

# Public Document Pack

## Cyngor Bwrdeistref Sirol Pen-y-bont ar Ogwr

### Bridgend County Borough Council



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

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

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Annwyl Cyngorydd,

#### **PWYLLGOR ARCHWILIO**

Cynhelir Cyfarfod Pwyllgor Archwilio yn o bell trwy Skype For Business ar **Dydd Iau, 10 Medi 2020** am **14:00**.

#### **AGENDA**

1. Ymddiheuriadau am absenoldeb  
Derbyn ymddiheuriadau am absenoldeb gan Aelodau.
2. Datganiadau o fuddiant  
Derbyn datganiadau o ddiddordeb personol a rhagfarnol (os o gwbl) gan Aelodau / Swyddogion yn unol â darpariaethau'r Cod Ymddygiad Aelodau a fabwysiadwyd gan y Cyngor o 1 Medi 2008.
3. Cymeradwyaeth Cofnodion 3 - 14  
I dderbyn am gymeradwyaeth y Cofnodion cyfarfod y 16/07/2020
4. Cofnod Gweithredu'r Pwyllgor Archwilio 15 - 20
5. Diweddariad Pwyllgor Archwilio - Archwilio Cymru 21 - 28
6. Asesiad Risg Corfforaethol 2020-2021 29 - 36
7. Adroddiad blynyddol ar reoli'r Trysorlys 2019-20 37 - 48
8. Datganiad o Gyfrifon 2019-20 49 - 184
9. Llythyr Archwilio Harbwr Porthcawl 185 - 188
10. Adroddiad Archwilio Mewnol Blynyddol 189 - 194
11. Adroddiad Twyll Corfforaethol Blynyddol 2019/20 195 - 208
12. Blaenraglen Waith Wedi'i Diweddarau 2020-21 209 - 214

By receiving this Agenda Pack electronically you will save the Authority approx. **£00.00** in printing costs

13. Materion Brys

I ystyried unrhyw eitemau o fusnes y, oherwydd amgylchiadau arbennig y cadeirydd o'r farn y dylid eu hystyried yn y cyfarfod fel mater o frys yn unol â Rhan 4 (pharagraff 4) o'r Rheolau Trefn y Cyngor yn y Cyfansoddiad.

Nodyn: Nodyn: Sylwch: Yn sgil yr angen i gadw pellter cymdeithasol, ni fydd y cyfarfod hwn yn cael ei gynnal yn ei leoliad arferol. Yn hytrach, bydd hwn yn gyfarfod rhithwir a bydd Aelodau'r Pwyllgor a Swyddogion yn mynychu o bell. Bydd y cyfarfod yn cael ei recordio i'w ddarlledu ar wefan y Cyngor ar ol i'r cyfarfod orffen. Os oes gennych unrhyw gwestiwn am hyn, cysylltwch â [cabinet\\_committee@bridgend.gov.uk](mailto:cabinet_committee@bridgend.gov.uk) neu ffoniwch 01656 643147 / 643148.

Yn ddiffuant

**K Watson**

Prif Swyddog – Gwasanaethau Cyfreithiol, Adnoddau Dynol a Rheoleiddio

**Dosbarthiad:**

Cynghorwyr

CA Green  
JE Lewis  
MJ Kearn  
B Sedgebeer

Cynghorwyr

RM Granville  
LM Walters  
A Williams  
AJ Williams

Cynghorwyr

PA Davies  
P Davies  
TH Beedle  
A Hussain

Aelod Lleyg:

Mrs J Williams

## PWYLLGOR ARCHWILIO - DYDD IAU, 16 GORFFENNAF 2020

COFNODION CYFARFOD Y PWYLLGOR ARCHWILIO A GYNHALIWIYD YN REMOTELY VIA SKYPE FOR BUSINESS DYDD IAU, 16 GORFFENNAF 2020, AM 14:00

### Presennol

Y Cyngorydd LM Walters – Cadeirydd

CA Green  
AJ Williams

B Sedgebeer  
P Davies

RM Granville  
TH Beedle

A Williams  
A Hussain

### Ymddiheuriadau am Absenoldeb

JE Lewis a/ac MJ Kearn

### Swyddogion:

Mark Thomas	Pennaeth Gwasanaeth Archwilio Rhanbarthol
Sarah-Jane Byrne	Rheolwr Awdurdod Lleol, Swyddfa Archwilio Cymru
Mark Galvin	Uwch Swyddog Gwasanaethau Democrataidd - Pwyllgorau
Andrew Rees	Rheolwr Gwasanaethau Democrataidd
Nigel Smith	Rheolwr Cyllid
Deborah Exton	Dirprwy Bennaeth Cyllid dros dro
Susan Cooper	Cyfarwyddwr Corfforaethol - Gwasanaethau Cymdeithasol a Lles
Joan Davies	Rheolwr Cleient Archwilio
Eilish Thomas	Rheolwr Cyllid – Rheoli Ariannol a Chau

### 182. DATGANIADAU O FUDDIANT

Ni chafwyd unrhyw ddatganiadau o fuddiant

### 183. CADARNHAU COFNODION

PENDERFYNWYD: Bod cofnodion y cyfarfod ar 30 Ionawr 2020 yn cael eu cymeradwyo fel cofnod cywir yn amodol ar ychwanegu enw'r Cyngorydd CA Green i'r rhestr Aelodau a oedd yn bresennol ac yn amodol ar nodi bod Aelod Lleyg y Pwyllgor wedi codi nifer o ymholiadau gyda Phennaeth y Gwasanaeth Archwilio Rhanbarthol, ac iddo ddarparu ymatebion cynhwysfawr.

### 184. COFNOD GWEITHREDU'R PWYLLGOR ARCHWILIO

Cyflwynodd y Rheolwr Gwasanaethau Democrataidd adroddiad a roddodd y wybodaeth ddiweddaraf i'r Aelodau am Adroddiad Gweithredu'r Pwyllgor Archwilio ac a oedd wedi'i atodi i'r adroddiad.

Dywedodd cynrychiolydd Archwilio Cymru wrth y Pwyllgor ei bod wedi cael cyfarfod cynhyrchiol yn ddiweddar gyda'r Prif Weithredwr a'r Prif Swyddog - Cyllid, Perfformiad, a Newid i drafod cynlluniau'r Cyngor ar gyfer y broses adfer ac y byddai Archwilio Cymru hefyd yn gweithio gyda'r Panel Adfer a sefydlwyd yn ddiweddar ac fel cyfaill beirniadol i'r gwaith Parod at y Dyfodol. Byddai Archwiliad Cymru hefyd yn mynychu cyfarfod nesaf y Pwyllgor i drafod offeryn rhyngweithiol Archwilio Cymru ar gyfer craffu.

PENDERFYNWYD: Bod y Pwyllgor wedi nodi'r Cofnod Gweithredu.

**185. ADOLYGIAD DILYNOL SWYDDFA ARCHWILIO CYMRU O DREFNIADAU CORFFORAETHOL AR GYFER DIOGELU PLANT**

Adroddodd y Cyfarwyddwr Corfforaethol Gwasanaethau Cymdeithasol a Lles ar ganlyniad adolygiad Swyddfa Archwilio Cymru 2019 a gynhaliwyd ym mis Gorffennaf ac Awst 2019 a'r cynigion a wnaed ar gyfer gwella, ac i roi'r wybodaeth ddiweddaraf i'r Pwyllgor am y camau a gymerwyd mewn ymateb i'r cynigion ar gyfer gwella.

Dywedodd y Cyfarwyddwr Corfforaethol Gwasanaethau Cymdeithasol a Lles wrth y Pwyllgor fod adroddiad yr adolygiad a gyhoeddwyd ym mis Hydref 2019 wedi canfod bod y 'Cyngor, ar y cyfan, wedi bodloni'r argymhellion a'r cynigion ar gyfer gwella neu wedi'u cyflawni'n rhannol, a'u bod wedi nodi cynigion pellach ar gyfer gwella a fyddai'n cryfhau agweddau ar drefniadau diogelu corfforaethol y Cyngor'. Dywedodd fod Swyddogion wedi ystyried y sylwadau a'r arsylwadau a amlinellir yn yr adroddiad a'u bod wedi llunio cynllun gweithredu o ran y naw cynnig ar gyfer gwella. Tynnodd sylw at y cynnydd a wnaed gyda'r camau y cytunwyd arnynt, gan fod gwaith yn cael ei wneud mewn perthynas â Chynnig 5 i ystyried defnyddio darpariaethau diogelu mewn tendrau a chontractau. Mewn perthynas â Chynnig 7, mae archwiliad o weithgarwch gwirfoddoli wedi'i gwblhau, ond nid oedd wedi'i adrodd i'r Bwrdd Rheoli Corfforaethol eto oherwydd gofynion Covid-19. Mewn perthynas â Chynnig 9, cynhaliwyd gweithdy i adolygu ymarferoldeb y Grŵp Diogelu Gweithredol Ardal ym mis Ionawr 2020, ond roedd y Grŵp Gorchwyl a Gorffen wedi'i ohirio oherwydd pwysau Covid-19.

**PENDERFYNWYD:** Bod y Pwyllgor Archwilio wedi derbyn adroddiad Swyddfa Archwilio Cymru ac wedi nodi'r camau a'r cynnydd a wnaed o ran y cynigion i wella.

**186. DIWEDDARIAD PWYLLGOR ARCHWILIO - ARCHWILIO CYMRU**

Adroddodd cynrychiolydd Archwilio Cymru ar y wybodaeth ddiweddaraf o ran y gwaith Archwilio Ariannol a Pherfformiad a wnaed, ac sydd eto i'w wneud, ganddynt yn ystod 2019-20 a 2020-21.

Dywedodd wrth y Pwyllgor fod y rhaglen waith yn cael ei gwneud i helpu'r Archwilydd Cyffredinol i gyflawni dyletswyddau o dan Ddeddf Archwilio Cyhoeddus (Cymru) 2004 (Deddf 2004) a Mesur Llywodraeth Leol (Cymru) 2009. Gall hefyd lywio astudiaeth ar gyfer gwella gwerth am arian o dan adran 41 o Ddeddf 2004, a/neu archwiliad a gynhaliwyd gan yr Archwilydd Cyffredinol o dan adran 15 o Ddeddf Llesiant Cenedlaethau'r Dyfodol (Cymru) 2015. Mae Mesur Llywodraeth Leol (Cymru) 2009 hefyd yn ei gwneud yn ofynnol i'r Archwilydd Cyffredinol gynnal Asesiad Gwella blynyddol i benderfynu a yw Cyngor Bwrdeistref Sirol Pen-y-bont ar Ogwr yn debygol o gydymffurfio â gofynion Rhan 1 o'r Mesur.

Adroddodd cynrychiolydd Archwilio Cymru ar y gwaith ariannol a pherfformiad a wnaed yn y Cyngor gan, ac ar ran, yr Archwilydd Cyffredinol o dan Fesur Llywodraeth Leol (Cymru) 2009 a Deddf Archwilio Cyhoeddus (Cymru) 2004. Hysbysodd y Pwyllgor am gwmpas y gwaith archwilio ariannol a'r gwaith archwilio perfformiad, darn allweddol o'r gwaith sy'n ymwneud â chynllunio adferiad ym mhob un o'r 22 awdurdod lleol yng Nghymru. Byddai'r gwaith cynaliadwyedd ariannol yn cael ei rannu'n ddau gam. Cam 1 fydd cynnal asesiad sylfaenol o effaith gychwynnol Covid-19 ar sefyllfa ariannol awdurdodau lleol, a bydd yn ystyried y sefyllfa ar ddiwedd y flwyddyn 2019-20 yn ogystal â'r sefyllfa ar ddiwedd chwarter 1 2020-21. Bydd cam 2 yn cael ei gynnal dros weddill 2020-21 a bydd yn defnyddio'r sefyllfa a'r themâu a nodwyd yn ystod cam 1 er mwyn gallu canolbwyntio ar gynllunio adferiad ariannol. Bydd adroddiadau cryno cenedlaethol yn cael eu cynhyrchu ar ddiwedd pob cam.

Dyweddodd y Prif Swyddog Cyllid, Perfformiad a Newid wrth y Pwyllgor fod cynnydd da wedi'i wneud gyda'r Datganiad o Gyfrifon ac y bydd y Datganiad Cyfrifon terfynol yn cael ei gyflwyno i'r Pwyllgor ym mis Medi 2020.

PENDERFYNWYD: Bod y Pwyllgor wedi nodi Diweddariad Pwyllgor Archwilio Cymru.

187. CYNLLUN ARCHWILIO BLYNYDDOL YR ARCHWILIAD ALLANOL 2020

Adroddodd cynrychiolydd Archwilio Cymru ar Gynllun Archwilio Blynyddol 2020 yr Archwilydd Allanol, ynghyd â rhestr o lofnodwyr grantiau awdurdodedig ar gyfer y Cyngor.

Eglurodd fod y Cynllun Archwilio Blynyddol wedi'i baratoi gan Archwilydd Allanol y Cyngor er mwyn bodloni gofyniad y safonau archwilio a'r arferion archwilio priodol, sy'n nodi'r gwaith yr Archwilydd Penodedig yng Nghyngor Bwrdeistref Sirol Pen-y-bont ar Ogwr o dan Ddeddf Archwilio Cyhoeddus (Cymru) 2004, Mesur Llywodraeth Leol (Cymru) 2009 (y Mesur), Deddf Llywodraeth Leol 1999, a'r Cod Ymarfer Archwilio. Tynnodd sylw at elfennau allweddol archwiliad yr Archwilydd Penodedig.

Adroddodd fod elfen Archwiliad Ariannol 2019-20 y cynllun wedi'i pharatoi gan Archwiliad Cymru, a'i diben oedd nodi'r gwaith arfaethedig, pa bryd y caiff ei wneud, faint fydd ei gost, a phwy fydd yn ei wneud. Roedd y Cynllun hefyd yn amlinellu'r Archwiliad Perfformiad, Ardystio Hawliadau Grant a Ffurflenni, a Gwaith Archwilio arall i'w wneud.

Tynnodd cynrychiolydd Archwilio Cymru sylw'r Pwyllgor at grynodedeb o'r risgiau archwilio datganiad ariannol allweddol a nodwyd yn ystod y cam cynllunio, yn enwedig effaith Covid-19 ar yr awdurdod a'r effaith y byddai'n ei gael ar y gwaith archwilio, archwilio ariannol, ac archwilio perfformiad Archwilio Cymru.

Cyflwynwyd rhestr o'r lofnodwyr grantiau awdurdodedig arfaethedig i'r pwyllgor gyntuno arnynt:

- Prif Swyddog – Cyllid, Perfformiad a Newid, a Swyddog Adran 151
- Dirprwy Bennaeth Cyllid, a Dirprwy Swyddog S151
- Rheolwr Grŵp – Prif Gyfrifydd
- Rheolwr Grŵp - Cynllunio Ariannol a Rheoli Cyllidebau

PENDERFYNWYD: Bod y Pwyllgor wedi nodi cynnwys Cynllun Archwilio Blynyddol 2020 yr Archwilydd Allanol a chytuno ar y lofnodwyr grantiau awdurdodedig a amlinellir yn yr adroddiad.

188. ASESIAD CYNALIADWYEDD ARIANNOL SWYDDFA ARCHWILIO CYMRU

Adroddodd cynrychiolydd Archwilio Cymru ar Aseiad Cynaliadwyedd Ariannol Swyddfa Archwilio Cymru a gynhaliwyd i asesu cynaliadwyedd sefyllfa ariannol tymor byr a chanolig y cynghorau, roedd yn canolbwyntio ar strategaeth ariannol pob cyngor yn ogystal ag adolygu rhai dangosyddion ariannol allweddol o sefyllfa ariannol pob cyngor mewn perthynas â:

- perfformiad yn erbyn y gyllideb;
- cyflawni cynlluniau arbedion;
- defnyddio cronfeydd wrth gefn;
- y dreth gyngor; a
- benthyca

Dyweddodd cynrychiolydd Archwilio Cymru wrth y Pwyllgor ei fod wedi cynnal yr asesiad gan ei fod wedi nodi fod cynaliadwyedd ariannol yn risg i gynghorau wrth roi trefniadau priodol ar waith i sicrhau gwerth am arian wrth ddefnyddio ei adnoddau. Roedd hyn yn rhannol seiliedig ar brofiadau rhai o gynghorau Lloegr yn ddiweddar, ar wybodaeth am y sefyllfa ariannol yng Nghynghorau Cymru, a'r duedd gyffredinol o leihau adnoddau i lywodraeth leol, ynghyd â'r galw cynyddol am rai gwasanaethau. Dywedodd wrth y Pwyllgor nad oedd gan Archwilio Cymru bryderon sylweddol am sefyllfa ariannol y Cyngor hwn a bod sefyllfa ariannol y Cyngor yn gryf, ond byddai rhai agweddau o'r cynllunio ariannol a'r Strategaeth Ariannol Tymor Canolig yn elwa o gael eu cryfhau. Roedd wedi dod i'r casgliadau canlynol:

- Byddai Strategaeth Ariannol Tymor Canolig y Cyngor yn elwa o gael ei gryfhau mewn rhai meysydd pwysig.
- Yn ystod y blynyddoedd diwethaf, mae'r Cyngor wedi tanwario ei holl gyllidebau blynyddol ac mae hefyd yn disgwyl tanwario ei gyllideb ar gyfer 2019-20.
- Mae gan y Cyngor hanes da o gyflawni'r rhan fwyaf o'i arbedion arfaethedig.
- Mae gan y Cyngor lefel uchel o gronfeydd wrth gefn y gellir eu defnyddio.
- Mae gan y Cyngor hanes da o gasglu ei dreth gyngor.
- Mae gan y Cyngor lefel gymharol isel o gostau benthyca a llog ac nid yw wedi ceisio unrhyw fenthyciadau hirdymor newydd ers 2012.

Dyweddodd y Prif Swyddog – Cyllid, Perfformiad a Newid wrth y Pwyllgor fod sefyllfa ariannol a chynaliadwyedd y Cyngor wedi newid yn fawr yn ystod y pandemig. Mae hawliadau i Lywodraeth Cymru yn cael eu cyflwyno bob mis, gyda rhai hawliadau'n cael eu talu ar gyfradd o 50%, gyda'r Cyngor yn gorfod ariannu'r 50% sy'n weddi. Roedd adroddiad yn cael ei gyflwyno i'r Cabinet a oedd yn rhagweld gorwariant o £3m ar gyfer y chwarter cyntaf. Dywedodd y Dirprwy Bennaeth Cyllid Dros Dro wrth y Cabinet fod nifer o geisiadau am gostau ychwanegol a cholli incwm wedi'u cyflwyno i Lywodraeth Cymru, er nad oedd yn hysbys a fyddai'r Cyngor yn cael ei ad-dalu am yr hawliadau a gyflwynwyd neu ddim. Dywedodd fod incwm o barcio ceir a'r Dreth Gyngor wedi gostwng a bod mwy o geisiadau wedi dod i law am gymorth y Dreth Gyngor a Budd-dal Tai. Dywedodd wrth y Pwyllgor ei bod yn anodd rhagweld yr effaith ariannol ar y Cyngor yn y dyfodol.

Dyweddodd cynrychiolydd Archwilio Cymru wrth y Pwyllgor fod y darn hwn o waith wedi'i wneud cyn y pandemig ac y bydd gwaith pellach yn cael ei wneud ar gynaliadwyedd ariannol Cynghorau ac effaith y pandemig.

Dyweddodd y Prif Swyddog – Cyllid, Perfformiad a Newid wrth y Pwyllgor fod y llif arian yn cael ei reoli a bod Llywodraeth Cymru yn ceisio ad-dalu'r Cyngor cyn gynted â phosibl, gyda thaliadau'n cael eu derbyn am grantiau ardrethi busnes. Rhagwelwyd y byddai taliadau ar gyfer staff gofal cymdeithasol yn cael eu gwneud yn ystod mis Awst. Dywedodd y gall y Cyngor ddibynnu ar fenthycia tymor byr, a bod y Cyngor yn bod yn bwyllog iawn.

Mynegodd y Pwyllgor bryder ynghylch y diffyg argymhellion yn adroddiad Archwilio Cymru ac oherwydd bod sawl dehongliad gwahanol y gellid ei wneud o'r sylwadau a wnaed, a holwyd os ystyriwyd bod safbwynt y Cyngor o ran ei gronfeydd wrth gefn yn gadarnhaol neu'n negyddol. Dywedodd cynrychiolydd Archwilio Cymru wrth y Pwyllgor fod Archwilio Cymru wedi penderfynu peidio â chynnwys argymhellion ar hyn o bryd, ond y byddai argymhellion yn cael eu gwneud mewn adroddiad cenedlaethol a oedd wedi'i ohirio oherwydd y pandemig, ond a fyddai ar gael ym mis Awst 2020. O ran y cronfeydd wrth gefn dywedodd eu bod yn rhoi gwydnwch ariannol i'r Cyngor.

Cyfeiriodd Aelod o'r Pwyllgor at ganfyddiadau Archwilio Cymru a gofynnodd am esboniad mewn perthynas â'r gwelliannau a awgrymwyd i'r MTFS. Dywedodd y Prif Swyddog – Cyllid, Perfformiad a Newid wrth y Pwyllgor ei fod yn ymwneud â chysylltu cyllid â pherfformiad, rhywbeth y mae llawer o gyrff cyhoeddus yn ei chael yn anodd ei wneud, er mwyn cynhyrchu costau unedau gwerth am arian, a'i fod yn rhywbeth y dylid ymdrechu i'w wneud. Dywedodd fod y Cynllun Corfforaethol yn gysylltiedig â'r MTFS a bod angen sicrhau bod lefelau gweithgarwch yn gysylltiedig â chost, ond dylid edrych ar feincnodi hefyd er mwyn ceisio gweld a yw gwerth am arian yn cael ei ddarparu ac i fesur effeithiolrwydd. Roedd angen defnyddio dadansoddiadau a thrafod gydag Audit Wales i weld sut y gallant ein helpu i gyflawni hynny o ran meincnodi, a sut y gellid gwella cysylltiad amcanion gyda'r gost o gyflawni hynny. Dywedodd cynrychiolydd Archwilio Cymru wrth y Pwyllgor fod sgysiau wedi'u cynnal gyda swyddogion i drafod cynlluniau cynilo, sut y bydd y bwlch yng nghyllideb yr MTFS yn cael ei fodloni, a sut y gall y Cyngor gryfhau'r MTFS. Dywedodd cynrychiolydd Archwilio Cymru wrth y Pwyllgor y bydd yr adroddiad cenedlaethol yn barod ym mis Awst 2020 a'i fod wedi bod yn gweithio gyda Swyddogion Adran 151 a CLILC ar yr adroddiad.

**PENDERFYNWYD:** Bod y Pwyllgor wedi nodi Adroddiad Aseiad Cynaliadwyedd Ariannol Swyddfa Archwilio Cymru.

189. **YMCHWILIADAU TWYLL I LEIHU'R DRETH GYNGOR: EBRILL 2019 I FAWRTH 2020**

Adroddodd y Prif Swyddog – Cyllid, Perfformiad a Newid ar y gweithgareddau a gynhaliwyd rhwng 1 Ebrill 2019 a 31 Mawrth 2020 mewn perthynas â thwyll Gostyngiadau'r Dreth Gyngor (CTR), ymchwiliadau Bathodynau Parcio Pobl Anabl (Bathodyn Glas), yn ogystal â chrynodeb o ganlyniadau a gyflawnwyd yn ystod 2019/20 o gymharu â'r sefyllfa ar gyfer 2018/19.

Adroddodd y Prif Swyddog – Cyllid, Perfformiad a Newid fod y gwaith ymchwilio ar gyfer Budd-dal Tai a Budd-dal y Dreth Gyngor wedi'i drosglwyddo i Wasanaeth Ymchwilio Twyll Sengl (SFIS) yr Adran Gwaith a Phensiynau (DWP) ar 1 Tachwedd 2015.

Dywedodd wrth y Pwyllgor fod y Gwasanaeth Budd-daliadau, er mwyn cynnal gweithgareddau gwrth-dwyll effeithiol a gweithredol ar gyfer CTR, yn cyflogi Ymchwilydd Twyll i ymgymryd â'r canlynol yn bennaf:

- Ymchwilio i honiadau o dwyll CTR, anghysondebau disgownt un person, a chamddefnyddio Bathodyn Glas.
- Ymgymryd â gweithgareddau ymyrraeth sy'n seiliedig ar risg
- Cynorthwyo SFIS i ddarparu gwybodaeth a/neu ddogfennaeth
- Gwella ymwybyddiaeth a darparu hyfforddiant i staff mewn perthynas â thwyll, camdriniaeth, a cholled ariannol

Dywedodd y Prif Swyddog – Cyllid, Perfformiad a Newid wrth y Pwyllgor fod yr Ymchwilydd Twyll wedi datblygu rhwydwaith o gysylltiadau gydag Ymchwilydd Twyll eraill o fewn awdurdodau cyfagos, a bod swyddogion ledled Cymru yn cyfarfod bob chwarter i drafod twyll CTR, camddefnyddio Bathodynau Glas, a materion twyll eraill, yn ogystal ag i rannu arfer gorau. Dywedodd fod hyfforddiant ymwybyddiaeth o dwyll yn parhau i gael ei gynnal ar gyfer staff Budd-daliadau, Opsiynau Tai, y Dreth Gyngor, a'r Gwasanaeth Cwsmeriaid, yn ogystal â gydag asiantaethau allanol. Mae ymwybyddiaeth o dwyll hefyd yn rhan o'r broses sefydlu ar gyfer yr holl staff Budd-daliadau newydd. Dywedodd y Prif Swyddog – Cyllid, Perfformiad a Newid hefyd wrth y Pwyllgor fod y Cyngor wedi ymrwmo i feithrin a chynnal diwylliant dim goddefgarwch o ran twyll a llygredd, gan ddatblygu modiwl e-ddysgu Atal Twyll i gefnogi'r polisïau atal Twyll, Llwrgrwbrwyo, a Gwyngalchu Arian. Bydd hyfforddi staff yn gwella eu

dealltwriaeth o sut y gall twyll ddigwydd, yn gwella eu gallu i'w atal, yn hwyluso'r gwaith o adnabod gweithgareddau amheus, ac yn gymorth iddynt weithredu gydag uniondeb ac ymateb yn effeithiol i ddigwyddiadau. Caiff y modiwl E-Ddysgu i'w ryddhau yn ystod haf 2020.

Adroddodd y Prif Swyddog – Cyllid, Perfformiad a Newid ar y grynodedb o atgyfeiriadau twyll, sy'n dangos bod gostyngiad o 12.6% yn nifer yr atgyfeiriadau a dderbyniwyd ar draws pob ffynhonnell yn ystod 2019/20.

Fodd bynnag, nid oedd rheswm amlwg dros y gostyngiad cyffredinol, ond byddai hyn yn cael ei ymchwilio yn y dyfodol. Dywedodd y Prif Swyddog – Cyllid, Perfformiad a Newid wrth y Pwyllgor fod dau ymchwiliad CTR a gynhaliwyd gan yr Ymchwilydd Twyll wedi arwain at erlyniadau llwyddiannus yn 2019/20.

Adroddodd y Prif Swyddog – Cyllid, Perfformiad a Newid fod y Cyngor, ym mis Gorffennaf 2019, wedi gweithio mewn partneriaeth â thîm arbenigol o Gyngor Dinas Portsmouth i gymryd camau gorfodi o ran Bathodynau Glas. Gan weithio mewn lleoliadau Bwrdeistref Sirol dethol, arweiniodd yr ymgyrch deuddydd at 68 o ymyriadau, ac roedd 15 ohonynt yn ddigon difrifol i roi cosbau penodedig. Dywedodd fod 5 o'r 20 bathodyn a gadwyd wedi'u dinistrio'n ddiogel am eu bod wedi'u canslo neu wedi dod i ben, cafodd 1 ei ddychwelyd i ddeiliad y bathodyn gyda llythyr rhybudd swyddogol, dychwelwyd 3 at ddeiliaid y bathodynau heb unrhyw gamau pellach, ac ystyriwyd bod 11 yn ddigon difrifol i'w herlyn. O'r 12 achos a erlynwyd, cafwyd 10 yn euog gan Lys yr Ynadon. Rhoddwyd dirwy i bob un, yn ogystal â gordal dioddefwr, costau cyfreithiol ac ymchwilio.

PENDERFYNWYD: Bod y Pwyllgor wedi nodi'r adroddiad.

190. DATGANIAD O GYFRIFON 2019-20 (HEB EU HARCHWILIO)

Cyflwynodd Rheolwr Interim y Grŵp – Prif Gyfrifydd adroddiad i gyflwyno'r Datganiad o Gyfrifon heb ei archwilio ar gyfer y cyfnod uchod er mwyn i'r Pwyllgor gael ei nodi.

Dywedodd fod paratoi Datganiad o Gyfrifon yn un o ofynion Rheoliadau Cyfrifon ac Archwilio (Cymru) 2014 (fel y'i diwygiwyd yn 2018) a diffinnir ei gynnwys gan 'God Ymarfer y Sefydliad Siartredig Cyllid Cyhoeddus a Chyfrifyddiaeth ar Gyfrifyddu Awdurdodau Lleol yn y Deyrnas Unedig' (y Cod).

Yn unol â'r rheoliadau hyn, roedd angen i'r swyddog cyllid cyfrifol gymeradwyo a llofnodi'r Datganiad o Gyfrifon heb ei archwilio ar gyfer 2019-20 erbyn 15 Mehefin 2020, gan ardystio ei fod yn cyflwyno darlun cywir a theg o sefyllfa ariannol y Cyngor. Yna, rhaid i'r Pwyllgor Archwilio gymeradwyo'r Datganiad o Gyfrifon archwiliedig erbyn 15 Medi 2020 yn unol â Chylch Gorchwyl y Pwyllgor. Os na ellir llofnodi a chyhoeddi'r cyfrifon erbyn y dyddiad hwn yna rhaid i'r Cyngor gyhoeddi hysbysiad Rheoliad 10 sy'n nodi'r rhesymau pam.

Cadarnhaodd Rheolwr Interim y Grŵp – Prif Gyfrifydd nad oedd y Cyngor, o ganlyniad i'r pandemig Coronafeirws, wedi gallu bodloni'r dyddiad cau 15 Mehefin 2020 ac felly, yn unol â gofynion y Rheoliadau, cyhoeddodd hysbysiad yn rhoi gwybod am hyn. Llofnodwyd y cyfrifon heb eu harchwilio gan y swyddog cyllid cyfrifol ar 30 Mehefin 2020, a'u hanfon i Archwilio Cymru yr un diwrnod.

Atodir Datganiad Cyfrifon heb ei archwilio gan y Cyngor ar gyfer y flwyddyn ariannol a ddaeth i ben 31 Mawrth 2020 yn Atodiad A i'r adroddiad.

Aeth ymlaen wedyn i roi cyflwyniad Powerpoint i'r Aelodau a oedd yn tynnu sylw at rywfaint o wybodaeth allweddol o Ddatganiad Cyfrifon 2019-20, er budd yr Aelodau, yn



ogystal ag ymhelaethu ar rywfaint o'r wybodaeth ariannol allweddol a ddangoswyd yn y prif adroddiad.

Nododd Aelod ei bod yn ymddangos o'r adroddiad bod yr Awdurdod wedi bod yn tanwario o ran ei Gyllideb.

Atgoffwyd y Pwyllgor gan y Dirprwy Bennaeth Cyllid Dros Dro fod adroddiadau Monitro chwarterol wedi'u cyflwyno fel rhan o'r Gyllideb Refeniw i Bwyllgorau'r Cabinet a'r Pwyllgor Trosolwg a Chraffu ac roedd y rhain yn nodi'r manylion mewn perthynas â phob un o'r Cyfarwyddiaethau a oedd yn rhan o'r Cyngor, gan amlinellu meysydd lle'r oedd gorwariant a thanwariant ym meysydd gwasanaeth y Cyngor cyfan a oedd yn cynnwys pob Cyfarwyddiaeth.

Cyflwynwyd adroddiad Alldro Ariannol i'r Cabinet ar 30 Mehefin 2020 ac o ran cyllidebau'r Cyngor cyfan, roedd yr adroddiad hwn yn adlewyrchu tanwariant sylweddol o tua £3m o gyllid nas rhagwelwyd ar gyfer pensiynau cyflog/pensiynau athrawon a phensiynau staff y Gwasanaeth Tân, a bod yr Awdurdod wedi'i gynnwys yn ei gyllideb ei hun. Fodd bynnag, cafodd y lefel hon o gyllid ei derbyn wedyn gan Lywodraeth Cymru. Roedd £2m wedi'i ddyrannu i Gronfa Gyfalaf ar gyfer buddsoddi mewn cymunedau.

Gofynnodd Aelod i'r Swyddogion pa bryd yr oeddent yn credu y byddai'r setliad ar gyfer 2021-2022 yn dod, o gofio ei fod yn hwyr eleni.

Dywedodd y Pennaeth Cyllid, Perfformiad a Newid Dros Dro yr amcangyfrifwyd y byddai'n dod yn yr hydref eleni, h.y. gyda Datganiad drafft yn gyntaf ym mis Hydref. Er byddai'r amserlen hon yn dibynnu ar ffactorau eraill, yn fwyaf nodedig y sefyllfa barhaus o ran Covid-19. Byddai'r setliad terfynol, pe bai popeth yn mynd i'r cynllun, wedyn yn cael ei dderbyn tua mis Rhagfyr.

Pwysleisiodd, fodd bynnag, mai dim amcangyfrif oedd y dyddiadau hyn yn hytrach na rhai cadarn.

**PENDERFYNWYD:** Bod yr Aelodau wedi nodi'r Cyflwyniad ynghyd â'r Datganiad o Gyfrifon 2019-20 sydd heb ei archwilio (Atodiad A i'r adroddiad).

**191. DATGANIAD LLYWODRAETHU BLYNYDDOL 2019-20**

Cyflwynodd Rheolwr Interim y Grŵp – Prif Gyfrifydd adroddiad, a'i ddiben oedd cyflwyno Datganiad Llywodraethu Blynyddol 2019-20 (AGS) i'w gymeradwyo a'i gynnwys yn Natganiad Cyfrifon 2019-20 sydd heb ei archwilio.

I egluro'r cefndir, dywedodd fod Rheoliad 5 (2) o Reoliadau Cyfrifon ac Archwilio (Cymru) 2014 yn ei gwneud yn ofynnol i awdurdod gynnal, fel rhan o'i drefniadau ar gyfer llywodraethu corfforaethol, adolygiad blynyddol o lywodraethu ac adroddiad ar reolaeth fewnol.

Ychwanegodd Rheolwr Interim y Grŵp – Prif Gyfrifydd fod llywodraethu corfforaethol da yn gofyn am gyfranogiad gweithredol Aelodau a Swyddogion ar draws y Cyngor. Adolygir y trefniadau hyn yn flynyddol a defnyddir y canfyddiadau i ddiweddarau'r AGS. Mae hyn yn helpu i sicrhau bod diwylliant llywodraethu corfforaethol y Cyngor yn gwella'n barhaus. Roedd cynnwys yr AGS yn y Datganiad o Gyfrifon hefyd yn darparu arfarniad cyffredinol o'r rheolaethau a oedd ar waith i reoli risgiau allweddol y Cyngor ac yn nodi lle mae angen gwneud gwelliannau.

Adolygwyd drafft o AGS 2019-20 gan y Bwrdd Rheoli Corfforaethol (CMB) a'r Cabinet. Amgawyd y ddogfen yn Atodiad A i'r adroddiad.

Cyfeiriodd Aelod at dudalen 219 o'r AGS a rôl Cynghorwyr fel cyfeillion beirniadol llywodraethu corfforaethol. Nododd, oherwydd Covid-19 a chau Swyddfeydd y Cyngor yn ei sgil, fod yn rhaid canslo cyfarfodydd Pwyllgor hyd nes y byddent yn ail-gychwyn o bell drwy Skype.

Gofynnodd i gynrychiolwyr Archwilio Cymru beth oedd eu canfyddiad o drefniadau llywodraethu CBSP (o'i gymharu ag awdurdodau cyfagos eraill) drwy gydol argyfwng Covid-19, yn enwedig mewn perthynas â pharhau i gynnal cyfarfodydd o bell a rôl Aelodau ym mhrosesau penderfynu'r Cyngor. Gofynnodd hyn gan fod y pandemig wedi rhoi heriau ychwanegol i awdurdodau lleol a bod dyletswydd ar Aelodau i ymateb iddynt.

Dywedodd cynrychiolydd o Swyddfa Archwilio Cymru fod Covid-19 a'r cyfnod clo wedi arwain at ganslo cyfarfodydd ers peth amser gan fod Swyddfeydd y Cyngor wedi gorfod cau oherwydd ymbellhau cymdeithasol ac er mwyn lleihau lledaeniad y feirws.

Ychwanegodd fod pob Cyngor yng Nghymru bellach wedi dechrau cynnal cyfarfodydd Pwyllgor o bell, ar adegau gwahanol, a bod pob un bellach yn cynnull cyfarfodydd drwy Skype neu Microsoft Teams. Nid oedd o'r farn bod CBSP wedi bod yn araf i weithredu yn hyn o beth, o'i gymharu ag awdurdodau eraill yng Nghymru.

Ychwanegodd Pennaeth y Gwasanaeth Archwilio Mewnol Rhanbarthol fod CBSP, mewn perthynas â chynnal Pwyllgorau Archwilio ers y cyfnod clo fel y cyfeiriodd yr Aelod ato, wedi dechrau cynnal cyfarfodydd y Pwyllgor hwn cyn unrhyw un o'r awdurdodau lleol eraill a oedd yn rhan o'r Gwasanaeth a Rennir.

**PENDERFYNWYD:** Fod y Pwyllgor yn cymeradwyo'r drafft o Ddatganiad Llywodraethu Blynyddol 2019-20, gyda mân ddiwygiad i gynnwys cyfeiriad at reoliadau Llywodraeth Cymru mewn perthynas â chyfarfodydd rhithwir yn Atodiad A yr adroddiad, a chytunwyd i'w gynnwys o fewn Datganiad o Gyfrifon 2019-20 sydd heb ei archwilio.

**192. FFURFLEN DRETH HARBWR PORTHCRAWL 2019-20 (HEB EI HARCHWILIO)**

Cyflwynodd Rheolwr Interim y Grŵp – Prif Gyfrifydd adroddiad, a'i ddiben, oedd cyflwyno Datganiad Harbwr Porthcawl 2019-20 heb ei archwilio fel bo modd i'r Pwyllgor Archwilio ei gymeradwyo.

Atodir Datganiad heb ei archwilio gan y Cyngor mewn perthynas ag Harbwr Porthcawl, hyd at ddiwedd y flwyddyn ariannol ar 31 Mawrth 2020, yn Atodiad A i'r adroddiad.

Eglurodd i'r Aelodau fod yr Harbwr mewn sefyllfa gytbwys ar 31 Mawrth 2020. Cynhyrnod £262,599 mewn ffioedd, yn bennaf ar gyfer angorfeydd cychod. Y prif eitemau gwariant yw costau staffio (£92,426) a dibrisiant asedau'r Harbwr (£113,518). Gwerth yr Harbwr ac asedau cysylltiedig, gan gynnwys y ciosg a'r llithrfa, ar 31 Mawrth 2020 oedd £3,170,299.

Gofynnodd Aelod, o ran angori cychod yn yr harbwr, pe caniateid i'r perchnogion breswyllo'n llawn ar y cychod a llongau eraill yno.

Dywedodd y Pennaeth Cyllid, Perfformiad a Newid Dros Dro na fyddai Cyllid yn gallu ateb y cwestiwn hwn, er y gallai'r Aelod ddymuno annerch Pennaeth Gweithrediadau – Gwasanaethau Cymunedol ynghylch hyn y tu allan i'r cyfarfod.

**PENDERFYNWYD:** Cymeradwyodd yr Aelodau ffurflen Harbwr Porthcawl heb ei archwilio 2019-20 yn Atodiad A i'r adroddiad.

**193. ADRODDIAD ARCHWILIO MEWNOL BLYNYDDOL 2019-20**

Cyflwynodd Pennaeth y Gwasanaeth Archwilio Mewnol Rhanbarthol adroddiad a ddarparodd Farn Flynyddol y Pennaeth Archwilio Mewnol ar amgylchedd rheoli'r Cyngor mewn perthynas â llywodraethu, rheoli risg, a rheolaeth fewnol, ac a oedd yn hysbysu'r Pwyllgor Archwilio o waith a pherfformiad Archwilio Mewnol ar gyfer Blwyddyn Ariannol 2019-20.

Mae Safonau Archwilio Mewnol y Sector Cyhoeddus yn ei gwneud yn ofynnol i'r Pennaeth Archwilio Mewnol ddarparu Adroddiad Blynyddol i gefnogi'r Datganiad Llywodraethu Blynyddol. Dylai'r adroddiad gwmpasu'r 5 pwynt bwled fel y'u rhestrir ym mharagraff 3.1 o'r adroddiad

Cyflwynwyd Cynllun Archwilio Mewnol 2019-20 i'r Pwyllgor Archwilio ei ystyried a'i gymeradwyo ar 18 Ebrill 2019 a nodwyd gwaith archwilio a gynlluniwyd ar gyfer y flwyddyn benodol honno.

