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Cyngor Bwrdeistref Sirol Pen-y-bont ar Ogwr

Bridgend County Borough Council



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Annwyl Cyngorydd,

Cyfarwyddiaeth y Prif Weithredwr / Chief Executive's Directorate

Deialu uniongyrchol / Direct line /: 01656 643148 / 643147 / 643694

Gofynnwch am / Ask for: Gwasannaethau Democrataid

Ein cyf / Our ref:

Eich cyf / Your ref:

Dyddiad/Date: Dydd Llun, 14 Mehefin 2021

PWYLLGOR LLYWODRAETHU AC ARCHWILIO

Cynhelir Cyfarfod Pwyllgor Llywodraethu ac Archwilio O bell Trwy Microsoft Teams **Dydd Gwener, 18 Mehefin 2021 am 14:00.**

AGENDA

1. Ethol Cadeirydd
2. Ethol Is-Gadeirydd
3. Ymddiheuriadau am absenoldeb
Derbyn ymddiheuriadau am absenoldeb gan Aelodau.
4. 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.
5. Cymeradwyaeth Cofnodion 3 - 16
I dderbyn am gymeradwyaeth y Cofnodion cyfarfod y 22/04/21
6. Cofnod Gweithredoedd Y Pwyllgor Llywodraethu Ac Archwilio 17 - 20
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10. Datganiad Llywodraethu Blynyddol 2020-21 199 - 230
11. Adroddiad Archwilio Mewnol Blynyddol 2020-21 231 - 254

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12. Strategaeth Archwiliad Mewnol a Cynllun Seiliedig ar Risg Blynnyddo 2021-22 255 - 272
13. Blaenraglen Waith Wedi'i Diweddarau 2021-22 273 - 278
14. 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 pharagraff 2.4 (e) o'r Rheolau Trefn y Cabinet yn y Cyfansoddiad.

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 a Swyddogion yn mynychu o bell. Bydd y cyfarfod yn cael ei recordio i'w ddarlledu ar wefan y Cyngor cyn gynted ag sy'n ymarferol ar ôl y cyfarfod. Os oes gennych unrhyw gwestiwn am hyn, cysylltwch â cabinet_committee@bridgend.gov.uk neu ffoniwch 01656 643147 / 643148.

Yn ddiffuant

K Watson

Prif Swyddog – Gwasanaethau Cyfreithiol, Adnoddau Dynol a Rheoleiddio

Dosbarthiad:

Cynghowrwyr

CA Green
JE Lewis
MJ Kearn
B Sedgebeer

Cynghorwyr

RM Granville
LM Walters
AJ Williams
PA Davies

Cynghorwyr

P Davies
TH Beedle
A Hussain
E Venables

Aelod Lleyg:

Mrs J Williams

PWYLLGOR LLYWODRAETHU AC ARCHWILIO - DYDD IAU, 22 EBRILL 2021

COFNODION CYFARFOD Y PWYLLGOR LLYWODRAETHU AC ARCHWILIO A GYNHALIWDYD YN O BELL TRWY MICROSOFT TEAMS DYDD IAU, 22 EBRILL 2021, AM 14:00

Presennol

Y Cyngorydd LM Walters – Cadeirydd

CA Green
AJ Williams

JE Lewis
P Davies

MJ Kearn
A Hussain

RM Granville

Ymddiheuriadau am Absenoldeb

A Williams, PA Davies a/ac TH Beedle

Swyddogion:

Simon Roberts	Uwch Ymchwilydd Twyll
Deborah Exton	Dirprwy Bennaeth Cyllid dros dro
Mark Thomas	Pennaeth Gwasanaeth Archwilio Rhanbarthol
Samantha Clements	Swyddfa Archwilio Wales
Gill Lewis	Pennaeth Cyllid a Swyddog 151 Dros Dro
Michael Pitman	Swyddog Gwasanaethau Democrataidd – Pwyllgorau
Nigel Smith	Rheolwr Cyllid
Eilish Thomas	Rheolwr Cyllid – Rheoli Ariannol a Chau

Aelod Lleyg:

J Williams

233. DATGANIADAU O FUDDIANT

Dim.

234. CYMERADWYAETH COFNODION

PENDERFYNWYD :

Cymeradwyo cofnodion cyfarfod o'r Pwyllgor Llywodraethu ac Archwilio dyddiedig 28 Ionawr 2021, fel cofnod gwir a chywir.

235. DIWEDDARIAD AR Y PWYLLGOR LLYWODRAETHU AC ARCHWILIO - ARCHWILIO CYMRU

Cyflwynodd Cynrychiolydd Archwilio Cymru adroddiad a ddiweddarodd y Pwyllgor ar waith archwilio ariannol a pherfformiad a wnaed, ac sydd i fod i gael ei wneud, gan Archwiliad Cymru, a Chynllun Archwilio Archwilio Cymru 2021.

Esboniodd fod Archwilio Cymru wedi paratoi nifer o adroddiadau i'r pwyllgor eu hystyried, sef:

1. Diweddariad Pwyllgor Llywodraethu ac Archwilio Cymru (ynghlwm yn Atodiad A i'r adroddiad) a;
2. Cynllun Archwilio Cymru 2021 - Cyngor Bwrdeistref Pen-y-bont ar Ogwr (ynghlwm yn Atodiad B)

Amlinellodd Cynrychiolydd Archwilio Cymru'r gwaith archwilio ariannol a'i ddiweddariad cynnydd a wnaed gan Archwiliad Cymru, a restrir yn nhabl un atodiad A.

Amlinellodd Cynrychiolydd Archwilio Cymru'r gwaith archwilio perfformiad a'r prif newidiadau ers cyfarfod diwethaf y Pwyllgor Llywodraethu ac Archwilio. Esboniodd fod y rhaglen gwaith archwilio perfformiad yn dirwyn i ben, gyda llawer o'r gwaith wedi'i gwblhau a gweddill y gwaith i orffen erbyn tua Gorffennaf 2021. Ychwanegodd fod yr Adolygiad o drefniadau'r Cyngor i ddod yn 'Gyngor Digidol' wedi cael ei adlewyrchu a bod adroddiad ar hyn wedi'i ailgyhoeddi. Roedd hi'n hyderus y byddai'r gwaith ar hyn yn dod i ben yn fuan.

Dywedodd y Cadeirydd fod Archwiliad Cymru i fod i edrych ar y Cynlluniau Lleihau Carbon a gofynnodd am ychydig o ymhelaethu ar hyn. Esboniodd cynrychiolydd Archwilio Cymru fod hyn yn rhan o raglen waith 2020-21 fel rhan o'r asesiad sicrwydd a risg. Dywedodd mai'r cwmpas oedd edrych ar gynlluniau cynnar BCBC ar gyfer lleihau'r ôl troed carbon.

Cyflwynodd Cynrychiolydd Archwilio Cymru Gynllun Archwilio Cymru a nododd y rhaglen waith ar gyfer y flwyddyn ariannol. Esboniodd, er nad oedd yn rhagweld newidiadau i'r amseriadau a nodwyd yn yr adroddiad, nododd fod newidiadau o'r fath yn bosibl, oherwydd effeithiau negyddol Covid-19.

Amlinellodd Cynrychiolydd Archwilio Cymru'r adran archwilio ariannol ar dudalennau 5-9 o'r Cynllun Archwilio Cymru. Dywedodd mai'r prif gyfrifoldeb oedd archwilio'r datganiad cyfrifon ac adlewyrchu a oeddent yn rhoi barn wir a chywir ai peidio, trwy ddefnyddio dull sy'n seiliedig ar risg. Nodwyd risgiau archwilio'r datganiad ariannol yn Arddangosyn 1 gyda'r risg allweddol a nodwyd yn gysylltiedig â Covid-19, gan gynnwys gwariant cost ychwanegol a'r pwysau ar staffio.

Ychwanegodd Cynrychiolydd Archwilio Cymru fod y ffi am y gwaith archwilio ar y cyfrifon wedi'i nodi ar dudalen 13 o'r ddogfen a'i bod yn seiliedig ar ffi wirioneddol y llynedd, a oedd £6,000 yn llai na'r amcangyfrif a gynhwyswyd yng Nghynllun Archwilio'r llynedd.

Hefyd amlinellodd Cynrychiolydd Archwilio Cymru Raglen Archwilio Perfformiad 2021-22 a nodwyd yn Arddangosyn 3 yr adroddiad a chrynhodd fel a ganlyn:

- Archwiliad adrodd am welliant - Roedd hyn yn ymwneud â'r Ddeddf Llywodraeth Leol ac Etholiadau (Cymru) a'r dyletswyddau oedd gan Awdurdodau Lleol bellach o ran hunanasesu.
- Sicrwydd ac Asesiad Risg - Gwnaethpwyd cyflwyniad i CMB a chytunwyd i ganolbwyntio ar y pwyntiau a restrir.
- Gwaith thematig - Springing Forward - Archwilio'r blociau adeiladu ar gyfer dyfodol cynaliadwy - Roedd hyn yn ymwneud â sut y paratowyd cynghorau ar gyfer heriau'r dyfodol a gwersi a ddysgwyd o heriau'r gorffennol fel Covid-19.
- Adolygiad dilynol - Grantiau Cyfleusterau i'r Anabl - Dilyniant cynnydd y Cyngor i fynd i'r afael â chanfyddiadau ein hadolygiad grantiau cyfleusterau anabl (DFG)
- Adolygiad yn ymwneud â phartneriaeth iechyd Cwm Taf Morgannwg yn dilyn trosglwyddiad y Cyngor i'r bartneriaeth yn 2019 - i ailedrych ar y gwaith hwn yng ngoleuni newidiadau dros y 3 blynedd diwethaf gan gynnwys Covid-19, yr oedd ei gwmpas i'w drafod ymhellach.

- Cydymffurfriad adeilad statudol - Darn byr o waith sicrwydd i asesu trefniadau'r Cyngor i wella ei lefelau cydymffurfriad adeiladau statudol.

PENDERFYNWYD:

Bod y Pwyllgor wedi nodi Adroddiadau Pwyllgor Llywodraethu ac Archwilio Cymru yn Atodiad A ac Atodiad B i'r prif adroddiad.

236. ASESIAID RISG A STRATEGAETH TWYLL 2021/22 - 2024/25

Cyflwynodd y Prif Swyddog Dros Dro - Cyllid, Perfformiad a Newid adroddiad a roddodd Strategaeth a Fframwaith Twyll drafft y Cyngor i'r Pwyllgor 2021/22 i 2024/25 a'r Gofrestr Risg Twyll ddrafft yn unol â swyddogaethau'r Pwyllgor Llywodraethu ac Archwilio fel yr amlinellir yn y Cylch Gorchwyl, cyn ei gyflwyno i'r Cabinet i'w gymeradwyo.

Diolchodd i'r staff a gyfrannodd at yr adroddiad a phwysleisiodd bwysigrwydd y strategaeth a'r fframwaith twyll. Esboniodd y bu nifer fawr o ymdrechion i gyflawni twyll, yn enwedig yn ystod Covid-19.

Dywedodd yr Uwch Ymchwilydd Twyll fod Archwiliad Cymru, ym mis Gorffennaf 2020, wedi cynhyrchu adroddiad o'r enw 'Gwella Ein Perfformiad - Mynd i'r Afael â Thwyll yng Nghymru'.

Nododd yr adroddiad saith thema allweddol yr oedd angen i bob corff cyhoeddus ganolbwyntio arnynt wrth wella eu perfformiad i fynd i'r afael â thwyll yn fwy effeithiol a gwnaeth 15 argymhelliad ar draws y themâu hyn.

Esboniodd fod y Strategaeth Twyll a Fframwaith 2021/22 i 2024/25 ynghlwm yn Atodiad A ac amlinellodd nodau ac amcanion y strategaeth, nodi risgiau twyll ac roedd hyn yn cynnwys cynllun gweithredu 3 blynedd, a fydd yn gwella gwytnwch y Cyngor i dwyll, llwgrwobrwyo a llygredd ymhellach.

Dywedodd yr Uwch Ymchwilydd Twyll fod yr adroddiad hefyd yn cynnwys mesurau llwyddiant a siart llif i ddangos dull y Cyngor o amau twyll. Amlinellodd y pwyntiau allweddol yn y strategaeth a'r fframwaith gan gynnwys Rolau a Chyfrifoldebau, Nodau ac Amcanion, Tirwedd Twyll Cyfredol a Risgiau, rheoli'r risg o dwyll, llwgrwobrwyo a llygredd, cynllun gweithredu a mesur llwyddiant.

Amlinellodd yr Uwch Ymchwilydd Twyll y gofrestr risg twyll ddrafft a oedd yn Atodiad B i'r adroddiad a rhestrodd 20 o risgiau twyll posibl a nodwyd trwy'r Cyngor. Amlinellodd y gofrestr ganlyniadau pob risg a sut yr oeddid yn mynd i'r afael â phob risg.

Diolchodd y Cadeirydd i bawb a oedd yn ymwneud â chynhyrchu'r adroddiad a nododd ei fod yn ddarlleniad clir a dealladwy.

Gofynnodd Aelod a oedd y Cyngor wedi erlyn unrhyw un am dwyll yn ystod y flwyddyn ariannol ddiwethaf. Cadarnhaodd yr Uwch Ymchwilydd Twyll y bu rhai erlyniadau yn ymwneud â thwyll budd-daliadau, gyda blynyddoedd blaenorol yn uwch ac yn ymwneud mwy â thwyll bathodyn glas. Credai Aelod y gallai tynnu sylw at erlyniadau twyll i'r cyhoedd atal ymdrechion twyll yn y dyfodol.

Gofynnodd Aelod pa wiriadau a gynhaliwyd o ran y broses dendro ac a oedd y Cyngor yn hyderus nad oedd unrhyw dwyll wedi digwydd yn y maes hwn.

