer: Helen Smith
Chief Internal Auditor**

Telephone: 01656 754901

E-mail: helen.smith@bridgend.gov.uk

Postal Address Department
Bridgend County Borough Council
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
2017 - 2018**

PROVISIONAL DATE OF MEETING	FORWARD WORK PROGRAMME	OFFICER RESPONSIBLE	UPDATE
2017			
29th June	Information and Action Requests (if applicable).	Chief Internal Auditor (CIA)	N/A
	Proposed Forward Work Programme 2017/18.	CIA	Complete
	Pre-audited Statement of Accounts 2016/17.	Head of Finance	Complete
	Draft Annual Governance Statement 2016-17	Head of Finance	Complete
	Treasury Management Outturn 2016/17	Head of Finance	Complete
	External Auditors / Inspection Reports (where applicable).	Head of Finance / WAO	Complete
	IASS Outturn Report April and May 2017.	CIA	Complete
	IASS Charter 2017-18	CIA	Complete
	IASS - External Assessment	CIA	Complete
	IASS Risk Based Plan 2017-18	CIA	Complete
28th September	Information and Action Requests	CIA	N/A
	Updated Forward Work Programme	CIA	Submitted
	Statement of Audited Accounts and Final Annual Governance Statement 2016/17	Head of Finance / WAO	Submitted
	Internal Audit 5 months Outturn Report April to August 2017.	CIA	Submitted
	External Auditors / Inspection Reports (where applicable).	Head of Finance / WAO	Submitted
16th November	Up dated Forward Work Programme	CIA	
	Information and Action Requests (where applicable)	CIA	
	Fraud update	Head of Finance / Benefits Manager	
	Corporate Risk Assessment Review 2017/18.	Head of Finance / Risk & Insurance Manager	
	Treasury Management Half Year monitoring report 2017-18		
	Internal Audit Outturn Report – April 2017 to October 2017.	CIA	
	External Auditors / Inspection Reports (where applicable).	Head of Finance / WAO	
2018			
18th January	Up dated Forward Work Programme	CIA	
	Information and Action Requests (if applicable)	CIA	
	Internal Audit 9 months Outturn Report April 2017 – December 2017	CIA	
	Report on the work undertaken on School Audits.	CIA	
	External Auditors / Inspection Reports (where applicable)	Head of Finance / WAO	
	Corporate Risk Assessment 2017-18	Head of Finance	

APPENDIX A

	Treasury Management Half Year Report 2017-18 and Treasury management strategy 2018-19	Head of Finance	
26th April	Information and Action Requests (where applicable)	CIA	
	Updated Forward Work Programme	CIA	
	Proposed Forward Work Programme 2018-19.	CIA	
	Internal Audit proposed Annual Strategy and Audit Plan 2018-2019.	CIA	
	Governance – Compliance with Public Sector Internal Audit Standards for 2017-18	CIA	
	Audit Committee – Terms of Reference	CIA	
	Internal Audit Shared Service Charter	CIA	
	Head of Audit’s Annual Opinion Report and outturn for the Year 2017/18	CIA	
	External Auditors / Inspection Reports (if applicable): -	Head of Finance / WAO	