Roedd Adroddiad Blynyddol yr Archwiliad Mewnol yn Atodiad A i'r adroddiad, ac roedd yn crynhoi'r adolygiadau a gynhaliwyd yn ystod 2019-20 gan gynnwys unrhyw waith gwrth-dwyll, yr argymhellion a wnaed, ac unrhyw faterion rheoli a nodwyd. Cwblhawyd cyfanswm o 35 o adolygiadau gyda barn archwilio, a gwnaed cyfanswm o 103 o argymhellion canolig ac uchel. Mae dadansoddiad manwl wedi'i gynnwys yn Annex 1 o'r atodiad.

Mae'r cynnydd yn erbyn Cynllun seiliedig ar Risg 2019-20 wedi'i atodi i Annex 2 yr adroddiad, a dangosodd fod y rhan fwyaf o'r adolygiadau archwilio arfaethedig wedi'u cynnal yn ystod 2019-20, er gwaethaf yr adnoddau staffio is.

Gan ystyried canlyniadau'r adolygiadau archwilio mewnol a gwblhawyd yn ystod 2019-20, yr argymhellion a wnaed, a'r ffynonellau eraill o sicrwydd, barn flynyddol y Pennaeth Archwilio Mewnol ar ddigonolrwydd ac effeithiolrwydd fframwaith llywodraethu, rheoli risg a rheolaeth fewnol y Cyngor ar gyfer 2019-20 oedd bod sicrwydd rhesymol. Ni nodwyd unrhyw faterion rheoli trawsbynciol sylweddol a fyddai'n effeithio ar amgylchedd rheoli cyffredinol y Cyngor ac mae'r gwendidau a nodwyd yn benodol i'r gwasanaeth.

Yna, er budd yr Aelodau, aeth Pennaeth y Gwasanaeth Archwilio Mewnol Rhanbarthol drwy rai o'r meysydd gwaith allweddol a geir yn Adroddiad Archwilio Mewnol Blynyddol 2019/2020, a atodir i'r adroddiad eglurhaol.

Gofynnodd Aelod, mewn perthynas ag Adran 3 o'r Atodiad lle nodwyd barn sicrwydd gyfyngedig, a ellid darparu gwybodaeth ychwanegol i'r Pwyllgor. Yn benodol, o ran Rheoli Contractau, gofynnodd yr Aelod a ellid darparu gwybodaeth am y Contractau dan sylw, ynghyd â gwybodaeth ariannol a'r materion a nodwyd i'r Aelodau.

Daeth y Cadeirydd â'r ddatl ar yr eitem i ben drwy gynghori Swyddogion fod y newid i'r ffordd yr oedd y Cyngor yn gweithio yn sgil y pandemig ac ati yn golygu fod angen i ymgysylltu rhagweithiol barhau rhwng adrannau a meysydd gwasanaeth yr Awdurdod ac Archwilio Mewnol o ran rheolaethau mewnol ac arferion gwaith. Gellid rhannu hyn wedyn ag Aelodau fel y bo'n briodol.

**PENDERFYNWYD:**

(1) Bod yr Aelodau yn rhoi ystyriaeth briodol i'r Adroddiad Archwilio Mewnol Blynyddol ar gyfer Blwyddyn Ariannol 2019-20, gan gynnwys Barn Flynyddol y Pennaeth Archwilio Mewnol ar amgylchedd rheoli'r Cyngor mewn perthynas â llywodraethu, rheoli risg a rheolaeth fewnol.

(2) Bod y Pennaeth Archwilio Mewnol yn rhoi manylion i'r Aelodau mewn perthynas â'r adroddiad Rheoli Contractau.

194. SIARTER CYDWASANETHAU YR ARCHWILIAD MEWNOL RHANBARTHOL 2020-21

Cyflwynodd Pennaeth y Gwasanaeth Archwilio Rhanbarthol adroddiad er mwyn rhannu Siarter Cydwasaethau'r Archwiliad Mewnol Rhanbarthol ar gyfer 2020/21 gyda'r Pwyllgor, a oedd yn cwmpasu pob un o'r pedwar awdurdod lleol a oedd yn rhan o'r Gwasanaeth a Rennir.

Rhoddodd yr adroddiad rywfaint o wybodaeth gefndirol, ac yn dilyn hynny cyfeiriodd Pennaeth y Gwasanaeth Archwilio Mewnol Rhanbarthol at baragraff 3.7 o'r adroddiad a gadarnhaodd fod y Siarter wedi'i rhannu'n adrannau canlynol:-

1. Diben, Awdurdod a Chyfrifoldeb;
2. Annibyniaeth a gwrthrychedd;
3. Hyfedredd a gofal proffesiynol dyladwy;
4. Rhaglen sicrhau a gwella ansawdd;

Aeth ymlaen drwy gadarnhau bod y PSIAS yn ei gwneud yn ofynnol i'r Pennaeth Archwilio Mewnol adolygu'r siarter o bryd i'w gilydd, er mai'r Pwyllgor Archwilio oedd yn gyfrifol am gymeradwyaeth derfynol.

Mae'r Siarter Gwasanaeth a Rennir Archwilio Mewnol Rhanbarthol ar gyfer 2020-21 wedi'i hatodi yn Atodiad A i'r adroddiad. Roedd hyn wedi'i adolygu a'i ddiweddarau, er mwyn sicrhau ei fod yn parhau i adlewyrchu gofynion y PSIAS a'i fod yn berthnasol i'r holl Gyngorau a oedd yn rhan o'r Gwasanaeth a Rennir.

**PENDERFYNWYD:** Bod yr Aelodau wedi ystyried a chymeradwyo Siarter Cydwasaethau'r Archwiliad Mewnol Rhanbarthol ar gyfer 2020/21 fel yr atodwyd yn Atodiad A i'r adroddiad.

195. BLAEN RAGLEN WAITH 2020-21

Cyflwynodd y Dirprwy Bennaeth Cyllid adroddiad er mwyn ceisio cymeradwyaeth i'r Flaen Raglen Waith arfaethedig ar gyfer 2020-21.

Eglurodd fod Pwyllgorau Archwilio effeithiol yn helpu i godi proffil materion rheolaeth fewnol, materion rheoli risg, a materion adrodd ariannol mewn sefydliad, yn ogystal â darparu fforwm ar gyfer trafod materion a godwyd gan archwilwyr mewnol ac allanol. Roedd y prosesau hyn yn gwella ymddiriedaeth a hyder y cyhoedd ym maes llywodraethu ariannol Awdurdodau.

Roedd paragraff 4.2 o'r adroddiad yn rhestru'r eitemau arfaethedig ar yr agenda a drefnwyd ar gyfer cyfarfod nesaf y Pwyllgor ar 10 Medi 2020.

Dangosodd yr Atodiad i'r adroddiad restr bellach o eitemau agenda i'w cynnig i'w cyflwyno i'r ddau gyfarfod nesaf a drefnwyd ar ôl y cyfarfod ar 10 Medi 2020.

Nododd y Cadeirydd mai un o'r eitemau ar gyfer Pwyllgor mis Medi oedd Asesiad Risg Corfforaethol 2020-21. Nododd fod cryn dipyn wedi digwydd oherwydd y Coronafirws, felly gofynnodd i Swyddogion a fyddai'r adroddiad hwn yn crynhoi'r holl risgiau ychwanegol a oedd wedi codi oherwydd Covid-19, gan gynnwys y rhai a oedd wedi rhoi baich ariannol ychwanegol ar yr Awdurdod.

Dyweddodd y Prif Swyddog Cyllid Dros Dro, Perfformiad a Newid fod y Cabinet/CMB wedi cyflwyno cyfarfodydd gorchymyn Aur ers y pandemig a'r cyfnod clo, er mwyn edrych ar ei effaith ar y Cyngor o ran risgiau a heriau ariannol cynyddol.

Roedd hon wedi bod yn sefyllfa frys ers peth amser, ac roedd y cyfarfodydd hyn wedi'u cynnull yn rheolaidd iawn.

Roedd yr Awdurdod bellach yn adeiladu cynllun adfer ac ni chynhelir y cyfarfodydd hyn mor aml, felly roedd yn fwy o fater o fonitro risgiau, gan gynnwys rhai fesul Cyfarwyddiaeth, wrth symud ymlaen.

Ychwanegodd Aelod fod angen edrych ar amcanion lefel is yr Awdurdod yn ogystal â'r rhai lefel uwch wrth baratoi'r adroddiad Asesu Risg.

Atebodd y Prif Swyddog Dros Dro - Cyllid, Perfformiad a Newid fod tri phrif ddarn o waith yr oedd angen i'r Cyngor ganolbwyntio arnynt wrth symud ymlaen, sef ei gynaliadwyedd ariannol, cyflawni Amcanion Corfforaethol y Cyngor fel yr amlinellir yn ei Gynllun Corfforaethol, a risgiau a blaenoriaethau pwysicaf y Cyngor.

**PENDERFYNWYD:** Bod yr Aelodau wedi ystyried ac wedi cymeradwyo'r Flaenraglen Waith arfaethedig ar gyfer 2020-21.

196. **EITEMAU BRYD**

Nid oedd unrhyw eitemau bryd.

Daeth y cyfarfod i ben am 16:29

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## BRIDGEND COUNTY BOROUGH COUNCIL

### REPORT TO AUDIT COMMITTEE

10 SEPTEMBER 2020

#### REPORT OF THE CHIEF OFFICER – LEGAL, HR AND REGULATORY SERVICES

#### AUDIT COMMITTEE ACTION RECORD

#### 1. Purpose of report

- 1.1 The purpose of this report is to provide Members with an update on the Audit Committee Action Record.

#### 2. Connection to corporate well-being objectives/other corporate priorities

- 2.1 This report assists in the achievement of the following corporate well-being objectives under the Well-being of Future Generations (Wales) Act 2015:-

1. **Supporting a successful sustainable economy** – taking steps to make the county borough a great place to do business, for people to live, work, study and visit, and to ensure that our schools are focussed on raising the skills, qualifications and ambitions for all people in the county borough.
2. **Helping people and communities to be more healthy and resilient** - taking steps to reduce or prevent people from becoming vulnerable or dependent on the Council and its services. Supporting individuals and communities to build resilience, and enable them to develop solutions to have active, healthy and independent lives.
3. **Smarter use of resources** – ensure that all resources (financial, physical, ecological, human and technological) are used as effectively and efficiently as possible and support the creation of resources throughout the community that can help to deliver the Council's well-being objectives.

#### 3. Background

- 3.1 An Action Record has been devised to assist the Committee in tracking the decisions made by the Committee in the exercise of its functions.

#### 4. Current situation/proposal

- 4.1 In order to assist the Audit Committee in ensuring that decisions made by the Committee are actioned and implemented, the Action Record is attached at **Appendix A**. The Action Record will be presented to each meeting of the Committee for approval.

#### 5. Effect upon policy framework and procedure rules

- 5.1 There is no impact on the policy framework and procedure rules.

## **6. Equality Impact Assessment**

6.1 There are no equality implications arising from this report.

## **7. Well-being of Future Generations (Wales) Act 2015 implications**

7.1 The well-being goals identified in the Act were considered in the preparation of this report. It is considered that there will be no significant or unacceptable impacts upon the achievement of well-being goals/objectives as a result of this report.

## **8. Financial implications**

8.1 There are no financial implications arising from this report.

## **9. Recommendation**

9.1 That the Audit Committee note the Action Record.

**Kelly Watson**  
**Chief Officer – Legal, HR & Regulatory Services**  
**1 September 2020**

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## **Background Documents**

None



## Audit Committee Tracker

Date of Committee / Minute Number	Agreed Action	Lead	Target Date	Progress/ Completed
26 April 2018 / 47	<b>External Audit Annual Audit Plan 2017-18.</b> An audit to be undertaken by the Internal Shared Service, in addition to one carried out by lead authority of Cardiff City Council and/or Cardiff City Deal Joint Committee, to ensure accountability was shown by BCBC as a participating authority.	<b>Chief Internal Auditor</b>	September 2020	Awaiting new City Deal projects to be approved as currently only one project is live and then an Internal Audit review can be scoped.
6 September 2018 / 75	<b>Wales Audit Office – Overview And Scrutiny – Fit For The Future?</b> <ul style="list-style-type: none"> <li>• Proposed to benchmark overview and scrutiny in BCBC against other neighbouring authorities.</li> <li>• WAO to come back to the Committee with examples of good practice on ‘innovative practice in scrutiny’.</li> </ul>	<b>Democratic Services Manager</b>  <b>Financial Audit Manager – Audit Wales</b>	September 2020	Completed  Audit Wales to present interactive tool to Committee on innovative practices within Scrutiny.
15 November 2018 / 83	<b>Wales Audit Office Report On The Service User Perspective Of Disabled Facilities Grant.</b> <ul style="list-style-type: none"> <li>• Case studies are to be undertaken where properties have benefited from DFGs and reported to Committee for information.</li> </ul>	<b>Group Manager Housing</b>		Completed

Date of Committee / Minute Number	Agreed Action	Lead	Target Date	Progress/ Completed
	<ul style="list-style-type: none"> <li>• Head of Finance to provide report to Committee providing action plan relating to WAO recommendations.</li> <li>• Disclose to the Committee the fee paid to the agent to support service user through the building process.</li> </ul>	<p>Head of Partnerships and Performance</p> <p>Group Manager Housing</p>		<p>September 2020</p> <p>Completed</p>
18 April 2019 / 125	<p>Regional Internal Audit Shared Service Charter 2019/20</p> <ul style="list-style-type: none"> <li>• Harmonisation of the Audit Committees Terms of Reference with neighbouring authorities.</li> <li>• Suggested consideration for potential networking initiative – Chairs of Audit Committees of neighbouring authorities to meet up and share best practice.</li> </ul>	<p>Head of Internal Audit</p> <p>Head of Internal Audit</p>	January 2021	<p>Harmonisation of the Audit Committees Terms of Reference with neighbouring authorities is in the Forward Work Programme for January 2021 depending on Local Government Bill being published by Welsh Government.</p> <p>All Wales Session for Audit Committee Chair took place on 11<sup>th</sup> October 2019 - Completed.</p>
8 August 2019 / 146	<p>Wales Audit Office Integrated Care Fund Report</p> <ul style="list-style-type: none"> <li>• The Wales Audit Office to suggest actions and targets on how to test and monitor the effectiveness of the Integrated Care Fund.</li> </ul>	Wales Audit Office		Audit Wales have advised that the regional reports have all been published and are available on our website for information and

Date of Committee / Minute Number	Agreed Action	Lead	Target Date	Progress/ Completed
	<ul style="list-style-type: none"> <li>Democratic Services Manager to confirm whether a report on the Integrated Care Fund is on the Overview and Scrutiny Forward Work Programme and if not, a further report be brought to the Audit Committee on the Integrated Care Fund.</li> </ul>	<b>Democratic Services Manager</b>		<p>noting at audit committees. In terms of suggesting actions and targets the responsibility for developing these should rest with the RPB and the statutory bodies to be clear what they want the ICF to do regionally and locally, and how they are going to measure impact, working within the remit of what the fund is about.</p> <p>Completed.</p>
<b>14 November 2019 / 153</b>	<p><b>Integrated Care Fund Governance</b></p> <ul style="list-style-type: none"> <li>Wales Audit Office to make enquiries on whether ICF across Wales was effective.</li> <li>Corporate Director Social Services and Wellbeing to provide the Committee with details of schemes at risk due to delays in</li> </ul>	<p><b>Wales Audit Office</b></p> <p><b>Corporate Director Social</b></p>		<p>Audit Wales has recommended that the Welsh Government works with RPBs to agree key outcome measures which are expected to be achieved, and monitored, for the different target groups in receipt of the fund. Where possible, these measures should align to wider outcome measures set out in national outcome frameworks already in place.</p> <p>Information disseminated to members of the Audit Committee prior to the next meeting – Completed.</p>

Date of Committee / Minute Number	Agreed Action	Lead	Target Date	Progress/ Completed
	funding. <ul style="list-style-type: none"> <li>Corporate Director Social Services and Wellbeing to provide the Committee with the papers of the Regional Partnership Board.</li> </ul>	<b>Services &amp; Wellbeing Corporate Director Social Services &amp; Wellbeing</b>		Information disseminated to members of the Audit Committee - Completed
<b>14 November 2019 / 156</b>	<b>Disabled Facilities Grant (DFG) - Response To WAO Recommendations</b> Head of Performance and Partnership Services to embed new ways of working, and carry out two procurement exercises and also start to recruit staff.	<b>Head of Performance and Partnership Services</b>	September 2020	Head of Performance and Partnership Services to report back to a future Committee on improvements made in the performance of DFGs.
<b>30 January 2020 / 177</b>	<b>Wales Audit Office – Overview And Scrutiny – Fit For The Future?</b> Wales Audit Office to provide report on innovative practices within Scrutiny.	<b>Wales Audit Office</b>	September 2020	Audit Wales to present interactive tool to Committee on innovative practices within Scrutiny.
<b>16 July 2020 / 193</b>	<b>Annual Internal Audit Report 2019-20</b>	<b>Head of Internal Audit</b>	September 2020	The Head of Internal Audit provides detail to the Members in relation to the Contract Management report.

## BRIDGEND COUNTY BOROUGH COUNCIL

### REPORT TO THE AUDIT COMMITTEE

10 SEPTEMBER 2020

### REPORT OF THE INTERIM CHIEF OFFICER - FINANCE, PERFORMANCE AND CHANGE

#### AUDIT WALES AUDIT COMMITTEE UPDATE

#### 1 Purpose of Report

- 1.1 The purpose of this report is to submit an update on the Financial and Performance Audit work undertaken, and due to be undertaken, by Audit Wales, during 2020-21.

#### 2 Connections to corporate well-being objectives / other corporate priorities

- 2.1 This report assists in the achievement of the following corporate well-being objective under the **Well-being of Future Generations (Wales) Act 2015**:

- Smarter use of resources – ensuring that all resources (financial, physical, ecological, human and technological) are used as effectively and efficiently as possible and support the creation of resources throughout the community that can help deliver the Council's well-being objectives.

- 2.2 The Council's performance is an important element in determining the extent to which the well-being objectives can be delivered.

#### 3 Background

- 3.1 This programme of work is undertaken to help the Auditor General discharge his duties under the Public Audit (Wales) Act 2004 (the 2004 Act) and the Local Government (Wales) Measure 2009. It may also inform a study for improving value for money under section 41 of the 2004 Act, and/or an examination undertaken by the Auditor General under section 15 of the Well-being of Future Generations (Wales) Act 2015. The Local Government (Wales) Measure 2009 also requires the Auditor General to carry out an annual Improvement Assessment to determine whether Bridgend County Borough Council is likely to comply with the requirements of Part 1 of the Measure. This involves:

- A review of the Council's arrangements to secure continuous improvement;
- Improvement studies of areas which may hinder improvement or transformation or give rise to inefficiencies;
- Bespoke pieces of work related to the Council's improvement objectives and arrangements; and
- An audit of the Council's published improvement plans and its self-assessment of performance.

#### **4 Current situation / proposal**

- 4.1 The Audit Wales Audit Committee Update is attached as **APPENDIX A**. It outlines both financial and performance work undertaken in the Council by and on behalf of the Auditor General under the Local Government (Wales) Measure 2009 and the Public Audit (Wales) Act 2004.

#### **5 Effect upon policy framework & procedure rules**

- 5.1 There is no impact on the Policy framework and Procedure rules.

#### **6 Equality Impact Assessment.**

- 6.1 There are no equality implications arising from this report..

#### **7 Well-being of Future Generations (Wales) Act 2015 implications**

- 7.1 The wellbeing goals identified in the Act were considered in the preparation of this report. It is considered that there will be no significant or unacceptable impacts upon the achievement of wellbeing goals/objectives as a result of this report.

#### **8 Financial implications.**

- 8.1 There are no financial implications arising from this report.

#### **9 Recommendation.**

- 9.1 That members note the Audit Wales Audit Committee Update at Appendix A.

**Gill Lewis**  
**Interim Chief Officer – Finance, Performance and Change**  
**September 2020**

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Deputy Head of Finance

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**Background Documents:** None

## Bridgend County Borough Council – Audit Committee Update 10<sup>th</sup> September 2020

### Financial Audit work

2019-20 Financial Audit Work	Scope	Status
<b>Audit of the Council's 2019-20 Statement of Accounts</b>	Audit of the Council's 2019-20 Statement of Accounts	Audit of the Council's 2019-20 Statement of Accounts is substantially complete. ISA260 report will be presented to Audit Committee on 10 September as a separate agenda item.
<b>Audit of the Council's 2019-20 Grants and Returns</b>	Audit of a number of grants including Housing Benefit, Teachers Pension, and Non Domestic rates.	We will commence of audit of the Council's 2019-20 grants and returns in the early autumn.

## Performance Audit work

2019-20 Performance Audit Work	Scope	Status
<p><b>Well-being of Future Generations Act (Wales) 2015 (WFG Act) examinations</b></p>	<p>Examination of the extent to which the Council has acted in accordance with the sustainable development principle when delivering the key programme 'Active Bridgend Plan 2017-21' to meet the Council's well-being objective: Helping people to be more self-reliant.</p>	<p>Final report issued 18th February 2020.</p>
<p><b>Financial Sustainability</b></p>	<p>A project common to all local councils that will assess financial sustainability in light of current and anticipated future challenges.</p>	<p>Final report issued 7th February 2020.</p>
<p><b>Transitioning to new Health and Social Care Partnership</b></p>	<p>A project to assess the Council's progress in transitioning to a new Health and Social Care Partnership with Cwm Taf Morgannwg Health Board.</p>	<p>This project was put on hold due to Covid-19. As we are now re-engaging with the Council, we will discuss the scope and feasibility of this project with officers.</p>
<p><b>Annual Improvement Report (AIR)</b></p>	<p>Annual report summarising the audit work undertaken in the last year which also includes a summary of the key findings from reports issued by 'relevant regulators'.</p>	<p>Autumn 2020</p>



2020-21 Performance audit work	Scope	Status
<p><b>Improvement Plan audit</b></p> <p><b>Performance audit</b></p>	<p>Checks Council compliance with Local Government Measure (Wales) 2009 requirement to publish a self-assessment of performance in the previous year by 31 October.</p>	<p>Final Certificate issued 19th May 2020</p> <p>Due October 2020</p>
<p><b>Annual Improvement Report (AIR)</b></p>	<p>Annual report summarising the audit work undertaken in the last year which also includes a summary of the key findings from reports issued by 'relevant regulators'.</p>	<p>June/July 2021</p>
<p><b>Assurance and risk assessment</b></p>	<p>Project to identify the level of audit assurance and/or where further audit work may be required in future years in relation to risks to the Council putting in place proper arrangements to secure value for money in the use of resources.</p>	<p>Underway</p>
<p><b>Recovery Planning</b></p>	<p>We intend to support and challenge recovery planning in real-time. Collectively we need assurance that recovery takes due account of the multitude of risks, but also that it grasps the opportunities for a different and sustainable future. We have taken the decision to replace the 'prevention' themed work that we set out in audit plans with this work on recovery planning.</p>	<p>Underway</p>
<p><b>Financial Sustainability</b></p>	<ul style="list-style-type: none"> <li>• <b>Phase 1</b> will be a baseline assessment of the initial impact of Covid-19 on local authorities' financial position that will draw on the year-end position for 2019-20 as well as the position at the end of quarter 1 for 2020-21. The output from phase 1 will be a short national summary report that will include comparative data for year-end 2019-20 as well as a summary of common themes and issues identified by local authorities.</li> <li>• <b>Phase 2</b> will be undertaken over the remainder of 2020-21. This work will draw on the position and themes identified during phase 1</li> </ul>	<p>Phase 1 – underway</p>

	<p>to enable a focus on financial recovery planning. At the conclusion of Phase 2 we will produce a local output for each council and a national summary report.</p>	
<p><b>Project with a digital focus</b></p>	<p>As a result of our 2019-20 Assurance and Risk Assessment, we agreed with the Council that we would do a piece of work relating to digital.</p>	<p>Planning. Work to be scoped with the Council.</p>
<p><b>Covid 19 learning project</b></p>	<p>To help public bodies capture and share the lessons they are learning, we have established the 'COVID-19 learning project'. Rather than the traditional audit approach of examining actions after the event, our aim here is to get alongside public services to capture and share learning in real time.</p> <p>We have released blogs which can be found on our <a href="#">Wordpress site</a>. We have also put out a series of Tweets under #COVID19learning / #DysguCOVID19. Under this general hashtag, you will find information from various bodies, as well as some Audit Wales have come across. You will find the ones we have shared on our Good Practice team Twitter feed - <a href="https://twitter.com/AuditWales_GPX">https://twitter.com/AuditWales_GPX</a></p>	<p>Ongoing</p>

## National Studies

<b>'Raising our Game' Tackling Fraud in Wales</b>	Published 30th July 2020 link is found <a href="#">HERE</a>
<b>Rough Sleeping in Wales – Everyone's Problem; No One's Responsibility</b>	Published 23 <sup>rd</sup> July 2020 link is found <a href="#">HERE</a>
<b>Findings from the Auditor General's Sustainable Development Principle Examinations</b>	Published 5 <sup>th</sup> May 2020 link is found <a href="#">HERE</a>
<b>Financial management and governance - Community and town councils 2018-19</b>	Published 5 <sup>th</sup> February 2020 link is found <a href="#">HERE</a>

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## BRIDGEND COUNTY BOROUGH COUNCIL

### REPORT TO AUDIT COMMITTEE

10 SEPTEMBER 2020

### REPORT OF THE INTERIM CHIEF OFFICER – FINANCE, PERFORMANCE AND CHANGE

#### CORPORATE RISK ASSESSMENT 2020-21

#### 1. Purpose of Report

- 1.1 The purpose of the report is to provide the Audit Committee with an update on the changes to the Corporate Risk Assessment, in accordance with the Council's risk management timeline that is contained in Appendix 2 of the Council's Risk Management Policy.

#### 2. Connection to corporate well-being objectives / other corporate priorities

- 2.1 This report assists in the achievement of the following corporate well-being objective under the **Well-being of Future Generations (Wales) Act 2015**:
- **Smarter use of resources** – ensuring that all resources (financial, physical, human and technological) are used as effectively and efficiently as possible and support the creation of resources throughout the community that can help to deliver the Council's well-being objectives.

#### 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 requires the committee to review, scrutinise and issue reports and recommendations on the appropriateness of the Council's risk management, internal control and corporate governance arrangements.
- 3.3 The Corporate Risk Assessment is considered and reviewed by the Corporate Management Board, Senior Management Team, and Audit Committee, as part of the Council's quarterly Corporate Performance Assessment framework, and is used to inform the Overview and Scrutiny Committees' Forward Work Programme and the budget process.
- 3.4 The 2020-21 Corporate Risk Assessment is aligned with the Council's Medium Term Financial Strategy and Corporate Plan.
- 3.5 The 2020-21 Corporate Risk Assessment was reported to Audit Committee on 30 January 2020.

#### **4. Current situation / proposal.**

- 4.1 The risk assessment at **Appendix A** has been reviewed in consultation with Corporate Management Board and the Senior Management Team. It identifies the main risks facing the Council, their link to the priority themes, the likely impact of these on Council services and the wider County Borough, identifies what is being done to manage the risks and who is responsible for the Council's response.

The Corporate Risk Register is continuously reviewed to take into account any COVID related risks during the current pandemic.

#### **5. Effect upon Policy framework & procedure rules**

- 5.1 There are no implications upon policy framework and procedural rules.

#### **6. Equality Impact Assessment**

- 6.1 Equality issues permeate many of the risks identified and where appropriate equality impact assessments are completed within the process of approving the mitigating actions.

#### **7. Wellbeing of Future Generations (Wales) Act 2015 Implications**

- 7.1 The well-being goals identified in the Act were considered in the preparation of this report. It is considered that there will be no significant or unacceptable impacts upon the achievement of well-being goals/objectives as a result of this report.

#### **8. Financial Implications**

- 8.1 There are no financial implications directly associated with the Corporate Risk Assessment. Implementation actions will be progressed within approved budgets.

#### **9. Recommendation**

- 9.1 That Members consider any changes to the Corporate Risk Assessment and receive a further report in January 2021 concerning the 2021-22 Corporate Risk Assessment and review of the Corporate Risk Management Policy.

Gill Lewis  
Interim Chief Officer – Finance, Performance and Change  
10 September 2020

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## **Background documents**

None

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No.	IDENTIFIED RISK			ACTION PLAN										Well-Being Objective		
	There is a risk that if..	Consequences of risk	Raw risk score			Control method	How is the council addressing this risk	Key actions to be established - NB business as usual activity not reflected here	who	Last Reviewed	Next Review	Action completed by	Residual risk score			
			Li	Im	Total								Li		Im	Total
Page 31 1	The council is unable to make robust medium to long term decisions requiring service change	It is harder each year to make ongoing budget reductions as easier decisions have already been made. If more difficult decisions about cutting or reducing service levels against a background of declining budgets are not made, then the council will not deliver the changes necessary to achieve a balanced budget which will result in it being in breach of its legal responsibilities. The true impact of COVID remains unclear in terms of the Council's financial sustainability. Careful planning and difficult choices will be key to ensuring that a balanced financial position is able to be maintained.	4	5	20	Treat	The council manages this risk through existing budget and business planning processes which include early identification of savings targets and development of options for cabinet, challenge from BREP, scrutiny and formal and informal briefings of members and political groupings. The impact of COVID has been significant in terms of both timetable and the focus on achieving savings. Due to the more generous WG settlement for 20/21 the savings targets were lower than usual and so most of those will be met. Work to deliver a balanced budget for 2021/22 and beyond is underway, but many aspects remain uncertain.	Develop proposals for a stronger focus on future and multiple year financial planning including scrutiny and outline budget decisions by elected members for multiple years.  Cabinet and Corporate Management Board are continuing to meet regularly as part of the budget planning process for 2021-22 and beyond. This has focussed not only on the immediate requirement for a possible £9 million savings for 2021-22 but also discussion to begin to shape a longer term strategy for the Council based on projected savings over the next 3-4 years. There remains significant uncertainty around the financial position, as COVID costs continue to emerge. However, the WG have funded a high proportion of costs to date, which has mitigated the risk.	CMB	Aug-2020	Oct-2020	Feb-2021 Then ongoing quarterly review	3	5	15	Smarter use of resources
2	The council is unable to deliver transformation including agreed financial savings	If the council is unable to change the way that staff work, including new roles, collaborations and the acquisition of new skills, it will be unsuccessful in delivering service transformation which will lead to it not meeting its commitments within available budgets.	4	4	16	Treat	The council has a number of transformations in place that either directly support specific proposals for service improvement and /or financial savings. Further transformations have been identified that are intended to support a 'One council' culture and support staff and managers through transformation.	Review and rationalisation of management activity.  Further development of a 'One Council' culture and transformational change has progressed since the appointment of a new Chief Executive, initially on an interim basis in January 2019 and then on a permanent basis in May 2019. Much work has been done to bring together Directorates and a real corporate approach by CMB. This is work in progress and there is still occasionally some inconsistency, but huge progress has been made in working as a unified team. This is now being re-focussed to adapt and change as a result of the challenges posed by the COVID pandemic. Our approach to the pandemic has challenged the way that we work across all services, and we will need to quickly adapt and learn any lessons from this that can be embedded into 'new normal' and recovery. A review of Council processes has meant that some deemed unnecessary and bureaucratic have ceased but full compliance with those that remain is required. The Chief Executive's Directorate is being embedded to provide a coordinated and efficient corporate support service. The Human Resource/Occupational Development review will ensure, among other things, that managers are given the right training to meet current challenges and that a more balanced approach to promoting and enhancing the wellbeing of those staff in work is developed, as well as teaming with those who unfortunately are absent from work through sickness.	CMB	Dec-2019	N/A	Oct-2019	2	2	4	All Well-Being Objectives
3	The council is unable to respond to legislative change	If reducing budgets and a reducing workforce decreases the council's ability to ensure compliance with statutory requirements and to adapt successfully to an ever changing legislative landscape there is a risk that the council will be in breach of its legal responsibilities and may receive adverse regulatory reports, adverse publicity, fines and ultimately the threat of prosecution.	5	4	20	Treat or Transfer	The council manages this risk in a number of ways that are contingent on the particular service area affected. This might include reducing service quality or reprioritising a response to a legislative change over other activity or transferring risk for example, where legally possible, by transferring responsibility to another provider. However, some service areas are subject to a non delegable duty of care. Examples of where the council has shared risk are Leisure, Cultural services and Waste.	The Council has kept in close contact with its partners throughout the pandemic and has been able to flex and adapt services as required. Waste services continued with some adaptations, but there will be a prolonged period of re-start and recovery for leisure and cultural services, and a shared risk for continuation of services.	CMB	Aug-2020	Oct-2020	on-going	3	4	12	All Well-Being Objectives

No.	IDENTIFIED RISK			ACTION PLAN										Well-Being Objective		
	There is a risk that if..	Consequences of risk	Raw risk score			Control method	How is the council addressing this risk	Key actions to be established - NB business as usual activity not reflected here	who	Last Reviewed	Next Review	Action completed by	Residual risk score			
			Li	Im	Total								Li		Im	Total
Page 32	The council is unable to identify and deliver infrastructure required in the medium to longer term	If the council does not raise sufficient capital to maintain its infrastructure, including roads, street lights, buildings and technology then it may deteriorate bringing financial and safety risks which could lead to adverse incidents, reports, publicity, fines and ultimately prosecution.	4	5	20	Treat	The council has a ten year capital programme. The development of this programme and arrangements for its review and updating are well established. However the council has identified scope to improve upon this to ensure that these needs are balanced with other demands for capital (such as new schools).	A revised capital strategy has been prepared and agreed by Council setting out capital spending plans and priorities for the next 10 years. The Capital Programme will be reviewed quarterly and will be updated by Cabinet and Council.	CMB	Aug-2020	Mar-2020	Complete with ongoing review	3	5	15	Supporting a successful sustainable economy and smarter use of resources
5	The council is unable to develop positive working relationships across all partners within the new region to ensure that the needs of the Bridgend community are fairly recognised in the immediate future.	If the council is unable to successfully build on the progress made, during the first year, of operating within a new region with the health Board, local government and third sector partners, there is a risk that appropriate care to citizens through new service models and relationships will be slowed down or not be delivered resulting in citizens receiving a less satisfactory service with poorer outcomes.	4	4	16	Treat	The Council has worked hard during the first year to embed Bridgend in the new Cwm Taf Morgannwg partnerships and build a solid platform for delivery of services. This was tested through the COVID pandemic and there are a number of strands of work to look at 'what worked' and 'what worked less well'. It will be important for the Council to learn lessons from this period, both as a body and as a key partner, and to build on those strengths for the future. By working with the new region, Bridgend has continued to receive Integrated Care Funding for a range of bids that have enabled either the continuation of previously funded services or assisted with the development of new service initiatives. It will be important to continue this relationship to secure further ICF for future projects.	Continue to work with the Health Board, local government and third sector partners to ensure processes are in place to develop regional approaches to service delivery. This includes effective management and monitoring of regional grant funding that is directed through the Partnership Board and the ongoing development of integrated services.	CMB	Aug-2020	Oct-2020	Feb-2021	2	4	8	Helping people and communities to be more healthy and resilient and smarter use of resources
6	The council fails to safeguard vulnerable individuals e.g. children, adults in need of social care, homeless etc.	If budgets and the workforce continue to decline there is a risk that the council will be unable to provide the necessary services to vulnerable people resulting in the possibility that vulnerable people will not be kept safe and be encouraged to greater safe self-reliance.	4	5	20	Treat	The council has well established mechanisms to ensure compliance with statutory responsibilities. This includes its own operational safeguarding board and active management of demand and caseloads. All meetings of CMB and of Cabinet/CMB have a standing item to consider safeguarding matters and allow for appropriate management actions to be taken quickly. Good management oversight with robust quality assurance and risk management arrangements will mitigate presenting risks.	The review by internal audit identified gaps in completion of mandatory training through e learning. These gaps are identified, reported on and monitored by Human Resources Department. The Director of Social Services and Well-being presented the action plan to address the recommendations made by Internal Audit and the Audit Committee in July 2020. members were content with the action plan and asked for a progress report in due course.  The full range of Safeguarding activities was reported to Overview and Scrutiny Committee on 3 July 2019.  Inspection of Youth Offending by her Majesty's Inspectorate Probation (HMIP) has identified the need to ensure that all links between Youth Offending Services and other early help or social care services are effective and effectively documented. An action plan has been agreed by Cabinet and Corporate Management Board and rapid improvement will be made before an anticipated inspection in six months time. Significant work has been undertaken to mitigate risks associated with the Youth Justice Services. There is now an agreed protocol in place between Youth justice and Social Care services which details a set of actions to be monitored and steps to take where the systems potentially fail. The action plan is being closely monitored by the Management board with frequent updates to other strategic forums. A 'mock' inspection undertaken by the Youth Justice Board in February 2020 indicates marked improvement in all areas. More recently a self-assessment has been completed in line with the new national standards and identified areas for development have been incorporated into the service improvement plan.	CMB	01/08/20120	Oct-2020	Completed with ongoing monitoring	2	5	10	Helping people and communities to be more healthy and resilient and smarter use of resources
	The council is unable to plan for and recover from major threats to service continuity such as civil emergencies, school failure, cyber attack and	If the council does not have the capacity and expertise to plan for and protect itself against major threats such as cyber-attack, civil emergencies and significant financial variations there is a risk that there may be a					The council has anti virus installed which is regularly updated. All critical data is backed up and located offsite. Software update processes exist that includes the installation of patches. Security awareness training is provided to all employees. The council has established emergency planning arrangements including a Major	Cyber resilience training continues to be rolled out.				TBC				

No.	IDENTIFIED RISK			ACTION PLAN										Well-Being Objective		
	There is a risk that if..	Consequences of risk	Raw risk score			Control method	How is the council addressing this risk	Key actions to be established - NB business as usual activity not reflected here	who	Last Reviewed	Next Review	Action completed by	Residual risk score			
			Li	Im	Total								Li		Im	Total
Page 33	discontinuation of funding streams and major contracts	failure to deliver services and a balanced financial position which could harm citizens who rely on council services.	4	4	16	Treat	Incident Plan and contributes to the SWLRF and SWRT. Contract conditions are included in relevant contracts. The terms of these conditions will vary depending on the nature of the contract, but will cover compliance with GDPR, security of personal information and general cyber security. Where contracts are awarded via a framework the necessary conditions will be imposed by the contracting agency for the framework. This has been an increased risk throughout the COVID period with significantly increased risk of attack and many more sophisticated attempts to disrupt out network.	The council has responded swiftly and appropriately to the increased risk posed by increased reliance on ICT and the network. A number of changes - some significant - were made during this period that has helped to mitigate the increased risk. Throughout the period the Council has stayed connected and resilient with many services being delivered remotely.  The situation is being monitored on an ongoing basis.	CMB	Aug-2020	Oct-2020	Ongoing	3	4	12	All Well-Being Objectives
8	The council is unable to attract or retain a workforce with the necessary skills to meet the demands placed upon the authority and its services	If there is a continual decreasing number of suitably skilled and experienced staff then there may not be the expertise required to deliver services and protect the interests of the council. This could lead to the wellbeing of citizens suffering and a loss of morale amongst the remaining staff if they feel unsupported and are seeking to work elsewhere.	4	4	16	Treat	The council has workforce planning in place (through directorate level service planning) and is prioritising finite training budget to ensure that key skills and qualifications are targeted. In addition the council is using apprenticeships to actively bring in or develop key skills (such as Welsh language skills or ICT capability). This investment has been enhanced in 2020/21. In specific service areas the council is actively seeking opportunities to collaborate where this will enhance capacity or resilience. To support recruitment and retention a market supplement policy is being explored which will set out how the Council may, in exceptional circumstances, offer an additional temporary supplement to the grade of a post as identified through the Council's grading scheme.	The council will continue to monitor the profile of the workforce and identify challenges through the business planning process. Appropriate action plans will be developed.	CMB	Aug-2020	Oct-2020	Ongoing	3	4	12	All Well-Being Objectives
								The staff survey has been completed and a range of actions implemented. These will improve engagement and feedback and shape the learning and development programme. The council will prioritise role specific training to enable staff to do what is expected of them, it will promote good practice examples of staff development and maximise access to funded learning and development programmes. Staff have been a key priority during the COVID pandemic, with many working long hours and going 'out of their way' to ensure that residents were looked after. Programmes to help with staff well-being have been made widely available and advertised on a regular basis. Managers have been requested to look after both service delivery and staff well being in a balanced way.		Aug-2020	Oct-2020	Ongoing				
9	Important council services are compromised due to the failure of a key supplier	If the suppliers of council services are not resilient there is a risk that they may fail to deliver those services leading to disruption for citizens and the council, which will be impacted as it seeks to restore provision and suffers a loss of reputation.	4	4	16	Treat or Transfer	The council's strongest defence against this is through its procurement strategy and procurement processes. When tendering for services the council requires contingency arrangements to be in place to allow for the eventuality of supplier failure (for example in the case of refuse and recycling collection contracts). The council also seeks to shape the market where possible to avoid over reliance on single suppliers (for example in social care). Where appropriate contract conditions are included to ensure the contractor has the appropriate level of security required for the service they provide. This will differ depending on the nature of the service and the legal requirements applicable.	Social Services have quarterly forum meetings with providers where risks, issues and pressures are identified. There are regular contract monitoring visits to monitor performance and quality. This has continued throughout the pandemic.	CMB	Aug-2020	Oct-2020	Ongoing	4	3	12	Helping people and communities to be more healthy and resilient and smarter use of resources
								Directorates to monitor the financial performance and stability of contractors on an ongoing basis. Dialogue with some major suppliers is required and contingency planning has been progressed. This has become increasingly important due to the fragility of the market and the economic situation as a result of COVID. Many suppliers are going through difficult times and we will need to monitor closely to ensure that critical services do not collapse.		Aug-2020	Oct-2020	Ongoing				
10	The Council is in breach of the GDPR because Directorates do not take ownership of, or properly resource, their responsibilities under the Regulation (GDPR).	If Directorates do not comply with the GDPR action may be taken by the regulator which could result in fines and in a loss of reputation for the council, including with citizens. Properly complied with, GDPR will increase public trust and citizens confidence in how their data is handled by the Council.	4	4	16	Treat	Prior to GDPR an implementation group was established with representation from each Directorate and each Directorate undertook an audit of the data it holds. The Information Governance Board meets quarterly. A Data Protection Officer has been appointed and the council has undertaken a review of its data protection and privacy policies and procedures, established an E-Learning model for staff and also provided training to Members. There is a data breach reporting procedure in place.	Directorates to ensure that staff have access to all the data protection policies and undertake the mandatory e-learning training. There is a risk of GDPR not being reflected by staff when performing certain activities leading to non compliance and penalties imposed by the ICO.	CMB	Aug-2020	Oct-2020	Ongoing	3	2	6	Smarter use of resources