Esboniodd Pennaeth y Gwasanaeth Archwilio Mewnol Rhanbarthol, yn y Pwyllgor Llywodraethu ac Archwilio diwethaf, y daethpwyd ag adroddiad ar gontractau i'r Aelodau i roi sicrwydd ar y prosesau a gynhaliwyd ym Mhen-y-bont ar Ogwr. Gwnaeth y Prif

Swyddog Dros Dro - Cyllid, Perfformiad a Newid sylwadau hefyd ar brosesau'r Cyngor ei hun a rheolau gweithdrefn ariannol a chontract yr edrychwyd arnynt wrth dendro, ac mae llawer o'r prosesau hyn yn cael eu rheoli'n llym iawn.

Croesawodd yr Aelod Lleyg yr adroddiad a'r Uwch Ymchwilydd Twyll am weithio'n galed i fynd i'r afael ag twyll BCBC a'i atal. Gofynnodd, mewn perthynas ag Atodiad A a'r cynllun gweithredu, a oedd cynlluniau i ychwanegu dyddiadau gweithredu ato. Cadarnhaodd y Prif Swyddog Dros Dro - Cyllid, Perfformiad a Newid fod cynlluniau ar gyfer targedau, terfynau amser a chymau gweithredu yn ymwneud â hyn. Byddai dyddiadau gweithredu yn cael eu mewnosod lle bo hynny'n berthnasol, cadarnhaodd. Ychwanegodd Pennaeth y Gwasanaeth Archwilio Mewnol Rhanbarthol fod gwybodaeth o amrywiaeth o feysydd yn cael ei defnyddio, o brofiadau blaenorol, deallusrwydd lleol, a materion cyfredol fel seiberddiogelwch i lywio'r Cynllun Archwilio Mewnol ac i gwmpasu'r meysydd risg uchaf.

Roedd yr Aelod Lleyg yn pryderu am nifer y risgiau yn Atodiad B a gofynnodd a gellid rhestru ardal/cyfarwyddiaeth gwasanaeth wrth ymyl pob risg er mwyn cael gwell dealltwriaeth o ble roedd yr amlygiad mwyaf i risgiau.

Gofynnodd yr Aelod Lleyg a fyddent yn gallu nodi pwy fyddai'r risg yn gysylltiedig gyda nhw a phwy fyddai'n gweithredu'r gweithredoedd.

Esboniodd y Prif Swyddog Dros Dro - Cyllid, Perfformiad a Newid, yn debyg i'r gofrestr risg gorfforaethol, fod nifer o risgiau a oedd yn amlwg gyda phwy oedd y cyfrifoldeb, fodd bynnag, roedd rhai risgiau'n ymwneud â nifer o feysydd, yn hytrach na bod cyfrifoldeb un person/ardal waith yn unig. Ychwanegodd fod yr Uwch Ymchwilydd Twyll hefyd wedi cyfwrdd â'r Bwrdd Rheoli Corfforaethol (CMB) yn unigol i geisio nodi meysydd bregus rwydd, fel bod atebolrwydd ymhlith pawb, gan gynnwys swyddogion haen uchaf.

Esboniodd yr Aelod Lleyg y byddai'r gofrestr risg twyll yn cael ei hintegreiddio i'r gofrestr risg gorfforaethol. Gofynnodd am eglurhad ar sut y byddai hyn yn gweithio, hy, a fyddai rhai yn cael eu sgorio ac yna'n cael eu rhoi ar y gofrestr risg gorfforaethol tra bod eraill yn hepgor. Esboniodd y Prif Swyddog Dros Dro - Cyllid, Perfformiad a Newid na phenderfynwyd ar y ffordd y gwnaed hyn eto, er iddi ychwanegu y byddai angen penderfynu ar risgiau o ran pa mor arwyddocaol yr oeddent i gyfiawnhau cael eu cynnwys yn y risg gorfforaethol. cofrestr. Ychwanegodd fod twyll yn cael ei drafod yn y gofrestr risg gorfforaethol, felly byddai lefel o'r rhain yn cael eu cynnwys yn y gofrestr risg twyll bob amser.

Gofynnodd yr Aelod Lleyg pryd y byddai'r pwyllgor yn cael ei ddiweddarau ar y gofrestr risg twyll fel y cyfryw. Dywedodd y Prif Swyddog Dros Dro - Cyllid, Perfformiad a Newid y byddai'r pwyllgor yn derbyn adroddiad ar hyn ar ddiwedd pob blwyddyn ariannol.

Gofynnodd Aelod a oedd unrhyw broblemau gyda thwyll o fewn yr awdurdod gan fod cymaint o'r hyn a ddywedwyd yn ymwneud â thwyll allanol. Dywedodd yr Uwch Ymchwilydd Twyll fod diwylliant gwrth-dwyll cryf o fewn BCBC a chyda'r Modiwl E Dysgu diweddar ar Dwyll yn cael ei ryddhau i staff ac aelodau ymgymryd ag ef, credai fod hyn yn gorfodi hynny.

Gofynnodd y Cadeirydd mewn perthynas â risg 9 - twyll etholiad - nid oedd unrhyw sôn am bleidleisiau post. Gofynnodd a ddylid cynnwys hynny yn y gofrestr risg a'r strategaeth. Cytunodd yr Uwch Ymchwilydd Twyll fod hwn yn bwynt dilys ac y byddai'n codi hyn gyda'r adran etholiadol i ddarganfod pa liniaru oedd ar waith ar hyn o bryd.

PENDERFYNWYD:

Bod y Pwyllgor yn nodi'r Strategaeth a'r Fframwaith Twyll drafft 2021/22 i 2024/25 a'r gofrestr risg twyll ddrafft cyn ei chyflwyno i'r Cabinet i'w chymeradwyo.

237. POLISI OSGOI TRETHI

Cyflwynodd y Rheolwr Grŵp Dros Dro - Prif Gyfrifydd adroddiad a hysbysodd y Pwyllgor Llywodraethu ac Archwilio o'r Polisi Osgoi Gwrth-Dreth newydd. Esboniodd ofyniad y polisi yn unol â Deddf Cyllid Troseddol 2017 ac amlinellodd y cefndir yn adran 3 yr adroddiad.

Esboniodd y Rheolwr Grŵp Dros Dro - Prif Gyfrifydd fod y Cyngor wedi ymrwymo i sefydlu a chynnal trefniadau effeithiol i atal a chanfod gweithredoedd llwgrwobrwyo, llygredd ac osgoi talu treth mewn perthynas â gwasanaethau'r Cyngor.

Esboniodd fod y Polisi Osgoi Gwrth-Dreth ynghlwm fel Atodiad A i'r adroddiad a'i fod yn atodol i Strategaeth Gwrth-Dwyll a Llwgwrwobrwyo ehangach y Cyngor sy'n nodi'r cyfrifoldebau allweddol o ran atal twyll a beth i'w wneud os yw twyll neu afreoleidd-dra ariannol. yn cael ei amau, gan gynnwys y camau a gymerir gan reolwyr o ganlyniad i hyn.

Dywedodd fod y Cabinet wedi cymeradwyo'r Polisi Osgoi Gwrth-Dreth newydd ar 9 Chwefror 2021 a gofynnwyd i'r Pwyllgor Llywodraethu ac Archwilio ystyried y polisi fel rhan o'u rôl i gael sicrwydd ynghylch trefniadau llywodraethu corfforaethol a rheoli risg y Cyngor. Byddai'r polisi'n cael ei adolygu a'i ddiweddarau yn ôl yr angen bob dwy flynedd.

Gofynnodd y Cadeirydd sut y byddai'r polisi'n cael ei gyflwyno a sut fyddai unrhyw ganfyddiadau ynglŷn â hyn yn cael eu hadrodd i'r Pwyllgor. Gofynnodd hefyd sut y gellid profi bod y polisi'n cael ei weithredu'n effeithiol.

Esboniodd y Rheolwr Grŵp Dros Dro - Prif Gyfrifydd y byddai canfyddiadau unrhyw osgoi talu treth yn cael eu cofnodi gan yr Uwch Ymchwilydd Twyll a'i dîm a'u cyflwyno i'r Pwyllgor yn ôl yr angen. Dywedodd y byddai hyn yn chwarae rôl wrth sicrhau bod y polisi'n cael ei weithredu.

Soniodd yr Aelod Lleyg fod y polisi yn debyg i'r risgiau twyll a drafodwyd yn yr adroddiad blaenorol. Awgrymodd y dylid rhoi gwybod am hyn i'r Pwyllgor ar y cyd â'r gofrestr risg twyll.

PENDERFYNWYD:

Bod y Pwyllgor

- Yn nodi'r Polisi Osgoi Gwrth-Dreth sydd ynghlwm yn Atodiad A i'r adroddiad.
- Yn nodi'r diwygiadau arfaethedig i Gylch Gorchwyl y Pwyllgor a'r Cyfansoddiad sydd ynghlwm fel Atodiad B, i'w cyflwyno i'r Cyngor i'w chymeradwyo.
- Yn nodi y bydd adroddiadau pellach ar fonitro'r polisi yn cael eu darparu i'r Pwyllgor Llywodraethu ac Archwilio i'w hystyried.

238. DEDDF LLYWODRAETH LEOL AC ETHOLIADAU (CYMRU) 2021

Cyflwynodd y Prif Swyddog Dros Dro - Cyllid, Perfformiad a Newid adroddiad a roddodd ddiweddariad i'r Pwyllgor ynghylch Deddf Llywodraeth Leol ac Etholiadau (Cymru) 2021 a diwygiadau arfaethedig i Gylch Gorchwyl y Pwyllgor.

Dyweddodd fod y Ddeddf wedi'i phasio gan y Senedd ar 18 Tachwedd 2020 a'i bod wedi derbyn Cydsyniad Brenhinol ar 20 Ionawr 2021. Roedd y ddeddfwriaeth yn ymdrin ag ystod o feysydd fel diwygio etholiadol, cyfranogiad y cyhoedd, llywodraethu a pherfformiad a gweithio rhanbarthol. Nod y Ddeddf oedd darparu dull symlach o berfformiad, llywodraethu a gwella da a chyflwynodd y canlynol:

- Diwygio Trefniadau Etholiadol ar gyfer llywodraeth leol
- Pŵer Cymhwysedd Cyffredinol
- Diwygio cyfranogiad y cyhoedd mewn llywodraeth leol
- Diwygiadau ynghylch llywodraethu ac arweinyddiaeth ddemocrataidd
- Diwygio'r drefn perfformiad a llywodraethu
- Gweithio Cydweithredol
- Uno Gwirfoddol prif gynghorau

Esboniodd y Prif Swyddog Dros Dro - Cyllid, Perfformiad a Newid fod y Ddeddf a gyflwynwyd yn ymgynghori o'r blaen ar ddiwygiadau i newid Pwyllgorau Archwilio gan gynnwys:

- Ar gyfer Mai 2021, ailenwi'r Pwyllgor yn Bwyllgor Llywodraethu ac Archwilio;
- O fis Mai 2022, rhagnodwyd newidiadau i aelodaeth a Chadeirydd - traean o'r aelodau i fod yn Aelodau Lleyg a'r Cadeirydd i fod yn Aelod Lleyg hefyd;
- Disodli dyletswyddau archwilio ac adrodd gyda dyletswyddau o ran hunanasesu ac asesu panel (Adolygiad cymheiriaid), gan gynnwys dyletswyddau i:
 - ystyried fersiynau drafft a therfynol adroddiad hunanasesu'r Cyngor;
 - o leiaf unwaith yn ystod y cyfnod rhwng dau etholiad cyffredin yn olynol, i ystyried adroddiad Asesiad Perfformiad y Panel Annibynnol;
 - adolygu ymateb y Cyngor i adroddiad Asesiad Perfformiad y Panel Annibynnol;

Esboniodd y Prif Swyddog Dros Dro - Cyllid, Perfformiad a Newid y cynigiwyd y dylid diwygio Cylch Gorchwyl y Pwyllgor yn Rhan 3 o Gyfansoddiad y Cyngor i gynnwys y pwyntiau a restrir ym mharagraff 4.2 o'r adroddiad. Ychwanegodd, yn ychwanegol at hyn, y nodwyd bod angen diweddarw pwrpas y Pwyllgor i adlewyrchu cyfrifoldebau ynghylch llywodraethu a'r ddeddfwriaeth newydd. Felly, cynigiwyd y dylid diweddarw pwrpas y Pwyllgor Llywodraethu ac Archwilio yn unol â pharagraff 4.3 o'r adroddiad.

Soniodd Aelod am y pwynt y dylai traean o aelodau'r Pwyllgorau fod yn aelodau Lleyg, a oedd yn cynnwys y cadeirydd. Gofynnodd a oedd sefyllfa ddiofyn y gallai'r Pwyllgor ei chymryd pe byddent yn aflwyddiannus i gael traean o aelodau Lleyg. Cadarnhaodd y Prif Swyddog Dros Dro - Cyllid, Perfformiad a Newid nad oedd ganddi'r manylion ynglŷn â hyn ac roedd yn disgwyl y byddai rhywfaint o ganllawiau yn dilyn yn agosach at ddyddiad gweithredu'r rhan hon o'r Ddeddf.

Soniodd Aelod y byddai goblygiadau cost yn y dyfodol i rai o'r newidiadau. Gofynnodd a oedd y Cyngor yn ymwybodol o beth fyddai'r costau hyn. Dywedodd y Prif Swyddog Dros Dro - Cyllid, Perfformiad a Newid nad oedd ganddi fanylion y rhain, ond unwaith y cadarnhawyd y manylion am yr hyn y disgwyldid i'r Cyngor ei wneud, pa grantiau neu adnoddau oedd ar gael ac ati, byddai'r costau hyn yn dod yn fwy eglur. Wedi'i nodi.

Dywedodd y Cadeirydd, gan fod gan y Pwyllgor gyfrifoldeb newydd i adolygu effeithiolrwydd proses gwynion y Cyngor, a oedd yn bosibl cael adroddiad i'r Pwyllgor yn chwarter 3 y flwyddyn ariannol i ddeall sut roedd y broses gwynion yn cael ei rheoli ar hyn o bryd. Cytunodd y Prif Swyddog Dros Dro - Cyllid, Perfformiad a Newid i gynnig hyn gan ei fod yn rôl bwysig i'r Pwyllgor, ond hefyd roedd yn ddefnyddiol helpu i ddeall nifer y cwynion a pha fathau o gwynion a oedd yn cael eu derbyn. Gofynnodd y Pwyllgor am adroddiad ar y broses gwynion, fel y gallent ymgyswngi â'r broses a'r niferoedd.

Gofynnodd y Cadeirydd, pan wnaed eglurhad pellach o ran y newidiadau i'r Pwyllgor Llywodraethu ac Archwilio, a ellid darparu sesiynau hyfforddi i ddarparu gwell dealltwriaeth o'r newidiadau a'u goblygiadau. Awgrymodd y Prif Swyddog Dros Dro - Cyllid, Perfformiad a Newid y dylid darparu'r hyfforddiant hwn ochr yn ochr â'r hyfforddiant ar atal twyll. Cytunodd yr aelodau y byddai hyn o fudd i'r Pwyllgor.

PENDERFYNWYD:

Bod y Pwyllgor:

- Yn nodi'r adroddiad a'r diwygiadau rhagnodedig i'r Pwyllgor cyfredol;
- Yn nodi'r diwygiadau arfaethedig i'r Cylch Gorchwyl a phwrpas y Pwyllgor i'w cyflwyno i'r Cyngor i'w cymeradwyo.
- Yn gofyn am i fanylion y broses a nifer y cwynion gael eu dwyn i gyfarfod Pwyllgor yn y dyfodol yn ddiweddarach eleni.

239. GRANTIAU CYFLEUSTERAU I'R ANABL

Cyflwynodd y Pennaeth Partneriaethau adroddiad, a'i bwrpas oedd diweddarau'r Pwyllgor Llywodraethu ac Archwilio ar y camau a gymerwyd i symud ymlaen â gwelliannau i'r gwasanaeth Grant Cyfleusterau i'r Anabl (DFG) a darparu gwybodaeth am y sefyllfa hyd yma.

Cadarnhaodd bod adroddiadau blaenorol i'r Pwyllgor Archwilio, y Cabinet a'r Cabinet / Bwrdd Rheoli Corfforaethol (CCMB) wedi amlinellu'r angen hanfodol i ail-lunio a gwella'r modd y darperir y gwasanaeth DFG ym Mhen-y-bont ar Ogwr.

Roedd adroddiad archwilio pellach a gynhaliwyd gan y Gwasanaeth Archwilio Mewnol Rhanbarthol yn Aberystwyth 2019/20 wedi dod i'r casgliad bod Sicrwydd Cyfyngedig mewn perthynas â'r gwasanaeth bryd hynny. Roedd yr adroddiad hwn hefyd wedi gwneud rhai argymhellion sy'n ofynnol er mwyn gwella'r gwasanaeth a manylwyd ar y rhain ym mharagraff 3.4 o'r adroddiad.

Mewn cyfarfod dilynol o'r Cabinet, ystyriwyd adroddiad a oedd yn adlewyrchu rhai cynigion a champau gweithredu yr oedd angen eu dilyn, er mwyn bwrw ymlaen a gwella'r gwasanaeth DFG. Cadarnhaodd paragraff 4.1 yr adroddiad y gweithredwyd ar y rhain a hefyd amlinellu'r cynnydd hyd yn hyn ar y rhain. Rhoddodd y Pennaeth Partneriaethau gadarnhad o'r rhain er budd yr Aelodau.

Cadarnhaodd y Pennaeth Partneriaethau mai'r camau sy'n ymateb i argymhellion adroddiad Swyddfa Archwilio Cymru, ochr yn ochr â'r gweithgaredd a amlinellwyd yn yr adroddiad. Roedd y camau hyn yn cwrdd ag amcanion y Cyngor ym mharagraff 2.1 yr adroddiad, yn ogystal â chefnogi'r 5 ffordd o weithio o dan Ddeddf Llesiant Cenedlaethau'r Dyfodol (Cymru) 2015 a Deddf Gwasanaethau Cymdeithasol a Llesiant (Cymru) 2014.

Roedd tîm prosiect wedi'i sefydlu a fydd yn gyfrifol am ddatblygu, gweithredu a monitro'r peilot. Roedd trafodaethau ar y gweill ar hyn o bryd gyda chydweithwyr o'r

Gwasanaethau Cymdeithasol, i gryfhau rôl gwasanaeth Therapydd Galwedigaethol y Gwasanaethau Cymdeithasol a'i rôl mewn achosion plant a chychwyn atgyfeiriadau DFG oedolion i'r tîm tai. Bydd hyn yn sicrhau bod gwaith DFG canolig a mawr yn cael ei brosesu mewn dull safonol a chyson ar draws y Cyngor a bydd yn sicrhau bod y llwybr at DFG a chymorth Gwasanaethau Cymdeithasol cysylltiedig yn glir.

Er mwyn sicrhau cydymffurfiaeth â phrosesau a chaffael y Cyngor, roedd Cytundeb Fframwaith yn cael ei ddatblygu lle bydd contractwyr yn cael eu penodi i gyflawni'r gwaith ar geisiadau DFG yn unol â'r CPRs.

Byddai'r camau sy'n cael eu rhoi ar waith i symleiddio'r gwasanaeth a'r cydweithredu â Chyngor Castell-nedd Port Talbot, yn caniatáu i BCBC ddatblygu prosesau a gweithdrefnau newydd. Byddai prosesau monitro, adolygu a gwerthuso yn cael eu sefydlu, er mwyn sicrhau bod gan y Cyngor reolaethau priodol ar waith, ychwanegodd.

Roedd gwelliannau perfformiad hefyd yn cael eu targedu, gan ychwanegu Pennaeth y Partneriaethau ymhellach. Rhestrwyd y targedau ar gyfer gwella yma yn yr adroddiad, er mwyn sicrhau bod perfformiad BCBC yn gwella i gyrraedd cyfartaledd Cymru Gyfan. Er iddo bwysleisio y gallai'r newidiadau mewnoli a symud i fodel gweithredol newydd ohirio'r gwelliannau hyn, yn enwedig am resymau staff yn recriwtio staff profiadol a chymwys addas i ymgymryd â nhw, er mwyn ymgymryd â'r gwaith a fyddai, yn ei dro, yn arwain at wneud gwelliannau sy'n ofynnol.

Amlinellwyd buddion model gweithredu newydd ym mharagraff 4.14 o'r adroddiad.

Yn olaf, cyfeiriodd y Pennaeth Partneriaethau at oblygiadau ariannol yr adroddiad, a dywedodd ei fod yn niwtral o ran cost.

Sylwodd Aelod fod yr adroddiad yn cynnwys data a gasglwyd ar gyfer y Flwyddyn 2018/19, nifer cyfartalog y diwrnodau a gymerwyd i ddarparu Grant Cyfleusterau i'r Anabl, ac roedd hi'n deall pam nad oedd data ar gael o bosibl 2020/21, oherwydd yr achosion o Covid-19. Fodd bynnag, gofynnodd pam nad oedd unrhyw ddata wedi'i gynnwys yn yr adroddiad 2019/20.

Cadarnhaodd Rheolwr y Grŵp - Tai ac Adfywio Cymunedol y byddai'n ymchwilio i hyn y tu allan i'r cyfarfod ac yn cynghori'r Pwyllgor yn unol â hynny am ei chanfyddiadau.

Yna gofynnodd y Cadeirydd pa mor hir y byddai'n ei gymryd i ddod â recriwtio staff ychwanegol i ben i gefnogi gwaith DFG o dan y trefniant newydd ac a fyddai'r Cytundeb Cydweithredol gyda CBS Castell-nedd Port Talbot yn mynd i gynllunio.

Cadarnhaodd y Prif Swyddog Dros Dro - Cyllid, Perfformiad a Newid, o ran y Cytundeb Cydweithio, fod hyn yn dod yn ei flaen yn dda, gyda dim ond ychydig o bennau rhydd i'w clymu mewn perthynas â'r broses dendro a'r Cytundeb Fframwaith. Pan ddaethpwyd â hyn i ben, byddai adroddiad diweddar pellach yn cael ei gyflwyno i'r Pwyllgor.

Ychwanegodd y Pennaeth Partneriaethau pan fyddai'r Cytundeb hwn ar waith y byddai staff ychwanegol yn cael eu recriwtio fel y cynigiwyd. Ychwanegodd fod recriwtio yn risg fel y nodwyd yn yr adroddiad, ar y sail y byddai hyn yn cynnwys recriwtio swyddi Syrffwr a oedd yn broffesiwn eithaf arbenigol, o ran recriwtio a chadw staff. Fodd bynnag, cynigiwyd swyddi dan hyfforddiant hefyd a byddai rhaglen hyfforddi yn cael ei sefydlu ar gyfer y staff newydd hyn, ar y cyd â chefnogaeth gan CBS Castell-nedd Port Talbot.

PENDERFYNWYD:

Bod y Pwyllgor yn nodi cynnydd hyd yn hyn, er mwyn gwella'r gwasanaeth DFG a'r sefyllfa bresennol

240. DIWEDDARIAD AR EFFEITHIOLRWYDD HUNANASESIAD Y PWYLLGOR LLYWODRAETHAU AC ARCHWILIO

Cyflwynodd Pennaeth y Gwasanaeth Archwilio Mewnol Rhanbarthol adroddiad, er mwyn diweddarau aelodau'r Pwyllgor, yn dilyn adborth, ar ganfyddiadau'r Hunanasesiad o Arfer Da gan y Sefydliad Siartredig Cyllid Cyhoeddus a Chanllawiau Ymarferol Pwyllgorau Archwilio Cyfrifeg (CIPFA) 2018, (adroddwyd yn wreiddiol ar 28 Ionawr 2021). Yn ogystal â chrynhof ymatebion yr aelodau i holiadur sgiliau a gyhoeddwyd i fesur lefel eu gwybodaeth a'u profiad o feysydd allweddol.

Dywedodd y dylid gwerthuso effeithiolrwydd y Pwyllgor Llywodraethu ac Archwilio hwn yn unol â'r Hunanasesiad o Arfer Da sydd wedi'i gynnwys yng nghanllawiau CIPFA. Mae hyn yn darparu adolygiad lefel uchel sy'n ymgorffori'r egwyddorion allweddol a nodir yn Natganiad Sefyllfa CIPFA.

Cyflwynwyd y rhestr wirio i'r Pwyllgor ar 28 Ionawr 2021. Yn ystod y cyfarfod cytunwyd y byddai aelodau'r pwyllgor yn cael cyfle i roi eu hadborth eu hunain. Yn ogystal, trefnodd y Cadeirydd rai sesiynau y gwahoddwyd aelodau i ymuno â nhw pe bai'n well ganddynt.

Ychwanegodd Pennaeth y Gwasanaeth Archwilio Mewnol Rhanbarthol fod adroddiad archwilio drafft ynghlwm yn Atodiad A i'r adroddiad, a oedd yn darparu crynodeb o'r canfyddiadau a'r adborth a gafwyd gan aelodau'r Pwyllgor, tra bod Atodiad B yn cynnwys y rhestr wirio wedi'i diweddarau. Mae'r adroddiad archwilio drafft yn cynnwys cynllun gweithredu rheolwyr sy'n rhestru'r argymhellion sy'n cael eu gwneud o ganlyniad i'r gwaith hwn.

Cyflwynwyd holiadur sgiliau a gwybodaeth i'r Pwyllgor hefyd ar 28 Ionawr 2021. Cytunwyd y byddai hyn yn cael ei gylchredeg i'w gwblhau gan yr holl aelodau. Darperir y canlyniadau hefyd yn yr adroddiad archwilio drafft atodedig yn Atodiad A, tra bo'r holiadur ynghlwm yn Atodiad C i gyfeirio ato.

Yna cyfeiriodd Pennaeth y Gwasanaeth Archwilio Mewnol Rhanbarthol yr Aelodau at y Cynllun Gweithredu sydd ynghlwm wrth yr adroddiad, lle'r oedd pwyntiau bwled i aelodau eu hystyried, wrth symud ymlaen.

Dywedodd y Cadeirydd fod y rhain yn cael eu dangos ar dudalen 133 yr adroddiad (6.1.2) ac y byddai'n tywys aelodau trwy'r rhain yn unigol, er mwyn gweld y consensws barn ynghylch pa un o'r argymhellion hyn y dylid ei ddatblygu.

- Mae angen i'r Fframwaith Moesegol ar gyfer BCBC gael ei wella a'i fynegi'n well felly mae'r Pwyllgor yn gallu cyflawni'r cyfrifoldeb hwn. - **Cytunwyd** - Cadeirydd i drafod ymhellach gyda Phennaeth y Gwasanaeth Archwilio Mewnol Rhanbarthol.
- Dylid ystyried cyfarfodydd ychwanegol er mwyn osgoi papurau rhy swmpus a all fod yn anodd eu hamsugno cyn cyfarfodydd. - **Cytunwyd**.
- Cyn-gyfarfod 30 munud i aelodau yn unig (i adlewyrchu dull gweithredu mewn Pwyllgorau Craffu) i drafod materion a chytuno cwestiynau. Ni fyddai hyn yn atal cwestiynau eraill rhag cael eu codi yn ystod y cyfarfod ond gallai gynorthwyo i symleiddio'r cwestiynau a'r prosesau. - **Anghytuno**.
- Nid yw aelodau newydd sy'n ymuno â'r Pwyllgor Archwilio ar ôl y flwyddyn gyntaf yn derbyn hyfforddiant pwyllgor archwilio penodol. - **Cytunwyd. hy. Teimlai aelodau y dylai Aelodau newydd o'r fath dderbyn hyfforddiant**.
- Dim ond yn rhannol yn lle cytuno'n llwyr fod cymysgedd briodol o wybodaeth a sgiliau ymhlith yr aelodaeth. - **Cytunodd yr aelodau fod cymysgedd briodol o wybodaeth a sgiliau o wahanol gefndiroedd gwaith ar y Pwyllgor**.