No.	IDENTIFIED RISK			ACTION PLAN										Well-Being Objective		
	There is a risk that if..	Consequences of risk	Raw risk score			Control method	How is the council addressing this risk	Key actions to be established - NB business as usual activity not reflected here	who	Last Reviewed	Next Review	Action completed by	Residual risk score			
			Li	Im	Total								Li		Im	Total
11	Recovery/restoration of services - the restoration of some Council services will require new ways of working to be established and implemented to ensure Covid safe environments for staff and the public .	Additional measures will need to be considered, with revised protocols with potentially additional costs, and increased operational burdens, to meet relevant guidance and provide safe service and working environments. Specific measures at a Directorate level will need to be assessed for the reopening of schools, including school transport and catering arrangements and assessing the needs of pupils with additional learning needs. Assessing the additional social care implications from having to work more remotely including the impact of remote assessments and less direct face to face contact for things like day services, the additional service requirement to meet the enhanced expectation that all homeless people will be provided with housing options and wrap around services, and the safe distancing, cleansing and hygiene and enhanced ICT provision required to allow effective reopening of the Council's core office portfolio on a gradual basis as well as better supporting agile working and working from home on an ongoing and more permanent basis, ensuring all health and safety requirements are understood and addressed. There is also a general risk that some members of the public, some staff and some elected members will not necessarily understand why new and different ways of working are necessary and may not be supportive, for example increased working away from the office and services offered on a predominantly 'digital' basis. These issues may result in decreased capacity and therefore an inability to meet service demands, potential for claims against the Council based on health and safety, an increased likelihood that some residents will be unable or unwilling to take up provision of services, an increased financial burden on the Council on a recurring basis.	4	4	16		Full risk assessments at a service level will provide evidence of where interventions are required and new ways of working need to be implemented. A risk tool for individual members of staff and elected members will be distributed for self assessment to determine if special measures are required to be implemented to protect those individuals. Revised protocols are being developed to advise staff on good practice and business cases are prepared where additional investment is required to meet new operating procedures. Enhanced communication with staff, elected members and the public (including parents and pupils) will be necessary to mitigate some concerns and fears and ensure a better understanding of the Council's position.	Comprehensive service risk assessment, implement key actions from the service recovery plans completed by Directorates, identify and action the lessons learnt from the experiences of service provision over the last 5/6 months during the pandemic and lockdown, identify and consider service business cases for additional investment (as well as where there might be some savings from stopping areas of service or closing previous provision), ensuring ongoing and comprehensive communication and engagement as necessary.	CMB	Aug-2020	Oct-2020	Ongoing during recovery period, likely to be 12-18 months but may be impacted by any second wave or peak of the virus. Individual service actions will need to be completed in a timely manner, for example the preparations for the reopening of schools in September 2020.	5	2	10	Smarter use of resources
	Public Health/Protecting the Public - the Council will need to take an	A need to divert resource to ensure adequate planning, together with our partners in the Health Board and the					Planning effectively with our partners a joint Cwm Taf Morgannwg TTP team has been established across the Bridgend, RCT and Merthyr area to ensure enhanced resilience	Establishment of sustainable and resilient TTP team and programme of work, workstream established to plan and								

No.	IDENTIFIED RISK			ACTION PLAN										Well-Being Objective		
	There is a risk that if..	Consequences of risk	Raw risk score			Control method	How is the council addressing this risk	Key actions to be established - NB business as usual activity not reflected here	who	Last Reviewed	Next Review	Action completed by	Residual risk score			
			Li	Im	Total								Li		Im	Total
Page 35 12	enhanced public health leadership role for a sustained period of time and that this will need to be prioritised and resourced at the expense of other services that are normally provided, and that without proper and comprehensive planning to carry out the additional functions of test, trace and protect, a potential mass vaccination programme and continued and ongoing protection of the vulnerable (including mental health services) and previously shielded individuals to ensure they have the services and support they require, as well as an advisory and enforcement role to ensure compliance with Covid regulations, Covid 19 virus infections will potentially rise locally with a significant overall impact on public health and consequential impact on the local economy.	third sector, of programmes of work to address these matters which if they are not dealt with properly or the measures are ineffective will lead to increased local infection and potentially increased fatalities, increased sickness levels including for the Council, significantly increased demand for services and in a worst case scenario further local lockdowns.	3	5	15		and, following initial secondments, a full time team is now being appointed based in RCT. A planning team, again on a regional basis, is planning for a mass vaccination programme but the likely timescale for a vaccination is still unknown. Enhanced support for staff wellbeing has been put in place and service provision and regular contact with vulnerable individuals has been maintained even though 'shielding' has for the time being been halted. A local response plan, should local lockdown be required, has been prepared and signed off.	prepare for mass vaccination requirement, engagement and support procedures for most vulnerable established, enhanced wellbeing support offered, local response plan has been developed in the case of any need to consider local lockdown, SRS team engaged with local businesses and community groups to promote good Covid safe practice and where necessary to consider enforcement if there is an obvious and flagrant public health risk from breaches of regulations.	CMB	Aug-2020	Oct-2020	Ongoing during the remainder of the financial year, particularly in view of the enhanced risk of the prevalence of the virus increasing during winter months, although some of these activities are likely to stay with us long term and will in due course need to become business as usual	2	5	10	Smarter use of resources
13	Invigorating the economy and economic recovery - there will be a prolonged and deep economic recession following the Covid pandemic and the uncertainties of the impact of the UKs withdrawal from the European Union, compounded by local issues such as the impending closure of the Ford engine plant.	There will be an increase in unemployment and the number of local benefit claimants. This impact may increase further at the end of the UK government's 'furlough' scheme in October 2020, with the potential for further business failure at that point. In addition there is likely to be a consequential impact on town centre footfall and increased empty retail properties, as potentially there will be less disposable spending locally. Increased financial hardship may also lead to an increase in demand for some Council services including those of the economic development, council tax, employability, mental health, domestic abuse and homelessness services.	4	3	12		By seeking to support local businesses and individuals by signposting them to appropriate financial support, skills training and support services, and progressing schemes to develop opportunities to set up and establish new business.	Establish the local economic recovery taskforce and identify and implement the recommended actions. Liaise closely with colleagues in the Cardiff Capital Region and Welsh Government to identify and target opportunities for investment to stimulate and invigorate the economy. Seek to signpost opportunities for training, support and new jobs by targeting the work of the Council's Employability teams. Administer and target financial grant schemes and provide support to local businesses to adapt to new circumstances. Progress existing economic development schemes to provide more opportunities for business 'start up' by developing enterprise hubs throughout the County Borough. Agreeing direct intervention initiatives where the Council controls the cost of some relevant services, for example free car parking /car parking offers in town centres, rental holidays/reductions for businesses where the Council is the landlord. Develop the economic plan and allocate the Economic Futures Fund, targeting key area's identified to support the business and economy of Bridgend.	CMB / Economic Recovery Panel	Aug-20	Sep-20	Ongoing	4	2	8	Supporting a successful sustainable economy

**Control Method Definition**

Definition	Meaning
Treat	To continue with the activity, but at the same time take action to bring the risk to an acceptable level
Transfer	Transferring the responsibility of the risk to outside the Council.

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## BRIDGEND COUNTY BOROUGH COUNCIL

### REPORT TO AUDIT COMMITTEE

10 SEPTEMBER 2020

### REPORT OF THE INTERIM CHIEF OFFICER – FINANCE, PERFORMANCE AND CHANGE

#### ANNUAL TREASURY MANAGEMENT OUTTURN REPORT 2019-20

#### 1. Purpose of report

- 1.1 The purpose of the report is to update the Audit Committee on the outturn position for treasury management activities, the Treasury Management Indicators for 2019-20 and to highlight compliance with the Council's policies and practices before they are reported to Cabinet and Council.

#### 2. Connection to corporate well-being objectives / other corporate priorities

- 2.1 This report assists in the achievement of the following corporate well-being objective under the **Well-being of Future Generations (Wales) Act 2015:-**

1. **Smarter use of resources** – ensure that all resources (financial, physical, ecological, human and technological) are used as effectively and efficiently as possible and support the creation of resources throughout the community that can help to deliver the Council's well-being objectives.

- 2.2 The work of the Audit Committee supports corporate governance and assists in the achievement of all corporate and service objectives. Prudent treasury management arrangements will ensure that investment and borrowing decisions made by officers on behalf of the Council make best use of financial resources and hence assist achievement of well-being objectives.

#### 3. Background

- 3.1 Audit Committee has been nominated to be responsible for ensuring effective scrutiny of the Treasury Management Strategy (TMS) and policies. During the 2019-20 financial year, Audit Committee received the Annual Treasury Management Outturn Report 2018-19 in June 2019, the Half Year Treasury Management Report 2019-20 in November 2019 and the TMS 2020-21 in January 2020.

- 3.2 Treasury risk management at the Council is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2017 Edition (the CIPFA Code) which requires the Authority to approve a treasury management strategy before the start of each financial year and, as a minimum, a semi-annual and annual treasury outturn report. This report fulfils the Council's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code.

- 3.3 The 2017 Prudential Code includes a requirement for local authorities to provide a Capital Strategy, a summary document approved by full Council covering capital

expenditure and financing, treasury management and non-treasury investments. The Council's Capital Strategy, complying with CIPFA's requirement, was approved by Council on 20 February 2019.

- 3.4 The Welsh Government (WG) issues Guidance on Local Authority Investments, which was most recently revised in November 2019, which requires the Council to approve an Investment Strategy prior to the start of each financial year and this is included in the TMS.
- 3.5 The Council's treasury management advisors are Arlingclose. The current services provided to the Council include:
- advice and guidance on relevant policies, strategies and reports
  - advice on investment decisions
  - notification of credit ratings and changes
  - other information on credit quality
  - advice on debt management decisions
  - accounting advice
  - reports on treasury performance
  - forecasts of interest rates
  - training courses

Following a recent tender process, the contract for Arlingclose has been renewed for a period of 4 years, until August 2024.

## **4. Current situation / proposal**

### **4.1 Economic Context**

- 4.1.1 The UK's exit from the European Union and future trading arrangements had remained one of the major influences on the UK economy during 2019-20. The original Brexit deadline of 29 March 2019 was extended to 12 April, then to 31 October and finally to 31 January 2020. Politics played a major role in financial markets over the period as the UK's tenuous progress negotiating its exit from the European Union, together with its future trading arrangements, drove volatility, particularly in foreign exchange markets. The outcome of the December 2019 UK General Election removed a lot of the uncertainty and looked set to provide a 'bounce' to confidence and activity.
- 4.1.2 The headline rate of UK Consumer Price Inflation fell to 1.7% year-on-year in February 2020, below the Bank of England's target of 2%. GDP growth in quarter 4 2019 was reported as flat by the Office for National Statistics and service sector growth slowed and production and construction activity contracted on the back of what at the time were concerns over the impact of global trade tensions on economic activity. The annual rate of GDP growth remained below-trend at 1.1%.
- 4.1.3 The Bank of England, which had held policy rates steady at 0.75% through most of 2019-20, moved in March to cut rates from 0.75% to 0.25% and then swiftly thereafter brought them down further to the record low of 0.1%.
- 4.1.4 Towards the end of the financial year, the Covid-19 pandemic swiftly changed everything. COVID-19, which had first appeared in China in December 2019, started



spreading across the globe causing falls in financial markets. In response to the spread of the virus and sharp increase in those infected, the government enforced lockdowns, central banks and governments around the world cut interest rates and introduced massive stimulus packages in an attempt to reduce some of the negative economic impact to domestic and global growth. In conjunction with these cuts, the UK government introduced a number of measures to help businesses and households impacted by a series of ever-tightening social restrictions, culminating in pretty much the entire lockdown of the UK.

## 4.2 Treasury Management Outturn 2019-20

4.2.1 The Council has complied with its legislative and regulatory requirements during 2019-20. The TMS 2019-20 and the Half Year Report were reported to Council on 20 February 2019 and 23 October 2019 respectively. In addition, quarterly monitoring reports were presented to Cabinet during 2019-20.

4.2.2 A summary of the treasury management activities for 2019-20 is shown in **Appendix A**. The Council's external debt and investment position for 1 April 2019 to 31 March 2020 is shown in Table 1 and more detail is provided in section 3, Borrowing Strategy and Outturn, and section 4, Investment Strategy and Outturn. No long term borrowing was taken out in 2019-20 and no debt rescheduling was undertaken as there were no significant savings to be made, however, the loan portfolio will be reviewed during 2020-21. Favourable cash flows have provided surplus funds for investment and the balance on investments at 31 March 2020 was £30 million, with an average interest rate of 0.82%. This was an increase in investments outstanding from the start of the financial year where investments were £27.4 million (average interest rate 0.94%). Table 2 in Appendix A details the movement of the investments by counterparty types and shows the average balances, interest received, original duration and interest rates for 2019-20.

4.2.3 The TM Code requires the Council to set and report on a number of Treasury Management Indicators. The indicators either summarise the expected activity or introduce limits upon the activity. Details of the estimates for 2019-20 set out in the Council's TMS, compared to the actual at year end, are shown in section 4 in Appendix A and these show that the Council is operating in line with the approved limits.

4.2.4 The Council defines high credit quality as organisations and securities having a credit rating of A- (A3 for Moody's) or higher and we do not invest in any organisation below this level. **Appendix B** shows the equivalence table for credit ratings for Fitch, Moody's and Standard & Poor's and explains the different investment grades.

## 5. Effect upon policy framework and procedure rules

5.1 As required by Financial Procedure Rule 20.3 within the Council's Constitution, all investments and borrowing transactions have been undertaken in accordance with the TMS 2019-20 as approved by Council with due regard to the requirements of the CIPFA Code of Practice on Treasury Management in the Public Services.

## **6. Equality Impact Assessment**

6.1 There are no equality implications arising from this report.

## **7. Well-being of Future Generations (Wales) Act 2015 implications**

7.1 The well-being goals identified in the Act were considered in the preparation of this report. As the report is for information it is considered that there will be no significant or unacceptable impacts upon the achievement of wellbeing goals/objectives as a result of this report.

## **8. Financial implications**

8.1 These are reflected in the body of the report.

## **9. Recommendation**

9.1 It is recommended that the Committee:

- Note the annual treasury management activities for 2019-20.

Gill Lewis CPFA  
Interim Chief Officer – Finance, Performance and Change  
August 2020

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**Background documents:** None

## APPENDIX A

### SUMMARY OF TREASURY MANAGEMENT ACTIVITIES 2019-20

#### 1. External Debt and Investment Position

The Council's external debt and investment position for 1 April 2019 to 31 March 2020 is shown below in Table 1; more detail is provided in section 2, Borrowing Strategy and Outturn, and section 3, Investment Strategy and Outturn:

**Table 1: External debt and investment position 1 April 2019 to 31 March 2020**

	Principal 01/04/2019 £m	Average Rate 01/04/2019 %	Principal 31/03/2020 £m	Average Rate 31/03/2020 %
<b>External Long Term Borrowing:</b>				
Public Works Loan Board	77.62	4.70	77.62	4.70
Lender's Option Borrower's Option	19.25	4.65	19.25	4.65
<b>Total External Borrowing</b>	<b>96.87</b>	<b>4.69</b>	<b>96.87</b>	<b>4.69</b>
<b>Other Long Term Liabilities (LTL):</b>				
Private Finance Initiative (PFI)*	17.00		16.31	
Other LTL	0.88		1.12	
<b>Total Other Long Term Liabilities</b>	<b>17.88</b>		<b>17.43</b>	
<b>Total Gross External Debt</b>	<b>114.75</b>		<b>114.30</b>	
<b>Treasury Investments:</b>				
Banks	5.40	0.86	5.00	0.67
Building Societies	1.00	0.90	2.00	0.78
Local Authorities	21.00	0.96	21.00	0.94
DMO	-	-	2.00	0.06
<b>Total Treasury Investments</b>	<b>27.40</b>	<b>0.94</b>	<b>30.00</b>	<b>0.82</b>
<b>Net Debt</b>	<b>87.35</b>		<b>84.30</b>	

\* (PFI) arrangement for the provision of a Secondary School in Maesteg 13 years remaining term

Although not classed as treasury management activities and therefore not covered by the CIPFA Code or the WG Guidance, the Council may also purchase property for investment purposes and may also make loans and investments for service purposes, for example in shared ownership housing, or as equity investments and loans to the Council's subsidiaries. Such loans and investments will be subject to the Council's normal approval processes for revenue and capital expenditure and need not comply with the TMS. The Council's existing non-treasury investments relate to investment properties and the balance as at 31 March 2020 was £4.63 million.

It should be noted that the accounting practice to be followed by the Council requires financial instruments in the accounts (debt and investments) to be measured in a method compliant with International Financial Reporting Standards (IFRS). The figures shown in the above table and throughout the report are based on the actual amounts borrowed and invested and so may differ from those in the Statement of Accounts which include accrued interest or other different accounting adjustments.

The other long term liabilities figure of £17.43 million as at 31 March 2020 includes £16.31 million for the Council's Private Finance Initiative (PFI) arrangement (for the provision of a Secondary School in Maesteg – thirteen years remaining term) which includes the short term PFI liability of £0.743 million which is included as current liabilities in the Council's balance sheet in the Statement of Accounts.

## **2. Borrowing Strategy and Outturn for 1 April 2019 to 31 March 2020**

The Council's primary objective for the management of its debt is to ensure its long term affordability. The majority of its loans have therefore been borrowed from the Public Works Loan Board (PWLB) at long term fixed rates of interest.

The last time the Council took out long term borrowing was £5 million from the PWLB in March 2012. With short-term interest rates remaining much lower than long-term rates, the Authority considered it more cost effective in the near term to use internal resources or would, if necessary, take out temporary short term loans. The capital programme is anticipating £5m new borrowing for 2020-21 but we will monitor this closely as the year progresses. It is interesting to note, however, that in the middle of October 2019 the UK government raised the cost of borrowing from the PWLB by 1% with immediate effect. Whilst this Council has not needed to borrow for a number of years, with the reduction in capital receipts availability going forward, this may be the only option, so it is worth noting the potential increased revenue costs associated with this.

The £19.25 million in Table 1 relates to Lender's Option Borrower's Option (LOBO) loans which have a maturity date of 2054, however these may be re-scheduled in advance of this maturity date. 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 trigger dates being July and January) and therefore, the Council being given the option to accept the increase or to repay the loan without incurring a penalty. The lender did not exercise their option on 22 January 2020 nor 22 July 2020, the next trigger point is 22 January 2021. The lender is unlikely to exercise their option in the current low interest rate environment, however, an element of refinancing risk remains. The Council would take the option to repay these loans at no cost if it has the opportunity to do so in the future. The current average interest rate for these LOBO's is 4.65% compared to the PWLB Loans average interest rate of 4.70%.

The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Council's reserves,

balances and cash flow has been used as a temporary measure. This is known as Internal Borrowing. This strategy is prudent as investment returns are low and counterparty risk is relatively high in the current economic climate.

### 3. Investment Strategy and Outturn 1 April 2019 to 31 March 2020

Both the CIPFA Code and the WG Guidance require the Council to invest its funds prudently and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, balancing the risk of incurring losses from defaults against receiving unsuitably low investment income.

The major objectives during 2019-20 were:

- To maintain capital **security**
- To maintain **liquidity** so funds are available when expenditure is needed
- To achieve the **yield** on investments commensurate with the proper levels of security and liquidity

The Annual Investment Strategy incorporated in the Council's TMS 2019-20 includes the credit ratings defined for each category of investments and the liquidity of investments. The Council's investments have historically been placed in mainly short term bank and building society unsecured deposits and local and central government. However, investments may be made with any public or private sector organisations that meet the minimum credit criteria and investment limits specified in the Investment Strategy. The majority of the Council's surplus cash is currently invested in other local authorities but the Council will continue to look at investment options in line with the limits detailed in the Investment Strategy.

Investment decisions are made by reference to the lowest published long-term credit rating from Fitch, Moody's or Standard & Poor's to ensure that this lies within our agreed minimum credit rating. **Appendix B** shows the equivalence table for these published ratings and explains the different investment grades. Where available the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. In the current climate, relying mainly on credit ratings is considered to be inappropriate and 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 financial statements, information on potential government support and reports in the quality financial press. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may meet the credit rating criteria.

On a day to day basis, the Council potentially has positive cash balances arising from its cash flows e.g. timing differences between grants being received and making various payments. These are invested on the market via brokers, direct with the institution or held in deposit accounts or a money market fund with instant access. The Council usually invests for a range of periods dependent on

cash flow requirements and the interest rates on offer having regard to the Investment Strategy.

The Council's primary objective for the management of its investment portfolio is to give priority to the security and liquidity of its funds before seeking the best rate of return. As shown in the tables below, the majority of investments have been held as short term investments with UK Local Authorities and banks of high credit quality. This has therefore resulted in more of the investment portfolio being moved into investment instruments with lower rates of return but higher security and liquidity.

Occasionally, investments are placed with the UK Debt Management Office (DMO - Executive Agency of UK Government) but only for very short term deposits and after all other options have been explored. The interest rates offered by this facility are lower than most other counterparties but this is commensurate with the high level of security and reduced risk offered. It provides another option when examining potential investments and ensures compliance with the Council's investment objective that security takes priority over yield. The value of deposits outstanding with the DMO as at the 31 March 2020 was £2 million.

Favourable cash flows have provided positive cash balances for investment and the balance on investments at 31 March 2020 was £30 million as shown in Table 2 below which details these investments by counterparty type.

**Table 2: Investments Profile 1 April to 31 March 2020**

Investment Counterparty Category	Balance 01 April 2019 (A) £m	Investments raised (B) £m	Investments Repaid (C) £m	Balance 31 Mar 2020 (A+B-C) £m	Investment income received** Apr-Mar 2020 £'m	Average original duration of the Investment Days	Weighted average investment balance Apr-Mar 2020 £m	Weighted average interest rate Apr-Mar 2020 %
Government DMO	-	46.70	44.70	2.00	0.017	5	1.40	0.50
Local Authorities	21.00	34.50	34.50	21.00	0.182	257	20.40	0.92
Banks (Fixed Maturity)	4.00	6.00	8.00	2.00	0.038	201	3.40	1.00
Building Societies	1.00	4.00	3.00	2.00	0.002	138	3.40	0.89
Banks Instant Access/Notice Period Account*	1.40	39.87	38.27	3.00	0.018	n/a	15.10	0.83
Money Market Fund (Instant Access)*	-	75.15	75.15	-	0.105	n/a	5.60	0.72
<b>Total/Average</b>	<b>27.40</b>	<b>206.22</b>	<b>203.62</b>	<b>30.00</b>	<b>0.363</b>	<b>150</b>	<b>49.30</b>	<b>0.84</b>

\* An average duration is not shown as there is no original duration as instant access or notice period and money is added and withdrawn to/from these accounts as required by cash-flow

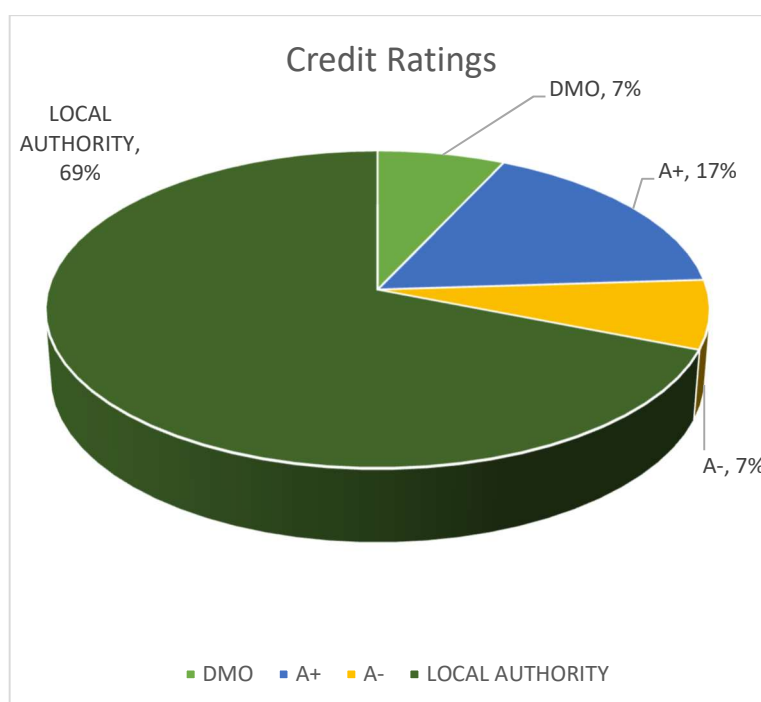
\*\* Received in the Council's bank account not interest earned

There were two long term investments (original duration of 12 months or more) outstanding at 31 March 2020 totalling £4 million with Local Authorities included in Table 3 below, which will mature during 2020-21. All other investments at 31 March 2020 were short term deposits (including instant access and notice accounts). Table 3 below details these investments by counterparty type based on the remaining maturity period as at 31 March 2020:

**Table 3: Investments Outstanding Maturity Profile 31 March 2020**

Counterparty Category	Instant Access £m	Deposits Maturing Within 1 Month £m	Deposits Maturing Within 2-3 Months £m	Deposits Maturing Within 4-12 Months £m	Total £m
Local Authorities		3.00	4.00	14.00	21.00
DMO		2.00			2.00
Banks	3.00	2.00			5.00
Building Societies				2.00	2.00
<b>Total</b>	<b>3.00</b>	<b>7.00</b>	<b>4.00</b>	<b>16.00</b>	<b>30.00</b>

The Council defines high credit quality as organisations and securities having a credit rating of A- or higher. The pie chart summarises the above table by credit ratings and shows the £30.00 million investments at 31 March 2020 by percentage outstanding. Most Local Authorities do not have credit ratings.



#### 4. Treasury Management Indicators 2019-20

The following indicators (which are forward looking parameters) form part of the CIPFA Code of Practice on Treasury Management. They enable the Council to measure and manage its exposure to Treasury Management risks.

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. Short term and variable rate loans expose the Council to the risk of short term interest rate rises and are therefore subject to the Treasury Management indicator in Table 4 below to manage Interest Rate Exposures.

**Table 4: Interest rate risk indicator 31 March 2020**

No.	Interest rate risk indicator	Indicator £'000	Actual 31-03-20 £'000
1	One year revenue impact of a 1% rise in interest rates	(140)	(108)
2	One year revenue impact of a 1% fall in interest rates	315	301

This indicator has been set as an indicator (not a limit) to measure the net impact over one year on the revenue account of both a 1% rise and a 1% fall in all interest rates for borrowing net of treasury investments. This is calculated at a point in time on the assumption that maturing loans and investments will be replaced at rates 1% higher or lower than they would otherwise have been on their maturity dates and that the treasury investment and borrowing portfolios remain unchanged over the coming year. Interest rates can move by more than 1% over the course of a year, although such instances are rare.

A further indicator for Treasury Management measures the Maturity Structure of Borrowing and 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.

The 19.87% shown in the table below relates to £19.25 million Lender's Option Borrower's Option (LOBO) loans which may be re-scheduled in advance of their maturity date of 2054. The Code requires the maturity of LOBO loans to be shown as the earliest date on which the lender can require payment, i.e. the call date of July 2020 in 2020-21 so the maturity date is actually uncertain but is shown in the "Under 12 months" category as per the Code.

**Table 5. Maturity structure of borrowing indicator as at 31 March 2020**

No.	Maturity structure of fixed rate borrowing during 2019-20	TMS 19-20 Upper limit	TMS 19-20 Lower limit	Projection 31-03-20 %
3.	Under 12 months	50%	0%	19.87%
	12 months and within 24 months	25%	0%	-
	24 months and within 5 years	25%	0%	5.76%
	5 years and within 10 years	40%	0%	15.00%
	10 years and within 20 years	50%	0%	16.64%
	20 years and above	60%	25%	42.73%



The Upper Limit for Total Principal Sums invested longer than 1 year indicator controls the amount of longer term investments which mature beyond the period end. This is set to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments.

**Table 6. Upper limit for total principal sums invested as at 31 March 2020**

No.		TMS 2019-20 (Limit)  £m	Principal Outstanding Over 1 year as at 31-03-20 £m
4.	<b>Upper Limit for Total Principal Sums Invested for more than 1 year</b>	15	0

**5. Review of the Treasury Management Strategy 2019-20**

CIPFA's Code of Practice for Treasury Management requires all local authorities to conduct an annual review of its treasury management policies, practices and activities. No changes were necessary to the TMS 2019-20.

Credit Rating Equivalence Table

	Description	Fitch		Moody's		Standard & Poor's	
		Long	Short	Long	Short	Long	Short
<b>INVESTMENT GRADE</b>	Extremely strong	AAA	F1+	Aaa	P-1	AAA	A-1+
	Very strong	AA+		Aa1		AA+	
		AA		Aa2		AA	
	Strong	AA-	Aa3	AA-			
		A+	A1	A+			
	Adequate	A	A2	A			
A-		A3	A-				
BBB+		Baa1	BBB+				
Speculative	BBB	Baa2	BBB				
	BBB-	Baa3	BBB-				
	BB+	Ba1	BB+				
<b>SPECULATIVE GRADE</b>	Very speculative	B	Ba2	BB			
			Ba3	BB-			
	B+		B1	B+			
	Vulnerable	C	B2	B			
			B3	B-			
			Caa1	CCC+			
Caa2			CCC				
Defaulting	D	Caa3	CCC-				
		Ca	CC				
				C			
				D	D		

Standard & Poor's (S&P), Moody's and Fitch are the three most significant rating agencies in the world. These agencies rate the creditworthiness of countries and private enterprises.

"AAA" or "Aaa" is the highest rating across all three rating agencies and indicates the highest level of creditworthiness. A "D" rating ("C" rating from Moody's) indicates poor creditworthiness of a company or government. A difference is made between short-term and long-term ratings.

## BRIDGEND COUNTY BOROUGH COUNCIL

### REPORT TO AUDIT COMMITTEE

10 SEPTEMBER 2020

### REPORT OF THE INTERIM CHIEF OFFICER – FINANCE, PERFORMANCE AND CHANGE

#### STATEMENT OF ACCOUNTS 2019-20

#### 1. Purpose of report

- 1.1 The purpose of this report is to present to Audit Committee the final Statement of Accounts for 2019-20, which is now due to be certified by our external auditors, Audit Wales, and the associated Letter of Representation of the Council.
- 1.2 Audit Wales will update Members on their main findings from the audit, summarise the audit work carried out in respect of the 2019-20 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. Connection to corporate well-being objectives / other corporate priorities

- 2.1 This report assists in the achievement of the following corporate well-being objective under the **Well-being of Future Generations (Wales) Act 2015**:-
  1. **Smarter use of resources** – ensure that all resources (financial, physical, ecological, human and technological) are used as effectively and efficiently as possible and support the creation of resources throughout the community that can help to deliver the Council's well-being objectives.
- 2.2 The Council's financial performance is an important element in determining the extent to which the Council's well-being 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 (as amended 2018) and its content is defined by the Chartered Institute of Public Finance and Accountancy's '*Code of Practice on Local Authority Accounting in the United Kingdom*' (the Code).
- 3.2 The unaudited Statement of Accounts 2019-20 was signed by the responsible financial officer on 30 June 2020 and presented to Audit Committee on 16 July 2020 for noting. During the intervening period the external audit has taken place, resulting in a number of amendments being made to the financial statements noted below.
  - Comprehensive Income and Expenditure Statement – to correct the treatment of an asset disposal between Cost of Services and Other Operating Expenditure.
  - Balance Sheet – increase in assets to represent the return of a care home to Council ownership.

Neither of these adjustments had an impact on the Council Fund.

3.3 A number of notes were amended that did not affect the financial position of the Council, which are detailed within the Auditor's Report. They include:

- Note 15 Disclosure 3 – Remuneration – amendment to reflect changes in management during the year.
- Note 19 – Related Party Transactions – inclusion of year-end balances owed to/from the Council and prior year comparatives. These have not been included in previous accounts but the addition brings the accounts in line with the Code requirements. The figure for the payment in 2019-20 to Awen Trust was amended due to a carry over of the prior year figure in error.
- Note 26 – Provisions – presentational change to provide a breakdown of the figures, but no overall change to the net provisions figure.

3.4 The amended audited Statement of Accounts 2019-20 is attached at **Appendix A**. The detail of all the amendments are contained within the Auditor's Report at **Appendix B**.

3.5 The audited Statement of Accounts 2019-20 is required to be signed by the Chief Financial Officer and the Chair of the Audit Committee by 14 September, as presenting a 'true and fair view' of the financial position of the Council as at 31 March 2020.

#### **4. Current situation/proposal**

4.1 Audit Wales have substantially completed their audit work and the Statement of Accounts are due to be signed by the Auditor General for Wales on 15 September 2020, subject to Audit Committee approval of the accounts.

4.2 The Council Fund and Earmarked Reserves balances as at 31 March 2020, as presented to the Audit Committee in June 2020, have not changed.

4.3 In line with the International Standard on Auditing (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' at **Appendix B**. The appendix also contains the full list of all adjustments made to the accounts as a result of the audit, as described in paragraphs 3.2 to 3.4, and recommendations arising from the audit, together with management responses to the recommendations made. It is pleasing to note the auditor's comments that 'No significant matters arose this year. Our audit progressed smoothly and with a noticeably reduced number of audit issues in comparison to recent past years.'

4.4 As noted in Appendix B, there is only one recommendation raised following the audit, compared to nine the previous year. The recommendation is in relation to the oversight of the Council's Fixed Asset Register in that the Council should strengthen its controls in relation to the Asset Register by undertaking regular reviews of access

and use of the system. To reassure the Committee, annual checks are undertaken through ensuring opening balances in the current year match closing balances the prior year as part of the annual Statement of Accounts Closing process, and additions and disposals match transactions within the core accounting system. However, reviews will be undertaken during the year to ensure the continued integrity of the data held within the Asset Register to provide additional assurance in line with the recommendation.

- 4.5 A Final Letter of Representation from the Council is required by the Appointed Auditor to complete the process and enable the accounts to be approved. This is included as **Appendix C**.

## **5. Effect upon policy framework and procedure rules**

- 5.1 There is a legal requirement for the Statement of Accounts to be signed by the responsible financial officer, approved by the relevant committee, and published by 15 September following the end of the financial year.

## **6. Equality Impact Assessment**

- 6.1 Whilst the production of the Statement of Accounts does not itself 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. Well-being of Future Generations (Wales) Act 2015 implications**

- 7.1 The well-being goals identified in the Act were considered in the preparation of this report. As the report is for information it is considered that there will be no significant or unacceptable impacts upon the achievement of wellbeing goals/objectives as a result of this report.

## **8. Financial implications**

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

## **9. Recommendation(s)**

- 9.1 It is recommended that the Committee:
- approve the audited Statement of Accounts 2019-20 as amended (**Appendix A**)
  - note the appointed auditors Audit of Financial Statements report (**Appendix B**)
  - note and agree the Final Letter of Representation to the Wales Audit Office (**Appendix C**).

Gill Lewis CPFA  
Interim Chief Officer – Finance, Performance and Change  
August 2020

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Interim Group Manager – Chief Accountant

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CF31 4AP

**Background documents:** None



# Statement of Accounts

**Bridgend County Borough Council • 2019-20**



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



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## Narrative Report

### “ One council, working together to improve lives ”

#### Introduction

This report presents the 2019-20 Statement of Accounts for Bridgend County Borough Council (the Council). It sets out the Council's financial performance for the past year and is prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2019-20.

Over the past 10 years the Council has cumulatively made around £68 million of savings and further efficiencies and savings are required moving forward. The process of identification of savings, changing the way the Council works to ensure modern, improved and resilient services, is on-going. The continued need to achieve savings in a difficult financial year will need to continue at least in the short- and medium-term. Given significant economic uncertainty, not least the potential impact of the exit from the European Union, and the impact of the Covid-19 pandemic, the Council will continue to face financial challenges as it strives to deliver its vast array of services to the communities it supports. It needs to do so whilst remaining financially resilient.

#### Bridgend as a Council

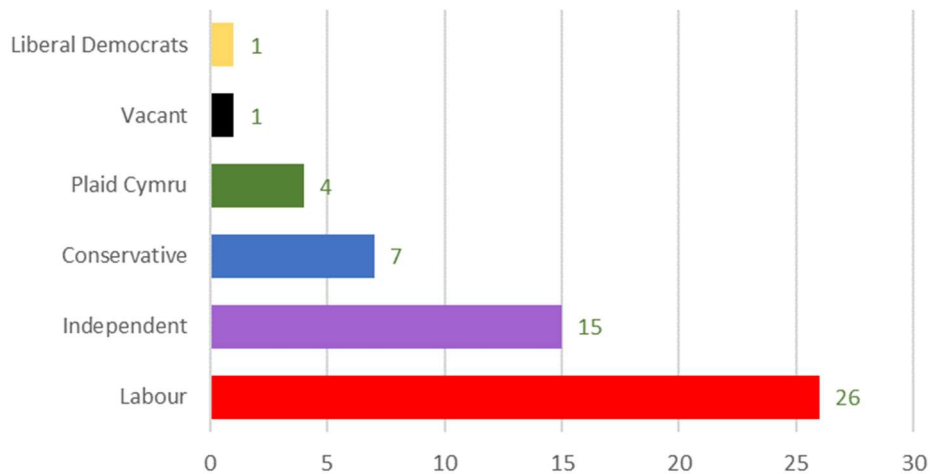
Bridgend is conveniently situated between Wales' capital city, Cardiff, to the east and the city of Swansea to the west, approximately 20 miles from each. Nestled just south of the M4 corridor, with easy access from both major cities, bounded by the Bristol Channel to the south, it is at the heart of the South Wales industrial and coastal belt. Bridgend as a County Borough is home to over 140,000 residents and continues to grow. The County Borough's towns are undergoing redevelopment and a number of historic buildings and the town centres have been rejuvenated over recent years. To the north is the residential town of Maesteg, to the south west is the coastal town of Porthcawl and to the east is Pencoed. Bridgend is one of 22 Councils in Wales, and accounts for approximately 4.5% of the country's population.



Population	144,876
Land area	98.5 square miles
Households	64,766
Council employees	4,159 (full time equivalent)
Businesses	4,160
Councillors	54

- The Council manages an asset base, excluding the road network, of £530 million to deliver its services.
- The Council employs over 5,800 staff both full- and part-time, to deliver a wide range of services including education, social care, highways maintenance and economic development.
- The Council has 54 elected Councillors who represent the people of Bridgend and set the overall Council strategy and budget framework.

### Bridgend Councillors Political Party Representation



The constitution sets out how the Council operates, how decisions are made and the procedures to be followed to ensure decisions are efficient, transparent and accountable to local people. Council elects a Mayor annually to perform a civic role and promote the county. Council also appoint a leader of the Council who appoints Cabinet Members, each with a responsibility for a specific portfolio of services.

The role of the Cabinet is to be responsible for most major decisions; provide leadership; and propose the budget framework and budget.

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

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

Regulatory and other committees support delivery of Council services. Council has given Audit Committee the responsibility to review and approve the Financial Statements of the Council.

The Council's Corporate Management Board is led by the Chief Executive and includes the 3 Corporate Directors, the Monitoring Officer and Chief Finance Officer.