- Nid oes digon o wybodaeth am yr hyn y mae'r Pwyllgor Llywodraethu ac Archwilio yn ei wneud gan aelodau eraill o'r Cyngor (nid ar y Pwyllgor hwn) - **Anghytuno, felly peidiwch ag ystyried y pwynt hwn ymhellach.**
- Nid oes gan rai aelodau'r wybodaeth i gyflawni eu swyddogaeth yn effeithiol - **Cytunwyd y dylai hyfforddiant i aelodau ar y Pwyllgor hwn fod yn orfodol gyda hyfforddiant ychwanegol yn cael ei drefnu'n benodol ar Ddeddf Etholiadau Llywodraeth Leol (Cymru) 2021, Twyll a Chwynion.**
- Gan fod y pwyllgor hwn o'i gymharu â phwyllgorau trosolwg a chraffu eraill y Cyngor yn gofyn am set sgiliau benodol iawn, awgrymir bod pob Arweinydd Grŵp ac Aelod Annibynnol heb aliniad yn cynnal archwiliad sgiliau i nodi'r rhai yn eu grwpiau gwleidyddol sydd yn y sefyllfa orau i eistedd ar y pwyllgor hwn. Bydd hyn yn sicrhau bod y pwyllgor yn cynnwys yr aelodau hynny sydd â'r cefndir a'r wybodaeth broffesiynol fwyaf priodol. - Wedi'i **ollwng, gan fod hwn wedi'i ateb mewn pwynt bwled blaenorol uchod.**
- Anghytuno ychydig fod y trefniadau i ddwyn y pwyllgor i gyfrif am ei berfformiad yn gweithredu'n foddhaol. **Cytunwyd i ollwng y pwynt hwn.**
- Nid oes lefel dda o drafod ac ymgysylltu bob amser gan bob aelod mewn cyfarfodydd. - **Anghytuno**
- Ymateb i A yw'r pwyllgor archwilio yn adrodd yn uniongyrchol i'r cyngor llawn? Ni ddylid cwrdd â hi ac ni ddylid ei chyflawni'n rhannol. - **Mynd â hi a'i thrafod â Swyddog Monitro'r Cyngor, os dylid cyflwyno adroddiad Blynnyddol y Pwyllgor Llywodraethu ac Archwilio i'r Cyngor, gan nad oedd hyn yn ofyniad ond yn rhywbeth y gellid ei ystyried yn arfer da.**

PENDERFYNWYD:

Bod aelodau'r Pwyllgor yn ystyried ac ymateb i'r argymhellion yn yr adroddiad archwilio drafft yn Atodiad A, fel y manylir uchod.

241. CYNLLUN ARCHWILIO BLYNYDDOL YR ARCHWILIAD ALLANOL 2020-21

Cyflwynodd y Rheolwr Cleient Archwilio adroddiad, er mwyn rhoi datganiad sefyllfa i Aelodau'r Pwyllgor ar y cynnydd sy'n cael ei wneud yn erbyn y gwaith archwilio a gynhwysir ac a gymeradwywyd yn y Cynllun Seiliedig ar Risg Archwilio Mewnol 2020-21.

Rhoddodd ychydig o wybodaeth gefndir, yna dywedodd fod cynnydd a wnaed yn erbyn y cynllun yn ystod 2020-21 ynghlwm yn Atodiad A i'r adroddiad. Dylid nodi bod y Rheolwr Cleient Archwilio wedi nodi, bod hon yn swydd ddrafft gan fod rhywfaint o waith wrthi'n cael ei gwblhau a byddai canlyniad y gwaith hwn yn cael ei gynnwys yn Adroddiad Archwilio Mewnol Blynnyddol 2020 y Pennaeth Archwilio 2020-21, i fod dod i Bwyllgor Llywodraethu ac Archwilio yn y dyfodol.

Roedd Atodiad A yn manylu ar statws pob adolygiad a gynlluniwyd, barn yr archwiliad a nifer unrhyw argymhellion uchel neu ganolig a wnaed i wella'r amgylchedd rheoli. Dylid nodi, eglurodd, nad oes gan rai adolygiadau a restrir barn archwilio, er enghraifft cyngor ac arweiniad, adroddiadau'r Pwyllgor Llywodraethu ac Archwilio a'r Bwrdd Rheoli Corfforaethol (CMB). Roedd hyn oherwydd bod y gwaith archwilio a wneir mewn perthynas â'r eitemau hyn wedi'i gynllunio, ond nid yw natur y gwaith yn arwain at brofi a ffurfio barn archwilio.

Roedd Atodiad A yn dangos bod 26 eitem o waith wedi'u cwblhau hyd yma, ac mae 19 archwiliad wedi arwain at ddarparu barn. Roedd cyfanswm o 13 archwiliad yn mynd rhagddynt ar hyn o bryd a byddent yn cael eu cynnwys yn yr adroddiad barn blynnyddol terfynol.

Nododd yr Atodiad uchod fod cyfanswm o 28 o argymhellion canolig (arwyddocaol) wedi'u gwneud i wella amgylchedd rheoli'r ardaloedd a adolygwyd felly.

Ychwanegodd y Rheolwr Cleient Archwilio ymhellach fod Atodiad A yn dangos bod rhai o'r adolygiadau archwilio a gynlluniwyd wedi'u gohirio yn dilyn cais gan yr adran wasanaeth ac y byddant yn cael eu hystyried yng nghynllun y flwyddyn ganlynol. Fodd bynnag, o'r gwaith a wnaed, bu digon o sylw i ffurfio barn archwilio ar gyfer 2020-21, a fydd yn cael ei gynnwys yn Adroddiad Archwilio Mewnol Blyneddol y Pennaeth Archwilio.

Gorffennodd y Rheolwr Cleient Archwilio ei chyflwyniad trwy gyfeirio at rai enghreifftiau o'r gwaith archwilio a wnaed, fel y cyfeirir ato yn atodiad yr adroddiad.

Gofynnodd yr Aelod Lleyg a oedd unrhyw ran o'r gwaith archwilio a wnaed gan y Gwasanaeth Archwilio Mewnol a Rennir wedi datgelu unrhyw faterion yn ymwneud â thwyll.

Cadarnhaodd y Rheolwr Cleient Archwilio nad oedd unrhyw faterion yn ymwneud â thwyll wedi codi mewn perthynas ag unrhyw ran o'r gwaith archwilio a gwblhawyd fel y manylir yn Atodiad A.

Nododd yr Aelod Lleyg fod ymchwiliad i faes gwasanaeth lle'r oedd y gwaith hyd yma wedi datgelu toriad diogelwch a gofynnodd a ellid rhoi gwybod i'r Aelodau beth oedd hyn yn gysylltiedig iddo/derbyn gwybodaeth bellach ynglŷn â hyn.

Dywedodd Pennaeth y gwasanaeth Archwilio Mewnol Rhanbarthol, gan nad oedd yr ymchwiliad hwn wedi'i gwblhau'n llawn eto, na ellid rhannu gwybodaeth bellach amdano gyda'r Aelodau. Fodd bynnag, pan fyddai'r ymchwiliad wedi'i gwblhau, byddai'r Aelodau'n cael gwybod am faterion perthnasol sy'n codi.

O ran yr arian coll a nodwyd o ganlyniad i'r archwiliad o'r gwasanaeth Byw â Chefnogaeth, gofynnodd yr Aelod Lleyg faint oedd hyn yn ei olygu.

Cadarnhaodd y Rheolwr Cleient Archwilio fod hyn o dan £150 a ddarganfuwyd, beth bynnag, rai misoedd yn ddiweddarach. Er gwaethaf hyn, roedd rhai gwendidau yn y maes gwasanaeth a nodwyd ac a oedd wrthi'n cael sylw.

Gofynnodd y Cadeirydd sut roedd recriwtio yn dod yn ei flaen yn y Gwasanaeth Archwilio Mewnol a Rennir.

Esboniodd Pennaeth y Gwasanaeth Archwilio Mewnol Rhanbarthol fod y strwythur wedi'i sefydlu a'i fod yn aros am gymeradwyaeth yn amodol ar gyngor Adnoddau Dynol ac ymgynghoriad staff. Rhagwelwyd y byddai recriwtio i swyddi gwag yn cael ei ddilyn yn ystod y misoedd nesaf tra bod Archwilydd dan Hyfforddiant eisoes wedi'i recriwtio.

PENDERFYNWYD:

Bod Aelodau'r Pwyllgor yn nodi cynnwys yr adroddiad a'r cynnydd a wnaed yn erbyn Cynllun Blyneddol yn Seiliedig ar Risg Archwiliad Mewnol 2020-21.

242. SIARTER CYDWASANAETHAU'R ARCHWILIAD MEWNOL RHANBARTHOL 2021-22

Cyflwynodd Pennaeth y Gwasanaeth Archwilio Mewnol Rhanbarthol adroddiad, er mwyn cyflwyno Siarter Archwilio Mewnol y Gwasanaeth Archwilio Mewnol Rhanbarthol i Aelodau'r Pwyllgor Llywodraethu ac Archwilio. 2021/22.

Pwrpas y Siarter Gwasanaeth Archwilio Mewnol Rhanbarthol, oedd diffinio pwrpas, awdurdod a chyfrifoldebau'r Gwasanaeth a Rennir Archwiliad Mewnol Rhanbarthol ar draws Pen-y-bont ar Ogwr, Merthyr Tudful, Rhondda Cynon Taf a Chynghorau Bro Morgannwg.

Roedd y Pennaeth Adran Archwilio Mewnol yn gyfrifol am adolygu'r siarter a'i chyflwyno i Bwyllgor Archwilio pob Cyngor yn flynyddol i'w hadolygu a'i chymeradwyo, yn unol â Safonau Archwilio Mewnol y Sector Cyhoeddus (PSIAS).

Cadarnhaodd fod y Siarter Archwilio Mewnol Rhanbarthol ar gyfer 2021/22 ynghlwm yn Atodiad A i'r adroddiad. Adolygwyd a diwygiwyd y Siarter yn llawn 2020/21, i gael Siarter gyson ar gyfer y pedwar Cyngor. Roedd hyn yn gyson ag amcanion y Gwasanaeth a Rennir Rhanbarthol, hynny yw, dileu dyblygu a chymhwyso arfer gorau.

Dywedodd Pennaeth y Gwasanaeth Archwilio Mewnol Rhanbarthol fod hyn wedi'i adolygu eto ar gyfer 2021/22, i sicrhau ei fod yn parhau i adlewyrchu gofynion y PSIAS a'i fod yn berthnasol i bob un o'r pedwar Cyngor sy'n ymwneud â'r Gwasanaeth a Rennir. Roedd yr unig newidiadau a wnaed i'r Siarter, meddai, yn ymwneud â newid teitl y Pwyllgor Archwilio i'r Pwyllgor Llywodraethu ac Archwilio o ganlyniad i Lywodraeth Leol a Deddf Etholiadau (Cymru).

PENDERFYNWYD:

Bod Aelodau'r Pwyllgor yn ystyried a chymeradwyo Siarter y Gwasanaeth Archwilio Mewnol Rhanbarthol ar gyfer 2021/22, fel sydd ynghlwm yn Atodiad A i'r adroddiad.

243. BLAENRAGLEN WAITH 2021-22

Cyflwynodd y Dirprwy Bennaeth Cyllid Dros Dro adroddiad, a'i bwrpas oedd ceisio cymeradwyaeth ar gyfer y Rhaglen Ymlaen Gwaith arfaethedig ar gyfer 2021-22.

Dywedodd er mwyn cynorthwyo'r Pwyllgor i sicrhau bod ystyriaeth ddyledus yn cael ei rhoi i bob agwedd ar eu swyddogaethau craidd, roedd y Rhaglen Ymlaen Gwaith arfaethedig ar gyfer 2021-22 ynghlwm yn Atodiad A i'r adroddiad.

Roedd paragraff 4.2 o'r adroddiad, yn rhestru'r eitemau y bwriedir eu rhoi ar yr Agenda yng nghyfarfod nesaf y Pwyllgor dyddiedig 18 Mehefin 2021.

Ychwanegodd y Dirprwy Bennaeth Cyllid Dros Dro y gallai fod eitemau ychwanegol ar yr agenda yn cael eu cyflwyno i'r Pwyllgor wrth i Ddeddf Llywodraeth Leol ac Etholiadau (Cymru) 2021 ddod i rym, yn enwedig o ran cyfrifoldebau newydd y Pwyllgor mewn perthynas â pherfformiad a chwynion. Byddai'r rhain yn cael eu hychwanegu at y Blaenraglen Waith, lle bo angen, fel a phan mae'n hysbys/yn ofynnol.

PENDERFYNWYD:

Bod y Pwyllgor yn ystyried a chymeradwyo'r Rhaglen Blaen-waith arfaethedig ar gyfer 2021-22.

244. MATERION BRYS

Ni chafwyd unrhyw eitemau brys. Fodd bynnag, dywedodd y Cadeirydd fod dyddiad nesaf y Pwyllgor wedi'i ohirio o ddyddiad dros dro ym mis Mai i 18 Mehefin 2021, er mwyn ystyried, mewn dull mwy amserol, y Datganiad Cyfrifon diwedd blwyddyn.

Trefnwyd y cyfarfod hwn am 10.00am ar y dyddiad hwnnw, ond yn dilyn trafodaeth gyda'r Aelodau, teimlwyd y gallai fod yn well cynnal y cyfarfod yn y prynhawn am 2.00pm.

Cadarnhaodd y Prif Swyddog Dros Dro - Cyllid, Perfformiad a Newid y byddai'n cysylltu â'r Swyddog Monitro (a'r Swyddog Priodol ar gyfer Pwyllgorau) a staff yn y Gwasanaethau Democrataidd, er mwyn sefydlu a ellid symud y cyfarfod ar y dyddiad hwn o'r bore i'r bore prynhawn

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BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO THE GOVERNANCE AND AUDIT COMMITTEE

18 JUNE 2021

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

GOVERNANCE AND AUDIT COMMITTEE ACTION RECORD

1. Purpose of report

- 1.1 The purpose of this report is to provide Members with an update on the Governance and 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 Governance and 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 Act 2010 Implications

- 6.1 The protected characteristics identified within the Equality Act, Socio-economic Duty and the impact on the use of the Welsh Language have been considered in the preparation of this report. As a public body in Wales the Council must consider the impact of strategic decisions, such as the development or the review of policies, strategies, services and functions. This is an information report, therefore it is not necessary to carry out an Equality Impact assessment in the production of this report. It is considered that there will be no significant or unacceptable equality impacts as a result of 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 The Committee is recommended to note the Action Record and provide any comment upon this, as appropriate.

Kelly Watson
Chief Officer – Legal, HR & Regulatory Services
June 2021

Contact Officer: Mark Anthony Galvin
Senior Democratic Services Officer - Committees

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E-mail: Mark.Galvin@bridgend.gov.uk

Background Documents:

None

Governance and Audit Committee Action Record

Date of Committee / Minute Number	Agreed Action	Lead	Target Date	Progress	Date for action to be brought to Committee	Completed Date
18 April 2019 / 125	Regional Internal Audit Shared Service Charter 2019/20 <ul style="list-style-type: none"> Harmonisation of the Audit Committees Terms of Reference with neighbouring authorities. 	Head of Internal Audit	January 2021	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.		Completed April 2021
18 April 2019 / 125	<ul style="list-style-type: none"> Suggested consideration for potential networking initiative – Chairs of Audit Committees of neighbouring authorities to meet up and share best practice. 	Head of Internal Audit		All Wales Session for Audit Committee Chair took place on 11 th October 2019 - Completed.		Completed October 2019
10 September 2020 / 206	Annual Corporate Fraud Report 2019-20	Interim Chief Officer – Finance, Performance and Change & Head of Internal Audit	November 2020	A refreshed fraud strategy be presented to the next Committee.	April 2021	Completed April 2021
12 November 2020 / 214	Audit Wales Governance & Audit Committee Update	Audit Wales	January 2021	1. Reports on the Financial Sustainability of Local Government as a Result of the COVID-19 Pandemic 2. National Fraud Initiative be brought to the next meeting of the Committee.	June 2021 June 2021	
12 November 2020 / 215	Position Statement - 'Raising Our Game – Tackling Fraud In Wales' Report	Head of Internal Audit / Audit Wales Head of Internal Audit	January 2021 January 2021	Internal Audit, Audit Wales and Tarian develop training on fraud for the Committee to undertake. Officers present a report to the next meeting of the Committee on Fraud Risk Assessment.	June 2021 April 2021	Completed April 2021
12 November 2020 / 219	Disabled Facilities Grant – Progress Report and Position Statement	Head of Partnership Services	April 2021	A report on Disabled Facilities Grants be brought to the April meeting of the Committee.	April 2021	Completed April 2021
28 January 2021 / 225	Audit Wales Governance and Audit Committee Reports	Audit Wales Interim Chief Officer –	April 2021	1. To receive a further update on the External Audit Plan, to include outcomes in respect of the Audit of the Statement of Accounts 2020-21. 2. To receive an update on Grants and Returns to include details of the completed grants work	April 2021 April 2021	Completed April 2021 Completed April 2021

Date of Committee / Minute Number	Agreed Action	Lead	Target Date	Progress	Date for action to be brought to Committee	Completed Date
		Finance Performance and Change Audit Wales		3. To receive a further update on the Financial Sustainability of local governments (more particularly BCBC) as a result of austerity and the Covid-19 pandemic.	June 2021	
28 January 2021 / 226	Treasury Management Strategy 2021-2022	Interim Chief Officer – Finance Performance and Change	N/A	For Members to note that a report on this item was considered and approved by Budget Council on 24 February 2021, as part of the Council's overall Medium Term Financial Strategy (MTFS)	April 2021	Completed April 2021
28 January 2021 / 227	Corporate Risk Assessment 2021-2022	Interim Chief Officer – Finance Performance and Change	Completed/ Ongoing	<ol style="list-style-type: none"> 1. That the Committee continues to receive regular updates on how major risks of the Council have or are proposed to be mitigated 2. That Risk 2 on the Action Plan (Transformation and Planned savings) that accompanied the report be reviewed. 3. That Risk 6 in the Action Plan be removed. 4. That the Chairperson of the Committee meets with the Corporate Director – Education and Family Support on the school based Risks, referenced as Risks 14 and 15 on the Action Plan 	In Forward Work Programme April 2021 April 2021 April 2021	Completed April 2021 Completed April 2021 Completed April 2021
28 January 2021 / 229	Effectiveness of Audit Committee – Self-Assessment	Head of Internal Audit	June 2021 June 2021	<ol style="list-style-type: none"> 1. That Committee awaits a further report on the content of responses of Members as detailed in the completed and returned questionnaires. 2. That Members note that a virtual meeting had taken place since the last Committee meeting between the Chairperson and Members of the Committee, on any training needs they have identified going forward. This would form the subject of a further report. 	June 2021 June 2021	Completed - Updated report taken to Committee 22nd April 2021. Audit report finalised and issued to the Chair and Chief Officers on 4th June 2021
22 April 2021 / 240	Local Government and Elections (Wales) Act 2021	Interim Chief Officer – Finance, Performance and Change	November 2021	That Committee awaits a report to consider issues regarding the Complaints process, including the different types of these as well as how many are received over a specific period of time.	November 2021	
22 April 2021 / 241	Disabled Facilities Grant – Progress Report and Position Statement	Head of Partnerships	July 2021	That Committee awaits data information, should this be available, on the average number of days taken to deliver a Disabled Facilities Grant for the year 2019/20 and 2020/21, should this be available (due to the Covid-19 pandemic).	July 2021	

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO THE GOVERNANCE AND AUDIT COMMITTEE

18 JUNE 2021

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

AUDIT WALES GOVERNANCE AND AUDIT COMMITTEE REPORTS

1. Purpose of report

- 1.1 The purpose of this report is to submit to the Committee reports from Audit Wales, including an update on the financial and performance audit work undertaken, and due to be undertaken, by Audit Wales, and to introduce a presentation to the Committee on the National Fraud Initiative.

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 to 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 Audit Wales undertakes a programme of work during the year to help the Auditor General discharge his duties under the Public Audit (Wales) Act 2004. The Auditor General's functions include auditing accounts and undertaking local performance audit work at a broad range of public bodies, alongside conducting a programme of national value for money examinations and studies. The Auditor General also assesses the extent to which public bodies are complying with the sustainable development principle when setting and taking steps to meet their well-being objectives.
- 3.2 Part 2 of the 2004 Act sets out the powers and duties of the Auditor General to undertake studies in relation to local government bodies in Wales. The most widely used of these provisions is section 41, which requires the Auditor General to undertake studies designed to enable him to make recommendations for, among other things, improving the value for money in the provision of services.
- 3.3 In accordance with Section 89 of the Local Government and Elections (Wales) Act 2021 the Authority is required to keep under review the extent to which it is exercising

its functions effectively, using its resources economically, efficiently and effectively and ensuring its governance is effective for securing these performance requirements.

4. Current situation/proposal

4.1 Audit Wales has produced a number of reports for the Governance and Audit Committee to consider. These are:

- **The Audit Wales Governance and Audit Committee Update (June 2021) - (Appendix A)** - this 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.
- **At Your Discretion – Local Government Discretionary Services (April 2021) - (Appendix B)** – this publication looks at how Councils define their services and look to protect essential services when dealing with reductions in funding. Audit Wales focused on how Councils define services, the systems and processes they have used to review services and how robust and comprehensive these are.

4.2 Audit Wales has also written to the Chair of the Governance and Audit Committee regarding Audit Wales Reports and Recommendations, and a copy of the letter is attached at **Appendix C**.

4.3 Following consideration of the Appendices, Audit Wales will provide a presentation to the Committee entitled:

An Introduction to the National Fraud Initiative: helping public bodies to prevent and detect fraud.

5. Effect upon policy framework and procedure rules

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

6. Equality Act 2010 implications

6.1 The protected characteristics identified within the Equality Act, Socio-economic Duty and the impact on the use of the Welsh Language have been considered in the preparation of this report. As a public body in Wales the Council must consider the impact of strategic decisions, such as the development or the review of policies, strategies, services and functions. This is an information report, therefore it is not necessary to carry out an Equality Impact assessment in the production of this report. It is considered that there will be no significant or unacceptable equality impacts as a result of 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 Committee notes the Audit Wales Governance and Audit Committee Reports at **Appendix A** and **Appendix B**, and the letter from Audit Wales at **Appendix C**, as well as the presentation on the National Fraud Initiative.

Gill Lewis

Interim Chief Officer – Finance, Performance and Change

June 2021

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Background Documents: None

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Bridgend County Borough Council – Work Programme Update 18th June 2021

Financial Audit work

Description	Scope	Status
Audit of the Council's 2019-20 Grants and Returns	The audit of Housing Benefit, Teachers Pension, Non-Domestic Rates and two pooled budgets.	We have completed the audits of all grants and returns. Amendments were required to two claims with one also requiring a qualification letter.
Audit of the Council's 2020-21 statement of accounts		Our Audit Plan was presented to the April Audit Committee. Our audit work on the 2020-21 statement of accounts has commenced with the aim to sign off the accounts by the end of July.

Performance Audit work

2020-21 Performance audit work to complete	Scope	Status
Recovery Planning	We intend to support and challenge recovery planning in real-time. Collectively	Draft letter issued 23 rd April 2021

	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.	
Financial Sustainability	<ul style="list-style-type: none"> Phase 1 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. Phase 2 will be undertaken over the remainder of 2020-21. This work will draw on the position and themes identified during phase 1 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>Phase 1 – Published 6th October 2020 Link is found HERE.</p> <p>Phase 2 – underway.</p>
Review of the Council's arrangements to become a 'Digital Council	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.	Revised draft issued 20 th April 2021

Performance Audit work

2021-22 Performance audit work	Scope	Status
Improvement reporting audit	Audit of discharge of duty to publish an assessment of performance.	Not yet started

Annual Audit Summary	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'. Also now combined with the Annual Audit Letter.	Not yet started
Assurance and risk assessment	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.	Ongoing
Thematic work - Springing Forward – Examining the building blocks for a sustainable future	As the world moves forward, learning from the global pandemic, this review looks at how effectively councils are strengthening their ability to transform, adapt and maintain the delivery of services, including those delivered in partnership with key stakeholders and communities.	Autumn 2021
Follow-up review – Disabled Facilities Grants	Follow up the Council's progress to address the findings from our disabled facilities grants (DFG) review.	Scoping
Review relating to the Cwm Taf Morgannwg health partnership following the Council's transition to the partnership in 2019.	Scope to be discussed with the Council.	Scoping

Local Government Studies

2019-20 Local Government Studies work programme	Scope	Status
Follow up review – rough sleeping	Follow up our report published in July 2020 which looked at how public bodies can help to end people sleeping rough in Wales. In the first three months of the pandemic the Welsh Government supported councils	Scoping and set up

	<p>to rehouse over 800 people sleeping rough or at risk of homelessness.</p> <p>One of the unexpected outcomes of the lockdown is that rough sleeping has been significantly reduced.</p>	
2020-21 Local Government Studies Programme	Scope	Status
Emergency services	<p>The review will primarily focus on the three main 'blue-light' services but will also consider how they collaborate with allied emergency responders and council emergency planning departments. We will also consider national policy and guidance, and the range of local, regional, and national structures, collaborative and partnership architecture, and funding and delivery arrangements.</p>	Ongoing
Town centre regeneration	<p>The review will primarily focus on the activities of local authorities in regenerating town centres but will also consider how they collaborate with their public sector partners and other stakeholders, including businesses and citizens. We will also consider national policy and guidance, and the range of local, regional, and national structures, collaborative and partnership architecture, and funding and delivery arrangements.</p>	Drafting
Direct payments study	<p>Focusing on value for money, we will review how Local Authorities are overcoming barriers that need to be addressed in increasing the take-up of Direct Payments, including any potential challenges around the local workforce. We will consider what Local Authorities are doing to ensure equitable access to Direct Payment, as well as the arrangements they have in place to gain assurance on whether Direct Payments are delivering what is intended</p>	Fieldwork underway

Recent National Reports

At your Discretion - Local Government Discretionary Services	Published 22 nd April 2021 Link is found HERE
Procuring and Supplying PPE for the COVID-19 Pandemic	Published 14 th April 2021 Link is found HERE
Test, Trace, Protect in Wales	Published 18 th March 2021 Link is found HERE
Providing Free School Meals During Lockdown	Published 24 th November 2020 Link is found HERE
Preparations for the end of Brexit transition	Published 18 th November 2020 Link is found HERE
Covering teachers' absence: Follow-up	Published 12 th November 2020 Link is found HERE
Welsh Community Care Information System	Published 15 th October 2020 Link is found HERE
The National Fraud Initiative in Wales 2018-20	Published 13 th October 2020 Link is found HERE
Commercialisation in Local Government	Published 6 th October 2020 Link is found HERE
Better law making: the implementation challenge	Published 24 th September 2020 Link is found HERE

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At Your Discretion

Local Government Discretionary Services

April 2021



This report has been prepared for presentation to the Senedd under section 145A of the Government of Wales Act 1998 and sections 41 and 42 of the Public Audit Wales Act 2004.

Audit Wales is the non-statutory collective name for the Auditor General for Wales and the Wales Audit Office, which are separate legal entities with their own legal functions. Audit Wales is not a legal entity. Consequently, in this Report, we make specific reference to the Auditor General or Wales Audit Office in sections where legal precision is needed.