The Council has agreed a principle of focusing diminishing resources on communities and individuals with the greatest need. It has identified three priorities that are intended to improve the quality of life of people in the county borough while significantly changing the nature of the Council:

These three priorities are the Council's well-being objectives under the Well-being of Future Generations (Wales) Act 2015 and set out the Council's contribution towards meeting the Act's seven national goals:

**Our well-being objectives****Well-being of Future Generations (Wales) Act's seven goals:**

- *A prosperous Wales*
- *A resilient Wales*
- *A healthier Wales*
- *A more equal Wales*
- *A Wales of cohesive communities*
- *A Wales of vibrant culture and thriving Welsh language*
- *A globally responsible Wales.*

**Governance**

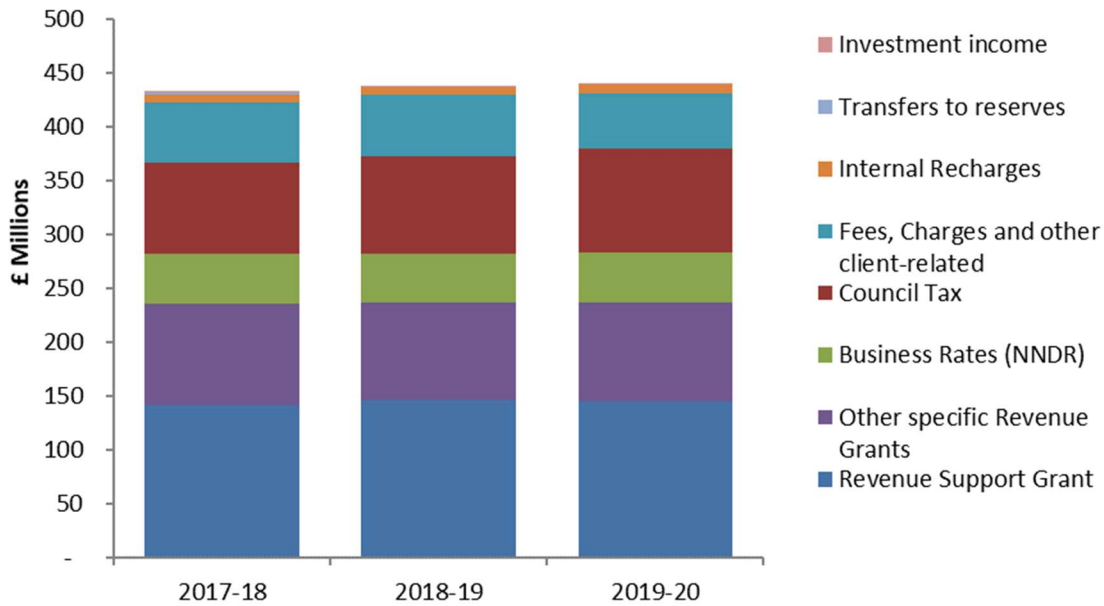
The Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards. This includes ensuring that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. The Council also has a duty under the Local Government (Wales) Measure 2009 to make arrangements to secure continuous improvement in delivering its functions in terms of strategic effectiveness, service quality, service availability, fairness, sustainability, efficiency and innovation. The Annual Governance Statement included within the Statement of Accounts sets, out in detail the Council's governance arrangements.

**COVID-19**

The UK was put into lockdown on 23 March 2020 in an unprecedented step to attempt to limit the spread of coronavirus. This followed similar action in other countries across the World. The UK Government put into place a limited number of reasons for people to be allowed to leave their homes and the Welsh Government put in place measures under the Health Protection (Coronavirus Restrictions) Wales Regulations 2020. As a consequence, many non-essential shops and businesses had to close, schools were closed and all non-key workers were required to work from home where possible. The initial 3-week lockdown has been extended a number of times, and as at 30 June had been in place some 15 weeks, though there have been some slight easing of restrictions from 1 June. The worldwide COVID-19 pandemic has, and will continue to have, an unprecedented impact upon society as a whole. This has led to significant changes to the day-to-day management of the Council, and the nature and delivery of its operations. Moving forward the Council will have to re-organise the way some of its services and staff work, making sure that it puts in place the necessary social distancing measures to keep both its staff and users of Council services safe.

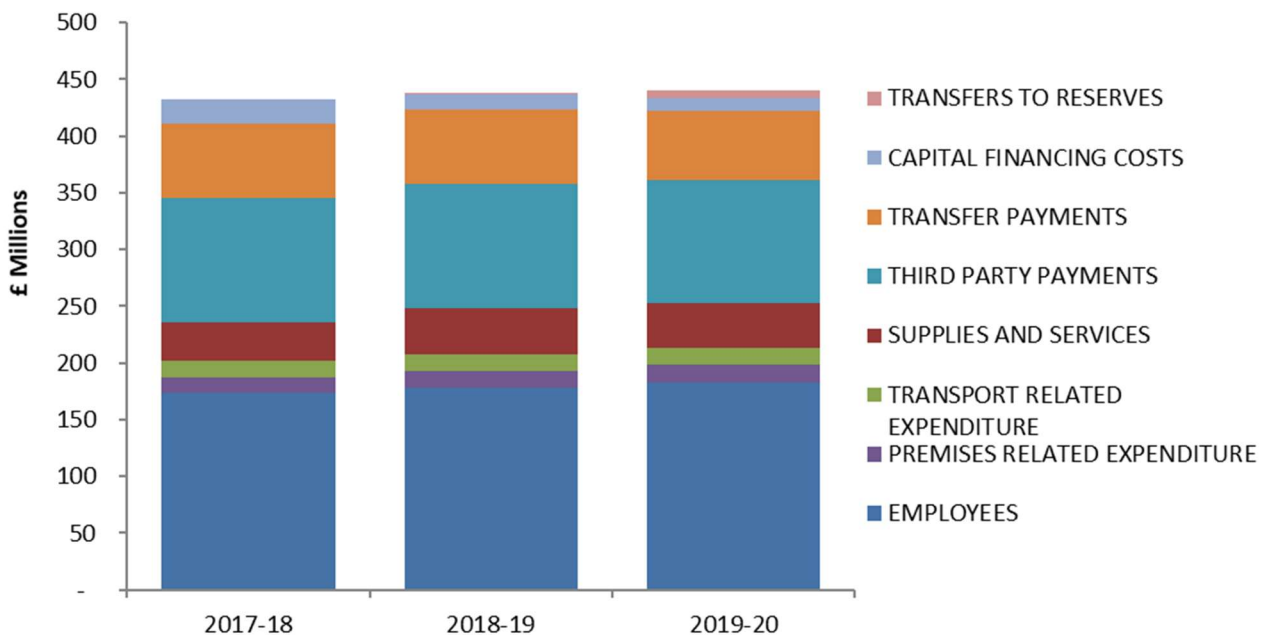
**Financial Performance**

Over the last 10 years the Council has made around £68 million of budget reductions. This represents 30% of the Council's 2009-10 budget. Taking into account expenditure and services which are funded by specific grants, fees or charges, the Council's gross budget for 2019-20 was £438 million. This covers the day-to-day running costs of the Council including staff, waste collection, schools, care workers, foster carers and leisure services. The Council receives revenue funding from the Welsh Government (Revenue Support Grant), specific grants, business rates (NNDR), Council Tax, fees and charges and from its investments as shown below.



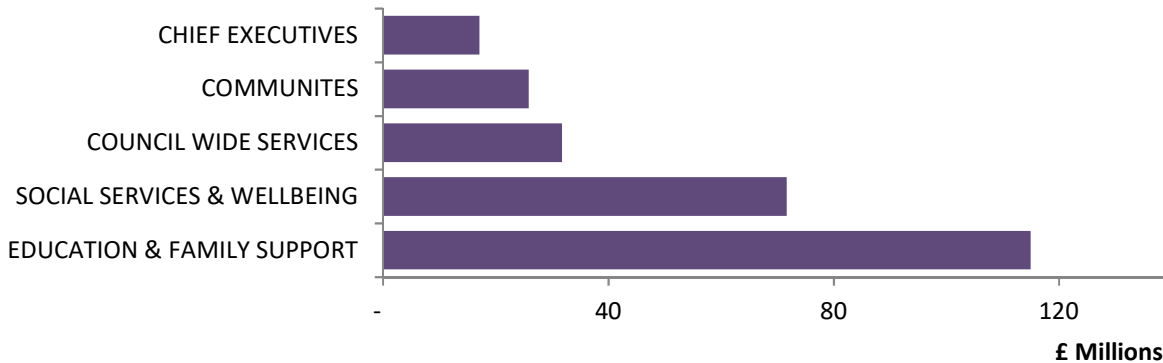
The majority of the Council's funding is from the Welsh Government via the Revenue Support Grant (33%) with other Government Grants (including specific grants from Welsh Government) making up just over another quarter of the Council's income (32%). Council tax accounts for approximately 22% of income. The Council is able to charge for a number of services including social care, car parking and licensing, which makes up just 8% of the total Council income.

The Council spends its money on employees, premises related expenditure, transport costs, supplies and payments to 3<sup>rd</sup> party providers. The Council also has to meet capital financing costs (interest) as part of its long-term borrowing arrangements. At the end of 2019-20 the Council created a COVID-19 reserve to provide for unknown future costs in relation to the pandemic. As such the Council was able to make a net contribution to reserves for the year. The Council's expenditure is analysed below.



## Directorate Spending

Council spending by Directorate was within 99.76% of budget for all departments reflecting sound financial management and budgetary control. The table below shows the net spend by service Directorate.



The Council achieved an underspend in the year of £0.564 million, or 0.21% of its net budget. This demonstrates its sound financial management throughout the year and its commitment to ensuring it does not spend beyond its means. The table below shows the closing position for each Directorate and also for the non-Directorate specific government and other funding to the Council. The Council's outturn report for the year can be found on the Council's website [here](#).

DIRECTORATE	Net Budget £'000	Net Expenditure £'000	(Under)/over spend £'000
Education & Family Support	114,843	115,059	216
Social Services and Well-being	71,587	71,651	64
Communities	26,284	25,746	(538)
Chief Executives	18,622	17,115	(1,507)
Council Wide Services	39,473	31,551	(7,922)
Funding and financing	(270,809)	(261,686)	9,123
<b>Total</b>	<b>-</b>	<b>(564)</b>	<b>(564)</b>

## Addressing future challenges

The Council faces significant challenges moving forward. These include demographic pressures, such as an ageing population and an increasing number of young people with complex disabilities living into adulthood and adding progressively to the demand for care. In addition to this there are inflationary pressures arising from specific contractual commitments and significant increases in staffing costs arising not only from the above inflation increases in the national living wage, and calls to implement the real living wage, but also any pay claims for local government workers and recent increases in employers' contributions for teachers' pensions. Whilst the published Welsh Government settlement for Bridgend for 2020-21 is an increase of 4.7%, the real increase is much less as it includes a significant number of transfers into the Revenue Support Grant towards the increased costs of teachers' pay and pensions. As a result of the Chancellor's one-year spending round in September 2019, and the subsequent UK General Election in December 2019, followed by the departure from the European Union and the Covid-19 pandemic at the beginning of 2020, no indications have been provided by the Welsh Government in respect of the settlement for Councils in 2021-22 which makes forward planning very difficult.

Whilst the Council continues to face increasing pressures on its budget, it had approved a balanced budget for 2020-21. However, the impact of the COVID-19 pandemic will have an inevitable impact on the Council's income, costs and 2020-21 budget. The Council will need to review its priorities and budgets in light of the impact of the pandemic in the County Borough, and re-focus these to enable them to move towards a more stable recovery phase as we move out of lockdown.

On 29 March 2017 the UK Government submitted its notification to leave the EU in accordance with Article 50. The triggering of Article 50 started a two-year negotiation process between the UK and the EU. On 31 January 2020 the United Kingdom left the European Union and the Withdrawal Agreement concluded with the EU entered into force. On 31 December 2020, at the end of the transition period, the UK will revert to its economic and political independence, and will no longer be part of the EU Single Market or Customs Union. The uncertainty regarding the impact of the UK's exit from Europe will inevitably create challenges for the Council and the communities it supports over the forthcoming months and years. The Council continues to work with its partners to prepare as best it can for Brexit and the UK's departure from the European Union and has maintained a project board, chaired by the Chief Executive, with representatives from each Council department, to review all council services, maintain and update a 'risk register' and to ensure that contingency plans are in place. Businesses, residents, staff and elected members are regularly updated, and the council is raising awareness of the EU Settlement Scheme. The Council will continue to work alongside partners to obtain answers on important issues such as how post-Brexit funding will be delivered.

## Financial position

The Council manages significant assets and cash flows. During the year the Council:

- Held £530 million of long-term assets, including £522 million of operational assets for delivering services, £5 million investment properties and £3 million of intangible assets
- Generated £37 million of fees and charges and other service income used to deliver services

The Council maintains a strong balance sheet despite the financial challenges.



## Borrowing

The Council has long term borrowing outstanding as at 31 March 2020 of £97.401 million. This is a mixture of Public Works Loan Board (PWLB) of £77.617 million and Lender Option Borrower Options (LOBOs) of £19.784 million, to finance capital expenditure. More detail in relation to borrowing is provided in note 31. The borrowing should be seen in the context of the total value of the Council's long-term assets, which are shown in the Balance Sheet at £530 million. Borrowing is permitted in line with the Prudential Code for Capital Finance in Local Authorities as long as, in the opinion of the Chief Finance Officer, the revenue costs are capable of being met and are in keeping with prudential





The Council, in partnership with Linc Cymru, saw the completion and opening of a second Extra Care scheme in Bridgend to support older people to continue to live independently within their community. Improvements in Porthcawl continued with the completion of the town beach sea defence scheme. The Council continued to support adults and vulnerable people at home through increased expenditure in relation to Disabled Facilities Grants. The Council also invested significantly in ICT infrastructure for schools via the HWB Infrastructure grant award from Welsh Government.



Porthcawl Beach Defences

## **The Financial Statements**

The Statement of Accounts are included in this document, and consist of the following financial statements:

### **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.

### **The Comprehensive Income & Expenditure Statement (CIES)**

This records all of the Council's income and expenditure 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, which may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

### **Movement in Reserves Statement (MiRS)**

The Movement in Reserves Statement shows the movement from the start of the year to the end of the year on the different reserves held by the Council, analysed into 'usable reserves' - those that can be used to fund expenditure or reduce local taxation - and 'unusable' reserves, which must be set aside for specific purposes. Unusable reserves would include unrealised gains and losses (such as the Revaluation Reserve), where amounts would only become available if the assets are sold, and reserves that reflect 'adjustments between accounting basis and funding under regulations'. The surplus or deficit on the Provision of Services line shows the true economic cost of providing the Council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the Council Fund Balance for council tax setting purposes. The Net Increase/Decrease line shows the statutory Council Fund balance movements in the year following those adjustments.

### **Balance Sheet**

This records a snapshot of the Council's assets, liabilities, cash balances and reserves at the year-end date. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council.

### **Cash Flow Statement**

The Cash Flow Statement shows the reason for 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 (i.e. borrowing) to the Council.

### **Notes to the Accounts**

These set out the Accounting Policies adopted for the Statement of Accounts and disclosures relating to the financial statements and include pensions and financial instruments disclosures. These include the Expenditure and Funding Analysis which shows how annual expenditure is used and funded from resources (government grants, fees and charges, 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.

### **Conclusion**

Whilst 2019-20 has been a challenging year financially, the Council was able to remain within its net revenue budget despite increasing service demands and a continued negative funding outlook for the public sector in general. However, the impact of the COVID-19 pandemic is likely to have much greater financial and service delivery impacts for at least the next financial year and potentially beyond. These challenging times will have a significant financial impact for us as individuals, for our residents, communities and businesses, and the detailed financial assumptions underpinning the Council's Medium Term Financial Strategy will need constantly revisiting to ensure the ongoing financial resilience of the Council.

## 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 Chief Finance Officer.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts.

Signed: \_\_\_\_\_ 10 September 2020

Chair of Audit Committee

### The Chief Financial Officer's Responsibilities

The Chief Financial 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 Chief Financial 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 Chief Financial 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.

### Chief Financial 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 2020 and of its income and expenditure for the year ended 31 March 2020

Signed: \_\_\_\_\_ 10 September 2020



## Comprehensive Income and Expenditure Statement

2018-19 restated					2019-20				Notes
Gross Expenditure £'000	Govt Grants £'000	Other Income £'000	Net Expenditure £'000		Gross Expenditure £'000	Govt Grants £'000	Other Income £'000	Net Expenditure £'000	
140,656	(26,415)	(9,223)	105,018	Education and Family Support	164,452	(28,167)	(10,326)	125,959	
99,857	(5,531)	(16,336)	77,990	Social Services and Wellbeing	99,469	(7,332)	(17,919)	74,218	
52,223	(7,105)	(6,069)	39,049	Communities	53,945	(8,090)	(5,466)	40,389	
80,514	(55,580)	(2,439)	22,495	Chief Executives	74,483	(50,653)	(2,961)	20,869	
22,948	-	(1,642)	21,306	Council Wide Services	18,453	(175)	(300)	17,978	
<b>396,198</b>	<b>(94,631)</b>	<b>(35,709)</b>	<b>265,858</b>	<b>Cost Of Services</b>	<b>410,802</b>	<b>(94,417)</b>	<b>(36,972)</b>	<b>279,413</b>	
				<b>Other Operating Expenditure</b>					
14,945			14,945	Precepts payable	16,453		-	16,453	7
7,070			7,070	Levies payable	7,116		-	7,116	7
276			276	(Gain) / loss on disposal of non current assets	-		215	215	
<b>22,291</b>	<b>-</b>	<b>-</b>	<b>22,291</b>	<b>Other Operating Expenditure</b>	<b>23,569</b>	<b>-</b>	<b>215</b>	<b>23,784</b>	
				<b>Financing and Investment Income and Expenditure</b>					
4,550			4,550	Interest payable on debt	4,551			4,551	31
54			54	Interest element of finance leases (lessee)	48			48	31
1,306			1,306	Interest payable on PFI unitary payments	1,256			1,256	13
6,760			6,760	Net Interest on Net Defined Benefit Liability	6,120			6,120	30
		(1,012)	(1,012)	Investment Income & Other Interest Receivable	-		(1,099)	(1,099)	31
		(275)	(275)	Changes in fair value of investment properties	-		-	-	
<b>12,670</b>	<b>-</b>	<b>(1,287)</b>	<b>11,383</b>	<b>Financing and Investment Income and Expenditure</b>	<b>11,975</b>	<b>-</b>	<b>(1,099)</b>	<b>10,876</b>	
				<b>Taxation and Non-Specific Grant Income</b>					
	(145,780)		(145,780)	Revenue Support Grant	-	(145,354)	-	(145,354)	8
		(45,802)	(45,802)	National Non Domestic Rates	-	-	(46,452)	(46,452)	9
		(90,018)	(90,018)	Council Tax	-	-	(96,957)	(96,957)	10
	(9,494)		(9,494)	Recognised capital grants and contributions	-	(11,798)	-	(11,798)	11
<b>-</b>	<b>(155,274)</b>	<b>(135,820)</b>	<b>(291,094)</b>	<b>Taxation and Non-Specific Grant Income</b>	<b>-</b>	<b>(157,152)</b>	<b>(143,409)</b>	<b>(300,561)</b>	
				<b>(Surplus) or Deficit on Provision of Services</b>					
<b>431,159</b>	<b>(249,905)</b>	<b>(172,816)</b>	<b>8,438</b>	<b>(Surplus) or deficit on revaluation of Property, Plant and Equipment</b>	<b>446,346</b>	<b>(251,569)</b>	<b>(181,265)</b>	<b>13,512</b>	
5,605		(33,337)	(33,337)	Impairment losses on non-current assets charged to the Revaluation reserve	-		(5,277)	(5,277)	29a
		(26,320)	(26,320)	Actuarial (gains) / losses on pension liabilities	4,476		-	4,476	
				<b>Other Comprehensive (Income) and Expenditure</b>	7,300		-	7,300	30
			<b>(54,052)</b>	<b>Total Comprehensive (Income) and Expenditure</b>				<b>6,499</b>	
			<b>(45,614)</b>	<b>Total Comprehensive (Income) and Expenditure</b>				<b>20,011</b>	

## 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
<b>Balance at 31 March 2018 brought forward</b>	8,347	48,075	21,161	288	77,871	48,363	126,234
<b><u>Movement in Reserves during 2018-19</u></b>							
Total Comprehensive (Income) and Expenditure	(8,438)				(8,438)	54,052	45,614
Adjustments between accounting basis & funding basis under regulations (Note 20)	8,899		(3,239)	1,194	6,854	(6,854)	-
Transfers to Earmarked Reserves (Note 28)	(32)	32			-		
<b>Increase/(Decrease) in 2018-19</b>	<b>429</b>	<b>32</b>	<b>(3,239)</b>	<b>1,194</b>	<b>(1,584)</b>	<b>47,198</b>	<b>45,614</b>
<b>Balance at 31 March 2019 carried forward</b>	<b>8,776</b>	<b>48,107</b>	<b>17,922</b>	<b>1,482</b>	<b>76,287</b>	<b>95,561</b>	<b>171,848</b>

	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
<b>Balance at 31 March 2019 brought forward</b>	8,776	48,107	17,922	1,482	76,287	95,561	171,848
<b><u>Movement in Reserves during 2019-20</u></b>							
Total Comprehensive (Income) and Expenditure	(13,512)				(13,512)	(6,499)	(20,011)
Adjustments between accounting basis & funding basis under regulations (Note 20)	21,191		686	(1,165)	20,712	(20,712)	-
Transfers to Earmarked Reserves (Note 28)	(7,115)	7,115			-		
<b>Increase/(Decrease) in 2019-20</b>	<b>564</b>	<b>7,115</b>	<b>686</b>	<b>(1,165)</b>	<b>7,200</b>	<b>(27,211)</b>	<b>(20,011)</b>
<b>Balance at 31 March 2020 carried forward</b>	<b>9,340</b>	<b>55,222</b>	<b>18,608</b>	<b>317</b>	<b>83,487</b>	<b>68,350</b>	<b>151,837</b>

## Balance Sheet

31 March 2019 £'000		31 March 2020 £'000	Notes
	<b>Property, Plant &amp; Equipment</b>		<b>21c</b>
430,421	Other Land and Buildings	425,796	
5,078	Vehicles, Plant, Furniture and Equipment	6,742	
65,147	Infrastructure	67,559	
4,912	Community Assets	4,912	
662	Assets under Construction	816	
17,530	Surplus Assets not Held for Sale	17,108	
220	<b>Heritage Assets</b>	220	
4,635	<b>Investment Property</b>	4,635	<b>22</b>
3,593	<b>Intangible Assets</b>	3,032	<b>21d</b>
4,011	<b>Long Term Investments</b>	-	<b>31</b>
<b>536,209</b>	<b>Long Term Assets</b>	<b>530,820</b>	
20,054	Short Term Investments	25,097	<b>31</b>
2,560	Assets Held for Sale	2,560	<b>24</b>
725	Inventories	678	
32,300	Short Term Debtors	36,342	<b>23</b>
1,051	Cash and Cash Equivalents	3,646	
<b>56,690</b>	<b>Current Assets</b>	<b>68,323</b>	
(2,551)	Short Term Borrowing	(915)	<b>31</b>
(31,782)	Short Term Creditors	(34,533)	<b>25</b>
(1,925)	Provisions due in 1 year	(986)	<b>26</b>
<b>(36,258)</b>	<b>Current Liabilities</b>	<b>(36,434)</b>	
(4,311)	Provisions due after 1 year	(3,999)	<b>26</b>
(97,412)	Long Term Borrowing	(97,401)	<b>31</b>
	<b>Other Long Term Liabilities</b>		
(17,054)	PFI & Other Long Term Liabilities	(16,447)	<b>27</b>
(263,510)	Net Pensions Liability	(289,190)	<b>30</b>
(2,506)	Capital Receipts in Advance	(3,835)	
<b>(384,793)</b>	<b>Long Term Liabilities</b>	<b>(410,872)</b>	
<b>171,848</b>	<b>Net Assets</b>	<b>151,837</b>	
	<b>Usable reserves</b>		<b>28b</b>
8,776	Council Fund	9,340	
48,107	Earmarked reserves	55,222	
17,922	Capital Receipts Reserve	18,608	<b>28a</b>
1,482	Capital Grants Unapplied	317	
	<b>Unusable Reserves</b>		<b>29</b>
149,553	Revaluation Reserve	145,386	<b>29a</b>
(263,510)	Pensions Reserve	(289,190)	<b>29b</b>
213,123	Capital Adjustment Account	216,218	<b>29c</b>
(715)	Financial Instruments Adjustment Account	(706)	
(2,890)	Short-term Accumulating Compensated Absences Account	(3,358)	
<b>171,848</b>	<b>Total Reserves</b>	<b>151,837</b>	

## Cash Flow Statement

2018-19 £'000		2019-20 £'000	Notes
8,438	Net (surplus)/deficit on the Provision of Services	13,512	
(24,524)	Adjustments to net deficit on the provision of services for non-cash movements	(36,433)	<b>34</b>
11,378	Adjustments for Items included in the net deficit on the provision of services that are investing and financing activities	12,723	
<b>(4,708)</b>	<b>Net Cash Flows from Operating Activities</b>	<b>(10,198)</b>	<b>35</b>
14,565	Investing Activities	19,081	<b>36</b>
(10,820)	Financing Activities	(11,478)	<b>37</b>
<b>(963)</b>	<b>Net (Increase) / Decrease in Cash &amp; Cash Equivalents</b>	<b>(2,595)</b>	
(88)	Cash & Cash Equivalent at the beginning of the Reporting Period	(1,051)	
<b>(1,051)</b>	<b>Cash &amp; Cash Equivalent at the end of the Reporting Period</b>	<b>(3,646)</b>	

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.





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## 1. Accounting Policies

### 1.1 General principles

The Statement of Accounts summarises the Council's transactions for the 2019-20 financial year and its position at the year end of 31 March 2020. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (Wales) Regulations 2014 and the Accounts and Audit (Wales) (Amendments) Regulations 2018, in accordance with proper accounting practices. These practices comprise the *Code of Practice on Local Authority Accounting in the United Kingdom* (the Code) 2019-20 and the *Service Reporting Code of Practice 2019-20* 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.

### 1.2 Standards that have been issued but not yet adopted

The Code of Practice on Local Authority Accounting in the United Kingdom 2019-20 (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 2019-20 Code:

Standard	Effective date	Further details
<b>IAS 28 Investments in Associates and Joint Ventures – Long-Term interests in Associates and Joint Ventures</b>	<b>2019-20</b>	This relates to the application of IFRS 9 – Financial Instruments – to the measurement and application, in particular relating to impairment, of long term interests in associates and joint ventures that, in substance, form part of the 'net investment' in the associate or joint venture.
<b>IFRS Standards 2015-17 Cycle</b>	<b>2019-20</b>	This provides amendments to two International Financial Reporting Standards (IFRSs) as a result of the IASB's annual improvements project, namely IFRS 3 – Business Combinations and IFRS 11 – Joint Arrangements, as well as IAS12 – Income Taxes and IAS 23 – Borrowing Costs.
<b>IAS19 Employee Benefits: Plan Amendment, Curtailment or Settlement</b>	<b>2019-20</b>	This requires that if a plan amendment, curtailment or settlement occurs, it is now mandatory that the current service cost and the net interest for the period after the re-measurement are determined using the assumptions used for the re-measurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling.
<b>IFRS 16 Leases</b>	<b>2020-21</b>	IFRS16 will require local authorities that are lessees to recognise most leases on their balance sheets as right-of-use assets with corresponding lease liabilities (with an exception for low-value and short-term leases). CIPFA/LASAAC have deferred implementation of IFRS16 for local government to 1 April 2021.

The Council does not consider these changes will have any impact on the 2019-20 Statements.

### 1.3 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 inventories 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.
- Investment income and 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 be impaired, the balance of debtors is written down by the difference between the carrying amount and revised future cash flows and a charge made for the impairment to revenue.

### 1.4 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.

### **1.5 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 29 to the accounts.

### **1.6 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.

## 1.7 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, paid sick leave and bonuses for current employees. These 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 Support 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, 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:
  - Quoted securities – current bid price
  - Unquoted securities – professional estimate
  - Property – market value
- The change in the net pensions liability is analysed into the following components:
  - Current service cost – the increase in liabilities as result of the number of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked
  - Past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to the number of years of service earned in earlier years – debited to Central Services in the Comprehensive Income and Expenditure Statement
  - 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.
  - 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 and Other Comprehensive Income and Expenditure:
  - 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 for 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.

## 1.8 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.

## 1.9 Overheads and Support Services

In line with the Code of Practice on Local Authority Accounting (the Code) 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.

## 1.10 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. The most significant intangible asset is 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 for 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.

## 1.11 Property, Plant and Equipment

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

All expenditure on Property, Plant and Equipment is recognised irrespective of value. Expenditure below £40,000 is considered non-enhancing and is immediately impaired unless cumulatively over more than one year the expenditure would amount to more than this value.

### Measurement

Assets are initially measured at cost, comprising its purchase price and all expenditure that is directly attributable to bringing the asset into working condition for its intended use. Assets are then carried in the balance sheet using the following measurement bases:

- **Land and buildings** – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV)
- **Non-specialised operational properties** – existing use value (EUV)
- **Specialised operational properties (such as schools)** – depreciated replacement cost (DRC)
- **Vehicles, plant and equipment** – depreciated historical cost
- **Community assets** – historical cost
- **Assets under construction** – historical cost (until they become operational)
- **Infrastructure assets** – depreciated historical cost
- **Surplus assets and investment properties** – fair value
- **Assets held for sale** – lower of carrying amount and fair value less costs of sale



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 flow 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. The Council does not capitalise borrowing costs incurred whilst assets are under construction.

### Revaluations

Assets included in the Balance Sheet at fair value or current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value or current value at the year-end. Revaluations of the Council's property assets are undertaken on a 3 year rolling programme basis. Revaluation gains since 1 April 2007 only are recognised in the Revaluation Reserve, the date of its inception. Previous revaluation gains have been consolidated into the Capital Adjustment Account.

### Impairment

Assets are assessed at each year-end to determine 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 there have been previous revaluation gains against the asset held in the Revaluation Reserve, any subsequent loss is firstly written out against the accumulated Revaluation Reserve with any balance being charged against the Comprehensive Income and Expenditure Statement.

### Depreciation

Depreciation is provided for on Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. Exceptions are made for:

- Heritage assets
- Assets without a determinable finite useful life such as freehold land
- Assets that are not yet available for use i.e. assets under construction, and assets held for sale.

Depreciation is calculated on the value of the asset at the start of the year and on the following bases:

Asset	Policy	Life
Land	No depreciation charged	N/A
Buildings	Straight line depreciation on estimated remaining life	As advised by Valuer (between 1 - 79 years)
Vehicles, plant and equipment	Straight line depreciation on estimated remaining life	3 - 10 years
Infrastructure - Bridges	Straight line depreciation on estimated remaining life	30 years
Infrastructure - Roads	Straight line depreciation on estimated remaining life	15 years
Infrastructure - Other	Straight line depreciation on estimated remaining life	1 - 30 years

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.

## Componentisation

Assets purchased or revalued during the year are reviewed to confirm whether any part of the asset will have a significantly different useful life and a material impact on depreciation. Where this is the case the asset will be componentised and the differing parts will be depreciated over their respective useful lives. Within the Council's asset portfolio there are a number of asset classes where componentisation is not considered, including:

- Equipment – as this is considered immaterial.
- Asset classes which are not depreciated – such as land, investment property, heritage assets, community assets and assets held for sale.

## 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 criteria for recognising assets as being held for sale are:

- Available for immediate sale in present condition
- Sale highly probable
- Actively marketed
- Sale completion expected within 12 months.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts.

### 1.12 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 worth. 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 and a number of paintings in the Balance Sheet at insurance value. The value of the paintings were added to the Balance Sheet during 2017-18 based on an insurance valuation carried out by professional valuers during the year. According to the Code there is no prescribed minimum period between valuations and the Council does not intend to revalue its Heritage Assets in the near future unless there is evidence of impairment such as physical deterioration or damage, or doubts to their authenticity arise.

### 1.13 Charges to revenue for non-current assets

Services are debited with the following amounts to record the real cost of holding non-current 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. The Council charges MRP on a straight line basis over 45 years. This ensures that the costs of supported capital expenditure are spread evenly over the lifetime of assets, and that the debt is fully extinguished within forty-five years.

#### **1.14 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 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.

#### **1.15 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**

##### 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 (e.g. 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.

## 1.16 Financial Instruments

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 other financial assets or a right to exchange financial assets and liabilities with another entity that is potentially favourable to the Council. Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cash-flow characteristics. There are three main classes of financial assets measured at:

- amortised cost
- fair value through profit or loss (FVPL), and
- fair value through other comprehensive income (FVOCI).

The Council's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified at amortised cost as they are held solely for payment of principal and interest.

#### Financial Assets held at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value, which is normally the transaction cost. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) represent investment and interest income receivable. For the financial assets held by the Council, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued investment and interest income).

Any gains or losses that arise on derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES.

#### Expected Credit Loss Model

The Council recognises expected credit losses on all its financial assets held at amortised cost, either on a 12 month or lifetime basis. Only lifetime losses are recognised for trade receivables (debtors) held by the Council.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assumed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

### 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, this means that the amount presented in the Balance Sheet is the outstanding principal repayable together with any accrued interest and interest charged to the Comprehensive Income and Expenditure Statement for the year according to the loan agreement.

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

The Council does not hold any financial assets or liabilities at Fair Value, however it is required to provide fair value information as appropriate. The inputs to the measurement techniques are categorised in accordance with the following three levels:

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

### **1.17 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.

### **1.18 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 these 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.

### **1.19 Joint Arrangements**

The Council is part of a number of joint arrangements including the Joint Committee for the Cardiff Capital Region City Deal (CCRCD) which consists of 10 Partner Authorities: Blaenau Gwent; Caerphilly; Cardiff; Merthyr Tydfil; Monmouthshire; Newport; Rhondda-Cynon-Taf; Torfaen; the Vale of Glamorgan and Bridgend. The Joint Committee has been established to oversee delivery of a range of programmes designed to secure sustainable economic growth for the region in order to improve the lives of all in the community, including increasing connectivity and improving physical and digital infrastructure. The contributions to the Joint Committee are classified as Revenue Expenditure Funded from Capital Under Statute (REFCUS). The Council has not consolidated the assets or liabilities of the Joint Committee. 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.

### **1.20 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. Council Tax Income is shown gross in the Comprehensive Income and Expenditure Statement with any amounts allocated as a result of the Council Tax Reduction Scheme recognised as an expense within net costs of services.

### **1.21 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.

### **1.22 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.

### **1.23 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.

### 1.24 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 annually 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:** based on most recent valuations, adjusted if necessary through 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 net Cost of Services 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.

### 1.25 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.

## 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 £22.9 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 2020 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 2019 for all of the Council's investment portfolio and 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 judgement is required in establishing fair values. These judgements 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.

## 4. Expenditure and Funding Analysis

2018-19 restated				2019-20		
Net Expenditure Chargeable to the Council Fund	Adjustments between the Funding and Accounting Basis & transfers to Earmarked Reserves (Note 5)	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 5)	Net Expenditure in the Comprehensive Income and Expenditure Statement
£'000	£'000	£'000		£'000	£'000	£'000
110,544	5,526	105,018	Education and Family Support	115,059	(10,900)	125,959
69,135	(8,855)	77,990	Social Services & Wellbeing	71,651	(2,567)	74,218
27,822	(11,227)	39,049	Communities	25,746	(14,643)	40,389
18,065	(4,430)	22,495	Chief Executives	17,115	(3,754)	20,869
29,988	8,682	21,306	Council Wide Services	31,551	13,573	17,978
<b>255,554</b>	<b>(10,304)</b>	<b>265,858</b>	<b>Net Cost Of Services</b>	<b>261,122</b>	<b>(18,291)</b>	<b>279,413</b>
(255,983)	1,437	(257,420)	Other income and Expenditure	(261,686)	4,215	(265,901)
<b>(429)</b>	<b>(8,867)</b>	<b>8,438</b>	<b>Surplus or Deficit</b>	<b>(564)</b>	<b>(14,076)</b>	<b>13,512</b>
8,347			Opening Council Fund Balance	8,776		
429			Surplus or (Deficit) on Council Fund for year	564		
<b>8,776</b>			<b>Closing Council Fund Balance as at 31 March</b>	<b>9,340</b>		

## 5. Note to the Expenditure and Funding Analysis

Adjustments between Funding and Accounting Basis 2018-19				
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	10,666	(5,772)	632	5,526
Social Services & Wellbeing	(2,560)	(4,531)	(1,764)	(8,855)
Communities	(7,943)	(2,036)	(1,248)	(11,227)
Chief Executives	(962)	(2,111)	(1,357)	(4,430)
Council Wide Services	3,184	-	5,498	8,682
<b>Net cost of services</b>	<b>2,385</b>	<b>(14,450)</b>	<b>1,761</b>	<b>(10,304)</b>
Other income and expenditure from the Expenditure and Funding Analysis	9,494	(6,760)	(1,297)	1,437
<b>Difference between Council Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services</b>	<b>11,879</b>	<b>(21,210)</b>	<b>464</b>	<b>(8,867)</b>

Adjustments between Funding and Accounting Basis 2019-20				
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	(5,882)	(5,006)	(12)	(10,900)
Social Services & Wellbeing	1,345	(3,789)	(123)	(2,567)
Communities	(10,838)	(1,728)	(2,077)	(14,643)
Chief Executives	(1,739)	(1,737)	(278)	(3,754)
Council Wide Services	3,178	-	10,395	13,573
<b>Net cost of services</b>	<b>(13,936)</b>	<b>(12,260)</b>	<b>7,905</b>	<b>(18,291)</b>
Other income and expenditure from the Expenditure and Funding Analysis	11,583	(6,120)	(1,248)	4,215
<b>Difference between Council Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services</b>	<b>(2,353)</b>	<b>(18,380)</b>	<b>6,657</b>	<b>(14,076)</b>

### 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 Council Fund for the timing differences for premiums and discounts.
- The charge under Taxation and Non-Specific Grant Income represents the difference between what is chargeable under statutory regulations for council tax and NNDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices.

## 6. 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. **A segmental analysis of fees, charges and other service income is presented on the face of the Comprehensive Income and Expenditure Statement.**

2018-19 restated £'000		2019-20 £'000
	<b>Expenditure</b>	
192,855	Employee expenses	196,559
198,880	Other services expenses	194,015
4,463	Depreciation, amortisation, impairment	20,228
12,670	Interest payments	11,975
22,015	Precepts and levies	23,569
276	(Gain)/Loss on disposal of assets	215
<b>431,159</b>	<b>Total expenditure</b>	<b>446,561</b>
	<b>Income</b>	
(35,709)	Fees, charges and other service income	(36,972)
(135,820)	Income from council tax, non-domestic rates	(143,409)
(249,905)	Government grants and contributions	(251,569)
(1,012)	Investment Income and other Interest Receivable	(1,099)
(275)	Other income	-
<b>(422,721)</b>	<b>Total income</b>	<b>(433,049)</b>
<b>8,438</b>	<b>(Surplus) or Deficit on the provision of services</b>	<b>13,512</b>

## Notes to the Comprehensive Income and Expenditure Statement

### 7. Precepts and levies

Precepts are the amounts paid to non-billing authorities (e.g. community councils) by billing authorities 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 and other Councils contribute to the costs, or by external bodies who levy on the appropriate Councils. The amounts paid were as follows:

2018-19 £'000		2019-20 £'000
	<b>Precepts</b>	
12,450	Police and Crime Commissioner for South Wales	13,832
2,495	Community Councils	2,621
<b>14,945</b>	<b>Total Precepts</b>	<b>16,453</b>
	<b>Levies</b>	
6,689	South Wales Fire and Rescue Authority	6,747
271	Coroners Service	260
92	Archive Service	91
18	Swansea Bay Port Authority	18
<b>7,070</b>	<b>Total Levies</b>	<b>7,116</b>
<b>22,015</b>	<b>Total Precepts and Levies</b>	<b>23,569</b>

### 8. 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 2019-20 was £145.35 million (£145.78 million for 2018-19).

### 9. National Non-Domestic Rates (NNDR)

NNDR is organised on a national basis. The Welsh Government (WG) specifies the rate in the pound to be charged and, subject to the effects of transition arrangements, local businesses pay rates calculated by multiplying their rateable value by the rate in the pound (the multiplier). The multiplier was 52.6p in 2019-20 (51.4p in 2018-19). The total rateable value of the Council equalled £99,152,723 on 31 March 2020 (£98,716,925 on 31 March 2019). 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 to local authorities pro rata to adult population in each Council's area.

The Council receives a contribution directly from the NNDR pool. The income from this is reflected separately in the Comprehensive Income and Expenditure Statement. This amount was £46.452 million in 2019-20 (£45.802 million in 2018-19).

## 10. Council Tax

Council Tax Income derives from charges raised from residential properties, which have been classified into ten valuation bands based on the value the property is estimated to have been on 1 April 2005. 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 factor to convert the number to a Band D equivalent, which is then adjusted for discounts. The gross tax base is then multiplied by the estimated collection rate to give the net tax base on which the budget is set – this was 53,710.97 Band D equivalents for 2019-20 (53,315.53 in 2018-19). The average charge for a Band D property is £1,777.19 in 2019-20 (£1,675.82 in 2018-19 on average) and this is multiplied by the factor 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
Factor	5/9	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	21/9
Chargeable Dwellings	28	10,156	14,866	14,180	10,568	7,488	4,234	1,404	281	89

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

2018-19 £'000		2019-20 £'000
(90,018)	Council Tax Collectable	(96,957)
	Less:	
2,495	Payable to Community Councils	2,621
12,450	Payable to Police and Crime Commissioner for South Wales	13,832
290	Provision for non-payment of Council Tax increase/(decrease)	417
<b>(74,783)</b>	<b>Net Proceeds from Council Tax</b>	<b>(80,087)</b>

## 11. Grants

In addition to the Revenue Support Grant, the Council credited the following grants and contributions to the Comprehensive Income and Expenditure Statement.

2018-19 re-stated £'000	Specific Grants credited to Services	2019-20 £'000
(46,357)	Housing Benefit Subsidy	(40,207)
(6,022)	Post 16 Grant	(6,105)
(4,921)	Education Improvement Grant	(4,895)
(4,549)	Pupil Development Grant	(4,592)
(5,837)	Other Education & Family Support	(9,136)
(3,140)	Other Social Services & Wellbeing	(3,274)
(2,210)	Others	(4,911)
(6,074)	Supporting People	(5,767)
(929)	Sport Play & Active Wellbeing	(858)
(2,931)	Concessionary Fares Grant	(2,763)
(3,227)	Flying Start	(3,076)
(781)	Sustainable Waste Grant	(870)
(576)	Housing/Council Tax Benefit Administration	(874)
(1,113)	Integrated Care Fund	(2,168)
(1,858)	Families First	(1,690)
(2,394)	General Capital Grant	(2,280)
(1,712)	Other Capital Grants	(951)
<b>(94,631)</b>	<b>Total</b>	<b>(94,417)</b>

2018-19 £'000	Other Government Grants credited to Taxation and Non-specific Grant Income	2019-20 £'000
(9,494)	Capital Grants and Contributions	(11,798)
<b>(9,494)</b>	<b>Total</b>	<b>(11,798)</b>

<b>(104,125)</b>	<b>Total</b>	<b>(106,215)</b>
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## 12. Leases

### Council as a Lessee

#### Operating Leases

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

2018-19 £'000		2019-20 £'000
(704)	Not later than one year	(681)
(1,794)	Later than one year but less than five years	(1,419)
(7,094)	Later than five years	(6,664)
<b>(9,592)</b>	<b>Total</b>	<b>(8,764)</b>

Expenditure charged in the year to the Service areas was £0.734 million made up of minimum lease payments of £0.117 million and £0.617 million for contingent rents (2018-19: £0.747 million made up of £0.153 million minimum lease payments and £0.594 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:-

2018-19 £'000		2019-20 £'000
99	Not later than one year	102
159	Later than one year but less than five years	158
1,719	Later than five years	1,702
<b>1,977</b>	<b>Total</b>	<b>1,962</b>

**13. Private Finance Initiative (PFI)**

During the 2008-09 financial year, the Council commenced payment under a Private Finance Initiative (PFI) arrangement for the provision of a Secondary School in Maesteg – this contract was entered into in 2007-08 and 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 Revenue Support Grant agreed by the Welsh Government, and Council / Delegated School Budget.

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:-

2018-19 £'000	Unitary Charge	2019-20 £'000
682	Service Charge Element	699
1,306	Interest Element	1,256
641	Finance Lease Liability	690
<b>2,629</b>	<b>Total</b>	<b>2,645</b>

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	2020-21 £'000	2021-22 to 2025-26 £'000	2026-27 to 2030-31 £'000	2031-32 to 2034-35 £'000	TOTAL £'000
Service Charge Element	502	2,511	2,512	1,500	7,025
Interest Element	1,203	5,063	2,959	409	9,634
Finance Lease Liability	743	4,672	6,775	4,119	16,309
<b>Total</b>	<b>2,448</b>	<b>12,246</b>	<b>12,246</b>	<b>6,028</b>	<b>32,968</b>

**14. Pooled Fund Arrangements**

There are some formal pooled budget arrangements between the Council and Cwm Taf Morgannwg University Health Board under Section 33 NHS (Wales) Act 2006. These arrangements were formerly with Abertawe Bro Morgannwg University Health Board until the health board boundary changes from 1<sup>st</sup> April 2019. The pooled fund arrangement between 3 Councils for the delivery of an Integrated Family Support Service under s.166-169 of the Social Services and Wellbeing (Wales) Act 2014 ended on 31 March 2019

Purpose of Partnership	Partner	Year	Gross Income Of Partnership £'000	Gross Expenditure of Partnership £'000	Council's Contribution £'000
Provision of day opportunities for people recovering from mental health problems.	Cwm Taf-Morgannwg University Health Board	2018-19	(600)	600	300
		2019-20	(600)	600	300
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	Rhondda Cynon Taff CBC Merthyr Tydfil CBC Cwm Taf Morgannwg University Health Board	2018-19	(2,831)	2,712	594
		2019-20	(2,832)	2,799	729
Provision of integrated community support services	Cwm Taf-Morgannwg University Health Board	2018-19	(4,930)	4,930	2,678
		2019-20	(5,176)	5,176	2,539
Provision of an Integrated Family Support Service	Neath Port Talbot CBC, City and County of Swansea Council	2018-19	(632)	632	163
		2019-20	-	-	-

## 15. Officers' Remuneration

Four separate disclosures are required to ensure compliance with the Accounts and Audit (Wales) Regulations 2014, the Accounts and Audit (Wales) (Amendments) Regulations 2018 and the CIPFA Code.

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

The ratio of the remuneration of the Chief Executive to the median remuneration of all the Council's employees was 6.28 (2018-19: 6.64). The median remuneration of all employees was £21,166 (2018-19: £20,541), and the Remuneration of the Chief Executive was 6.28 times more than the median remuneration of the Council's employees.

### **Disclosure 2 – Table of Officers' Remuneration over £60,000**

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

2018-19 including Redundancy Costs	Remuneration Band	Number of Employees			
		2019-20 inc Redundancy Costs (Note 1)	2019-20 exc Redundancy Costs (Note 2)	Number of Teachers inc in Figures exc Redundancy (Note 2)	Number of Non-Teachers inc in Figures exc Redundancy (Note 2)
32	£60,000 - £64,999	28	27	24	3
12	£65,000 - £69,999	19	19	18	1
6	£70,000 - £74,999	5	5	5	-
4	£75,000 - £79,999	4	4	3	1
10	£80,000 - £84,999	9	6	2	4
6	£85,000 - £89,999	5	4	3	1
5	£90,000 - £94,999	3	2	2	-
1	£95,000 - £99,999	3	3	3	-
1	£100,000 - £104,999	1	1	1	-
3	£105,000 - £109,999	1	-	-	-
1	£110,000 - £114,999	4	3	1	2
1	£120,000 - £124,999	-	-	-	-
-	£125,000 - £129,999	-	-	-	-
-	£130,000 - £134,999	1	1	-	1
1	£145,000 - £149,999	-	-	-	-
-	£150,000 - £154,999	1	-	-	-
1	£195,000 - £199,999	-	-	-	-
1	£225,000 - £229,999	-	-	-	-
1	£245,000 - £249,999	-	-	-	-
<b>86</b>		<b>84</b>	<b>75</b>	<b>62</b>	<b>13</b>

Note 1: These costs include redundancy costs and payments in lieu of notice at time of departure as well as any applicable pension strain costs, which are the costs of the early payment of benefit payable by the Council to the Pension Fund when a member of staff over 55 is made redundant.

Note 2: These are officers still in post, of which there are 75 individuals with remuneration of £60,000 or more, including:-

- a) 62 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 Officers' Remuneration (including Pensions Contributions)**

Job Title	Salary		Compensation for Loss of Office		Pension Contributions (note 1)		Total Remuneration including Pension Contributions	
	18-19 £	19-20 £	18-19 £	19-20 £	18-19 £	19-20 £	18-19 £	19-20 £
Chief Executive Officer & Head of Paid Service (See Note 2)	104,500	132,099	-	-	22,259	28,137	126,759	160,236
Interim Chief Executive Officer & Head of Paid Service (See Note 2)	29,766	-	-	-	6,340	-	36,106	-
Corporate Director - Education and Family Support (See Note 3)	105,982	110,449	-	-	22,574	23,526	128,556	133,975
Corporate Director - Communities (See Note 4)	82,959	8,790	-	-	17,670	1,872	100,629	10,662
Corporate Director - Operational and Partnership Services (See Note 5)	28,205	-	93,903	-	147,424	-	269,532	-
Corporate Director - Social Services & Wellbeing	108,283	110,449	-	-	23,064	23,526	131,347	133,975
Head of Finance & s151 Officer (See Note 6)	-	-	-	-	-	-	-	-
Head of Legal and Regulatory Services (See Note 8)	56,503	53,937	-	-	11,588	10,840	68,091	64,777
Chief Officer - Legal, HR and Regulatory Services (Note 8)	-	26,968	-	-	-	5,420	-	32,388
Head of Partnership Services (See Note 7)	59,923	56,327	-	-	12,764	11,998	72,687	68,325
Head of Operations - Communities	20,708	89,651	-	-	4,411	19,096	25,119	108,747

**Notes**

- Note 1 No 'Taxable Expenses' or 'Benefits in kind' were paid in the year. Pension Contributions relate to actual payments made.
- Note 2 The Interim Chief Executive was appointed to the permanent post on 2 May 2019. The remuneration is for the full year in post. The salary excludes payment for Election Duties which amounted to £6,617 for 1 European Election and 1 General Election.
- Note 3 The Corporate Director - Education and Family Support salary excludes payment for Election Duties which amounted to £180 for 1 general election.
- Note 4 The Corporate Director – Communities was appointed on 1 March 2020. It was vacant until that date.
- Note 5 The Corporate Director – Operational and Partnership Services took voluntary redundancy on 6 July 2018.
- Note 6 The Head of Finance – s151 Officer was re-designated as the Chief Officer – Finance, Performance and Change from the 01 December 2019. The position has been vacant during the year with the role fulfilled through an interim arrangement. The Interim Chief Officer- Finance, Performance and Change is appointed under a contractual arrangement with the Welsh Local Government Association. The costs incurred in this arrangement during the year were £115,557 (2018-19: £104,129).
- Note 7 The Head of Performance and Partnership Services was re-designated as the Head of Partnership Services from 01 December 2019. Therefore the disclosure includes the remuneration up to the 30 November 2019. The salary excludes payment for Election Duties which amounted to £390 for 1 European Election and 1 General Election.
- Note 8 The Head of Legal and Regulatory Services was re-designated as the Chief Officer – Legal, HR and Regulatory Services from 01 December 2019.

**Disclosure 4 – Table on Exit Packages**

The number of exit packages approved in the year with total cost per band (£'s) and total cost of 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	
	18-19 £	19-20 £	18-19 £	19-20 £	18-19 £	19-20 £	18-19 £	19-20 £
£0 - £20,000	32	11	29	6	61	17	731,527	154,872
£20,001 - £40,000	34	9	16	3	50	12	1,446,731	344,406
£40,001 - £60,000	16	4	1	-	17	4	814,416	209,590
£60,001 - £80,000	4	2	1	-	5	2	329,394	150,148
£80,001 - £100,000	2	-	-	-	2	-	178,584	-
£100,001 - £150,000	-	1	1	-	1	1	141,821	141,924
£150,001 - £200,000	2	-	-	-	2	-	366,362	-
	<b>90</b>	<b>27</b>	<b>48</b>	<b>9</b>	<b>138</b>	<b>36</b>	<b>4,008,835</b>	<b>1,000,940</b>

**16. Members' allowances**

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

2018-19 £'000		2019-20 £'000
557	Basic Salary (all Members)	571
481	Senior Salary	481
46	Civic Salary	49
<b>1,084</b>	<b>Total</b>	<b>1,101</b>

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.

<https://www.bridgend.gov.uk/my-council/democracy-and-elections/councillors-remuneration/>

**17. External audit costs**

In 2019-20 Bridgend County Borough Council incurred the following fees relating to external audit and inspection.

2018-19 £'000		2019-20 £'000
192	Financial Statement Audit	188
97	Performance Audit	97
<b>289</b>	<b>External Audit Services</b>	<b>285</b>
54	Grant Claims and Returns	45
<b>343</b>	<b>Total</b>	<b>330</b>

**18. Participation in Joint Committees and Joint Arrangements**

The Council participated in a number of Joint Committees and Joint Arrangements during the year. The amounts contributed by the Council are set out below.

	2018-19 £'000	2019-20 £'000
Cardiff Capital Region City Deal (CCRCD)	1,257	103
Central South Consortium Joint Education Service	606	571
Integrated Family Support Service (IFSS)	163	-
Joint Adoption Service	949	949
Shared Regulatory Service	1,505	1,686
Shared Internal Audit Service	205	270
Western Bay Youth Justice and Early Intervention Service	287	-
Civil Parking Enforcement	185	190
Glamorgan Archives	92	92
Coychurch Crematorium	-	-
Margam Crematorium	-	-
<b>Total</b>	<b>5,249</b>	<b>3,861</b>

There were sufficient funds within the Cardiff Capital City Region Deal (CCRCD) pooled fund that the Council was only required to contribute £103,000 for 2019-20. The joint arrangements for the provision of an Integrated Family Support Service and Western Bay Youth Justice and Early Intervention Service both ended on 31 March 2019. These services were provided by the Council as from 1 April 2019.

## 19. 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 been able 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 8 and 9 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 is shown in Note 16. Payments made to organisations where Members had an interest included Care and Repair (Bridgend) £1,749,669 (£1,365,954 in 2018-19), Bridgend County Borough Citizens Advice Bureau £180,556 (£226,709 in 2018-19) and Bridgend Association of Voluntary Organisations £ 596,607 in 2019-20 (£92,322 in 2018-19). 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 £478,886 (£293,576 in 2018-19). Balances owed by the Council as at 31 March 2020 included Care & Repair £5,965 (£15,124 in 2018-19) and Sarn Community Council £11,659 (£1,662 in 2018-19). Amounts owed to the Council as at 31 March 2020 included Credu Charity (Porthcawl) Ltd £13,289 (£6,668 in 2018-19) and Valleys to Coast £44,285 (£45,941 in 2018-19). One member did not complete a Related Party Disclosure because he ceased being a Councillor during the year.

### Chief Officers

During 2019-20 the Head of Adult Social Care 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 2019-20 the Council was charged £959,453 (2018-19: £1,146,732) in respect of goods, services and capital works. The balance owed by the council at the 31 March 2020 was £4,063 (£8,748 in 2018-19). In addition the Head of Operations Community Services took over from the Corporate Director on the 24th October 2019 to sit on the Board of CSC Foundry Ltd, a special purpose vehicle which is a wholly owned subsidiary of the City Deal Joint Committee. Details of the payments made to the Cardiff Capital Region City Deal are included in note 18 to the accounts.

The Head of Operations Community Services was a Director of the Bridgend Business Improvement District (BID) until he resigned in December 2019 following the BID ending in September 2019. The Council acted as the collector of Business Rates on behalf of the Business Improvement District and transferred those monies to the company. The Council had no business transactions with the BID Company. No Directors received any remuneration for this role.

The Interim Head of Finance and s151 Officer is an Independent Member of the Health Education and Improvement Wales Board. The Council had no business transactions with the health authority in 2019-20.

### **Other Joint Committees**

Details of the amounts paid under Joint Committees is shown in Note 18.

#### **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.

#### **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](http://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](http://www.npt.gov.uk))

### **Other Public Bodies**

The Council has a number of pooled budget arrangements with Cwm Taf Morgannwg University Health Board as detailed in Note 14. It also pays a management fee to the Awen Trust for cultural related services which is a not for profit organisation. The amount paid to Awen in 2019-20 was £3,213,429 (2018-19: £3,231,354) and a balance outstanding of £66,756 owed to the Council at the 31 March 2020 (2018-19: £702,532 owed by the Council). The Board of Awen Cultural Trust has two Councillors as Board members.



## Notes to the Movement in Reserves Statement

### 20. 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.

#### **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.

The tables below detail the adjustments for 2018-19 for comparative purposes and the adjustments for 2019-20.

2018-19	Usable Reserves			Unusable Reserves
	Council Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	
	£'000	£'000	£'000	£'000
<b>Adjustment to the Revenue Resources</b>				
<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)	21,210			(21,210)
Financial Instruments (transferred to the Financial Instruments Adjustment Account)	(8)			8
Holiday Pay (transferred to the Accumulated Absences Reserve)	(422)			422
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)	8,377			(8,377)
<b>Total Adjustments to Revenue Resources</b>	<b>29,157</b>	<b>-</b>	<b>-</b>	<b>(29,157)</b>
<b>Adjustments between Revenue and Capital Resources</b>				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	(1,884)	1,884		
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	(4,958)			4,958
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	(3,922)			3,922
<b>Total adjustments between Revenue and Capital Resource</b>	<b>(10,764)</b>	<b>1,884</b>	<b>-</b>	<b>8,880</b>
<b>Adjustments to Capital Resources</b>				
Use of the Capital Receipts Reserve to finance capital expenditure		(5,123)		5,123
Application of capital grants to finance capital expenditure	(9,494)			9,494
Cash payments in relation to deferred capital receipts			1,194	(1,194)
<b>Total adjustments to Capital Reserves</b>	<b>(9,494)</b>	<b>(5,123)</b>	<b>1,194</b>	<b>13,423</b>
<b>Total Adjustments</b>	<b>8,899</b>	<b>(3,239)</b>	<b>1,194</b>	<b>(6,854)</b>

2019-20	Usable Reserves			Unusable Reserves
	Council Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	
	£'000	£'000	£'000	£'000
<b>Adjustment to the Revenue Resources</b>				
<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)	18,380			(18,380)
Financial Instruments (transferred to the Financial Instruments Adjustment Account)	(9)			9
Holiday Pay (transferred to the Accumulated Absences Reserve)	468			(468)
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)	21,561			(21,561)
<b>Total Adjustments to Revenue Resources</b>	<b>40,400</b>	<b>-</b>	<b>-</b>	<b>(40,400)</b>
<b>Adjustments between Revenue and Capital Resources</b>				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	(926)	926		
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	(5,523)			5,523
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	(962)			962
<b>Total adjustments between Revenue and Capital Resource</b>	<b>(7,411)</b>	<b>926</b>	<b>-</b>	<b>6,485</b>
<b>Adjustments to Capital Resources</b>				
Use of the Capital Receipts Reserve to finance capital expenditure		(240)		240
Application of capital grants to finance capital expenditure	(11,798)			11,798
Cash payments in relation to deferred capital receipts			(1,165)	1,165
<b>Total adjustments to Capital Reserves</b>	<b>(11,798)</b>	<b>(240)</b>	<b>(1,165)</b>	<b>13,203</b>
<b>Total Adjustments</b>	<b>21,191</b>	<b>686</b>	<b>(1,165)</b>	<b>(20,712)</b>

## Notes to the Balance Sheet

### 21. Non-current Assets

#### a) Capital commitments

As at 31 March 2020 the Council had the following material capital commitments.

2018-19 £'000		2019-20 £'000
	- Maesteg Town Hall	6,088
	<b>- Total</b>	<b>6,088</b>

#### b) Notes on Non-current Assets

##### Voluntary-aided & Voluntary-controlled Schools

The Council recognises the 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, which confirmed no significant changes in value during that period. These valuations were undertaken 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
<b>Cost or Valuation</b>								
At 1 April 2018	399,145	9,364	214,177	4,951	15,130	7,739	<b>650,506</b>	24,142
<b>Additions</b>	3,391	1,530	7,457	-	-	9,062	<b>21,440</b>	-
Accumulated Depreciation and Impairment written out to Gross Carrying Amount	(19,417)	(1,123)	-	-	(502)	-	<b>(21,042)</b>	(2,783)
Revaluation increases/(decreases) recognised in the Revaluation Reserve	27,437	352	-	(2)	(56)	-	<b>27,731</b>	1,258
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	16,054	-	-	-	(807)	-	<b>15,247</b>	251
Derecognition - Disposals	(234)	(532)	-	-	(100)	-	<b>(866)</b>	-
Assets reclassified (to)/from Held for Sale	(195)	-	-	-	1,761	-	<b>1,566</b>	-
Other Movements in Cost or Valuation	13,850	-	-	-	2,289	(16,139)	-	-
<b>At 31 March 2019</b>	<b>440,031</b>	<b>9,591</b>	<b>221,634</b>	<b>4,949</b>	<b>17,715</b>	<b>662</b>	<b>694,582</b>	<b>22,868</b>
<b>Accumulated Depreciation and Impairments</b>								
At 1 April 2018	(18,113)	(4,632)	(150,475)	(37)	(2)	-	<b>(173,259)</b>	(1,858)
Depreciation Charge for the year	(10,947)	(1,530)	(5,878)	-	(55)	-	<b>(18,410)</b>	(928)
Accumulated Depreciation and Impairment written out to Gross Carrying Amount	19,417	1,123	-	-	502	-	<b>21,042</b>	2,783
Impairment Losses/(Reversals) recognised in the Surplus/Deficit on the Provision of Services	(612)	-	(134)	-	-	-	<b>(746)</b>	-
Derecognition - disposals	15	526	-	-	-	-	<b>541</b>	-
Other Movements	630	-	-	-	(630)	-	-	-
<b>At 31 March 2019</b>	<b>(9,610)</b>	<b>(4,513)</b>	<b>(156,487)</b>	<b>(37)</b>	<b>(185)</b>	<b>-</b>	<b>(170,832)</b>	<b>(3)</b>
<b>NBV as at 1 April 2018</b>	<b>381,032</b>	<b>4,732</b>	<b>63,702</b>	<b>4,914</b>	<b>15,128</b>	<b>7,739</b>	<b>477,247</b>	<b>22,284</b>
<b>NBV as at 31 March 2019</b>	<b>430,421</b>	<b>5,078</b>	<b>65,147</b>	<b>4,912</b>	<b>17,530</b>	<b>662</b>	<b>523,750</b>	<b>22,865</b>

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
<b>Cost or Valuation</b>								
At 1 April 2019	440,031	9,591	221,634	4,949	17,715	662	694,582	22,868
<b>Additions</b>	7,398	2,679	8,145	-	-	753	<b>18,975</b>	-
Accumulated Depreciation and Impairment written out to Gross Carrying Amount	(4,583)	-	-	-	(185)	-	<b>(4,768)</b>	-
Revaluation increases/(decreases) recognised in the Revaluation Reserve	2,471	-	-	-	(1,096)	-	<b>1,375</b>	-
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	499	-	-	-	(660)	-	<b>(161)</b>	-
Derecognition - Disposals	(987)	(26)	-	-	(10)	-	<b>(1,023)</b>	-
Derecognition - other	(213)	-	-	-	-	-	<b>(213)</b>	-
Other Movements in Cost or Valuation	(745)	-	-	-	1,344	(599)	-	-
<b>At 31 March 2020</b>	<b>443,871</b>	<b>12,244</b>	<b>229,779</b>	<b>4,949</b>	<b>17,108</b>	<b>816</b>	<b>708,767</b>	<b>22,868</b>
<b>Accumulated Depreciation and Impairments</b>								
At 1 April 2019	(9,610)	(4,513)	(156,487)	(37)	(185)	-	<b>(170,832)</b>	(3)
Depreciation Charge for the year	(11,151)	(1,015)	(5,490)	-	-	-	<b>(17,656)</b>	(1,213)
Accumulated Depreciation and Impairment written out to Gross Carrying Amount	4,583	-	-	-	185	-	<b>4,768</b>	-
Accumulated impairment written off ( where no account balance at 1 April )	(2,656)	-	-	-	-	-	<b>(2,656)</b>	-
Impairment Losses/(Reversals) recognised in the Revaluation Reserve	(574)	-	-	-	-	-	<b>(574)</b>	-
Impairment Losses/(Reversals) recognised in the Surplus/Deficit on the Provision of Services	1,264	-	(243)	-	-	-	<b>1,021</b>	-
Derecognition - disposals	69	26	-	-	-	-	<b>95</b>	-
<b>At 31 March 2020</b>	<b>(18,075)</b>	<b>(5,502)</b>	<b>(162,220)</b>	<b>(37)</b>	<b>-</b>	<b>-</b>	<b>(185,834)</b>	<b>(1,216)</b>
<b>NBV as at 1 April 2019</b>	<b>430,421</b>	<b>5,078</b>	<b>65,147</b>	<b>4,912</b>	<b>17,530</b>	<b>662</b>	<b>523,750</b>	<b>22,865</b>
<b>NBV as at 31 March 2020</b>	<b>425,796</b>	<b>6,742</b>	<b>67,559</b>	<b>4,912</b>	<b>17,108</b>	<b>816</b>	<b>522,933</b>	<b>21,652</b>

## d) Intangible Assets.

The Intangible asset refers to the Wales Community Care Information System, WCCIS. As at 31 March 2020 the remaining life of the asset was 4 years.

Intangible Assets	£'000
<b>Cost or Valuation</b>	
At 1 April 2018	6,003
Additions	37
<b>At 31 March 2019</b>	<b>6,040</b>
<b>Accumulated Depreciation and Impairments</b>	
At 1 April 2018	(1,894)
Depreciation Charge for the year	(553)
<b>At 31 March 2019</b>	<b>(2,447)</b>
<b>NBV as at 1 April 2018</b>	<b>4,109</b>
<b>NBV as at 31 March 2019</b>	<b>3,593</b>

Intangible Assets	£'000
<b>Cost or Valuation</b>	
At 1 April 2019	6,040
<b>At 31 March 2020</b>	<b>6,040</b>
<b>Accumulated Depreciation and Impairments</b>	
At 1 April 2019	(2,447)
Depreciation Charge for the year	(561)
<b>At 31 March 2020</b>	<b>(3,008)</b>
<b>NBV as at 1 April 2019</b>	<b>3,593</b>
<b>NBV as at 31 March 2020</b>	<b>3,032</b>

e) Sources of finance for Capital Expenditure

2018-19 £'000		2019-20 £'000
(6,163)	Loans	(5,215)
(12,037)	Government grants	(13,902)
(5,123)	Capital receipts	(240)
(3,922)	Revenue contribution	(1,168)
(369)	Other contributions	(2,297)
<b>(27,614)</b>	<b>Total</b>	<b>(22,822)</b>

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.

2018-19 £'000		2019-20 £'000
6,137	Revenue Expenditure Funded from Capital under Statute	3,847
(4,106)	Grants and Contributions	(3,230)
<b>2,031</b>	<b>Total</b>	<b>617</b>

g) Capital financing requirement and the financing of capital expenditure

2018-19 £'000	Capital Financing Requirement	2019-20 £'000
170,880	Opening Capital Financing Requirement	172,084
	<b>Capital Investment</b>	
21,477	Property, Plant and Equipment and Intangible Assets	18,975
6,137	Revenue Expenditure Funded from Capital under Statute	3,847
	<b>Sources of Finance</b>	
(12,407)	Grants & Contributions	(16,199)
(5,123)	Capital receipts applied	(240)
(3,922)	Revenue Contributions	(1,168)
(2,858)	Minimum Revenue Provision	(2,885)
(1,459)	Unsupported Borrowing MRP	(1,948)
(641)	PFI School MRP	(690)
<b>172,084</b>	<b>Closing Capital Financing Requirement</b>	<b>171,776</b>
	<b>Explanation for Movements in Year</b>	
1,077	Increase/(Decrease) in Underlying Need to Borrow (supported by government financial assistance)	1,053
768	Increase/(Decrease) in Underlying Need to Borrow (unsupported by government financial assistance)	(671)
(641)	Assets acquired under PFI Contract	(690)
<b>1,204</b>	<b>Increase/(Decrease) in Capital Financing Requirement</b>	<b>(308)</b>

## 22. Investment Properties

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

2018-19 £'000		2019-20 £'000
4,360	<b>Balance at 1 April</b>	4,635
275	Net gain / (loss) from fair value adjustments	-
<b>4,635</b>	<b>Balance as at 31 March</b>	<b>4,635</b>

## 23. Short Term Debtors



These represent the monies owed to the Council after making provision for debts that might not be recovered and are analysed as follows:

2018-19 £'000		2019-20 £'000
7,016	Trade Receivables	8,118
2,582	Prepayments	3,056
22,702	Other Receivable Amounts	25,168
<b>32,300</b>	<b>Balance as at 31 March</b>	<b>36,342</b>

The Council collects NNDR payments on behalf of Welsh Government. As at 31 March 2020, the Council had paid over more cash than it collected, this excess was included in the Balance Sheet as a debtor of £0.613 million. The equivalent for 2018-19 was a debtor of £1.385 million.

#### 24. Assets Held for Sale

2018-19 £'000		2019-20 £'000
5,961	Balance at 1 April	2,560
195	Assets newly classified as held for sale: Property, Plant & Equipment	-
(1,761)	Assets declassified as held for resale: Property, Plant & Equipment	-
	Revaluation Gain/(Loss)	
(1,835)	Assets Sold	-
<b>2,560</b>	<b>Balance as at 31 March</b>	<b>2,560</b>

#### 25. Short Term Creditors

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

2018-19 £'000		2019-20 £'000
(5,131)	Trade Payables	(5,883)
(26,651)	Other Payables	(28,650)
<b>(31,782)</b>	<b>Balance as at 31 March</b>	<b>(34,533)</b>

#### 26. Provisions

The Council has provisions as detailed below:

	Insurance £'000	Carbon Reduction Commitment £'000	Other Provisions £'000	Total £'000
<b>Balance at 1 April 2019</b>	5,276	242	718	<b>6,236</b>
Additional provisions made in 2019-20	284	-	-	<b>284</b>
Amounts used/released in 2019-20	(653)	(242)	(640)	<b>(1,535)</b>
<b>Balance at 31 March 2020</b>	<b>4,907</b>	-	<b>78</b>	<b>4,985</b>

Provisions < 1 yr	908	-	78	<b>986</b>
Provisions > 1 yr	3,999	-	-	<b>3,999</b>
<b>Balance at 31 March 2020</b>	<b>4,907</b>	-	<b>78</b>	<b>4,985</b>

#### 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 2019-20 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 contingency for 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.

##### Carbon Reduction Commitment Energy Efficiency Scheme

This provision represented the obligation to purchase Carbon Reduction Commitment (CRC) Allowances in relation to carbon dioxide emissions incurred during 2018-19. The payment was made with the retrospective purchase of allowances in 2019-20. This scheme ceased on 31 March 2019.

##### Other Provisions

This provision is to provide for the value of potential future compensation payments arising from on-going litigation.

#### **27. PFI and Other Long Term Liabilities**

2018-19 £'000		Movement in year £'000	Moved to Short Term Creditors £'000	2019-20 £'000
16,310	Maesteg School PFI Lease		(743)	15,567
447	Innovation Centre		(98)	349
250	Waste Contract		(50)	200
47	Escrow		(34)	13
-	Salix Loan	374	(56)	318
<b>17,054</b>	<b>Balance as at 31 March</b>	<b>374</b>	<b>(981)</b>	<b>16,447</b>

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 2019-20, the amount written down was £690,000 and £743,000 has been transferred to Short Term Creditors leaving an outstanding long term liability of £15.567 million on the PFI scheme 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 2019-20 was £90,000 and £98,000 was transferred to Short Term Creditors resulting in a long term financial liability of £0.349 million at 31 March 2020.

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

The long term Escrow liability represents a fund that will be maintained and increased to allow for the future reinstatement to playing fields at Bridgend College – Pencoed Campus.

## 28. Usable Reserves

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

### a) Usable Capital Receipts Reserve

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

2018-19 £'000		2019-20 £'000
21,161	Balance at 1st April	17,922
1,884	Capital Receipts Received	926
(5,123)	Receipts Used to Finance Capital Expenditure	(240)
<b>17,922</b>	<b>Balance as at 31 March</b>	<b>18,608</b>

### b) Earmarked Reserves

The Earmarked Reserves in the Balance Sheet as at 31 March 2020 are detailed below:

Opening Balance 2018-19 £'000	Reserve	Movement during 2019-20		Closing Balance 2019-20 £'000
		Additions/ Re- classification £'000	Drawdown by Directorates £'000	
8,776	<b>Council Fund</b>	564	-	9,340
	<b>Corporate Reserves:</b>			
14,072	Capital Programme Contribution	7,339	(333)	21,078
5,274	Major Claims Reserve	1,000	(998)	5,276
5,301	Service Reconfiguration	-	(309)	4,992
12,083	Other Corporate Reserves	3,395	(3,336)	12,142
<b>36,730</b>	<b>Total Corporate Reserves</b>	<b>11,734</b>	<b>(4,976)</b>	<b>43,488</b>
	<b>Other Reserves:</b>			
5,895	Directorate Reserves	1,332	(1,786)	5,441
1,900	City Deal Reserve	589		2,489
<b>7,795</b>	<b>Total Directorate Reserves</b>	<b>1,921</b>	<b>(1,786)</b>	<b>7,930</b>
614	Delegated Schools Balance		(506)	108
<b>45,139</b>	<b>Total Reserves excluding Equalisation Reserves</b>	<b>13,655</b>	<b>(7,268)</b>	<b>51,526</b>
2,968	<b>Equalisation and Grant Reserves</b>	1,758	(1,030)	3,696
<b>48,107</b>	<b>TOTAL EXCLUDING COUNCIL FUND</b>	<b>15,413</b>	<b>(8,298)</b>	<b>55,222</b>
<b>56,883</b>	<b>TOTAL INCLUDING COUNCIL FUND</b>	<b>15,977</b>	<b>(8,298)</b>	<b>64,562</b>

### Council Fund

The transfer to the Council Fund for 2019-20 was £0.564 million. This increased the balance on the Fund to £9.340 million at 31 March 2020 (£8.776 million at 31 March 2019).

### Other Earmarked Reserves

The transfer to Earmarked Balances excluding the Council Fund Balance was a net increase of £7.115 million in 2019-20 (net increase of £0.305 million in 2018-19). An overview of each earmarked reserve is explained below.

#### Corporate Reserves

##### 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.

##### 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.

Service Reconfiguration / Severance Costs

This reserve has been established to meet potential costs relating to service remodelling and consequential severance costs.

Directorate ReservesCity Deal Reserve

This reserve is to provide the necessary funding for the Council's capital contribution to the Cardiff City Region City Deal programme.

Directorate Issues

This reserve relates to specific Directorate issues anticipated in 2020-21 together with some carried forward amounts from 2019-20. Examples include reserves to support transitional arrangements for a residential care home, the process towards Community Asset Transfer, the continued requirement for enforcement officers and dog litter wardens and road safety improvements.

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

2018-19 Closing Balance £'000	School Types	No's in Category	2019-20 Budget £'000	2019-20 Spend £'000	2019-20 Closing Balance £'000
351	Primary Schools	48	46,299	46,842	(543)
(198)	Secondary Schools	9	43,812	43,720	92
461	Special Schools	2	9,818	9,259	559
<b>614</b>	<b>Total</b>	<b>59</b>	<b>99,929</b>	<b>99,821</b>	<b>108</b>

*The 2018-19 Closing Balance figure is included within the 2019-20 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

This includes grant reserves where 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 2019-20 there were £1,758,000 (2018-19 - £805,000) of new 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. In addition there are a small number of equalisation reserves that ensures 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. £1.030 million of the reserves were drawn down during the year.

## 29. Unusable Reserves

The following notes detail the Unusable Reserves of the Council.

### a) Revaluation Reserve (RR)

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

- Revalued downwards or impaired and the gains are lost;
- Used in the provision of services and the gains are consumed through depreciation; or
- Disposed of and the gains are realised.

The Revaluation Reserve contains only revaluation gains accumulated since 1 April 2007. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

2018-19			2019-20	
£'000	£'000		£'000	£'000
	126,378	<b>Balance at 1 April</b>		149,553
(32)		Prior Year adj		
33,337		Upward Revaluation of Assets	5,277	
		Downward Revaluation of Assets and Impairment Losses not charged to the Surplus/Deficit on the Provision of Services	(4,476)	
(5,605)				
	<b>27,700</b>	<b>Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of services</b>		<b>801</b>
		Difference between fair value depreciation and historical cost depreciation (charged to the Capital Adjustment Account)	(4,566)	
(3,755)		Accumulated gains on assets sold or scrapped	(402)	
(770)		Amount written off to the Capital Adjustment Account		(4,968)
	(4,525)			
	<b>149,553</b>	<b>Balance as at 31 March</b>		<b>145,386</b>

### 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.

2018-19 £'000		2019-20 £'000
(268,620)	<b>Balance at 1 April</b>	(263,510)
26,320	Actuarial gains or losses on pensions assets and liabilities	(7,300)
(38,650)	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	(35,850)
17,440	Employer's Pensions Contributions and Direct Payments to Pensioners Payable in the Year	17,470
<b>(263,510)</b>	<b>Balance as at 31 March</b>	<b>(289,190)</b>

### 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.

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 going forward.

2018-19			2019-20	
£'000	£'000		£'000	£'000
	194,640	<b>Balance at 1 April</b>		<b>213,123</b>
		<b>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement :</b>		
(18,964)		Charges for depreciation and impairment of non-current assets	(18,218)	
14,502		Revaluation gain/(losses) on Property, Plant and Equipment	(1,797)	
(2,031)		Revenue Expenditure funded from Capital Under Statute	(618)	
		Other amounts including Mortgage Payments		
(1,357)		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	(738)	
	(7,850)			(21,371)
	3,755	Adjusting amounts written out to the Revaluation Reserve		4,566
	<b>(4,095)</b>	<b>Net written out amount of the cost of non-current assets consumed in the year</b>		<b>(16,805)</b>
		<b>Capital financing applied in the year:</b>		
5,123		Use of the Capital Receipts Reserve to finance capital expenditure	240	
8,300		Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that has been applied to capital financing	12,969	
4,958		Statutory provision for the financing of capital investment charged against the Council Fund	5,523	
3,922		Capital expenditure charged against the Council Fund	1,168	
	<b>22,303</b>			<b>19,900</b>
	275	Movement in the market value of Investment Properties credited to the Comprehensive Income and Expenditure Statement		
	<b>213,123</b>	<b>Balance as at 31 March</b>		<b>216,218</b>

### 30. 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. The last triennial valuation took place in 2019-20.



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 2019-20 include information provided by the pension administrators, Rhondda Cynon Taff CBC and Aon Hewitt Associates Limited as the pension fund scheme's actuary.

Year-end valuation reports provided to RCT Pension Fund include a statement that there is a material valuation uncertainty related to the UK property funds managed on behalf of the pension fund. The total value of these investments as at 31 March 2020 is £209 million, of which £36.8 million (17.63%) is attributable to Bridgend County Borough Council.

### **McCloud Judgement**

In December 2018, the Court of Appeal held that transitional protection provisions contained in reformed judicial and firefighter pension schemes, introduced as part of public service pension reforms in 2015, amounted to direct age discrimination and were therefore unlawful. On 27 June 2019 the Supreme Court denied the Government's application for leave to appeal the decisions. The calculation of the liability incorporates the impact of the 'McCloud' judgement.