If you require this publication in an alternative format and/or language, or have any questions about its content, please contact us using the details below. We welcome correspondence in Welsh and English and we will respond in the language you have used. Corresponding in Welsh will not lead to a delay.

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Mae'r ddogfen hon hefyd ar gael yn Gymraeg

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Financial pressures led to councils reducing spend and cutting services, but the pandemic has highlighted the importance and relevance of local government in serving and protecting people and communities

- 1 Councils have a duty to provide a range of services to their communities. These include education services; children's safeguarding and social care; adult social care; waste collection; planning and housing services; road maintenance; and library services. Councils also provide services at their discretion and can also decide the level at which these services are provided. For example, town centre Wi-Fi and renting bikes. However, in the last decade, councils have struggled to maintain their full range of services in the face of financial pressures. And austerity has required councils to take tough decisions on which services to safeguard and which ones to reduce, change or no longer provide.
- 2 Determining the relative importance and value of council services when deciding on where to make cuts is not easy. Often the debate starts with a focus on determining whether a service is 'statutory' or 'discretionary'. But many council services cannot be easily defined in this way. For instance, councils provide a range of 'discretionary' services some of which are extensions of 'statutory' activity whilst other services have developed over time to become longstanding, highly valued and central to the work of the council.
- 3 Defining services as 'statutory' or 'discretionary' is therefore unhelpful as much of what a council provides is viewed by many – citizens we surveyed, staff of public service partners and stakeholders we interviewed – as 'essential'. Services that:
 - keep people healthy, well and safe;
 - support businesses to flourish and thrive;
 - protect and enhance our environment; and
 - help people to learn, develop and improve.
- 4 Councils mostly have established processes to review and evaluate how to provide services with decisions on changes in provision, introduction of savings targets and options to outsource taken by cabinet or full council. However, the quality and depth of information that is presented to members is not always wide-ranging and sometimes lacks sufficient detail. For example, evaluating the impact of service changes on the Welsh language or on people with protected characteristics, clarifying the legal basis for a service or how it contributes to wider council responsibilities are not always captured.

- 5 Our analysis of financial data published by the Welsh Government shows that, overall, councils have sought to protect services that help the most vulnerable when setting budgets. Services that protect and safeguard adults and children and help keep vulnerable people safe. Similarly, activities focussed on the upkeep of the environment, whilst seeing spending falling in the last decade, have not been cut as deeply as others.
- 6 The services where the biggest reductions have been mostly felt are mostly 'pay as you use' leisure, recreation and cultural services or regulatory services like development control, building control and trading standards. Despite helping to protect us and enhance our wellbeing, these areas have generally borne the brunt of budget cuts.
- 7 Because some 'universal discretionary' services, which are available to everyone irrespective of need, are reducing or being stopped, there is a growing group of citizens and council taxpayers who do not directly receive, or feel they benefit from, the work of their council. This presents a real challenge for councils in the future – to remain relevant to all their citizens.
- 8 Overall, our survey found that people do not feel their council adequately involves them when identifying which services to change, reduce or stop. This is a missed opportunity for councils. Our research shows there is great potential for people to help their local council to provide services and, in some cases, to take over running services. If they want to realise this potential, councils must improve when and how they involve people when considering options and making decisions.
- 9 In spite of cutting back on what they provide, demand for 'essential' council services continues to rise. This is in part a natural outcome of a decade of financial constraints. But it is also a reflection of demographic change and councils having to increasingly help people with complex needs. The most deprived individuals and areas now have multiple and very complex needs and addressing these challenges is very difficult. There are no quick fixes or simple solutions. It requires councils to work in partnership with a wide range of public bodies to jointly deliver sustained and targeted action.
- 10 Despite prioritising services targeted at helping to protect the most vulnerable and pursuing new ways of working to reduce spend and grow capacity, councils are increasingly struggling to manage within available resources. Our research shows that councils will have to make some very difficult choices when setting budgets and determining which services to prioritise and protect over others in the next few years.

- 11 Added to this, councils have also been in the frontline responding to the pandemic. COVID-19 has fundamentally changed the communities in which we live, and work, and people's expectations of local government are similarly changing. Whilst the Welsh Government provided the national leadership in responding to COVID-19, at the local level it has been driven by councils. The pandemic required everyone to find new ways of working, coping and communicating, and it has been no different for councils. Local government has stepped up to ensure essential services continue to be provided and has identified new, often innovative, ways of helping businesses and keeping people safe. In many ways, COVID-19 has helped reinforce the importance, impact and flexibility of local government.
- 12 The Local Government and Elections (Wales) Act 2021 presents opportunities to refresh the role of local government through its reforms of electoral arrangements and public participation, and the introduction of a general power of competence. There are some good examples of how councils are taking this opportunity to reset their role, especially in England. A number have embarked on ambitious programmes of change taking bold decisions to address long standing problems.

Key Facts

Councils in Wales are responsible for over **1,450** functions, activities and services

2019

In 2019-20 councils spent in real terms roughly **£8.3 billion** on services

Demand for council services continues to rise



Children looked after by councils at the year-end increased from 5,660 in 2016 to 7,170 in 2020, an increase of **26.7%**

Adults suspected of being at risk of abuse or neglect (safeguarding) have risen by **27%** from 11,761 in 2016-17 to 14,938 in 2018-19

In the last decade council spending on services has fallen by **7.9%**

Homeless households in priority need have increased by **40%**, rising from 22,260 in 2015-16 to 31,170 in 2018-19

The proportion of the Welsh population over the age of 75 is projected to increase by **29.3%** to 378,100 by 2028 and those aged over 65 by **16.3%** to 758,600

In the last 100 years average life expectancy has risen by 24 years to 79.4 for men and by 23 years to 83.1 for women

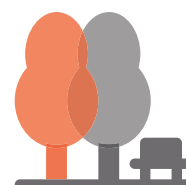
Poverty amongst people of pensionable age has risen from **14%** in 2009-2012, to **19%** in 2015-2018

Roughly **one in four** people in Wales lives in poverty



People sleeping rough have risen from 240 in 2015-16 to 405 in 2019-20, a rise of **68.7%**

Households housed temporarily rose by **24.2%** between 2015-16 and 2019-20



1 Defining whether a service is discretionary or statutory can be complicated and does not reflect the important work of councils

- 1.1 Councils are bound by many statutory duties. Their functions are set out in numerous Acts of Parliament and Acts of the Senedd. Many of these functions have associated legal duties, statutory guidance and codes of practice. A review of local government statutory duties in England by the UK government in 2011, found councils provide up to 1,439¹ functions, activities and services that are deemed both 'statutory' and 'non-statutory'².
- 1.2 The most frequently used definitions consider 'discretionary' services to be those that a council has the power, but is not obliged, to provide, and 'statutory' services as those a council must provide. Whilst these definitions appear at face value to be clear-cut, they oversimplify and mask some important issues.
- 1.3 As well as the legal requirements, defining the extent to which a service is statutory or discretionary is dependent on the choices made by each council about the level of services it wants to deliver, how it wants to provide these services and whether to charge. Whilst additions to statutory services are often above the level or standard that a council has a duty to provide, they can be large scale and well-established activities.
- 1.4 Consequently, people frequently regard some discretionary services as part of the mainstream activities of their council. They are seen as essential, not an add on or optional because they are available to all of us. These services may not have the same priority in corporate plans and often receive less protection from budget cuts, but they matter because they are services that we all receive. Because usage is not rationed on the basis of need, targeted at the most vulnerable or provided as a safety net', these services may represent the only regular and visible contact many people have with their council.

1 [gov.uk: Data Set on Statutory Duties Placed on Local Government](https://www.gov.uk/data-set-on-statutory-duties-placed-on-local-government)

2 No similar collation of the legal duties placed on Welsh councils that clearly defines, or helps explain, what constitutes a 'statutory' or 'discretionary' service has been undertaken.

- 1.5 Having to provide a statutory service is also different to how and at what level you provide it, which can be at a council's discretion. For instance, whilst there is a statutory requirement for a council to have a Scrutiny function, the council has discretion over what level of function it provides for. Importantly, if a council does not perform certain functions, it may leave itself open to legal challenge – whether the function is laid down in statute or not. For example, Human Resources functions may not all be statutory activities, but their removal could have significant legal implications for a council.
- 1.6 Discretionary services can be critical to the delivery of statutory functions, and without them some statutory activity could be overwhelmed. For instance, leisure, sports and recreation services play an important role in reducing demand on health services. Aids and adaptations and the provision of community equipment help reduce demand on residential care.
- 1.7 Furthermore, there is a risk that solely using a legal framework to define local government's priorities diminishes local democratic choice and may reduce councils to simply becoming an administrative function on behalf of the Welsh and UK governments. Ensuring services reflect local priorities is essential, and a fundamental strength of the local democratic mandate. When a council makes a policy choice to provide a service to meet the needs of its citizens, it is not helpful to view it as an 'add on' or 'nice to have' – it is what the council has deemed as necessary to provide for people in that area to enhance their wellbeing.
- 1.8 Given the above, 'Statutory' (required by the law) and 'Discretionary' (choose to provide) are unhelpful in solely determining service priorities because separating them out in a meaningful way is impossible. Consequently, we believe that 'essential' may be a better way to define and estimate the value and priority of a service to a council's work –
Exhibit 1.

Exhibit 1 – councils provide essential services that help people, communities and businesses across Wales

Keep people healthy, well and safe

Help for homeless people; protecting children in need; stopping vulnerable adults from being abused; and providing environmental health services to manage and maintain hygiene, safety and food quality standards.



Support businesses to flourish and thrive

Tourism, events and activities; economic development programmes; provision of public transport; business loans, grants and support; and provision of buildings and workshops to trade and work from.



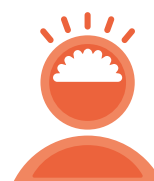
Protect and enhance our environment

Planning, development and building control; recycling and waste collection; schemes to improve and protect the environment and control pollution; provision of cycle ways and footpaths; and green energy grants and projects.



Help people to learn, develop and improve

Education services for children and adults; training schemes and apprenticeship programmes.



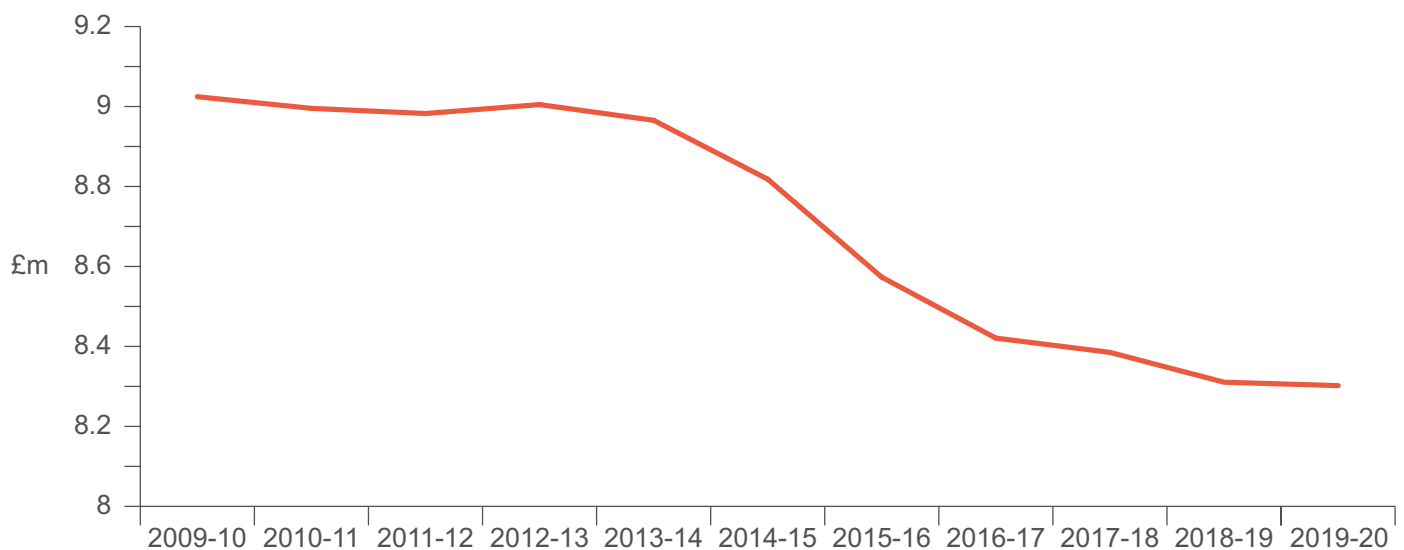
Source: Audit Wales

2 Despite providing essential services that people depend on, councils have had to make difficult choices on what to protect in responding to over a decade of austerity

- 2.1 Revenue outturn expenditure data summarises the breakdown of spending by services. The most recent data published by StatsWales is for 2019-20 and shows that, after adjusting for inflation, councils' gross revenue expenditure was roughly £8.3 billion on services³. Education and social care account for over half of all council expenditure. Since 2009-10, council spending in real terms has fallen by 7.9% – **Exhibit 2**.

Exhibit 2 – real-terms change in gross revenue expenditure by councils between 2009-10 and 2019-20

Council expenditure in real terms has fallen by £0.720 billion in the last ten years.



Source: StatsWales, Welsh Government, LGFS0016 (with the deflator effect calculated from the UK Government [Quarterly National Accounts](#) published in September 2020) and findings of the Audit Wales survey of citizens March 2020

3 Gross Revenue Expenditure is the total cost of providing services before deducting any income and represents total spending (ie from non-ring-fenced and ring-fenced funding sources) [statswales.gov.wales: catalogue of local government finance revenue outturn expenditure summary by service](https://statswales.gov.wales/catalogue-of-local-government-finance/revenue-outturn-expenditure-summary-by-service).