### **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
2018-19	2018-19	2018-19	2018-19	Cost of Services :	2019-20	2019-20	2019-20	2019-20
22.65	-	-	<b>22.65</b>	<b>Service cost comprising:</b>	29.26	-	-	<b>29.26</b>
9.24	-	-	<b>9.24</b>	current service cost	0.47	-	-	<b>0.47</b>
-	-	-	-	past service costs	-	-	-	-
-	-	-	-	(gain)/loss from settlements				
6.47	0.19	0.10	<b>6.76</b>	<b>Financing &amp; Investment Income &amp; Expenditure :-</b>	5.87	0.17	0.08	<b>6.12</b>
				Net interest expense				
<b>38.36</b>	<b>0.19</b>	<b>0.10</b>	<b>38.65</b>	<b>Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services</b>	<b>35.60</b>	<b>0.17</b>	<b>0.08</b>	<b>35.85</b>
				<b>Other Post Employment Benefit Charged to the Comprehensive Income &amp; Expenditure Statement</b>				
(40.76)	-	-	<b>(40.76)</b>	<i>Remeasurements of the net defined benefit liability comprising:</i>	22.71	-	-	<b>22.71</b>
46.24	0.19	0.07	<b>46.50</b>	Return on plan assets (excluding the amount included in the net interest expense)	(16.85)	(0.06)	(0.01)	<b>(16.92)</b>
(32.89)	(0.33)	(0.20)	<b>(33.42)</b>	Actuarial (gains) / losses due to changes in financial assumptions	(10.53)	(0.05)	0.00	<b>(10.58)</b>
1.33	0.02	0.01	<b>1.36</b>	Actuarial (gains) / losses due to changes in demographic assumptions	12.14	(0.03)	(0.02)	<b>12.09</b>
				Actuarial (gains) / losses due to liability experience				
<b>(26.08)</b>	<b>(0.12)</b>	<b>(0.12)</b>	<b>(26.32)</b>	<b>Total Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement</b>	<b>7.47</b>	<b>(0.14)</b>	<b>(0.03)</b>	<b>7.30</b>
				<b>Movement in Reserves Statement:-</b>				
(38.36)	(0.19)	(0.10)	<b>(38.65)</b>	Reversal of net charges made for retirement benefits in accordance with IAS 19	(35.60)	(0.17)	(0.08)	<b>(35.85)</b>
				<b>Actual amount charged against the Council Fund Balance for pensions in the year</b>				
16.58	0.48	0.38	<b>17.44</b>	Employer's Contributions payable to the scheme	16.63	0.48	0.36	<b>17.47</b>
(30.34)	(0.48)	(0.38)	<b>(31.20)</b>	Retirement Benefits Paid Out	(25.48)	(0.48)	(0.36)	<b>(26.32)</b>

### 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 are 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 2018-19	£m 2018-19	£m 2018-19	£m 2018-19		£m 2019-20	£m 2019-20	£m 2019-20	£m 2019-20
856.10	7.23	3.47	<b>866.80</b>	Present value of defined benefit obligation	870.04	6.78	3.16	<b>879.98</b>
(603.29)	-	-	<b>(603.29)</b>	Fair Value of Plan Assets	(590.79)	-	-	<b>(590.79)</b>
<b>252.81</b>	<b>7.23</b>	<b>3.47</b>	<b>263.51</b>	<b>Net liability arising from defined benefit obligation</b>	<b>279.25</b>	<b>6.78</b>	<b>3.16</b>	<b>289.19</b>

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

£m 2018-19		£m 2019-20
557.45	<b>Opening fair value of scheme assets at 1 April</b>	603.29
14.38	Interest income on assets	14.43
40.76	The return on plan assets, excluding the amount included in the net interest expense	(22.71)
16.58	Contributions by Employer	16.63
4.46	Contributions by Participants	4.63
(30.34)	Net Benefits Paid Out	(25.48)
<b>603.29</b>	<b>Balance as at 31 March</b>	<b>590.79</b>

## 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
2018-19	2018-19	2018-19	2018-19		2019-20	2019-20	2019-20	2019-20
814.56	7.64	3.87	826.07	<b>Opening balance at 1 April</b>	856.10	7.23	3.47	866.80
22.65	-	-	22.65	Current Service Cost	29.26	-	-	29.26
20.85	0.19	0.10	21.14	Interest Cost	20.30	0.17	0.08	20.55
4.46	-	-	4.46	Contributions from scheme participants	4.63	-	-	4.63
				<i>Remeasurement (gains) and losses:</i>				-
46.24	0.19	0.07	46.50	Actuarial gains / losses arising from changes in financial assumptions	(16.85)	(0.06)	(0.01)	(16.92)
(32.89)	(0.33)	(0.20)	(33.42)	Actuarial gains / losses arising from changes in demographic assumptions	(10.53)	(0.05)	0.00	(10.58)
1.33	0.02	0.01	1.36	Actuarial gains / losses arising from changes in liability experience	12.14	(0.03)	(0.02)	12.09
9.24	-	-	9.24	Past Service Cost	0.47	-	-	0.47
(30.34)	(0.48)	(0.38)	(31.20)	Benefits Paid	(25.48)	(0.48)	(0.36)	(26.32)
-	-	-	-	Liabilities extinguished on settlements	-	-	-	-
<b>856.1</b>	<b>7.23</b>	<b>3.47</b>	<b>866.8</b>	<b>Balance as at 31 March</b>	<b>870.04</b>	<b>6.78</b>	<b>3.16</b>	<b>879.98</b>

## Local Government Pension Scheme assets comprised:

Fair Value of Scheme Assets 2018-19 £m	Asset Split 2018-19 %		Fair Value of Scheme Assets 2019-20 £m	Asset Split 2019-20 %
6.80	1.13	Cash and cash equivalents	5.04	0.85
		<b>Equity Instruments:</b> <i>by industry type (FTSE Sector)</i>		
3.27	0.54	Oil & Gas	1.86	0.31
7.92	1.31	Basic Materials	6.71	1.14
26.08	4.32	Industrials	20.92	3.54
37.08	6.15	Consumer Goods	14.02	2.37
10.02	1.66	Health Care	10.71	1.81
0.00	0.00	Consumer Services	25.21	4.27
0.67	0.11	Telecommunications	1.30	0.22
0.46	0.08	Utilities	0.00	0.00
24.21	4.01	Financials	19.55	3.31
8.29	1.37	Technology	10.71	1.81
285.68	47.35	Pooled Equity Investment Vehicles	265.94	45.02
403.68	66.90	<b>Sub-total equity</b>	376.93	63.81
		<b>Bonds:</b> <i>By Sector</i>		
75.09	12.45	Corporate	82.90	14.03
72.20	11.97	Government	75.18	12.73
147.29	24.42	<b>Sub-total bonds</b>	158.08	26.76
		<b>Property:</b> <i>By Type</i>		
7.24	1.20	Retail	8.07	1.37
6.06	1.00	Office	6.75	1.14
13.43	2.23	Industrial	14.97	2.53
18.80	3.12	Other Commercial	20.95	3.55
45.53	7.55	<b>Sub-total property</b>	50.74	8.59
603.30	100.00	<b>Total assets</b>	590.79	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:

2018-19 % pa		2019-20 % pa
2.40	Discount rate	2.30
2.20	Rate of pension increases	2.00
3.45	Rate of salary increases	3.25
Years		
	<i>Mortality Assumptions:</i>	
	Longevity at 65 for current pensioners :-	
22.20	Men	21.70
24.10	Women	24.00
	Longevity at 65 for future pensioners :-	
23.89	Men	22.70
25.90	Women	25.50

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below has 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 2018-19 £m	Decrease in Assumption 2018-19 £m		Increase in Assumption 2019-20 £m	Decrease in Assumption 2019-20 £m
(15.60)	15.89	Rate for discounting scheme liabilities (increase or decrease by 0.1%)	(17.30)	17.66
3.19	(3.16)	Rate of increase in salaries (increase or decrease by 0.1%)	1.80	(1.78)
12.68	(12.47)	Rate of increase in pensions (increase or decrease by 0.1%)	16.68	(16.31)
27.68	(27.39)	Longevity (increase or decrease in 1 year)	27.86	(27.54)

## 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 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 2021 are:-

	2020-21 £m
Local Government Pension Scheme	34.51
LGPS Unfunded	0.15
Teachers Unfunded	0.07
<b>Total</b>	<b>34.73</b>

The weighted average duration of the defined benefit obligation for the scheme members is 20.1 years, which is an increase of 1.7 years compared to 2018-19.

## Teachers

In 2019-20, the Council paid £10.845 million (£8.3 million for 2018-19) to the Teachers Pensions Agency in respect of teachers' pension costs. In addition, the Council is responsible for all pension payments relating to added years awarded, together with the related increases. In 2019-20, these amounted to £0.402 million (£0.420 million for 2018-19).

## 31. Financial Instruments Disclosures

### Categories of Financial Instruments

The following categories of financial instruments are carried in the Balance Sheet:

### Financial Assets

31 March 2019					31 March 2020			
Current		Non-current			Current		Non-current	
Investments £'000	Debtors £'000	Investments £'000	Total £'000		Investments £'000	Debtors £'000	Investments £'000	Total £'000
21,105	7,016	4,011	32,132	Amortised Cost	28,743	8,118		36,860
<b>21,105</b>	<b>7,016</b>	<b>4,011</b>	<b>32,132</b>	<b>Total financial assets</b>	<b>28,743</b>	<b>8,118</b>	<b>-</b>	<b>36,860</b>
-	-	4,635	4,635	Non-financial assets	-	-	4,635	4,635
<b>21,105</b>	<b>7,016</b>	<b>8,646</b>	<b>36,767</b>	<b>Total</b>	<b>28,743</b>	<b>8,118</b>	<b>4,635</b>	<b>41,495</b>

The current investments figure above includes accrued income receivable for long term investments in addition to short term interest.

The £8.118m (2018-19: £7.016 million) debtors figure in the table above relates to trade debtors for goods and services delivered and is included in the overall debtors figure of £36.342 million (2018-19:

£32.300 million) included in the balance sheet. More information in relation to debtors can be found at note 23.

### Financial Liabilities

31 March 2019					31 March 2020			
Current		Non-current			Current		Non-current	
Borrowings £'000	Creditors £'000	Borrowings & Other Long Term Liabilities £'000	Total £'000		Borrowings £'000	Creditors £'000	Borrowings & Other Long Term Liabilities £'000	Total £'000
(2,551)	(5,687)	(114,466)	(122,704)	Amortised Cost	(915)	(6,337)	(113,848)	(121,100)
<b>(2,551)</b>	<b>(5,687)</b>	<b>(114,466)</b>	<b>(122,704)</b>	<b>Total</b>	<b>(915)</b>	<b>(6,337)</b>	<b>(113,848)</b>	<b>(121,100)</b>

The current borrowings figure above includes £0.278 million of accrued interest payable for the year.

The current creditors figure of £6.337 million (2018-19: £5.687 million) relates to trade creditors for goods and services received of £5.883 million (2018-19: £5.132 million) and £0.454 million (2018-19: £0.555 million) monies held by the Council on behalf of third parties and is included in the overall creditors figure of £34.533 million (2018-19: £31.782 million) on the balance sheet. More information in relation to creditors can be found at note 25.

### 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.

31 March 2019 Gross Assets (Liabilities) £'000	Offsetting of Financial Assets and Liabilities	31 March 2020 Gross Assets (Liabilities) £'000
1,859	Bank Accounts in Credit	1,936
<b>1,859</b>	<b>Total Financial Assets</b>	<b>1,936</b>
(1,982)	Bank Overdrafts	(1,530)
<b>(1,982)</b>	<b>Total Financial Liabilities</b>	<b>(1,530)</b>
<b>(123)</b>	<b>Net Position on Balance Sheet</b>	<b>406</b>

### Income, expense, gains and losses

The income, expense, gains and losses recognised in the Comprehensive Income and Expenditure Statement for financial instruments are shown below:



31 March 2019				31 March 2020		
Financial Liabilities Amortised Cost	Financial Assets Amortised Cost	Total		Financial Liabilities Amortised Cost	Financial Assets Amortised Cost	Total
£'000	£'000	£'000		£'000	£'000	£'000
5,910	-	5,910	Interest Expense	5,855	-	5,855
-	(1,012)	(1,012)	Investment Income and Other Interest Receivable	-	(1,099)	(1,099)
<b>5,910</b>	<b>(1,012)</b>	<b>4,898</b>	<b>Net (gain)/loss for the year</b>	<b>5,855</b>	<b>(1,099)</b>	<b>4,756</b>

### Fair Values of Financial Assets and Liabilities that are not measured at Fair Value

The Council does not have any financial assets or liabilities that are carried at fair value. The fair values calculated for assets held at amortised cost are detailed below.

31 March 2019		Financial Assets	31 March 2020	
Carrying amount £'000	Fair Value £'000		Carrying amount £'000	Fair Value £'000
		<i>Financial assets held at amortised cost:</i>		
4,011	4,010	Long-term investments	-	-
<b>4,011</b>	<b>4,010</b>	<b>Total interest revenue</b>	<b>-</b>	<b>-</b>

The fair value of **Financial Assets** is lower than the carrying amount because the interest rate on similar investments at the balance sheet date is higher than that agreed when the investment was originally made. The fair value of financial assets is calculated on other significant observable inputs (Level 2) which is interest rates for similar instruments.

31 March 2019		Financial Liabilities	31 March 2020	
Carrying amount £'000	Fair Value £'000		Carrying amount £'000	Fair Value £'000
		<i>Financial liabilities held at amortised cost:</i>		
(77,617)	(110,769)	PWLB	(77,617)	(111,997)
(19,795)	(31,507)	LOBOs	(19,784)	(31,299)
(17,054)	(25,391)	PFI and other long term liabilities	(16,447)	(22,813)
<b>(114,466)</b>	<b>(167,667)</b>	<b>Total</b>	<b>(113,848)</b>	<b>(166,109)</b>

The fair value of **Financial Liabilities** is higher than the carrying amount because the Council's portfolio of loans includes a number of loans where the interest rate payable is higher than the prevailing rates at the Balance Sheet date.

The fair value of liabilities is calculated using other significant observable inputs (Level 2) as follows:

- PWLB – Public Works Loan Board – market rates for local authority loans of the same remaining term to maturity as at the Balance Sheet date
- LOBO – Lender's Option Borrower's Option – 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 Bermudian 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 rate.

- Other financial liabilities – discounted contractual cash flows at the appropriate AA-rated corporate bond yield.

### **Nature and extent of risks arising from Financial Instruments**

The Council's activities expose it to a variety of financial risks including:

- **Credit risk** – the possibility that other parties may 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 unplanned financial loss may arise for the Council as a result of changes in such measures as interest rates movements.

The Council's overall risk management strategy is approved by Council and set out within its annual Treasury Management Strategy. The Strategy sets out the parameters for the management of risks associated with financial instruments which covers specific areas such as interest rate risk, credit risk and the investment of surplus cash.

#### **Credit Risk**

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers. The risk is minimised through the Annual Investment Strategy included in the Council's Treasury Management Strategy, which is available on the Council's website via the Council agenda Item 10 – Treasury Management and Capital Strategies 2019-20 [here](#).

The Council's credit risk management practices are set out within the Investment Strategy. In determining whether the credit risk of financial instruments has increased since initial recognition, the Council has reviewed the creditworthiness of its investments and has concluded that there has not been a significant increase in credit risk.

The Council's primary objective is to give priority to security and liquidity prior to consideration of yield. Counterparty limits are constantly reviewed and where market conditions dictated, limits are reduced. During the year there were no changes that required the Council to consider any investments having an increased credit risk.

#### **Credit risk exposure**

As at 31 March 2020 the Council had the following exposure to credit risk. £21.079 million of the £30.094 million investments outstanding at 31 March 2020 were invested with other Local Authorities, where an expected loss allowance is not required. For those financial assets where a 12 month expected credit loss is calculable, the calculated credit loss is £6,657. This has been calculated by reference to historic default data published by credit rating agencies as advised by our Treasury Management Advisors. Due to the immateriality of the expected credit loss, no adjustment has been made in the accounts for this.

	Credit risk rating (as used by the Council)	Gross carrying amount £'000
12 month expected credit losses	AA+	(2,000)
	AA-	(2,008)
	A+	(3,000)
	A	(2,006)
Simplified approach	Local Authorities - unrated	(21,079)
<b>TOTAL</b>		<b>(30,093)</b>

Council does not generally allow credit for its customers (trade debtors) such that all the trade debtors are recognised as short term, however, £3.696 million balance of debtors is past due date for payment. These are not included in the credit risk table above.

### 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 Council can access Public Works Loan Board (PWL) borrowing, although rates increased in October 2019 by 1%, making this a less favourable financing option. 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. The Council sets limits on the maturity structure of fixed rate borrowing such that no more than 50% of loans are due to mature in any one year through careful planning of new loans taken out and (where it is beneficial to do so) making early repayments. The maturity analysis of financial liabilities is as follows:

31 March 2019 £'000	Maturity Analysis Financial Liabilities	31 March 2020 £'000
(11,314)	Less than 1 year	(8,181)
(891)	Between 1 and 2 years	(995)
(3,092)	Between 2 and 5 years	(3,248)
(19,410)	Between 5 and 10 years	(26,582)
(29,888)	Between 10 and 20 years	(21,800)
(41,390)	More than 20 years	(41,389)
(19,795)	Uncertain date*	(19,784)
<b>(125,780)</b>	<b>Total Financial Liabilities</b>	<b>(121,979)</b>

\* This refers to the Lender's Options Borrower's Options which may be rescheduled in advance of their maturity date of 2054, however, the Council does not anticipate this will occur due to the current low interest rates.

All trade and other payables are due to be paid in less than one year.

### 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.

### Interest Rate Risk

The Council is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council. For instance, a rise in interest rates would have the following effects:

- borrowings at variable rates – the interest expense charged to the Surplus or Deficit on the Provision of Services 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 Surplus or Deficit on the Provision of Services will rise
- 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 asset will fall

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investment will be posted to the Surplus or Deficit on the Provision of Services and affect the Council Fund Balance.

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 2020, if there had been a 1% change in interest rates with all other variables held constant, the financial effect would be approximately:

	Estimated £'000 + 1%	Estimated £'000 -1%
Interest payable on variable rate borrowings	133	-
Interest receivable on variable rate investments	(212)	212
<b>Impact on Surplus or Deficit on Provision of Services</b>	<b>(79)</b>	<b>212</b>

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.

### **Price risk**

As the Council has not invested in instruments that are subject to price risk, such as bank certificates of deposit and Government Bonds, it is not subject to price risk.

### **Foreign Exchange Risk**

The Council has no financial assets or liabilities denominated in foreign currencies and thus has no exposure to loss arising from movements in exchange rates.

### **Transition to IFRS9 Financial Instruments**

The Council adopted the IFRS9 Financial Instruments accounting standard with effect from 1 April 2018. The main changes include the reclassification and re-measurement of financial assets and the earlier recognition of the impairment of financial assets.

The nature of the Council's financial instruments has meant no changes to the Council's balance sheet on transition.

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

Where an event or information arises after the reporting period (i.e. after 31 March 2020) that relates to conditions existing at 31 March 2020, certain figures in the financial statements and notes would be adjusted if necessary, in all material respects, in order to reflect the impact of the event or information. Whilst there have been no such events after 31 March 2020 that have required adjustment, there is one non-adjusting event that needs reporting.

With regard to the McCloud Judgement outlined in note 30, on 16 July 2020 the Ministry of Housing, Communities and Local Government (MHCLG) and HM Treasury published consultation documents seeking views on a proposed remedy for the McCloud pension case. The consultation, which closes on 8 October 2020, seeks views on proposals that would extend LGPS statutory underpin protection to younger members of the scheme.

### **33. 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 31 March 2020 the Council had been made aware of issues about the standard of work undertaken by a contractor who is now insolvent. No provision has been made in these accounts.

## Notes to the Cash Flow Statement

### 34. Adjustments for Non-Cash Movements

2018-19 £'000		2019-20 £'000
(4,463)	Depreciation & Impairment of Assets	(20,015)
5,067	Movement in Inventories, Debtors & Creditors	1,852
(21,210)	Pension Fund Adjustments	(18,380)
(2,034)	Provisions	1,251
(2,159)	Disposal of Non Current Asset	(1,141)
275	Changes in Fair Value of Investment Property	-
<b>(24,524)</b>	<b>Adjustments to net deficit on the provision of services for non-cash movements</b>	<b>(36,433)</b>

### 35. Operating Activities

The cash flows for operating activities include the following items:

2018-19 £'000		2019-20 £'000
(9,577)	Cash Flow on Revenue Activities	(16,662)
4,549	Interest Paid	6,228
1,360	Interest element of finance lease and PFI rental payments	1,305
(1,040)	Interest Received	(1,069)
<b>(4,708)</b>	<b>Net Cash Flows from Operating Activities</b>	<b>(10,198)</b>

### 36. Investing Activities

The cash flows for investing activities include the following items:

2018-19 £'000		2019-20 £'000
21,477	Purchase of Property, Plant and Equipment and Intangibles	18,975
(5,028)	Purchase / (Proceeds) from Short Term Investments	1,031
(1,884)	Proceeds from sale of Property, Plant and Equipment and Investment Property	(925)
<b>14,565</b>	<b>Net Cash Flows from Investing Activities</b>	<b>19,081</b>

### 37. Financing Activities

The cash flows for financing activities include the following items:

2018-19 £'000		2019-20 £'000
(2,920)	Cash Receipts of short and long term borrowing	1,647
(10,900)	Other Receipts from financing activities	(13,125)
3,000	Repayments of short and long term borrowing	-
<b>(10,820)</b>	<b>Net Cash Flows from Financing Activities</b>	<b>(11,478)</b>

# The independent auditor's report of the Auditor General for Wales to the Members of Bridgend County Borough Council

## Report on the audit of the financial statements

I have audited the financial statements of Bridgend County Borough Council for the year ended 31 March 2020 under the Public Audit (Wales) Act 2004.

Bridgend County Borough Council's financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement and the related notes, including a summary of significant accounting policies.

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 2019-20 based on International Financial Reporting Standards (IFRSs).

In my opinion the financial statements:

- give a true and fair view of the financial position of Bridgend County Borough Council as at 31 March 2020 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with legislative requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2019-20.

### Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)). My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of Bridgend County Borough Council in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Emphasis of matter

I draw attention to Note 30 of the financial statements, which describes the impact of a material uncertainty disclosed in a pension fund manager report in their year-end valuation report for the UK property fund they manage on behalf of the Rhondda Cynon Taf Pension Fund. The Council has disclosed this material uncertainty and my audit opinion is not modified in respect of this matter.

### Conclusions relating to going concern

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the responsible financial officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about Bridgend County Borough Council's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## Other information

The responsible financial officer is responsible for the other information in the annual report and accounts. The other information comprises the information included in the annual report other than the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated later in my report, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information to identify material inconsistencies with the audited financial statements 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.

## Report on other requirements

### Opinion on other matters

In my opinion, based on the work undertaken in the course of my audit:

- the information contained in the Narrative Report for the financial year for which the financial statements are prepared is consistent with the financial statements and the Narrative Report has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2019-20.
- The information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and the Governance Statement has been prepared in accordance with guidance.

### Matters on which I report by exception

In the light of the knowledge and understanding of Bridgend County Borough Council and its environment obtained in the course of the audit, I have not identified material misstatements in the Narrative Report or the Governance Statement.

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 financial 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.

## 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.

## Responsibilities

### Responsibilities of the responsible financial officer for the financial statements

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on page 13, the responsible financial officer is responsible for the preparation of the statement of accounts, which gives a true and fair view, and for such internal control as the responsible financial officer determines is necessary to enable the preparation of statements of accounts that are free from material misstatement, whether due to fraud or error.



In preparing the statements of accounts, the responsible financial officer is responsible for assessing Bridgend County Borough Council's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

### **Auditor's responsibilities for the audit of the financial statements**

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my auditor's report.

**Anthony J Barrett**

**For and on behalf of the Auditor General for Wales**

**24 Cathedral Road, Cardiff CF11 9LJ**

**14 September 2020**

*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.*



## Foreword

### “One Council working together to improve lives”

**This is the Council’s vision as stated in the [Corporate Plan](#) for 2018-2022 reviewed for 2020-21, which also sets out what our long-term Well-being objectives are so that amongst all of the complexity of increased demand and reduced resources we can keep a clear focus on what is really important for our communities.**

We want to contribute to a place where people love to live, work, study and do business, where people have the skills and qualifications they need to improve their life chances, enjoy good health and a sense of well-being and independence.

It is necessary to ensure that our communities and those that use and pay for our services, those who deliver our services and our partners and suppliers have confidence in our governance arrangements. They must be assured that our services are provided effectively and efficiently and delivered on a consistent basis, that public money is safeguarded and properly accounted for; and that decisions are taken transparently and lawfully. This is especially the case given the challenges faced by us all during the worldwide Coronavirus pandemic that has affected everyone and every business across the county borough. Additional measures have been put in place to ensure the Council maintains proper governance through this unprecedented event.

The Council also has a duty to set well-being objectives under the Well-being of Future Generations (Wales) Act 2015 and the Local Government (Wales) Measure 2009 to make arrangements to secure continuous improvement in delivering its functions in terms of strategic effectiveness, service quality, service availability, fairness, sustainability, efficiency and innovation.

Our governance arrangements operate effectively in supporting the Council in meeting its challenges and responsibilities, and have continued to do so in the current uncertain times. Improvements are continually being made and opportunities to do so going forward have been identified. These will be monitored during 2020-21 to ensure that the necessary improvements are made.



Mark Shepherd  
Chief Executive



Cllr Huw David  
Leader of the Council



*Dunraven Place regeneration*

## What is Corporate Governance?

Corporate governance comprises the systems, processes, culture and values by which the Council is directed and controlled, led and held to account, and how it engages with stakeholders. It is also about the way that Councillors and employees think and act.

The Governance Framework 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.

## What this Statement tells you

This Statement describes the extent to which the Council has complied with its Code of Corporate Governance and the requirements of the Accounts and Audit (Wales) Regulations 2014 and the Accounts and Audit (Wales) (Amendments) Regulations 2018, for the year ended 31 March 2020.

It also sets out how the Council has responded to governance issues identified during 2018-19 and actions to be undertaken during 2020-21 following an annual review of the Governance Framework during 2019-20.

The Statement has been prepared in accordance with the 2016 guidance: '[Delivering Good Governance in Local Government Framework](#)' produced by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives and Senior Managers (SOLACE)

## The Council's Governance Responsibilities

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.

It also has a duty 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<sup>1</sup>.

The Council must consider the longer term impact of any decisions it makes, and should work collaboratively with other public bodies to improve wellbeing in Wales.<sup>2</sup>

As a public body the Council has to ensure it delivers sustainable economic, societal and environmental outcomes as a key focus of its governance process and structures. This is achieved by:

- behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law
- ensuring openness and comprehensive stakeholder engagement

The Council's Code of Corporate Governance sets out its commitment to, and responsibility for, ensuring that there is a sound system of governance in place. The [Code](#) and [governance schedule](#) is on the Council's website or can be obtained from the Section 151 Officer.

The Council's Code of Corporate Governance sets out the seven principles of good governance in line with the CIPFA Code.

Bridgend County Borough Council Code of Governance (2017)	
The Council's Governance Principles are based on the following:	
A	Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
B	Ensuring openness and comprehensive stakeholder engagement
C	Defining outcomes in terms of sustainable economic, social and environmental benefits
D	Determining the interventions necessary to optimise the achievement of the intended outcomes
E	Developing the entity's capacity, including the capability of its leadership and the individuals within it
F	Managing risks and performance through robust internal control and strong public financial management
G	Implementing good practice in transparency, reporting, and audit to deliver effective accountability

<sup>1</sup> Local Government (Wales) Measure 2009

<sup>2</sup> Well-being of Future Generations (Wales) Act 2015

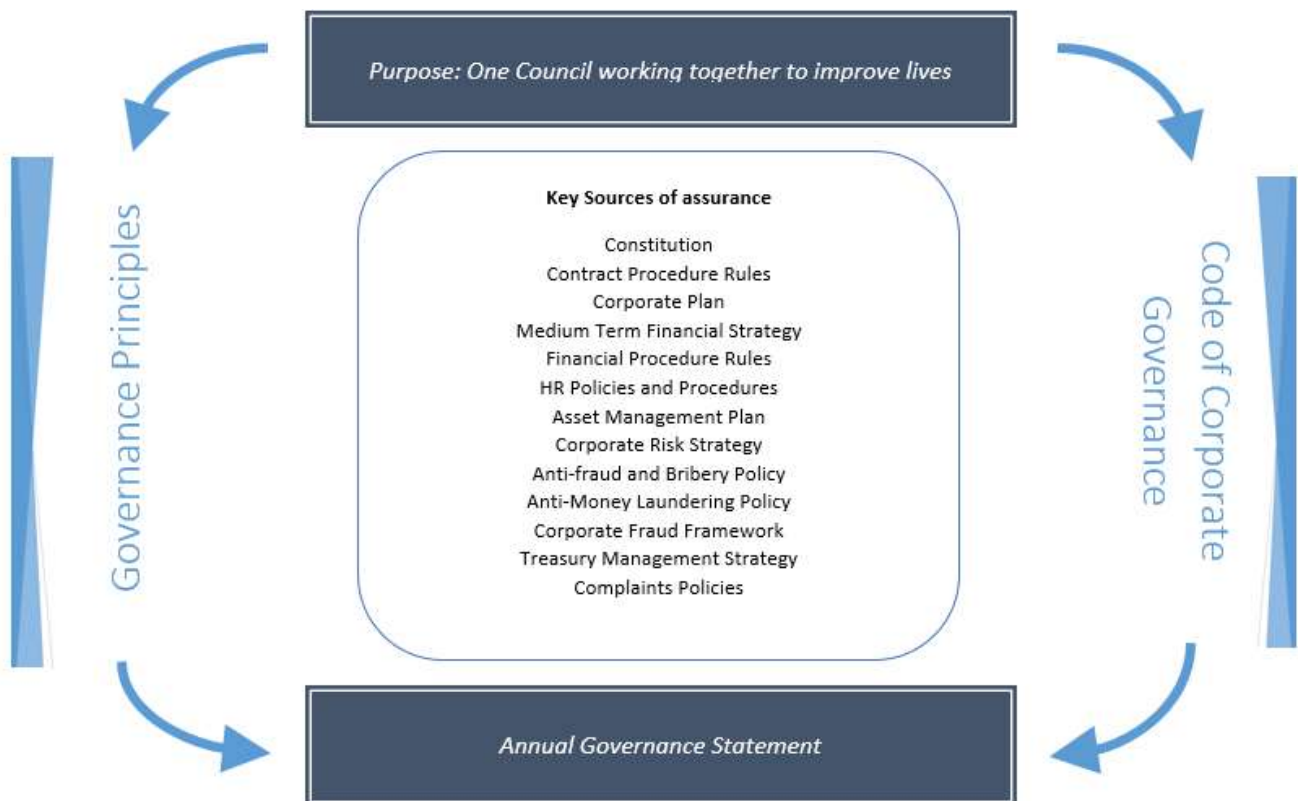
## The Governance Framework

**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.**

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 the risk, the system of internal control is designed to identify and prioritise risks, evaluate the likelihood of those risks materialising and manage their impact.

In order to review the effectiveness of the governance framework, assurances are provided to, and challenged by, the Audit Committee, Scrutiny Committees, Council, Cabinet and Corporate Management Board as appropriate. In addition the Section 151 Officer promotes and delivers good financial management and the Monitoring Officer legal and ethical assurance.

Some of the key elements of the governance framework are highlighted below.



More widely, as part of its partnership and joint working arrangements, the Council is involved in bespoke external governance arrangements driven by the different partnership and delivery arrangements in place. Examples of these include the following:

- The Council is one of ten Councils jointly delivering the Cardiff Capital Region City Deal (CCRCD), which has in place joint Scrutiny and Cabinet to ensure governance in its implementation. The CCRCD aims to raise economic prosperity, job prospects and improve digital and transport connectivity and is a significant investment into the South Wales economy.

The Council is committed to contributing to the delivery of these objectives across the region to ensure that the community and business within the Borough can benefit from this investment.

- One of the most significant changes in April 2019 was the Health Board boundary change which meant that all community health services within Bridgend County Borough transferred from Abertawe Bro Morgannwg University Health Board into the new Cwm Taf Morgannwg University Health Board. Bridgend is now part of the new Cwm Taf Morgannwg Region. During 2019/20 the new regional arrangements have been put in place for the health and social care partnership and a new governance structure will be presented to the Regional Partnership Board in early 2020/21.
- The Council is a participant in a number of shared services, with other local authorities, such as the Shared Regulatory Services with Cardiff and the Vale of Glamorgan Councils, and Central South Consortium, a joint education service for five local authorities. These are governed by joint committees which comprise elected members from each of the local authorities. The Council also is a partner in the Regional Internal Audit Shared Services with Vale of Glamorgan, Rhondda Cynon Taff and Merthyr Tydfil Councils.

## COVID-19

The UK was put into lockdown on 23 March 2020 in an unprecedented step to attempt to limit the spread of coronavirus. This followed similar action in other countries across the world. The UK Government put into place a limited number of reasons for people to be allowed to leave their homes. As a consequence many non-essential shops and businesses had to close, schools were closed and all non-key workers were required to work from home where possible. Initially the lockdown was for a period of 3 weeks but this was then extended with a slow lifting of restrictions only beginning 2 months after the lockdown started. The worldwide COVID-19 pandemic has, and will continue to have, an unprecedented impact upon society as a whole. This has led to significant changes to the day-to-day management of the Council, and the nature and delivery of its operations.

In order to maintain continuity of service wherever possible, the Council moved extremely quickly to equip as many of its office-based staff with mobile technology to enable home-working within a very short timescale. Nearly all office-based staff have been equipped to work at home with laptops, with telephone facilities installed on the laptops as offices across the County Borough closed. Some staff have been able to work on home computers and link to the Council's corporate network. The Council significantly increased its infrastructure ability to enable all who could work from home to do so. This included providing multiple accessibility platforms to enable access. The capacity of back end storage has been increased. Whilst the security of the network remains at a high level, to mitigate a potential risks the use of Outlook Web Access was removed. In addition to this and to further strengthen network security, the Council has increased its firewall provision. Where roles for staff have diminished as a result of reduced volumes of work or services not being delivered, opportunities for temporary redeployment are actively sought and implemented.

The Council has had to consider which of its front-line services it could continue to deliver, taking into account the number of staff self-isolating and actually sick. The Council maintained a significant number of essential services running, particularly the provision of social care services for vulnerable adults and children and waste collection services. However, following a Welsh Government announcement the majority of schools closed for pupils on 20 March 2020 with the exception of some schools for the children of essential and key workers who have to be in work and are unable to keep their children at home. The provision of free school meals for eligible children has also continued. Whilst day centres within Adult Social Care were closed, alternative provision at home has been provided where possible. Services not operating during the pandemic include:

- Schools (as noted above)
- Day Services (although alternative provision is being put in place where appropriate)
- Leisure Centres (which are run by our partner organisation, Halo)
- Cultural venues – libraries, life centres and the Grand Pavilion
- Parks & Playing Fields

Some services were temporarily suspended and/or delivered in a new way, including:

- Community recycling centres and garden waste
- Registrars
- Provision of transport

As the country moved into lockdown, all formal meetings of Council were immediately cancelled. This was in line with government measures to mitigate the spread of Coronavirus. This extended to Council, Cabinet and all committee and sub-committee meetings including Development Control, Overview and Scrutiny, Audit Committee and Licensing. All other non-essential meetings were also cancelled. Key and urgent decisions continue to be made in accordance with the Council's Scheme of Delegation of Functions and urgent decision-making procedures. Schedules of the use of the Emergency Powers and key decisions exercised during the pandemic are reported to all Elected Members on a weekly basis and published on the Council's website. To ensure appropriate governance procedures are in place during this time, on 17 March 2020 a COVID-19 Group was established with members of the Cabinet and Corporate Management Board (CMB), along with a number of other key officers. Decisions made during these COVID-19 meetings and outside the normal delegation process are recorded in the minutes, and any actions or updates communicated via the Council's daily updates on its website.

Local Authorities have now been given new powers to hold public meetings virtually under the Local Authorities (Meetings) (Wales) Regulations 2020 using video conferencing technology. This was effective from 22 April 2020 and applies to meetings held up until 1 May 2022. There is no longer a requirement to hold such meetings in person during the pandemic. This will enable the Council to make effective and transparent decisions on the delivery of services for residents whilst ensuring that Councillors, staff and the wider public are able to follow government advice by staying at home to stop the spread of Coronavirus. The Council will be required to determine how meetings are conducted, voting procedures will work and how to ensure that the public have access.

Part of the national response to the impact of the pandemic has been to provide additional financial support to the economy, including the distribution of Business Grants and extended business rates relief, both of which have been administered by the Council. This has required staff to focus on administering, managing and paying a large volume of grants in short timescales, at the same time as dealing with the impact of the new council tax and business rates bills on citizens and businesses within the County Borough. The management of this has been coordinated via the Finance department, working closely with colleagues in Regeneration, Legal and Customer Services to respond to as many businesses as possible within as short a timescale as possible, at the same time ensuring that public funds are used appropriately and that control mechanisms are in place to safeguard the funding.

Other services have had to think differently about how they could continue to provide services during the lockdown period, and to re-consider options as time went on. One example is the provision of free school meals, which initially was provided through a 'packed lunch' style arrangement, which pupils collected from specific locations. Over time, and to address social distancing rules, this has changed to a food parcel delivery service to pupils' homes. Options were presented to the Covid-19 Group to determine the preferred way forward.

In addition to the business grants, Welsh Government has provided a number of specific grants to meet the additional costs of Local Authorities, for costs in general and targeted at specific areas, such as adult social care, free school meals, cyber security and school counselling. Costs are being collated



across the Council to enable these grants to be drawn down. There is also the impact of lost income from fees and charges, which creates an additional pressure, coupled with a likely downturn in council tax collection due to the impact of the financial circumstances on a number of residents, and the consequential increase in those claiming council tax reduction. At this stage it is unclear whether this additional funding will cover all of the Council's additional costs incurred as a result of the pandemic, but close monitoring is in place and all costs are subject to close scrutiny.

The Council took on board the guidance and advice set out in Procurement Policy Notice 01/20: Responding to Covid-19, and subsequent notices, and put in place a number of measures to support suppliers, including payments in advance of supply where appropriate, maintaining management fee levels for some of our key providers during the pandemic, and increasing the number of BACS payments made per week to ensure funding reached supplier accounts more quickly. This was done mindful of the Council's Financial Procedure Rules, delegated powers process and the Covid-19 decision making process. Whilst supporting suppliers in this way, to minimise any risk of fraud, those who received funding from the Council were requested to sign up to an open book accounting process so that the Council could verify any funding the organisation received, to ensure no duplicate funding was made.

Whilst a number of Council capital schemes have been delayed, the longer term consequences of the coronavirus pandemic are not yet known or have been quantified. However it seems inevitable that a number of businesses will find themselves in financial difficulties and maybe go out of business. There are also likely to be potential increases in levels of deprivation with associated demands placed upon Council services as a consequence of the increased number of families applying for universal credit and council tax support. Financially we expect there to be pressures on service costs, reduced council tax and business rates income, reduced income at car parks and playing fields and other facilities as people remain wary of going out and socialising in large groups. In the short term it will be difficult to quantify the wider impacts, which will be understood once the peak of the pandemic has passed and life begins to return to normal. Whilst the Council has provided a holiday rental window to businesses renting Council premises during the crisis period, this may not be enough for their longer term survival. It is likely it will take some time to recover from the economic downturn due to Covid and the impact is likely to be felt for at least the next year if not longer.

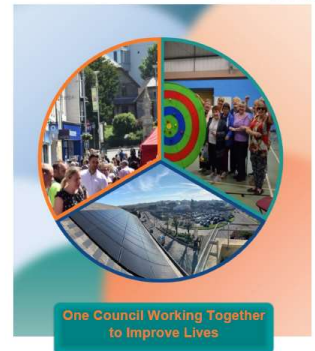
The Government is likely to impose social distancing rules for some time to come, which will have consequential impacts on services such as leisure and cultural services, where mass attendances at leisure centres, swimming pools and public performance events will have to adjust to any new rules following Covid-19. Retail and leisure services independent to the Council will also be affected as it takes time for public confidence to increase.

In July 2020 the Council established a cross-party Recovery Panel whose role is to inform, support and challenge the recovery exercise, and ensure that elected Members and key partners have an opportunity to feed into and shape thinking, and make recommendations back to Cabinet.



## The Corporate Plan

The Corporate Plan 2018-22, agreed in February 2018, sets out the Council’s vision: ‘**One Council working together to improve lives**’. The Plan defines the Council’s three priorities – also known as our Well-being objectives – that sets out how the Council intends to deliver them. The Council defines its purpose to ‘contribute to a place where people love to live, work, study and do business, where people are qualified with the skills they need to improve their life chances and enjoy good health and independence’.



Corporate Plan 2018-2022 reviewed for 2020-2021

Well-being Goal	Well-being Objective		
	Supporting a successful sustainable economy	Helping people and communities to be more healthy and resilient	Smarter use of resources
A prosperous Wales	✓		✓
A resilient Wales			✓
A healthier Wales	✓	✓	✓
A more equal Wales	✓	✓	✓
A Wales of cohesive communities	✓	✓	✓
A Wales of vibrant culture and thriving Welsh language	✓	✓	
A globally responsible Wales	✓		✓

Underpinning the Council’s Corporate Plan and throughout its decision-making process, the principles of the Well-being of Future Generations (Wales) Act 2015 are applied. The table shows how the Council’s well-being objectives contribute to the seven well-being goals.

In addition to the seven well-being goals, the Well-being of Future Generations (Wales) Act 2015 puts in place the sustainable development principle, and defines the five ways of working that public bodies must adopt to demonstrate they have applied the sustainable development principle. The five ways of working are:

**Long-term:** thinking of future generations and of our natural resources.

**Prevention:** this is the step before any issues arise and is aimed at making sure that solutions and interventions are targeted and available to stop statutory services being required.

**Integration and collaboration:** with colleagues and partners. Ensure decisions are joined up across services and work more closely with partners in the public, private and third sectors.

**Involvement:** consult and involved local people in planning and delivering services.

5 Ways of Working	Long term	Prevention	Integration	collaboration	Involvement
<b>Our Principles</b>					
To support communities and people to create their own solutions and reduce dependency on the Council.					
To focus diminishing resources on communities and individuals with the greatest need.					
To use good information from service users and communities to inform its decisions.					
To encourage and develop capacity amongst the third sector to identify and respond to local needs.					
To not let uncertainty over the future of public services prevent meaningful and pragmatic collaboration with other public sector bodies.					
To work as one Council and discourage different parts of the organisation from developing multiple processes or unnecessarily different approaches.					
To transform the organisation and many of its services to deliver financial budget reductions as well as improvements.					

**Welsh language** – Wales has two official languages, Welsh and English, and services and information should be equally available in both. The Council's internal business language is English, but all the services and information we provide for local people will be equally available in either language.

The Corporate Plan identifies a number of key principles which underpin its Well-being objectives and has adopted a set of values that represent what the Council stands for and influences how it works.



Bridgend Council's Well-being objectives	
Supporting a successful sustainable economy Helping people and communities to be more healthy and reliant Smarter use of resources	
Key Principles	Values
<p>Where ever possible <b>the Council</b> will support communities and people to create their own solutions and reduce dependency on the Council</p> <p><b>The Council</b> will focus diminishing resources on communities and individuals with the greatest need</p> <p><b>The Council</b> will use good information from service users and communities to inform its decisions</p> <p><b>The Council</b> will encourage and develop capacity amongst the third sector to identify and respond to local needs</p> <p><b>The Council</b> will not let uncertainty over the future of public services prevent meaningful and pragmatic collaboration with other public sector bodies</p> <p><b>The Council</b> will work as one Council and discourage different parts of the organisation from developing multiple processes or unnecessarily different approaches</p> <p><b>The Council</b> will transform the organisation and many of its services and in so doing will deliver financial budget reductions as well as improvements</p>	<p><b>Fair</b> – taking into account everyone's needs and situations</p> <p><b>Ambitious</b> – always trying to improve what we do and aiming for excellence</p> <p><b>Citizen-focused</b> – remembering that we are here to serve our local community</p> <p><b>Efficient</b> – delivering services that are value for money</p>

## Assessing Performance

**The Councils' performance is reported in its Annual Report, its annual self-evaluation of progress against the Council's Corporate Plan.**

Audit Wales<sup>3</sup>, our External Auditor, assesses the Council's arrangements for delivering continuous improvement and subsequent performance, the results of which are published in their [Annual](#)

<sup>3</sup> Since 1 April 2020 the Wales Audit Office and Auditor General are branded as Audit Wales. The statutory names remain Wales Audit Office and Auditor General for Wales.

**Improvement Report.** In October 2019 they reported that ‘the Auditor General believes that the Council is likely to comply with the requirements of the Local Government Measure (2009) during 2019-20’. Whilst there were some proposals for improvements, the Auditor General made no formal recommendations, demonstrating the commitment of the Council to continuous improvement.

Audit Wales have undertaken and reported on a number of reviews during the year, the key outcomes of which are set out below.

Report	Key outcomes
<p><b>Savings Planning Follow Up, August 2019</b></p>	<p><b>The purpose of the review was to assess the Council’s progress in addressing proposals for improvement in the Council’s savings planning, and consider the effectiveness of the Council’s arrangements for achieving its savings proposals.</b> Overall the review found that the Council has strengthened arrangements to develop and achieve savings plans, but further work is needed to develop a deliverable medium term financial strategy. The review noted that the Council has identified indicative proposals to cover the period of the medium term financial strategy, but more work is needed to fully develop proposals for 2020-21 and beyond. The Council has strengthened the arrangements for developing budget savings proposals, but further work is needed to ensure that timescales for delivery are as accurate as possible. The review also noted that in prior years achievement of savings plans has been variable, but the Council achieved most of its 2018-19 savings plans and now needs to ensure that its strengthened arrangements continue this improved position. No further proposals were identified during the follow up.</p>
<p><b>Delivery with Less – Environmental Health Services – Follow up Review, September 2019</b></p>	<p><b>The purpose of the review was to follow up on recommendations made after a 2014 national review of Environmental Services.</b> Since that time Bridgend has partnered with Cardiff Council and the Vale of Glamorgan Council under a joint working agreement known as the Shared Regulatory Service (SRS), providing environmental health, licensing and trading standards. The review sought to answer the question: ‘is the Council’s environmental health service continuing to deliver its statutory obligations given the financial challenges?’ Overall the Audit Wales found that the SRS model is enabling the Council to sustain its delivery of environmental health services in a context of reducing resources and additional responsibilities placed on it by ongoing changes in legislation. They did feel however that there is scope for the Council to strengthen its scrutiny and oversight arrangements of environmental health services and work with SRS and other providers to explore the opportunities for future improvement.</p>
<p><b>Well-being of Future Generations: An examination of delivering the Porthcawl Resort Investment Focus Programme, October 2019</b></p>	<p><b>The review sought to assess the steps the Council has taken to meet its Wellbeing Objectives and the extent to which it is acting in accordance with the Sustainable development principle in delivering the programme.</b> The review found that there are positive aspects in how the Council has taken account of the sustainable development principle in its approach to delivering the programme. It did find however that the Council has further work to do to consistently embed the five ways of working. The Council has responded to these recommendations including a review of the Masterplan for Porthcawl to develop a long-term and holistic vision for the town; it will work with its partners and regularly review how to integrate local and national Wellbeing Goals as early as possible; and long term transport solutions will be considered as part of the Strategic Transport Plan and Local Development Plan.</p>
<p><b>Follow-up review of corporate arrangements for the safeguarding of children, October 2019</b></p>	<p><b>Audit Wales undertook to seek assurance that the Council has effective corporate arrangements in place for safeguarding</b> and to answer the question: ‘Has the Council acted upon the recommendations and proposals for improvement contained in the national and local reports of the Auditor General published in 2014 and 2015?’</p>

	<p>Overall the review found that the Council has met, or partially met, the previous recommendations and proposals for improvement, but it identified some further proposals for improvements to strengthen aspects of the Council's corporate safeguarding arrangements. These included:</p> <ul style="list-style-type: none"> <li>• strengthening awareness of the roles of the lead officer and lead member for safeguarding</li> <li>• strengthen the Corporate Safeguarding Policy</li> <li>• strengthen its Recruitment and Selection Manager's Guidelines in relation to safeguarding and safe recruitment</li> <li>• update the DBS Policy to make sure it makes reference to current legislation</li> <li>• ensure the consistent use of safeguarding provisions in tenders and contracts awarded across all Directorates and ensure appropriate monitoring of such contractual commitments</li> <li>• improve the approach to safeguarding training including when mandatory training needs to be refreshed</li> <li>• develop a central system for recording and monitoring volunteer information, including training records and DBS checks for volunteers</li> </ul>
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## Decision Making and Responsibilities

**The Council consists of 54 elected Members, with an elected Leader and Cabinet who are supported and held to account by Scrutiny Committees.** The Council's constitution sets out how the Council operates, how decisions are made and the procedures for ensuring that the Council is efficient, transparent and accountable to local people. It contains the basic rules governing the Council's business, and sets out a list of functions and decisions exercisable by officers. It also contains the rules and protocols by which the Council, Members and officers operate.



Through the Constitution, along with the Member's Code of Conduct, Standards Committee and role of internal audit, the Council operates with **integrity**, **ethical values** and within its **legal** powers.

All Council and Committee meetings' agendas, papers and minutes can be viewed on-line and all meetings are open to the public unless exempt or confidential matters are being discussed. The Council's forward work programme contains information about all matters that are likely to be the subject of a decision taken by full Council or Cabinet during the forthcoming period. They also include



information regarding Scrutiny Committees. To further enhance **openness** and **comprehensive stakeholder engagement** the Council has a Citizen's Panel, which takes part in surveys on a range of issues. The Council also uses social media to promote services and engage with the public and makes information available on a range of formats to maximise the opportunity for information sharing and residents communicating with the Council.

## Managing Risk

**The Council faces a range of risks as would be expected from the broad range of services it delivers and activities it is engaged with. On a day-to-day basis operational risk arises from the challenge of ensuring sufficient capacity and capability to advise on, and to deliver, the key policy objectives of the Council.**

The Council has developed a robust approach to the management of risk. The Corporate Risk Management Policy is aligned with Directorate Plans and the Council's performance management framework. The Council defines risk as: 'Any potential development or occurrence which, if it came to fruition, would jeopardise the Council's ability to:

- achieve its Well-being objectives
- provide services as planned
- fulfil its statutory duties, including the duty to make arrangements to secure continuous improvement.'

Risks are viewed from both a Service and Council-wide perspective which ensures the key risks are distilled in the [Corporate Risk Assessment](#). The Risk Assessment sets out how the Council is addressing these risk and the mitigating actions it will put in place to reduce them. It is regularly reviewed and challenged by both senior management and the Audit Committee.

It is not possible to eliminate all risk of failure to meet the targets in the Council's policies, aims and objectives and cannot therefore provide absolute assurance of effectiveness, but one of reasonable assurance.

## Financial Management

**The financial management of the Council is conducted in accordance with all relevant legislation and the Constitution. The Council has in place Financial Procedure Rules, Contract Procedure Rules, a specific Financial Scheme for Schools and the scheme of delegation also provides the framework for financial control. The Section 151 Officer is responsible 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.**

The Council's ability to deliver savings and contain its expenditure within its overall budget is well established. However, the Council faces significant challenges in the future in the face of further Government plans to cut public spending and significant uncertainty as a result of Brexit and the impacts this might have on Council services. The Council estimates that it will need to generate approximately £29 million of savings over the period 2020-21 to 2023-24. The Medium Term Financial Strategy has taken account of cost pressures and priority areas in line with the Corporate Plan, and involved extensive consultation to ensure a robust process. It can be found on the Council's website [here](#). Given the single-year funding provided by the Welsh Government, the Council has developed detailed budgets for year on of the Strategy with indicative budgets thereafter based on a range of funding scenarios.



### Consultation overview

Over the past four years, we have made budgetary savings of more than £30 million. Some of the ways we have done this include:

- cutting senior management and reducing our workforce by more than 400 employees
- transferring cultural services to Awen Cultural Trust
- reducing provision of some services like public conveniences and street cleaning

Also, we have made a wide range of investments including state-of-the-art new schools, new sea defences, and new highways improvements.

Despite the changes made to date, **we still have to make a further £35 million saving by 2023**, which is currently 13.5% of our net budget.

In this consultation, some of the areas we are asking you about include:

- council tax
- leisure and cultural services
- schools and education
- transport
- recycling and waste
- social services

The Council has in place robust arrangements for effective financial control through the Council's accounting procedures, key financial systems and the Financial Procedure Rules. This includes established budget planning procedures and regular budget monitoring reports to Cabinet and Scrutiny Committee, as well as detailed information to budget holders. The Council prepares its Annual Accounts as required by the Accounts and Audit (Wales) Regulations and in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom.

The Council follows the CIPFA Code on Treasury Management and Welsh Government's Guidance on Local Authority Investments to ensure that funds invested are secure, accessible when necessary and attract an appropriate return and any borrowings needed are in line with the Council's Treasury Management Strategy, as approved by Council. During the Coronavirus pandemic reliance on Treasury Management advice has been crucial, and significant levels of cash movements meant an increased focus was needed on managing cash flows in as secure a manner as possible. Significant use was made of the Treasury's Debt Management Office to deposit funds during the initial stages of the crisis to maintain security and liquidity, but as the crisis begins to ease monies will be invested in wider instruments in line with the Council's Treasury Management Advisor's advice.

The updated Prudential Code and Treasury Management Code of Practice, issued in December 2017, set out new requirements in relation to the setting of a Capital Strategy. Detailed guidance on these new codes were issued in August and September 2018 with new statutory guidance issued by the Ministry of Housing, Communities and Local Government (MHCLG) in March 2018, outlining new requirements for the Capital Strategy. Welsh Government adopted this guidance in 2019 and the Council approved its Capital Strategy 2019-20 in February 2019, in line with the Code requirements. The strategy requires the Council to consider the longer term as well as the short term. It requires that capital expenditure plans are affordable, prudent and sustainable and outlines the future commitments so that affordability of both the long term plan and any new proposals can be properly understood. Further it enables the ongoing capital and revenue implications of capital expenditure to be better understood. The Capital Strategy is evolving to provide a robust, medium to long term capital plan for the Council.



## Audit and Audit Assurances

**The Council is audited externally by the Auditor General for Wales, supported by Audit Wales. The objectives of this are to obtain assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; that the accounts have been prepared in accordance with legislative requirements and the Code of Practice on Local Authority Accounting in the United Kingdom; and to issue an opinion thereon. They also assess our arrangements for securing economy, efficiency and effectiveness in the use of resources.**

In 2019 the External Auditor gave an unqualified audit opinion on the financial statements 2018-19.

Audit Wales also audit a number of grant claims and in the year completed 11 audits of grants and returns. The audit confirmed that there were generally sound working papers and all claims were certified ahead of the audit deadlines in place. One recommendation was made in relation to Housing Benefits, to continue to review the strength of the Council's arrangements for processing housing benefit claims, which the Council is in the process of doing.

In addition Audit Wales undertake reviews of various services and also performance reviews throughout the year, the outcome of which are reported to Audit Committee.

The Head of Internal Audit's annual opinion on the adequacy and effectiveness of the Council's framework of governance, risk management and control for 2019-20 is:

***“Reasonable Assurance”***

The opinion states that, based on the work completed by the Regional Internal Audit Shared Service for the financial year and the contribution to the Audit Plan made by the South West Audit Partnership Internal Audit Services (SWAP), 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.

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

An issue for the Regional Internal Audit Service has been the number of vacant posts carried by the service. As a consequence SWAP Internal Audit Services were commissioned to help address the shortfall and deliver elements of the Plan. The Internal Audit coverage was still sufficient for the Head of Audit to be able to give an opinion.

A new staffing structure has been developed for the Service and it is planned to commence recruitment when the restrictions around the COVID-19 pandemic allow.

The **Audit Committee** provides independent assurance on the Council's internal control environment. It is a statutory requirement and consists of 12 Councillors and 1 Lay Member. Its main functions are:

- Review & scrutinise reports and recommendations in relation to the Council's Financial Affairs
- Review & scrutinise reports and recommendations on the appropriateness of the Council's risk management, internal control and corporate governance arrangements
- Oversee the Council's internal and external audit arrangements
- To be responsible for ensuring effective scrutiny of the Treasury Management Strategy and Policies
- To monitor the Council's Anti-Fraud and Bribery Strategy, Whistleblowing Policy and Anti-Money Laundering Policy
- To Review and approve the Council's Annual Governance Statement and the Annual Statement of Accounts
- To review and consider reports from the External Auditor and Inspectors



The COVID-19 outbreak has had little impact on the delivery of the internal audit plan for 2019-20 as relevant testing in all but 3 reviews had been completed prior to the lockdown coming into force, allowing final reports to be issued.

During the year there continued to be interim arrangements in place to cover the statutory position of the Council's Section 151 Officer/Head of Finance, which does cause some concern from a continuity and capacity perspective. Whilst there is little or no risk in the short term as the current Statutory Officer is extremely experienced and more than capable to fulfil the role, it is important that the interim position is permanently addressed as soon as possible. To help strengthen the resilience of the Finance function, a temporary Deputy Head of Finance and Section 151 Officer post was appointed in May 2019. Following a review of the Head of Finance role, Council agreed the post should be re-designated as Chief Officer, Finance, Performance and Change. The post was subsequently advertised at the start of 2020, but there was not sufficiently qualified applicants to be able to progress through all stages of the appointments process. The post was re-advertised during June 2020.



*The Pavilion, Porthcawl*

## Improving Governance

The progress made on the significant issues identified in the Council's 2018-19 Annual Governance Statement is shown below:

<p>Medium Term Financial Strategy – the economic uncertainty and increasing public expectations and demands facing public sector organisations continue to challenge and place pressures on the Council, impacting on its ability to deliver the required efficiencies.</p>	<p>The external fiscal climate is kept under continuous review, with regular information on the economic climate, including interest rates and inflation predictions received from our Treasury Management advisors. Assumptions built into the MTFS are adjusted accordingly over the 4 year period.</p> <p>All current and proposed budget reductions are monitored closely against their implementation plan to ensure that they remain deliverable. Any deviation from plans are highlighted through quarterly monitoring reports to Cabinet, and more regular reports to Directors, to ensure plans are put in place to mitigate these.</p> <p>A budget reduction contingency reserve is also available to draw on for one-off delays to proposals that are outside of officers' control.</p> <p>In addition the Council's earmarked reserves are regularly reviewed to make sure they are still required, and at the right level. New reserves are established to deal with one-off pressures, to avoid unnecessary burden on the MTFS, and the Council Fund is maintained at a level that is deemed sufficient to mitigate any unexpected events, without placing the Council in financial difficulty and challenging its financial sustainability.</p>
<p>The findings from the HMIP report on Western Bay Youth Offending Service concluded that the overall rating was inadequate and that <i>'The governance and leadership of the service are ineffective. There is no vision, understanding of purpose or the strategy to provide a high-quality personalised responsive service to children and young people.'</i></p>	<p>Good progress is being made with implementing the post inspection action plan (PIAP). A new staff management structure is in place with two operational lead practitioners overseeing the work of the team. New quality assurance and management oversight arrangements are in place which will result in improved assessments, care plans and associated interventions. A full-time health practitioner has now started with the team to oversee the health needs of young people open to the service.</p> <p>A new management board is in place which has strengthened the governance arrangements. The board is jointly chaired by the Chief Executive of the Council and Cabinet Member for Communities.</p> <p>The focus now is on quality assurance and risk management, which is being driven by the two new operational lead practitioners. Support for young people open to the team is also benefiting from services available from the wider integrated working and family support portfolio.</p>
<p>Outcome of the Estyn Inspection on Education Services</p>	<p>A post inspection action plan was submitted to Estyn in August 2019 following reporting of the plan to Scrutiny. Estyn established 4 recommendations:</p> <ul style="list-style-type: none"> <li>• raise standards of literacy in primary schools</li> <li>• improve outcomes for post-16 learners in sixth forms</li> <li>• increase the pace of improvement in schools causing concern</li> <li>• strengthen the role of the Welsh Education Strategic Forum (WESP) to ensure timely progress in delivering the priorities identifying in the Welsh Education Strategic Plan.</li> </ul> <p>The Council has in place a detailed action plan and continues to deliver the actions identified in order to respond to the recommendations raised by Estyn. The Director of Education and Family Support and the Post-16 Coordinator conducted reviews with</p>

	<p>all the schools at the beginning of the academic year to identify and share good practice. There have been a number of activities for more able pupils via the Seren Network to help them work towards the highest grades.</p> <p>One school was taken out of special measures in September 2019, a 2<sup>nd</sup> is on track to be taken out in a timely manner following the most recent Estyn inspection and the 3<sup>rd</sup> has had a change of leadership and is now making good progress in improvements.</p> <p>The Council has been working closely with Welsh Government, other local authorities and the national coordinator for the parent's action group (RhAG) to review the composition and function of the Forum to increase its effectiveness in delivering the WESP priorities.</p> <p>The impact of COVID-19 and the closure of schools in March 2020 will mean that further progress will need to be made in the new academic year to fully respond to the recommendations made.</p>
<p>The role of the s.151 Officer is filled on an interim basis pending decisions on way forward with the post in light of the appointment of the Chief Executive</p>	<p>The Chief Executive was permanently appointed in May 2019 and the Section 151 post was advertised at the start of 2020. Unfortunately there was not sufficiently qualified applicants to be able to progress to the assessment centre stage. To help strengthen the resilience of the Finance function, a temporary Deputy Head of Finance and Section 151 Officer post was appointed in May 2019.</p>
<p>The impact of the Health Boundary change from the Western Bay Region to the Cwm Taf Region</p>	<p>The Council is now formally part of the new Cwm Taf Morgannwg Regional Partnership Board and the associated groups. The Council has contributed to the planning and review of this new partnership to ensure that the new arrangements reflect the changes made. This was monitored throughout the year and the partnership continues to progress well.</p>
<p>The impact of Brexit on services and finances could place increased pressures on Council resources</p>	<p>The Council has established an internal cross-Directorate Brexit Forum, chaired by the Chief Executive, to assess the potential impact of Brexit on service delivery along with actions to mitigate against risks. A report was presented to Cabinet in March 2019 setting out a Brexit risk register, which has been actively monitored and updated as necessary, and the Council will continue to do so as the UK progresses an exit from the European Union.</p>
<p>The Council's scrutiny functions should seek ways to improve its focus and scrutiny activity to ensure that the Council makes the most effective use of the resources available and improve the impact of scrutiny activity<sup>4</sup></p>	<p>A system of monitoring recommendations has been implemented to ensure that the impact of scrutiny is properly evaluated and acted upon to improve the function's effectiveness; including following up on proposed actions and examining outcomes. A report is presented to each Overview and Scrutiny Committee to approve the feedback and responses to the comments and recommendations prepared by Members at the previous meeting. Red, Amber and Green (RAG) statuses are allocated to each recommendation where appropriate and action the feedback as needed. The RAG statuses are monitored by Committees on an ongoing basis and actioned as appropriate.</p> <p>Research has been undertaken by the Scrutiny Team to look at best practice elsewhere, particularly how other local authorities get the public involved in the scrutiny process. In pursuance of this, members of the Scrutiny Team attend and participate fully in two Scrutiny Networks, namely the Welsh Local Government Association (WLGA) Scrutiny Officers' Network and the South East Wales Scrutiny</p>

<sup>4</sup> Audit Wales Annual Improvement Report 2017-18 – September 2018

	<p>Officers' Network. Both Networks provide an invaluable opportunity for Scrutiny Officers to exchange ideas on best practice and to receive training.</p> <p>Regular Officer Planning meetings take place with the Chairs of Overview and Scrutiny Committees to enable them to have more involvement and input into the Scrutiny Forward Work Programme items that are recommended by Officers.</p> <p>Regular quarterly meetings are held between Cabinet, Corporate Management Board (CMB) and Scrutiny Chairs. These meetings have been very positive to agree to add to and also change the order of the Forward Work Programme to accommodate pre decision topics.</p> <p>The WLGA has recently delivered training to Scrutiny Committee Members on Questioning Skills to enable Members to be equipped with the necessary skills to effectively scrutinise and challenge service performance. A repeat session has been arranged to take place. In addition, the WLGA will shortly be delivering Scrutiny Committee Chairs training.</p>
<p>Digital Transformation and channel shift – the Council needs to continue to develop its online platforms to enable residents and businesses to interact with the Council digitally</p>	<p>The continuation of promoting self-serve routes into council services and supporting the ambition of helping people be more self-reliant is the ongoing focus. The introduction of a chatbot has been the recent contact tool to aid channel shift; this will also be enhanced by creating a new customer self-serve hub in the civic reception where our public can utilise technology to transact with us via the My Account platform.</p> <p>The Housing Jigsaw portal is now live and provides an online, bi-lingual customer gateway to housing services that supports the individual management of supported accommodation and maximises the capacity of the customer services and housing staff. The online portal provides citizens with a digital solution that replaces the previous 'homelessness' and 'housing register' processes which were time consuming, often involving follow up meetings and the production of evidence which caused unnecessary delay. The online portal allows citizens to complete their applications online, at a time that is convenient to them, and also allows them to upload any evidence that is required, saving time and speeding up the housing services we offer.</p> <p>We are in the final stages of testing the Love Clean Streets functionality and we are now at a point to go-live with this system, allowing citizens to report their environmental issues with us.</p> <p>Our Social Services teams have also been trialling new software enhancing the support services that are given to older people and our most vulnerable citizens. This will be live in June 2020.</p> <p>With a rapidly changing market in digital platforms, work has been ongoing to assess how the Council can further improve citizen independence by growing the platform further with intelligent and innovative functionality.</p>

Based on a review of the governance framework, the following significant issues identified in 2019-20 which will be addressed in 2020-21:

<p>Covid-19 will have significant impacts as the infection rate increases. This will impact on workforce, delivery of services, economic and social pressures and disruption for months and possibly years to come.</p>	<p>The Council will need to consider how its front-line services can continue to deliver, taking into account the number of staff self-isolating and those who are ill with the virus. The Council will face increasing cost pressures, such as the provision of personal protective equipment (PPE) to front line staff, equipping office based staff to work remotely via IT solutions – laptops and associated software requirements, and increased needs of communities as people’s personal financial positions change. Following the move back to more normal operating conditions the Council will need to plan to bring back into operation those services temporarily suspended, and the potential impacts on service demand following the pandemic.</p>
<p>The uncertainty regarding the impact of and exit from the European Union may well place continued increasing expectations and demands on public sector organisations and the Council which will need to be factored into the Medium Term Financial Strategy</p>	<p>The Council will continue to monitor external economic and fiscal information to ensure that it can respond as quickly as possible to unexpected events. The COVID-19 pandemic will place increasing pressures on Council resources and budgets, and the Council will need to closely monitor costs and lost income as a result of the pandemic and lockdown arrangements, on its budget and cash-flow requirements.</p>
<p>Changes in Senior Management at Corporate Management Board level</p>	<p>The current coronavirus pandemic means that taking forward any recruitment process will be delayed, until such time as the Council is able to return to more normal operational arrangements. The Corporate Director Social Services and Wellbeing was due to retire at the end of April, but has agreed to continue in the role for a 3 month period during the pandemic. A new Director was appointed in June 2020 and will take up the post in October 2020. A new Corporate Director Communities took up position in March 2020. The Council was unable to recruit to the Chief Officer, Finance, Performance and Change and arrangements will be put in place to take forward this crucial role over the next few months. Although the post has not been filled on a permanent basis, the current interim arrangements are likely to continue until the post is filled.</p>
<p>Outcome of the Audit Wales report into Safeguarding and implementing the recommendations made therein</p>	<p>The outcome of the Audit Wales report are noted under ‘Assessing Performance’. The report makes a number of recommendations that the Council will need to put in place to ensure that the Councils’ safeguarding arrangements are robust. The Council’s Audit Committee have requested they have the opportunity to review an action plan and progress report from Officers.</p>
<p>Outcome of the Care Inspectorate Wales – Inspection of Older Adults Services Bridgend County Borough Council (January 2020)</p>	<p>The purpose of the inspection was to explore how well the Council, with its partners, is promoting independence and preventing escalating needs for older people. The inspection identified a significant number of areas of strength, and some areas for improvements. The council will consider these improvements and put in place processes to address the areas identified over the forthcoming period.</p>
<p>Strengthen the scrutiny and oversight arrangements of environmental health services and work with the Shared Regulatory Services and other providers to explore the opportunities for future improvements</p>	<p>As noted above under ‘Assessing Performance’, a number of recommendations have been made to strengthen the scrutiny and oversight of environmental health services for Bridgend, within the overall Shared Regulatory Services arrangements. The Council will need to ensure that it works with the Shared Regulatory Services and other providers to ensure a robust service with sufficient and appropriate monitoring thereof.</p>

<p>The risk of fraud especially in the current Covid-19 pandemic with significant funding moving around and increased digitalisation of transacting with the Council</p>	<p>The Council is seeking to strengthen arrangements to tackle and minimise fraud including considering the appointment of a Corporate Fraud Officer, updating and strengthening anti-fraud and anti-money laundering policies and mandatory e-learning for all staff, and continued working alongside the UK Government's National Fraud Initiative.</p> <p>In terms of the specific funding being provided for business grants, we are considering alternative options for a post-payment check on grants awarded to provide assurance that grants were not fraudulently obtained. This most likely will be through the National Fraud Initiative.</p>
<p>The increasingly challenging budgets for Schools, with potential for greater deficit school budgets</p>	<p>There have been increasing pressures on school budgets and an increase in schools setting deficit budgets. Whilst schools do set deficit budgets, this must be a licensed deficit and in line with the requirements set out in the Financial Scheme for Schools, which includes the need to have approved deficit recovery plans in place. At the end of 2019-20 school balances overall were a net surplus of £108,000, a reduction of £506,000 for the year.</p> <p>It is difficult to know what impact Covid-19 will have on school budgets during 2020-21 as the majority will have been closed for months, whereas others are set up as hubs. There may be a requirement to re-allocate funding either amongst schools where expenditure was incurred, or even wider outside of school budgets where cost pressures have not been funded elsewhere.</p>

These issues will be monitored via a detailed action plan during 2019-20, with the responsible officer and deadline for implementation identified for each action, and reported to Cabinet/Corporate Management Board and to the Audit Committee.

## Assurance

The Council reacted quickly to the Covid-19 pandemic to put in place controls and recoding of decision made to ensure that appropriate governance arrangements were in place. Given these arrangements no significant internal control or governance issues have arisen, and the Council continues to have in place appropriate internal control and governance arrangements.

Subject to the above issues being resolved, we can provide an overall reasonable assurance that Bridgend County Borough Council's governance arrangements remain fit for purpose.

Steps to address the matters referred to above will be taken to further enhance our governance arrangements.

Signed: \_\_\_\_\_ Date: \_\_\_\_\_

(Chief Executive)

Signed: \_\_\_\_\_ Date: \_\_\_\_\_

(Leader)

## 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**

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.

### **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).

**International Financial Reporting Standards Interpretations Committee (IFRICs)**

The interpretative body of the International Accounting Standards Board (IASB) designed to help the IASB improve financial reporting through timely identification, discussion and resolution of financial reporting issues within the framework of IFRS.

**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 and cannot be allocated to specific services. 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 loan facility provided by the Government Debt Management Office (DMO), which provides longer term loans to local authorities.

**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.



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## Audit of Accounts Report – Bridgend County Borough Council

Audit year: 2019-20

Date issued: August 2020

Document reference: 1994A2020-21

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](mailto:infoofficer@audit.wales).

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

# Contents

We intend to issue an unqualified audit report on your 2019-20 Statement of Accounts. There are some issues to report to you prior to their approval.

## Audit of accounts report

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# Audit of accounts report

## Introduction

- 1 This report summarises the main findings from our audit of your 2019-20 Statement of Accounts (the accounts). We have already discussed these issues with the relevant officers.
- 2 Auditors can never give complete assurance that accounts are correctly stated. Instead, we work to a level of 'materiality'. The level of materiality is set to try to identify and correct misstatements that might otherwise cause a user of the accounts into being misled. We set the level at £4.4 million for this year's audit.
- 3 Further to the above there are some areas of the accounts that we judge to be of more importance to the reader, for which we have set a lower materiality level. This year our lower materiality levels are as follows:
  - £1,000 for senior officers' remuneration, pension and exit packages; and
  - £10,000 for related party transactions and balances, being pecuniary interests and/or positions of influence held by senior officers and members, or, by their close family.
- 4 We have now substantially completed this year's audit.
- 5 In our professional view we have complied with the ethical standards that apply to our work. We remain independent of yourselves and our objectivity has not been compromised in any way. There are no known relationships between ourselves and yourselves that we believe could undermine our objectivity and independence.

## Impact of COVID-19 on this year's audit

- 6 The COVID-19 pandemic has had a significant impact on all aspects of our society and continues to do so. You have a statutory requirement to prepare accounts and it is of considerable testament to the commitment of your finance team, and other staff where relevant, that you have succeeded in doing so this year in the face of the challenges posed by this pandemic. We are extremely grateful to the professionalism of the team in supporting us to complete our audit in such difficult circumstances.
- 7 The pandemic has unsurprisingly affected our audit and we summarise in **Exhibit 1** the main impacts. The detail in **Exhibit 1** is provided for information purposes only to help you understand the impact of the COVID-19 pandemic on this year's audit process.



## Exhibit 1 – impact of COVID-19 on this year’s audit

<p><b>Timetable</b></p>	<ul style="list-style-type: none"> <li>• The statutory deadline remained 15 June 2020 for your draft 2019-20 accounts to be signed by the responsible finance officer; and thereafter 15 September 2020 for their audit certification by the Auditor General.</li> <li>• The draft accounts were signed and submitted for audit on 30 June 2020. As statutorily required, on 15 June the Council published a signed statement on its website that explained the delay beyond 15 June due to COVID-19.</li> <li>• The audited accounts are scheduled to be certified on 14 September 2020, ahead of 15 September deadline.</li> <li>• It should be noted that the Welsh Government Finance Department had written to all councils earlier this year advising them that, due to the impact of COVID-19, they could submit signed draft accounts by 31 August 2020 and have them certified by 30 November 2020.</li> <li>• You have therefore produced your accounts significantly ahead of the Welsh Government’s permissible dates for this year.</li> </ul>
<p><b>Electronic signatures</b></p>	<p>Once your accounts have been approved by the Audit Committee, which is scheduled for 10 September, this year we will accept electronic signatures and the electronic transfer of the signed accounts to us. Officers have agreed to use this basis this year. Audit certification will also be by electronic signature this year.</p>
<p><b>Audit evidence</b></p>	<p>As in recent years, we received most of the audit evidence in electronic format. Importantly, this year you also provided us with enhanced remote read-only access to your ledger and shared folders. This access enabled us to undertake the audit while not at your offices.</p> <p>Where we have been unable to use our usual audit methodology, such as our physical inspection of your property, plant and equipment, we devised alternative audit means (such as photography) to obtain sufficient audit evidence.</p>

- 8 We will be reviewing what we have learned for our audit process from the COVID-19 pandemic and whether there are innovative practices that we might adopt in the future to enhance that process.

## Proposed audit opinion

- 9 We intend to issue an unqualified audit opinion on this year's accounts once you have provided us with a Letter of Representation based on that set out in **Appendix 1**. We issue a 'qualified' audit opinion where we have material concerns about some aspects of your accounts; otherwise we issue an unqualified opinion.
- 10 The Letter of Representation contains certain confirmations we are required to obtain from you under auditing standards. Our proposed audit report is set out in **Appendix 2**. This audit report includes one emphasis of matter paragraph. The aim of this paragraph is to draw the attention of the reader of the accounts to Note 30 in the financial statements.
- 11 Note 30 includes reference to the material uncertainty clause disclosed in the year-end valuation report for property asset funds managed on behalf of the RCT pension fund. The total value of this fund as at 31<sup>st</sup> March 2020 is £209m and the Council's share of this fund amounts to £36.8m (17.63%).
- 12 The audit opinion is not modified in respect of either of these matters.

## Significant issues arising from the audit

### Uncorrected misstatements

- 13 There are no uncorrected financial misstatements in the audited accounts.

### Corrected misstatements

- 14 There were misstatements in the draft accounts that management has corrected. However, we believe that they should be drawn to your attention and they are set out with explanations in **Appendix 3**.

### Other significant issues arising from the Audit

- 15 In the course of the audit, we consider a number of matters relating to the accounts and report any significant issues arising to you. There was one issue arising this year as shown in **Exhibit 2**:

## Exhibit 2 – significant issues arising from the audit

Significant issues arising from the audit		
<b>Material uncertainty in relation to pension property assets</b>	We have requested that the Council sets out in Note 30 additional narrative to disclose the material uncertainty in relation to pension property assets.	The Council has included the additional narrative disclosure. We have also drawn the reader's attention to this disclosure in an emphasis of matter paragraph in my audit report. The audit opinion is not modified in respect of this matter.

- 16 Our audit progressed smoothly and with a noticeably reduced number of audit issues in comparison to recent past years. This reflects positively on your continued improvements to both the financial management and the documentary evidence that underpin the annual accounts.

## Recommendations

- 17 We have raised one recommendation which is set out in **Appendix 4**. Management have added their response and we will review their actions as part of next year's audit. Last year we reported nine recommendations and we are pleased to confirm that management has implemented all of them.

# Appendix 1

## Final Letter of Representation

[The Council's letterhead]

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

10 September 2020

## Representations regarding the 2019-20 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 2020 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; and
- 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 10 September 2020.

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: 10 September 2020**

**Signed by:**

**Chair of the Audit Committee**

**Date: 10 September 2020**

# Appendix 2

## The independent auditor's report of the Auditor General for Wales to the members of Bridgend County Borough Council

### Report on the audit of the financial statements

#### Opinion

I have audited the financial statements of Bridgend County Borough Council for the year ended 31 March 2020 under the Public Audit (Wales) Act 2004.

Bridgend County Borough Council's financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement and the related notes, including a summary of significant accounting policies.

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 2019/20 based on International Financial Reporting Standards (IFRSs).

In my opinion the financial statements:

- give a true and fair view of the financial position of Bridgend County Borough Council as at 31 March 2020 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with legislative requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

#### Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)). My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the Bridgend County Borough Council in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Emphasis of matter

I draw attention to Note 30 of the financial statements, which describes the impact of a material uncertainty disclosed in a pension fund manager report in their year-end

valuation report for the UK property fund they manage on behalf of the Rhondda Cynon Taf Pension Fund. The Council has disclosed this material uncertainty and my audit opinion is not modified in respect of this matter.

## **Conclusions relating to going concern**

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the responsible financial officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the council's ability to continue to adopt the going concern basis of accounting for a period of at least 12 months from the date when the financial statements are authorised for issue.

## **Other information**

The responsible financial officer is responsible for the other information in the annual report and accounts. The other information comprises the information included in the annual report other than the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated later in my report, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information to identify material inconsistencies with the audited financial statements 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.

## **Report on other requirements**

### **Opinion on other matters**

In my opinion, based on the work undertaken in the course of my audit:

- the information contained in the Narrative Report for the financial year for which the financial statements are prepared is consistent with the financial statements and the Narrative Report has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20; and
- The information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and the Governance Statement has been prepared in accordance with guidance.



## **Matters on which I report by exception**

In the light of the knowledge and understanding of the council and its environment obtained in the course of the audit, I have not identified material misstatements in the Narrative Report or the Governance Statement

I have nothing to report in respect of the following matters, which I report to you, if, in my opinion:

- proper accounting records have not been kept;
- the financial 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.

## **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.

## **Responsibilities**

### **Responsibilities of the responsible financial officer for the financial statements**

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on page 13, the responsible financial officer is responsible for the preparation of the statement of accounts, which give a true and fair view, and for such internal control as the responsible financial officer determines is necessary to enable the preparation of statements of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the statement of accounts, the responsible financial officer is responsible for assessing the council's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

### **Auditor's responsibilities for the audit of the financial statements**

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my auditor's report.

**Anthony J Barrett**  
**For and on behalf of the Auditor General for Wales**  
**14 September 2020**

**24 Cathedral Road**  
**Cardiff**  
**CF11 9LJ**

# Appendix 3

## Summary of corrections made

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.

### Exhibit 2: summary of corrections made

Value of correction	Nature of correction	Reason for correction
Various, as set out	<p><b>Note 19 Related Party Transactions</b> Inclusion of the following year-end balances within related party disclosures:</p> <p><b>Member declarations</b> Amounts owed by the Council:</p> <ul style="list-style-type: none"> <li>Care and repair £5,965; and</li> <li>Sarn Community Council £11,659.</li> </ul> <p>Amounts owed to the Council:</p> <ul style="list-style-type: none"> <li>Credu Charity (Porthcawl) Ltd £13,289; and</li> <li>Valleys to Coast £44,285.</li> </ul> <p><b>Chief officer declarations</b> Amounts owed by the Council:</p> <ul style="list-style-type: none"> <li>Capita Glamorgan Consultancy Ltd £4,063.</li> </ul> <p><b>Other public bodies:</b></p> <ul style="list-style-type: none"> <li>Amounts owed to the Council by Awen Trust £66,756.</li> </ul> <p>The prior-year balances were also disclosed.</p>	To disclose the amounts owed by the Council to certain related parties at 31 March 2020.
£17,925	<p><b>Note 19 Related Party Transactions</b> Reduction in the amount paid to Awen Trust from £3,231,354 to £3,213,429.</p>	To disclose the correct 2019-20 expenditure in respect of Awen Trust.

Value of correction	Nature of correction	Reason for correction
Reductions of £28,164 to the salary, and £5,999 to the pension contribution costs	<p><b>Note 15 Disclosure 3</b></p> <p>Amendment of the salary and pension contribution costs for the Head of Partnership Services to £56,327 and £11,998 respectively.</p>	To reflect the salary costs for the Head of Partnership Services for the period during 2019-20 that they reported directly to the Chief Executive and, thus the period that they are considered to be a 'senior officer' in respect of this disclosure.
Various (net impact £nil)	<p><b>Note 26 Provisions</b></p> <p>Replacement of the amount of £(369,000) in the 'Insurance' column, against the line for 'Amounts used in 2019-20' with the following:</p> <ul style="list-style-type: none"> <li>• additional provisions made during 2019-20 of £284,000; and</li> <li>• amounts used/released in 2019-20 of £(653,000).</li> </ul>	To account on a gross basis for the provisions arising and the provisions used during 2019-20. The changes had no impact on the closing provisions at 31 March 2020.
£425,303	<p><b>Comprehensive Income and Expenditure Account</b></p> <ul style="list-style-type: none"> <li>• 'Cost of Service gross expenditure for 'Education and Family Support' decreased by £425,303; and</li> <li>• '(Gain)/Loss on disposal of non-current assets' increased by £425,303.</li> </ul>	To accurately disclose the net book value of a derecognised asset and its loss on disposal. This had no impact on the Council Fund balance at 31 March 2020.
£1,183,000	<p><b>Balance Sheet</b></p> <ul style="list-style-type: none"> <li>• 'Property, Plant and Equipment - Other land and buildings' increased by £1,183,000.</li> </ul>	To disclose a care home property, for which Council regained control during 2019-20.

Value of correction	Nature of correction	Reason for correction
	<ul style="list-style-type: none"> <li>• 'Unusable reserves – Revaluation Reserve' increased by £1,183,000.</li> </ul> <p><b>Note 21c Non-current Assets Valuation</b></p> <ul style="list-style-type: none"> <li>• 'Revaluation increases/(decreases)' recognised in the Revaluation Reserve (for 'Other Land and Buildings') increased by £1,183,000.</li> </ul> <p><b>Note 29a Revaluation Reserve</b></p> <p>'Upward Revaluation of Assets' increased by £1,183,000.</p>	

# Appendix 4

## Recommendations

We set out all the recommendations arising from our audit, together with management's response. This year we are raising just one recommendation, reflecting well on the improvements that management have continued to make. We will follow up the recommendation as part of our 2020-21 audit.

### Exhibit 3: matter arising 1

<b>Matter arising 1 – the Council's oversight of its hosted fixed-asset-register needs to be strengthened</b>	
<b>Findings</b>	The Council's fixed asset register is hosted by the Chartered Institute of Public Finance and Accountancy (CIPFA), using 'CIPFA AssetManager.net'. We established that CIPFA, as supplier of the hosted system, has open access to the data held which poses an external data-risk. For example, we understand that CIPFA can change the data within the system.
<b>Recommendation</b>	The Council should strengthen its controls around the CIPFA-hosted arrangements in place for fixed assets. Strengthening should include the Council undertaking regular documented reviews of CIPFA's access to and use of the data.
<b>Accepted in full by management</b>	Yes
<b>Management response</b>	The Council will undertake regular reviews of the register in addition to its year-end processes to further strengthen its controls.
<b>Implementation date</b>	1 September 2020





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



Direct line / Deialu uniongyrchol: (01656) 643302  
Ask for / Gofynnwch am: Gill Lewis

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

Date / Dyddiad: 10 September 2020

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

### **Representations regarding the 2019-20 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 2020 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 the 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; and
- 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 10 September 2020.