- 2.2 The Local Government Finance Settlement determines how much of the public funding in Wales will be given to each council. This funding is known as the Revenue Support Grant (RSG – which is a non-hypothecated grant that can be spent on whatever a council chooses). A council also receives non-domestic rates (NDR) which is pooled and redistributed based on each council's resident population using a needs-based formula⁴.
- 2.3 Other council funding is raised locally in the form of council tax – which is set by each council as part of its annual budget setting process. In addition, councils are able to apply for additional funding through Welsh Government grant programmes and also raise money through fees and charges for services and goods.
- 2.4 In the last decade, the level of funding councils receive in the revenue settlement marginally fell in real terms⁵ from £5.9 billion in 2009-10 to £5.8 billion in 2019-20, but there has been a change in where the money comes from. The amount raised from Council Tax has risen in real terms from £1.257 billion in 2009-10 to £1.628 billion in 2019-20 and NDR from just under a billion (£0.965) to just over a billion (£1.079). On the other hand, RSG has fallen in real terms from £3.741 billion to £3.229 billion in the same timescale⁶.
- 2.5 Proportionally, RSG as a source of funding now accounts for just half of expenditure and council tax has grown to cover a third. This means that citizens are directly paying more for council services through local council tax than ten years ago.
- 2.6 To understand how councils' funding choices reflect the services most used by citizens, we have plotted the real-term change in revenue expenditure between 2009-10 and 2019-20 and the findings of our citizen survey. This allows us to identify the link between spend priorities and how frequently people use different services – **Exhibit 3** below. Our analysis highlights that:
- a services that protect the most vulnerable in society have generally received more protection in budgets despite being less frequently used by citizens. These are the 'safety net' services – social care and housing – that are there to aid us if our circumstances or situation change and we need help.

4 A joint Welsh Government and council working group (the Distribution Subgroup) is responsible for ensuring the formula is reviewed regularly.

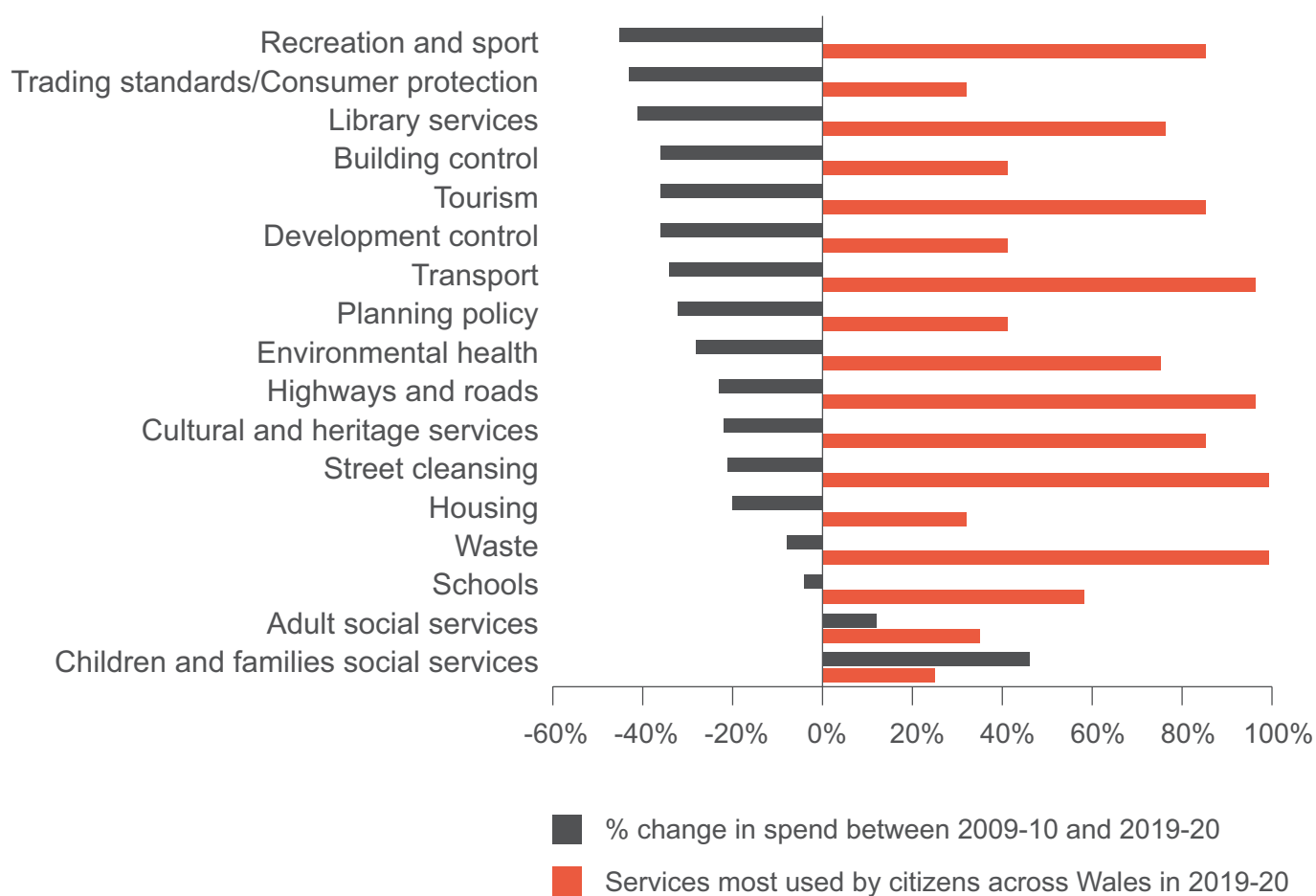
5 The change in council spending after correcting for the effect of inflation.

6 StatsWales, Welsh Government, LGFS0004 (with the deflator effect calculated from the UK Government Quarterly National Accounts published in September 2020).

- b activities focussed on the upkeep of the environment and infrastructure like waste collection, recycling, street cleansing, transport and roads are the services most frequently used by citizens. Whilst spending has fallen in the last decade, these services have not been cut as deeply as others.
- c pay as you use recreation and cultural services – leisure centres, swimming pools, museums, arts venues and theatres are well used and highly valued. These are often discretionary services which offer high social value, maintain personal wellbeing and play an important preventative role. Despite this, they have all seen large cuts in funding.
- d regulatory services like development and building control and trading standards – even though they play an important role in protecting us and enhancing our wellbeing, these are generally services that people receive indirectly, such as food inspections, or use when they need them, and have a long history of people paying to use them. These services have seen a sharp fall in spending.

Exhibit 3 – percentage change in revenue service expenditure in real terms between 2009-10 and 2019-20 compared with the council services most frequently used by citizens

Councils have protected spending on service areas such as adult and children's social care where they have significant statutory responsibilities, but the amount they spend on some other areas has fallen sharply.



Source: StatsWales, Welsh Government, LGFS0016 (with the deflator effect calculated from the UK Government [Quarterly National Accounts](#) published in September 2020) and findings of the Audit Wales survey of citizens March 2020

- 2.7 All respondents to our survey were also asked to think about the three most important services that should still be available in ten years' time. The most valued service by a considerable margin was waste management including refuse collection, recycling and street cleaning. Two in three people placed this in their top three services – although younger people place less value on this than those aged over 35. Education (38%) and leisure services (36%) were the next most mentioned services, followed by adult social care (30%) and transport and travel (30%).

3 Service review processes help councils make tough choices but do not always draw on all key data

- 3.1 Reviewing where to make savings and which services to prioritise and protect usually follows a two-stage process. A detailed stage one review that draws together key data and information which concludes with recommendations (which itself is mostly undertaken in one of two ways) and a stage two approval process with formal ratification by cabinet or full council. **Exhibit 4** summarises the most common approaches we identified.

Exhibit 4 – most councils have established processes for reviewing services and identifying options to deliver them in the future

Working groups undertaking strategic reviews which are used to consider options for defined services, assets, budgets, activity, etc. These can be solely officer working groups, members groups or a mix of the two.

Information considered within working groups is mostly dealt with in private and not made publicly available. Consequently, it is not possible to see how comprehensive the analysis and information used by working groups to evaluate services, options are and agree a course of action

Scrutiny committee reviews focussing on the potential impact of budget proposals on services which are conducted through the scrutiny committee system and held in public. Positively, some authorities also undertake cross cutting scrutiny reviews which allow elected members with the opportunity to ‘jointly’ review potential changes to services in the round.

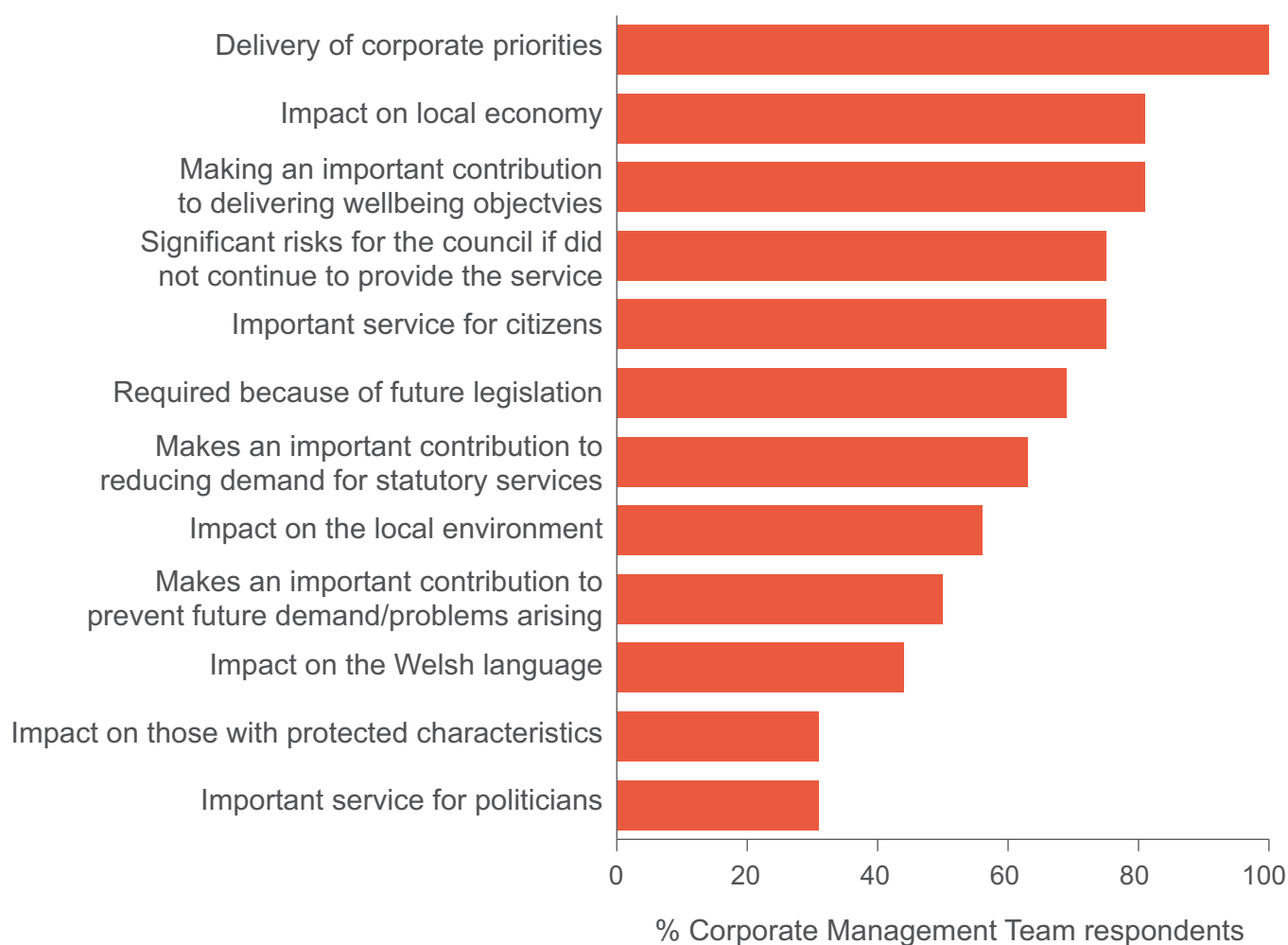
Approval of
recommendations
from reviews by
Cabinet and/or
Full Council

Source: Audit Wales review of cabinet and scrutiny papers in all 22 councils

3.2 We found that the quality and depth of information that is presented to members to inform discussions and support decision making is not always comprehensive, lacking detail in key areas. **Exhibit 5** summarises the criteria most frequently used by councils to determine how they prioritise services and shows that key, often statutory responsibilities, are being overlooked when agreeing funding priorities – for example, provision of services in Welsh and the impact on people with protected characteristics.

Exhibit 5 – the views of Corporate Management Teams on the criteria used to prioritise budget choices

The services with the least alignment with corporate priorities are often put up as the ones to take most cuts regardless of whether they are statutory or discretionary.



Source: Audit Wales, Survey of Corporate Management Teams, April 2020

- 3.3 Overall, councils give greater priority to those services that directly contribute to the delivery of corporate priorities and wellbeing objectives, are important for the local economy and/or are considered high risk if they were not provided. However, less consideration and priority are given to wider equality issues – Welsh language and the needs of people with protected characteristics – and services which can help manage, reduce and/or prevent demand. We conclude that there is more for councils to do to ensure they draw on as wide a range of evidence as possible when determining which services to prioritise and protect when setting budgets. And this is especially salient with the introduction of the new Socio-economic Duty on 31 March 2021⁷.
- 3.4 The findings of our national surveys highlight that Corporate Management Teams and Elected Members disagree on whether or not they have identified and mapped the statutory basis of services to help determine which services to prioritise in the future. Almost 80% of Elected Members responding to our survey claim that their council agreed which discretionary services to provide in the future, whereas just 44% of the Corporate Management Team members who responded felt they had completed such an exercise.
- 3.5 Councils regularly use impact assessments to identify the potential effect of ceasing a discretionary service on statutory functions or corporate priorities. For example, we found good approaches in Gwynedd Council and Bridgend County Borough Council, which clearly identify the negative impact that cutting a discretionary service may have on statutory services. Similarly, Denbighshire County Council has identified the legal basis of different services, which is used to help shape alternative models of delivery.
- 3.6 However, such approaches are not universal. Our review of scrutiny, cabinet and council papers found that the information used by elected members to decide whether to cease providing, or reduce a service, can lack detail. For instance, the legal basis for a service is not always included, how services contribute to the delivery of wider priorities can be brushed over and the impact on wider responsibilities not captured.