We confirm that we have taken all 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

Date: 10 September 2020

Chair of Audit Committee

Date: 10 September 2020

## BRIDGEND COUNTY BOROUGH COUNCIL

### REPORT TO AUDIT COMMITTEE

10 SEPTEMBER 2020

#### REPORT OF THE INTERIM CHIEF OFFICER – FINANCE, PERFORMANCE AND CHANGE

##### PORTHCAWL HARBOUR RETURN 2019-20 ANNUAL AUDIT LETTER

#### 1. Purpose of report

- 1.1 The purpose of this report is to submit the Appointed Auditor's Annual Audit Letter 2019-20 for Porthcawl Harbour, attached as **Appendix A**, for noting.

#### 2. Connection to corporate well-being objectives / other corporate priorities

- 2.1 This report assists in the achievement of the following corporate well-being objective under the **Well-being of Future Generations (Wales) Act 2015**:-

1. **Smarter use of resources** – ensure that all resources (financial, physical, ecological, human and technological) are used as effectively and efficiently as possible and support the creation of resources throughout the community that can help to deliver the Council's well-being objectives.

- 2.2 The Council's financial performance is an important element in determining the extent to which the well-being objectives can be delivered.

#### 3. Background

- 3.1 The Appointed 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.

#### 4. Current situation/proposal

- 4.1 Attached at **Appendix A** is the Annual Audit Letter 2019-20 for Porthcawl Harbour, confirming that the Appointed Auditor intends to issue an unqualified audit certificate, confirming that they present a true and fair view of the Harbour's financial position and transactions.

- 4.2 The letter also confirms that the Appointed Auditor is satisfied that there were no misstatements found in the Annual Return and no other matters affecting their audit opinion.

- 4.3 It is anticipated that the Appointed Auditor will formally certify that the audit of the accounts has been completed, on 14 September 2020.

## **5. Effect upon policy framework and procedure rules**

5.1 There are no equality implications arising from this report.

## **6. Equality Impact Assessment**

6.1 Whilst the production of the Harbour return does not itself raise any equality issues, it does summarise the financial consequences of the running of the Harbour. When compiling the Harbour budget, consideration was given to the potential impact on protected groups within the community.

## **7. Well-being of Future Generations (Wales) Act 2015 implications**

7.1 The well-being goals identified in the Act were considered in the preparation of this report. As the report is for information it is considered that there will be no significant or unacceptable impacts upon the achievement of wellbeing goals/objectives as a result of this report.

## **8. Financial implications**

8.1 These are no financial implications regarding this report.

## **9. Recommendation(s)**

9.1 It is recommended that the Committee:

- note the Annual Audit Letter 2019-20 at **Appendix A**.

Gill Lewis CPFA  
Interim Chief Officer – Finance, Performance and Change  
September 2020

**Contact officer:** Nigel Smith  
Interim Group Manager – Chief Accountant

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**Background documents:** None

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**Reference:** 2002A2020-21  
**Date issued:** 25 August 2020

Dear Members

### **Porthcawl Harbour Annual Return for the year ended 31 March 2020**

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 2020 in line with the agreed deadline. We have completed our audit work and 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 2020 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 Annual Return**

There were no misstatements found in the Annual Return.

### **Other matters not affecting our opinion**

There are no other matters affecting our audit opinion.

Yours sincerely



**Mark Jones on behalf of Derwyn Owen**  
**Engagement Director**

Page 1 of 1 - Porthcawl Harbour Annual Return for the year ended 31 March 2020  
- please contact us in Welsh or English / cysylltwch â ni'n Gymraeg neu'n  
Saesneg.

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## BRIDGEND COUNTY BOROUGH COUNCIL

### REPORT TO AUDIT COMMITTEE

10 SEPTEMBER 2020

#### REPORT OF THE HEAD OF THE REGIONAL INTERNAL AUDIT SERVICE

##### ANNUAL INTERNAL AUDIT PLAN 2020-21

### 1. Purpose of report

- 1.1 The purpose of this report is to provide members of the Audit Committee with the Annual Internal Audit Risk Based Plan for 2020-21.

### 2. Connection to corporate improvement objectives/other corporate priorities

- 2.1 This report assists in the achievement of the following corporate well-being objective priority under the Well-being of Future Generations (Wales) Act 2015:-
- Smarter use of resources – ensure that all its resources (financial, physical, ecological, human and technological) are used as effectively and efficiently as possible and support the development of resources throughout the community that can help deliver the Council's well-being objectives.

### 3. Background

- 3.1 The United Kingdom Public Sector Internal Audit Standards (Performance Standard - 2010 Planning) provides the framework within which an internal audit plan should be compiled.
- 3.2 In line with the Public Sector Internal Audit Standards the Head of Internal Audit must establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation's goals.
- 3.3 To develop the risk-based plan, the Head of Internal Audit consults with senior management and the board and obtains an understanding of the organisation's strategies, key business objectives, associated risks and risk management processes. The Head of Internal Audit must review and adjust the plan, as necessary, in response to changes in the organisation's business, risks, operations, programmes, systems and controls.
- 3.4 In order to produce the Internal Audit plan the following information is taken into account:
- Corporate Risk Register;
  - Corporate Plan;
  - Key Financial Systems;
  - 
  - Grant Claims that require Internal Audit certification;

- Follow-up reviews;
- Audit reviews that are carried forward from the previous audit plan;
- Results of discussions with the Senior Leadership Team, including the Chief Executive, Section 151 officer and other senior officers.

3.5 The Public Sector Internal Audit Standards require a risk-based audit plan to be produced to cover the Council's overall control environment including risk, governance and internal controls as far as practicable.

3.6 By taking into account the sources of information noted above, this supports Internal Audit to achieve the following:

- Comply with the Public Sector Internal Audit Standards in compiling the draft annual Audit Plan;
- Enable Audit Committee to monitor the adequacy of the risk management framework and the associated control environment of the Council for 2020/21 based on the audit reviews set out in the draft Annual Audit Plan; and
- Enables the Head of Internal Audit to form an opinion on the risk, governance and internal controls of the organisation.

3.7 The draft audit plan for 2020/21 was due to be presented to Audit Committee in April 2020 however the COVID19 outbreak delayed the planning process as significant new risks and ways of working had to be considered to inform the Plan.

#### **4. Current situation/proposal**

4.1 Urgent decisions were made in March 2020 in relation to how council services would need to operate in light of the pandemic and emergency arrangements were put in place around decision making and governance in case they were needed and normal Council and Committee meetings were suspended.

4.2 In order to maintain continuity of service wherever possible, the Council moved extremely quickly to equip as many of its office-based staff with mobile technology to enable home-working within a very short timescale. Where roles for staff diminished as a result of reduced volumes of work or services not being delivered, opportunities for temporary redeployment were actively sought and implemented.

4.3 The Council has had to consider which of its front-line services it could continue to deliver, taking into account the number of staff self-isolating and actually sick. Whilst it has maintained a significant number of essential services running, particularly the provision of social care services for vulnerable adults and children and waste collection services, following a Welsh Government announcement the majority of schools closed for pupils on 20 March 2020.

4.4 As a result of the significant changes to the way the Council was and is operating it has been necessary to re-evaluate the original draft plan to develop a revised Risk Based Plan for 2020-21.

4.5 The items identified in the original plan following the various consultation meetings held in January to March 2020 (prior to COVID 19) were included as a basis for this



revised plan alongside an assessment of risk at that time. An updated assessment of risk as a result of COVID 19 has also been undertaken

- 4.6 It is recognised that there will be a different emphasis due to the impact of COVID; particular risks arising from COVID, availability of audit and service staff and challenges arising from the remote ways of working. The revised plan is also more flexible than usual to be able to respond to changing circumstances and events that may occur such as a second wave/outbreaks, ability to access staff and evidence or requests to respond to new issues that may emerge.
- 4.8 Internal Audit work will be undertaken remotely using video conferencing (e.g. Microsoft Teams/Skype) and digital solutions as a basis for meetings and sharing documents and data. There is a need to learn what works and what does not work as an approach in an iterative and proportionate way to take account of pressures on particular services and individuals whilst conducting our work.
- 4.9 The proposed plan at **Appendix A** will offer sufficient coverage to be able to provide an opinion at the end of 2020/21 having regard to the unprecedented impact caused by the COVID pandemic.
- 4.10 The Audit Committee will receive updates on how the plan is being delivered and any changes that may be required in light of the experience of working in completely different circumstances and environment.

## **5. Effect upon policy framework and 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. Well-being of Future Generations (Wales) Act 2015 implications**

- 7.1 The well-being goals identified in the Act were considered in the preparation of this report. It is considered that there will be no significant or unacceptable impacts upon the achievement of well-being goals/objectives as a result of this report.

## **8. Financial implications**

- 8.1 There are no financial implications as a result of the recommendations set out in the report.

## **9. Recommendation**

- 9.1 That the Committee is recommended to consider and approve the proposed Internal Audit Annual Risk Based Plan for 2020/21 in line with its Terms of Reference.

**Mark Thomas**  
**Head of Internal Audit**  
**24 August 2020**

**Contact Officer:** Mark Thomas – Head of Regional Internal Audit Service.

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**Background Documents**

None

**Bridgend County Borough Council - Proposed Audit Plan 2020/21**

Directorate	Area	Audit Scope / Risk
Cross Cutting	Good Governance	To provide assurance that key Corporate Governance processes are in place within the Council and that these are operating effectively to enable the Council to be provided with sufficient information to enable them to discharge their responsibilities. Assist in the AGS preparation
Cross Cutting	Safeguarding	This review will include an annual assessment of the Council's overall operating model for safeguarding; including reviewing the adequacy of assurances obtained by the Council in respect of safeguarding arrangements in place for vulnerable adults and children particularly having regard to the impact of COVID19.
Cross Cutting	Grant Certification Work	Under the conditions of the specific grant determination, the Head of Audit must certify that the conditions of the grant have been complied with.
Cross Cutting	Purchasing Cards	To provide assurance that the Council's guidance for purchasing cards is sufficient and there is compliance to these policies and procedures across the Council
Cross Cutting	External Funding	To provide assurance that Council's processes and procedures are being complied with whilst also adhering to the specific grant funding terms and conditions.
Cross Cutting	Risk Management	Successful risk management relies on a corporate approach to ensure that all risks are identified and managed systematically and consistently across the Council
Cross Cutting	COVID - Remote Working	Increase in remote working due to COVID19 - impact on governance and internal control arrangements using a questionnaire
Cross Cutting	General Data Protection Regulations	This audit will review whether the Council has an effective control framework in place for ensuring that personal information that is gathered is only used for the purpose for which it was originally intended.
Chief Executive / Resources	Procurement	This audit will review the procurement framework and a sample of individual procurement activities across the Council in order to evaluate the level of compliance with legislation and the Council's Constitution.
Chief Executive / Resources	Material Systems – Key Financial Systems	A rolling programme of audits is adopted for material systems. The work programme for each year may differ, with each audit having varying amounts of system review, testing or a combination of the two to deliver a more cost-effective service. The new arrangements adopted due to COVID19 will be examined to provide assurance that controls are still in place.
Chief Executive / Resources	Payroll	Review starters and leavers, changing records / data
Chief Executive / Resources	Code of Conduct	To ensure that the internal processes in place in respect of the Members Code of Conduct are effective To ensure that the internal processes in place in respect of the Officers Code of Conduct are effective
Chief Executive / Resources	ICT Audit	In consultation with ICT, systems reviews will be undertaken across Directorates to ensure robust controls are evident and operating effectively including the control and distribution of ICT equipment since the increase of home working since the outbreak of COVID19 and the ICT business continuity provision
Chief Executive / Resources	Early Retirement / Redundancy	Provide ensure transparency and assurance that Council's policies are adhered to
Chief Executive / Resources	Homelessness	Review the effectiveness of the systems in operation for processing applications and monitoring homelessness cases and select a sample of cases to review the application process, to ensure compliance with the guidance, and to establish the level of monitoring undertaken once the decision to accept a homeless case has been made.
Communities	Coychurch Crematorium	A compliance review to complete the Annual Accounting Statement
Communities	Project management / Contract monitoring	To undertake a review of the procedures and processes associated with a number of Contracts / Projects / Programme to ensure compliance to the Council's Rules and Regulations and Project Management Methodology associated with high risk contracts. Focus will be on tender and award and any impact COVID19 has had to these processes.
Education & Family Support	Schools	To undertake a number of school based reviews as well as cross cutting thematic reviews in accordance with the Internal Audit risk based assessment.
Education & Family Support	School CRSA	To undertake the annual controlled risk self – assessment for schools. The aim of the process is to enable Head Teachers to review their internal controls and to ensure that they undertake and comply with the requirements of current legislation and the Financial Procedure Rules.
Education & Family Support	School deficits	To review the monitoring processes both within the school and between the school and LA to ensure that deficit balances are sufficiently monitored and the recovery plan is achievable
Education & Family Support	ALN - Out of County Charges	To provide assurance that monitoring of expenditure is adequate
Social Services & Wellbeing	Looked After Children	Review the monitoring arrangements in place to provide assurance that the Council's interests are protected and agreed rates are paid.
Social Services & Wellbeing	Care Home Contracts	Review the actual financial impact of these contracts against the expectations to ensure efficiency and value for money and determine if COVID19 had had an impact on the financial arrangements in place
Cross - Cutting	Carry Forward from 2019/20	Provision for those assignments which are still ongoing at the end of 2019/20.

Cross - Cutting	Closure of Reports from 2019/20	To finalise all draft reports outstanding at the end of 2019/20.
Cross - Cutting	Follow up Limited Assurance Reports	To ensure that improvements have been made to the control environment since the previous limited assurance review.
Cross - Cutting	Recommendation Monitoring	Monitoring the implementation of Internal Audit recommendations in consultation with service areas which have received these recommendations.
Cross - Cutting	Annual Opinion Report 2019/20	To prepare and issue the Head of Audit's Annual Opinion Report for 2019/20.
Cross - Cutting	Annual Opinion Report 2020/21	Preparation for the production of the 2020/21 Annual Opinion Report.
Cross - Cutting	Audit Planning	To prepare and present the annual risk based audit plan for 2020/21.
		Preparation for the production of the annual risk based plan 2021/22.
Cross - Cutting	Audit Committee /Members and CMB Reporting	This allocation covers Member reporting procedures, mainly to the Audit Committee. Regular reporting to, and meeting with, the Section 151 Officer, Corporate Management Board and the IASS Board.
Cross - Cutting	Advice & Guidance	To allow auditors to facilitate the provision of risk and control advice which is regularly requested by officers within the authority, including maintained school based staff.
Cross Cutting	Data Analytics	To align with this objective, Internal Audit is currently developing a data analytics strategy to be implemented during 2019/20. Data Analytics is proving to be a useful internal audit tool as councils become more reliant on electronic data, as data analytics enables a vast amount of data to be analysed when selecting testing samples
Cross - Cutting	Quality Assurance / Effectiveness of Internal Audit	To review / ensure compliance with the Accounts and Audit (Wales) Regulations 2014 / Public Sector Internal Audit Standards (PSIAS).
Cross - Cutting	External Audit Liaison	To ensure that a "managed audit" approach is followed in relation to the provision of internal and external audit services.
Cross - Cutting	Fraud / Error / Irregularity	National Fraud Initiative - Collection of data and analysis of matches for the NFI exercise, acting as first point of contact and providing advice and guidance to key contact officers. Matches will include business grants made available due to COVID19
Cross - Cutting	Fraud / Error / Irregularity	Irregularity Investigations - Reactive work where suspected irregularity has been detected.
Cross - Cutting	Fraud / Error / Irregularity	Anti-Fraud & Corruption – Proactive - Proactive counter-fraud work that includes targeted testing of processes with inherent risk of fraud.
Cross - Cutting	Emerging Risks / unplanned	To enable Audit Services to respond to provide assurance activity as required.

## BRIDGEND COUNTY BOROUGH COUNCIL

### REPORT TO AUDIT COMMITTEE

10 SEPTEMBER 2020

#### JOINT REPORT OF THE INTERIM CHIEF OFFICER – FINANCE, PERFORMANCE AND CHANGE & HEAD OF THE REGIONAL INTERNAL AUDIT SERVICE

#### ANNUAL CORPORATE FRAUD REPORT 2019-20

#### 1. Purpose of report

- 1.1 The purpose of this report is to inform members of the Audit Committee of the actions undertaken in respect of counter fraud during 2019/20 including an update on the National Fraud Initiative (NFI) Exercise.

#### 2. Connection to corporate well-being objectives/other corporate priorities

- 2.1 This report assists in the achievement of the following corporate well-being objective priority under the **Well-being of Future Generations (Wales) Act 2015:-**

- **Smarter use of resources** – ensure that all its resources (financial, physical, ecological, human and technological) are used as effectively and efficiently as possible and support the development of resources throughout the community that can help deliver the Council's well-being objectives.

#### 3. Background

- 3.1 One of the Core functions of an effective Audit Committee is:

- To consider the effectiveness of the Council's Risk Management arrangements, the control environment and associated anti-fraud and corruption arrangements.

- 3.2 Therefore, this report updates the Committee on the arrangements in place for managing the risks of fraud with the aim of prevention, detection and subsequent investigation and reporting of fraud.

- 3.3 The impact of fraud should never be underestimated. Fraud leaves the Council with less to spend on services for residents and costs taxpayers money. Fraud against a local council is not a victimless crime. There is not only the lost/stolen money to consider but also the loss of working time investigating and correcting issues, liaising with police and lawyers, any subsequent court costs, increased insurance premiums, reputational damage for individuals or the Council as a whole and poor staff morale.

- 3.4 The Council sets high standards for both Members and Officers in the operation and administration of the Council's affairs and has always dealt with any allegations or suspicions of fraud, bribery and corruption promptly. It has in place policies, procedures and reporting mechanisms to prevent, detect and report on fraud, bribery

and corruption. These include the Fraud Strategy and Framework, a Whistleblowing Policy, ICT Code of Conduct and the Anti-Fraud and Bribery Policy.

- 3.5 The Fraud Strategy and Framework 2018/19 to 2020/21 continues to underpin the Council's commitment to prevent all forms of fraud, bribery and corruption, whether it be attempted externally or from within.

#### **4. Current situation/proposal**

- 4.1 The Annual Corporate Fraud Report is at **Appendix A** which summarises the counter fraud work undertaken within the Authority during 2019/20.

- 4.2 The Council's Fraud Strategy and Framework includes reactive and proactive work with the proactive work included in an action plan which sets out the developments the Council is undertaking to improve its resilience to fraud and corruption. The report at Appendix A outlines the progress made against the action plan, for example the Fraud Prevention e-learning module has been developed and rolled out to staff, fraud information is being updated and being made available to staff on the intranet and a more detailed fraud risk assessment process is being developed that will link to the corporate risk management process. The Action Plan and the progress made is at **Annex 1** of the appendix.

- 4.3 One activity included on the Action Plan is the National Fraud Initiative (NFI). This is a biennial exercise coordinated in Wales by Audit Wales whereby data is extracted from the Council's systems and reports. These are matched against data submitted from other bodies such as other Local Authorities, DWP, NHS & Trusts, Police and Housing Associations etc. It is important to note that where a match is found, it is not in itself evidence of a fraud, it may be an error or an inconsistency that requires further investigation.

- 4.4 Appendix A provides details of the last data matching exercise which was based on data extracted in September 2018. A total of 484 frauds or errors have been identified equating to £41,700 of recoverable funds which are mostly council tax or housing benefit related. More detailed results are included at **Annex 2** of **Appendix A**. The next data matching exercise will commence in 2020/21, data is to be extracted in October 2020 and the new matches will be returned in January 2021.

- 4.5 The Annual Report at Appendix A also provides detail of the internal counter fraud work undertaken by Internal Audit and the Council's Fraud Investigator including internal investigations and council tax reduction investigations.

- 4.6 Joint working was also undertaken during 2019/20 with Bridgend CBC working with the Single Fraud Investigation Service (SFIS) on any appropriate benefit investigations and working in partnership with Portsmouth City Council to undertake blue badge enforcement action. Local networking is also in place which has enabled intelligence to be shared particularly in respect of new scams since the outbreak of COVID-19.

- 4.7 Finally, during 2019/20, the Authority took part in a national study which was to review the effectiveness of counter fraud arrangements in the Welsh public sector. The resulting report was published in July 2020 and any recommendations will be fully considered to ensure that the work being undertaken in relation to counter fraud continually improves.

## **5. Effect upon policy framework and 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. Well-being of Future Generations (Wales) Act 2015 implications**

7.1 The well-being goals identified in the Act were considered in the preparation of this report. It is considered that there will be no significant or unacceptable impacts upon the achievement of well-being goals/objectives as a result of this report.

## **8. Financial implications**

8.1 There are no financial implications as a result of the recommendations set out in the report.

## **9. Recommendation**

9.1 It is recommended that the Committee note the report, the measures in place and the work being undertaken to prevent and detect fraud and error.

**Gill Lewis CPFA**  
**Interim Chief Officer – Finance, Performance and Change**  
**August 2020**

**Mark Thomas**  
**Head of Internal Audit**  
**August 2020**

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**Background Documents**  
None

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# **ANNUAL CORPORATE FRAUD REPORT**

**2019/2020**

## Annual Corporate Fraud Report 2019/20

**Section 1 – Introduction**

- 1.1 The challenge presented to Councils by fraud is significant. As stated in the “The Local Government Counter Fraud and Corruption Strategy 2016-19” (usually known as Fighting Fraud and Corruption Locally), it is estimated that fraud cost councils around £2.1 billion each year and some reports produced by other organisations suggest that this figure could actually be higher. More recent estimates from the Auditor General for Wales in June 2019 noted that the sums lost annually in Wales to fraud and error are significant – *“and could be anywhere between £100 million and £1 billion.”* The Crime Survey for England and Wales recognises fraud as being one of the most prevalent crimes in society today.”
- 1.2 The impact of fraud should never be underestimated. Fraud leaves the Council with less to spend on services for residents and costs taxpayers’ money. Fraud against a local council is not a victimless crime. There is not only the lost/stolen money to consider but also the loss of working time investigating and correcting issues, liaising with police and lawyers, any subsequent court costs, increased insurance premiums, reputational damage for individuals or the Council as a whole and poor staff morale.
- 1.3 The Council sets high standards for both Members and Officers in the operation and administration of the Council's affairs and has always dealt with any allegations or suspicions of fraud, bribery and corruption promptly. It has in place policies, procedures and reporting mechanisms to prevent, detect and report on fraud, bribery and corruption. These include the Fraud Strategy and Framework, a Whistleblowing Policy, ICT Code of Conduct and the Anti-Fraud and Bribery Policy.
- 1.4 The Fraud Strategy and Framework 2018/19 to 2020/21 continues to underpin the Council's commitment to prevent all forms of fraud, bribery and corruption, whether it be attempted externally or from within.

**Section 2 – Proactive Work**

- 2.1 The Fraud Strategy and Framework includes reactive and proactive work and the proactive work is included in an action plan which sets out the developments the Council proposes to improve its resilience to fraud and corruption. The Action Plan is at **Annex 1** and progress made against the headings is described below.

## Annual Corporate Fraud Report 2019/20

**2.2 Fraud Risk Register**

The Council can be exposed to fraud and corruption through a variety of internal and external sources. These include:

- Council Tax Reduction Scheme (including Discounts and Exemptions);
- Parking concessions (Blue Badges);
- Grants;
- Procurement;
- Employee fraud (For example: fraudulent claiming by employees of flexi and mileage expenses).

These areas, and others, can be regularly subject to attack by individuals / groups intent on committing fraud, which means that there is less money and resources available for those in genuine need. It is therefore important that the Council acknowledges the risk of fraud and undertakes an assessment on how it prevents, detects and pursues monies or assets obtained fraudulently and considers how services that are more susceptible manage that risk. Work is ongoing to develop a more detailed fraud risk assessment process that links with the corporate risk management process and it is envisaged that this will provide a robust tool to assist in ensuring resources are targeted correctly.

**2.3 Develop Fraud Awareness**

The Bridgenders intranet has recently been improved and fraud information is being reviewed and updated prior to it being made available to staff. Fraud information will also be made available on the external web page. The action plan states that alerts and newsletters will be developed to raise awareness and notify readers of new and potential fraud risks. This information will also be made available on the fraud pages as they develop. All service areas including schools will have access to this information.

Fraud awareness training continues to be undertaken by Benefit, Housing Options, Council Tax and Customer Service staff. Fraud awareness also forms part of the induction process for all new Benefits staff.

**2.4 Training**

A Fraud Prevention e-learning module has been developed to support the Anti-Fraud and Bribery and Anti-Money Laundering policies that have been approved by Cabinet. This training will enhance staff understanding of how fraud may occur, it should encourage prevention, promote detection of suspicious activities, encourage staff to act with integrity and to respond effectively when incidents occur. The E-Learning module is in the process of being rolled out.

**2.5 Data Analytics**

Data held within the financial systems is being extracted and analysis is being undertaken. This analytic tool will enable increased testing within planned audits and provide an opportunity to identify any trends that may be occurring.

## Annual Corporate Fraud Report 2019/20

<b>Section 3 – National Fraud Initiative 2018-20</b>
------------------------------------------------------

- 3.1 Another activity included on the Action Plan is the National Fraud Initiative (NFI). This is a biennial exercise coordinated in Wales by Audit Wales whereby data is extracted from the Council's systems and reports. This data is matched against data submitted from other bodies such as other Local Authorities, DWP, NHS & Trusts, Police and Housing Associations etc. It is important to note that where a match is found, it is not in itself evidence of a fraud; it may be an error or an inconsistency that requires further investigation.
- 3.2 This data matching exercise began in September 2018 and the matches were released in January 2019. A total of 2,034 matches across areas including housing benefit, payroll, blue badges, personal budgets, care homes, licencing have been identified. Of these, approximately 1,000 have been categorised as high or medium risk. In addition, another 6,160 creditor and council tax to single person discount matches have been issued. The review of these data matches is concluding and 484 frauds or errors have been identified. Table 1 summarises the results and more detail is provided in **annexe 2** below.

**Table 1 – National Fraud Initiative Results 2018-2020 Data Matching Exercise**

Type	Fraud/ Error No.	Fraud/ Error £	Recoverable £	NFI Projected Savings £
Creditors	17	2,605	2,605	-
Council Tax Related	61	37,108	23,987	40,572
Housing Benefit Related	9	15,300	15,108	12,150
Blue Badge	397	-	-	228,275
<b>Total</b>	<b>484</b>	<b>55,013</b>	<b>41,700</b>	<b>280,997</b>

- 3.3 This exercise has resulted in a total of £55,013 being identified as potential fraud or error with £41,700 being recoverable. Projected NFI savings are calculated using a defined methodology and is not "real" money to the authority. Projected NFI savings for blue badges is £228,275. This is calculated by multiplying the number of badges confirmed as still in issue, even though the applicant is deceased, by £575, which is the notional figure used to reflect lost parking and congestion charge revenue.
- 3.4 The next data matching exercise is due to start in October 2020 when data will be extracted. The new matches are due in January 2021.

## Annual Corporate Fraud Report 2019/20

**Section 4 – Internal Fraud & Corruption Work**

- 4.1 Under the Public Sector Internal Audit Standards (PSIAS), internal audit is defined as an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. It is widely recognised that effective internal audit is good practice and provides support to the Council's Section 151 Officer in discharging their responsibilities as contained in legislation. As part of the assurance gathering process used to prepare the Council's Annual Governance Statement, the Head of Audit provides an annual report, which gives their opinion on the adequacy and effectiveness of the Council's control environment.
- 4.2 The Head of Audit's annual report and opinion includes details of any counter fraud work undertaken by Internal Audit during the year. Only one such matter was referred to Internal Audit for review during 2019/20. This was a complaint raised by a member of the public that personal information supplied to the Council had been used to create a fraudulent bank account application. The matter was investigated, and the complainant interviewed. The complainant was advised that there was no evidence that the information supplied to BCBC had been used in the way it was alleged. As a result the complaint was withdrawn. However, during this work an opportunity to strengthen the internal processes and controls was identified and relayed to the Department concerned.
- 4.3 As reported in last year's annual report, the potential misuse of a Council purchasing card by an employee had been referred to the police. It had been identified that this misuse happened due to weak internal controls, which have subsequently been improved. The police case has concluded and the former employee was found guilty of fraud, ordered to repay the Council the amount identified as stolen and given a suspended sentence and community service.
- 4.4 Other counter fraud work takes place within the Council, primarily in respect of Council Tax Reduction (CTR) fraud. The Council's Fraud Investigator, based on information received regarding claimants' circumstances, undertakes these investigations. During 2019/20, 55 CTR cases were closed, with 24 of these closed as fraud proven. The total CTR and incidental Housing Benefit savings achieved during 2019/20 amounted to £99,559. In addition, £7,239 of penalties or fines were generated and two CTR investigations have led to successful prosecutions. One resulted in a community order and 60 hours unpaid work the other in a conditional discharge. The Council's Fraud Investigator also undertakes ongoing work on blue badge fraud.
- 4.5 Due to the outbreak of the COVID-19 pandemic certain scams have been circulating and local residents as well as staff are made aware of these by information being circulated through the Council's Communications Team.

## Annual Corporate Fraud Report 2019/20

**Section 5 – Joint Working & Partnerships**

- 5.1 In October 2017, the DWP provided details of the joint working approach between the Single Fraud Investigation Service (SFIS) and local authorities' fraud teams. Following a pilot stage, all local authorities were invited to sign up to a joint counter fraud initiative. This initiative means that local authority fraud teams will, where appropriate, undertake joint investigations with SFIS. The benefits of this arrangement include the sharing of expertise and knowledge, which makes investigations more efficient. Furthermore, the Crown Prosecution Service will instigate criminal proceedings via a single prosecution. Joint working was rolled out across all participating authorities between October 2018 and May 2019 with Bridgend CBC approved to go-live on 29 April 2019. To date, one suitable investigation has been referred to the Council by SFIS, and this joint investigation is currently ongoing.
- 5.2 In July 2019, the Council worked in partnership with a specialist team from Portsmouth City Council to undertake Blue Badge enforcement action. The two-day drive resulted in 68 interventions, 15 of which were serious enough for fixed penalties to be issued. Hundreds of badges were checked and officers were able to provide drivers with advice and clarification over the correct use of the scheme.
- 5.3 Twenty Blue Badges, subject to misuse, were retained as part of the crackdown against the fraudulent abuse of the scheme. The majority of the misuse involved people using someone else's badge dishonestly to avoid paying for parking. Of the 20 badges retained, 5 were securely destroyed as they were found to be cancelled or expired, 1 was returned to the badge holder with an official warning letter, 3 were returned to the badge holder with no further action taken, and 11 were considered serious enough to take forward for prosecution. A further case where the badge was not retained, due to no intervention taking place with the driver, was also prosecuted.
- 5.4 Of the 12 cases taken forward for prosecution, 10 were found guilty by the Magistrates Court. Each was issued with a fine, a victim surcharge, legal and investigation costs. The maximum fine imposed was £295, in addition to £100 legal costs, £100 investigation costs and a £32 victim surcharge. One case was found not guilty and another case has been forwarded for trial at Crown Court. This case is still ongoing with a trial date set for July 2020.
- 5.5 The authority is an active member of the Wales wide network of Local Authority Fraud investigators, which provides the opportunity to share knowledge/intelligence/good practice. The authority has a good working relationship with the Police and other outside agencies which all share information/intelligence. In addition, as new grants have become available due to COVID-19, intelligence, procedures, local risks and threats have been shared with other local authorities to actively try to prevent fraudulent claims.

## Annual Corporate Fraud Report 2019/20

**Section 6 – National Studies**

- 6.1 During 2019/20, the authority took part in a national study setting out to review the effectiveness of counter fraud arrangements in the Welsh public sector. Information including policies, resources and good practice in respect of counter fraud work was provided which was supplemented by more in depth questioning and information gathering by the WAO.
- 6.2 The resulting report was published in July 2020. The report and any recommendations will be fully considered to ensure that the counter fraud work being undertaken continually improves.

## Annual Fraud Report 2019/20

## Fraud Strategy and Framework Action Plan

Activity	Scope	Progress
Fraud Risk Registers	To develop Fraud Risk Register(s) and align to complement the existing risk management approach.	Template of a Fraud/Incident Register produced, along with supporting Standard Operating Procedures (SOP's).
	Maintain the fraud risk register and regularly monitoring trends to identify areas of high risk	A more detailed Fraud Risk Assessment process that could/should link with the corporate risk management process is being considered
National Fraud Initiative (NFI)	To facilitate the timely delivery of NFI 2018 /19 data matches.	All data been extracted, and the matches been returned
	Undertake integrity checks on a sample of cleared matches to ensure robustness / quality of review and select of sample of high-risk matches across the spectrum to investigate.	This activity is currently in progress
	Regularly monitor progress against recommended matches throughout the duration of the exercise.	On-going exercise
Develop devoted fraud internet / intranet pages	To enable a clear and concise point of reference for necessary information on fraud and irregularity maximising the potential of digital technology to enhance the user experience.	Bridgenders has been updated and the fraud pages will now be reviewed
	Maintain the fraud internet / intranet pages to ensure they are kept up to date.	
Training & Awareness	Develop an effective fraud awareness-training programme for Members and Officers.	Module has been developed and being rolled out to staff.
	Provide ongoing training as required for the duration of the action plan	Training and awareness sessions for NFI Key Officers have taken place. General fraud training will be developed during 2020/21.
Data Analytics	To maximise the use of data analytics and data matching to match electronic data to detect and prevent fraud.	Data extraction and analysis is being undertaken using data within the financial system which wil allow greater testing within



Annual Fraud Report 2019/20

Activity	Scope	Progress
		planned audits and an opportunity to identify trends
Develop alerts and newsletters to raise awareness and notify readers of new and potential fraud risks.	Develop alerts and newsletter across the Council.	Mock newsletter has been produced and awaiting development of web site.
	Produce Newsletters at regular intervals throughout the duration of the action plan.	
No Recourse to Public Funds	With a national increase in applications, there has been a consequent increase in attempts by fraudsters to obtain public funds via false applications. In addition, a developing trend for individuals to make multiple applications across different authorities. This can be linked to the NFI 2018 data matching exercise.	Implementation of the Appcheck Suite via the NFI Site is being considered for 2020/21 matches
Annual Report on Fraud & Irregularity	To produce an end of year report to those charged with governance covering all reactive and proactive fraud initiatives.	Report produced
Schools	Conduct a “Fraud Health Check” across school establishments to attain assurance over the controls and governance in place to mitigate the potential for fraud.	A schools anti-fraud toolkit has been drafted with a supporting self-assessment health check. Roll out will be linked to the progress of training and website

## Annual Fraud Report 2019/20

<b>National Fraud Initiative Results 2018-20 Data Match</b>					
Type / Area	NFI	Frauds/ Errors	Fraud/Error Amount	Recoverable 2019	NFI Projected Savings
VAT overpaid for Authority	Yes	16	£1,262.40	£1,262.40	£0.00
Duplicate records by creditor name, supplier invoice number and invoice amount but different creditor reference	Yes	1	£1,342.80	£1,342.80	£0.00
		<b>17</b>	<b>£2,605.20</b>	<b>£2,605.20</b>	
Council Tax Reduction Scheme to Council Tax Reduction Scheme	Yes	2	£5,458.29	£5,458.29	£0.00
Council Tax Reduction Scheme to Housing Benefit Claimants	Yes	1	£1,019.16	£1,019.16	£0.00
Council Tax single persons discount to Electoral Register	Yes	36	£20,910.39	£17,255.66	£27,838.42
Council Tax rising 18s for Authority	Yes	22	£9,719.90	£253.55	£12,733.66
		<b>61</b>	<b>£37,107.74</b>	<b>£23,986.66</b>	
Housing Benefit to Student Loans	Yes	7	£12,673.11	£12,673.11	£9,588.81
Housing Benefit to Payroll	Yes	1	£2,434.88	£2,434.88	£543.27
Housing Benefit Claimants to Benefits Agency Deceased Persons	Yes	1	£192.10	£0.00	£2,018.10
		<b>9</b>	<b>£15,300.09</b>	<b>£15,107.99</b>	
Blue Badge Parking Permit to Benefits Agency Deceased Persons	Yes	397	£0.00	£0.00	£228,275.00
		<b>397</b>	<b>£0.00</b>	<b>£0.00</b>	
	<b>Totals</b>	<b>484</b>	<b>£55,013.03</b>	<b>£41,699.85</b>	<b>£280,997.26</b>

## BRIDGEND COUNTY BOROUGH COUNCIL

### REPORT TO THE AUDIT COMMITTEE

10 SEPTEMBER 2020

### REPORT OF THE INTERIM CHIEF OFFICER - FINANCE, PERFORMANCE AND CHANGE

#### UPDATED FORWARD WORK PROGRAMME 2020-21

#### 1 Purpose of Report

- 1.1 The purpose of this report is to seek approval for the proposed Updated Forward Work Programme for 2020-21.

#### 2 Connections to corporate well-being objectives / other corporate priorities

- 2.1 This report assists in the achievement of the following corporate well-being objective under the **Well-being of Future Generations (Wales) Act 2015**:
- Smarter use of resources – ensuring that all resources (financial, physical, ecological, human and technological) are used as effectively and efficiently as possible and support the creation of resources throughout the community that can help deliver the Council's well-being objectives.

#### 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 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 to all aspects of their core functions the proposed Updated Forward Work Programme for 2020-21 is attached at Appendix A.
- 4.2 Shown below are the items scheduled to be presented at the Committee's next meeting on 12th November 2020. Committee Members are asked to endorse this schedule, confirm the list of people they would like to invite for each item (if appropriate), and indicate whether any additional information or research is required.

<b>Proposed Agenda Items – 12th November 2020</b>	
1	Audit Committee Action Record
2	Audit Wales Audit Committee Update
3	Review of the Annual Governance Statement 2019-20
4	Treasury Management - Half Year Report 2020-21
5	Disabled Facilities Grants
6	Internal Audit Half-Year Progress Report – April 2020 to September 2020.
7	Updated Forward Work Programme 2020-21

#### **5 Effect upon policy framework & procedure rules**

- 5.1 There is no impact on the Policy framework and Procedure rules.

#### **6 Equality Impact Assessment.**

- 6.1 There are no equality implications arising from this report.

#### **7 Well-being of Future Generations (Wales) Act 2015 implications**

- 7.1 The wellbeing goals identified in the Act were considered in the preparation of this report. It is considered that there will be no significant or unacceptable impacts upon the achievement of wellbeing goals/objectives as a result of this report.

#### **8 Financial implications.**

- 8.1 There are no financial implications arising from this report.

#### **9 Recommendation.**

- 9.1 That Members consider and approve the proposed Updated Forward Work Programme for 2020-21.

**Gill Lewis**  
**Interim Chief Officer – Finance, Performance and Change**  
**September 2020**

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**Background Documents:** None

**APPENDIX A**

**AUDIT COMMITTEE**

**PROPOSED SCHEDULE OF MEETINGS AND FORWARD WORK PROGRAMME**

<b>PROVISIONAL DATE OF MEETING</b>	<b>FORWARD WORK PROGRAMME</b>	<b>OFFICER RESPONSIBLE</b>
<b>2020</b>		
<b>12th November</b>	Audit Committee Action Record	Democratic Services Manager
	Audit Wales Audit Committee Update	Chief Officer – Finance, Performance and Change / Audit Wales
	Review of the Annual Governance Statement 2019-20	Chief Officer – Finance, Performance and Change
	Treasury Management - Half Year Report 2020-21	Chief Officer – Finance, Performance and Change
	Disabled Facilities Grants	Chief Officer – Finance, Performance and Change
	Internal Audit Half-Year Progress Report – April 2020 to September 2020.	Head of Internal Audit
	Updated Forward Work Programme 2020-21	Chief Officer – Finance, Performance and Change
<b>2021</b>		
<b>28th January</b>	Audit Committee Action Record	Democratic Services Manager
	Audit Wales Audit Committee Update	Chief Officer – Finance, Performance and Change / Audit Wales
	Corporate Risk Assessment 2021-22	Chief Officer – Finance, Performance and Change
	Treasury Management Strategy 2021-22	Chief Officer – Finance, Performance and Change
	Internal Audit Progress Report April 2020 to December 2020	Head of Internal Audit
	Audit Committee Self-Assessment	Head of Internal Audit
	Audit Committee Terms of Reference – depending on Local Govt Bill being published by Welsh Government	Chief Officer – Finance, Performance and Change
	Updated Forward Work Programme 2020-21	Chief Officer – Finance, Performance and Change
<b>22nd April</b>	Audit Committee Action Record	Democratic Services Manager

	Audit Wales Audit Committee Update	Chief Officer – Finance, Performance and Change / Audit Wales
	External Audit Annual Audit Plan 2020	Chief Officer – Finance, Performance and Change / Audit Wales
	Internal Audit – Final Outturn Report	Head of Internal Audit
	Internal Audit Strategy and Risk Based Audit Plan April 2021 to March 2022	Head of Internal Audit
	Regional Internal Audit Shared Service Charter 2021/22	Head of Internal Audit
	Updated Forward Work Programme 2020-21	Chief Officer – Finance, Performance and Change

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