7 The Socio-economic Duty requires specified public bodies, when making strategic decisions such as deciding priorities and setting objectives, to consider how their decisions might help reduce the inequalities associated with socio-economic disadvantage.

- 3.7 We found that whilst cabinet and scrutiny papers are publicly available, they do not always include the full detail of information considered by working groups when reviewing services. This can make it difficult for citizens to understand why their council safeguards and protects a service over others. This is especially important with regard to 'visible' services which, as we note above, have been subject to significant reductions in funding. These are highly valued by citizens because they are universal, widely available and not solely focussed on meeting the needs of a small proportion of the population. They also represent for many people the only council service that they directly receive or benefit from.

Citizens are willing to get involved in helping shape and run services, but councils are neither effectively nor consistently involving them in decisions

- 3.8 Given how important local services are to citizens it is essential that councils consider the views of citizens when they make changes to these services. In addition, under the Well-being of Future Generations (Wales) Act 2015, councils must involve people in the decisions that will potentially impact on their future wellbeing. In particular, councils should ensure that their involvement work both considers and reflects the different groups within their community.
- 3.9 Our survey results indicate a clear difference of opinion between citizens and councils on the extent to which citizens are involved in council decisions. Most members of Corporate Management Teams (90%) and elected members (73%) believe that they involve citizens in the decision to stop providing a service on all or most occasions. However, our survey found that citizens are not as widely consulted as they should be, and that councils are not involving all the different groups within their area.
- 3.10 Priority setting in councils does not always effectively involve local people. We see few examples of councils involving communities in deciding future priorities. Just 18% of citizens stated that they had been consulted about potential changes to services during the last three years, and only half of these were subsequently updated on the decisions made.
- 3.11 Likewise, only 10% of residents stated that they were asked about how services should be designed in the future. Levels of involvement vary according to where a person lives and how old they are. We found that younger people (35 and under) and those with a disability were significantly less likely to say they had been consulted. Almost half of survey respondents (47%) would also 'definitely' campaign to stop the council closing a local service or amenity, and a further 39% said they 'might' campaign.

- 3.12 People want to see change. The vast majority of respondents (90%) to our survey agree that councils should explore new ways of providing discretionary services by working in partnership with other organisations and local people. As well as involving citizens in decisions about future service provision, there are therefore opportunities for councils to involve citizens in shaping and running services themselves.
- 3.13 In addition, recent research by Nesta shows that those councils that foster connected, caring communities will reap future dividends by helping communities solve problems together. Nesta finds that given the tools and the opportunity, local people can change the things they believe need changing in their community better than anyone else⁸.
- 3.14 When asked whether citizens should get involved in helping councils run services, we found that most survey respondents (two in three) agreed that they should do so. Almost all of those who agreed (85%) are also willing to provide day-to-day support to a family member. Around three in four (72%) would participate in developing services in their local area, and nearly two in three (64%) would help set up a service or amenities to help local residents.
- 3.15 In terms of volunteering, just over half of those surveyed expressed a wish to be involved in these activities. Support was the strongest when volunteering to provide day-to-day support for someone who is not a relative (58%); helping councils deliver local services (56%); and volunteering to help run local services such as parks and community centres (53%). However, only a third of people expressed support to apply for, and take over, the management of services from the council.
- 3.16 Younger people (35 and under) are significantly more likely to want to be involved in developing and running services. Older people (over 65) are significantly less likely to want to be engaged, and those aged 36 to 65 the least likely to provide day-to-day support and volunteer. Overall, those living in urban authority areas are more likely to volunteer to help the council deliver local services (64%) compared with rural (59%) and semi-rural (53%). They are also more likely to 'work to apply to take over and manage services' (41%) compared with 37% and 32% respectively.
- 3.17 It is clear that there is great potential for people to help their local council to provide services, and in some cases to take over running some services. If they want to realise this potential, councils must improve how they involve people in making decisions on services. Only then will councils fully understand which services people value and how willing people are to help deliver these services.

⁸ www.nesta.org.uk/project-updates/

4 Councils are not confident that they can continue to deliver all their services in the face of rising and complex demand

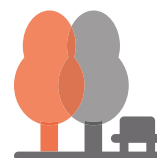
- 4.1 Demand for some essential services is continuing to rise. **Exhibit 6**, below, illustrates the changes in demand for services that protect and help vulnerable people.

Exhibit 6 – acute demand for council services continues to rise

Households eligible for homelessness assistance and in priority need have increased by **40%**, rising from 22,260 in 2015-16 to 31,170 in 2018-19.



People sleeping rough have risen from 240 in 2015-16 to 405 in 2019-20, a rise of **68.7%**.



Households accommodated temporarily rose by **24.2%** between the first quarter of 2015-16 and the fourth quarter of 2019-20, rising from 1,872 households to 2,325.



Adults suspected of being at risk of abuse or neglect (safeguarding) have risen by **27%** from 11,761 in 2016-17 to 14,938 in 2018-19.



Children looked after by councils at the year-end increased from 5,660 in 2016 to 7,170 in 2020, an increase of **26.7%**.



Source: StatsWales – [homelessness](#); [people sleeping rough](#); [people housed temporarily](#); [adults at risk of neglect and/or abuse](#); and [looked after children](#) – and Audit Wales calculations of percentage change

- 4.2 Rising need has been driven in part by the financial constraints on local government after a decade of reductions in public expenditure. Whilst cuts have undoubtedly been significant, they can disguise two key factors which are of greater concern; demographic change and increasingly complex needs.
- 4.3 Overall, life expectancy has increased significantly. In 1920, the average life expectancy in England and Wales was 55.6 years for men and 60 years for women⁹. By 2020 this has risen to 79.4 years for men and 83.1 years for women¹⁰. The proportion of the Welsh population over the age of 75 is projected to increase by 29.3% to 378,100 by 2028 and those aged over 65 by 16.3% to 758,600¹¹.
- 4.4 On top of this, high demand for council services is also a reflection of the relative levels of poverty within a society. Wales has some of the poorest people in the United Kingdom. Recent research published by the Joseph Rowntree Foundation¹² found that:
- a roughly one in four people in Wales live in poverty. Whilst child poverty has fallen from 33% in 2009-2012, to 28% in 2015-2018, poverty amongst people of pensionable age has risen from 14% in 2009-2012, to 19% in 2015-2018.
 - b in-work poverty in Wales (defined as the proportion of workers who are in poverty) stands at 14%, higher than all other nations and regions in the UK other than London (17%).
 - c in the first quarter of 2020, Wales had the lowest median hourly pay, compared to all other nations and regions, at £10.73.
 - d under-employment – restrictions in the number of hours people can work – is a problem for workers in poverty as it makes it very difficult to escape in-work poverty. Roughly 10% of workers in Wales are underemployed.

9 Office for National Statistics, [How has life expectancy changed over time?](#), September 2015.

10 Office for National Statistics, [National life tables – life expectancy in the UK: 2017 to 2019](#), September 2020.

11 Welsh Government, [National population projections: 2018-based](#), June 2020.

12 Joseph Rowntree Foundation, [Poverty in Wales 2020](#), November 2020. Poverty is when a person's resources are well below their minimum needs. Measuring poverty accurately is difficult, with most measures providing only a partial view. The main poverty indicator used is when someone lives in a household whose income is less than 60% of median income.

- 4.5 As the demographics of Wales change, the needs of its people are also changing, which in turn affects the nature of the services they require. For instance, more and more people are now living with a chronic or long-term condition, a disease which is likely to require ongoing treatment and medication for many years, even decades. And lifestyle diseases, such as obesity, smoking and excessive alcohol remain stubbornly hard to tackle. The most deprived individuals increasingly present to services with multiple challenges of increasing complexity. And such inequalities continue to put huge pressure on public services.
- 4.6 A decade of reductions in public finances required councils to cut budgets, become ever more efficient, reduce staff and generate new income. However, despite prioritising services targeted at helping to protect the most vulnerable and pursuing new ways of working to reduce spend and increase capacity, councils are increasingly finding it difficult to manage with reduced funding. Senior local government managers predict this will be seen quite sharply in the near future with the possibility of some services stopping and ceasing to be available. **Exhibit 7** summarises the findings of our survey of council corporate management team members and identifies which services are most at risk.

Exhibit 7 – council corporate management team members’ views on which services are most at risk of ceasing to be provided

In the next two years, if funding pressures continue, councils may cease offering key services that citizens value.

High Risk Funding gaps in 2020-21	Moderate Risk Funding gaps in 2022-23	Some Risk Funding gaps in 2024-25	Less Risk Funding gaps in 2025+
Provision/ maintenance public toilets Road safety and traffic calming measures Provision/ maintenance of community facilities Regulate private rented sector	Culture, heritage and tourism Community development Youth work Adult education Housing support Private sector renewal Economic development Business support Emergency planning Parks and Public Open Space Development Control Libraries	Public transport Environmental schemes Children’s social care services Schools and Education services	Maintaining roads Street cleaning Waste collection Adult social care Cemetery, crematorium and mortuary services Recycling Leisure and recreation services Building Control Homelessness Street lighting Environmental Health Car parks

Source: Audit Wales, Survey of Corporate Management Team members, April 2020

- 4.7 **Exhibit 7** shows that some of the services which are most imminently at risk are some of those which contribute to the environment of a town or community, its infrastructure or those which help keep us safe. These are services that are universally available and benefit all of us, with access and usage not based on assessing and ranking people's needs.
- 4.8 The key message from our research is that the more visible and personal council services are, the more relevance they have for people. In particular, councils have a higher public value and are seen as more relevant to communities when they:
- a continue to provide high use universal services, in particular visible services such as waste collection, road repairs and recycling.
 - b communicate effectively, encourage feedback and promote involvement. We found that people are generally more positive about their council when they feel well-informed, listened to and engaged in decision making.
 - c collaborate with other public sector bodies, citizens and the voluntary sector to deliver and maintain services.
- 4.9 To date, councils have focussed on several approaches to manage reductions in funding to protect frontline and essential services. Whilst the options taken are many and varied, and there is no one 'right approach', from our review of working papers and reports they mostly cover five broad strands of activity – **Exhibit 8**.

Exhibit 8 – councils have sought to reduce spend and safeguard services by changing how they provide them and encouraging people to do more for themselves.

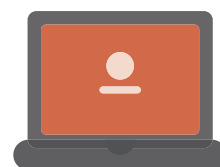
Operating efficiencies

Shared services, strategic commissioning and reducing back office functions to save money to reinvest in frontline high demand services.



Channel shift and becoming digital by default

Reduce high cost channels (face to face and telephony) shifting to 'digital by default' with customer contact centres, hubs and portals, 24/7 online access and a consistent approach to accessing information and services.



Make money to spend money

Using council resources to leverage in additional revenue through new income generation schemes, commercialisation and maximising charges for services.



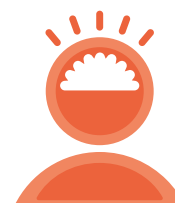
Empower people

Encouraging self-sufficiency, strengthening the resilience and capacity of local communities to do more for themselves and rely less on councils.



Introduce alternative models of delivery

Working with the third sector, town and community councils and others to find more cost-effective ways of delivering services, maintaining and managing assets through social enterprises, co-operatives and community asset transfers.



Source: Audit Wales

- 4.10 We know that councils have had to make tough choices on which services to protect, and where to reduce expenditure. None of this is easy and prioritising services for the most vulnerable in society is absolutely the right thing to do. Several people we spoke to, however, fear that ranking and prioritising services, viewing some as more important than others, is making councils less relevant to some in the communities that they serve.
- 4.11 Increasingly, there are larger groups of citizens and council taxpayers who do not directly receive, or feel that they benefit from, the services provided by their council because universal services have reduced or gone. And, as these universal services become less visible and available, councils are increasingly having less day-to-day engagement with their citizens, which diminishes their significance and value.
- 4.12 A number of people we have interviewed are concerned that councils are gradually being marginalised and the positive impact of their work on citizens risks becoming ever more diluted. The fear is that it could help create a negative perception of the value of local government – especially amongst younger people who will not have benefited from the broader and more accessible range of services their parents did. As seen from our survey results, there is a growing view amongst some citizens we surveyed that nothing good happens in their communities and they are not optimistic about the future. It is clear that rising demand requires a different response going forward.

5 COVID-19 offers an opportunity to reevaluate and reset the role and value of local government

- 5.1 COVID-19 has altered people's lives in both enormous and small ways. And it has been no different for the councils in Wales that serve them. Local government has been a key part of the front-line of Wales' response to the COVID-19 crisis. Councils have had to respond in ways that 12 months ago were unthinkable; to deal with problems that were unknown; and mostly not planned for. Home schooling, digital assessments of need, online planning committee meetings, remote and home-based working have changed how public services operate and how people interact with them.
- 5.2 The pandemic has made us all rethink what is important and question what we want in the future; both those who use council services but also those who provide them. Returning to how we used to do things is not enough. Put simply, what do we want from local government?

COVID-19 has demonstrated the importance of councils as key leaders in our communities who provide essential services and a safety net for people across Wales

- 5.3 COVID-19 has fundamentally changed the communities in which we live, and work, and people's expectations of local government are changing as a result. The Welsh Government provided the national leadership in responding to the pandemic, but at the local level it has been driven by councils who are providing that vital community leadership role. As the level of government closest to citizens, councils developed and implemented innovative solutions in response to the challenges of COVID-19. Just as the virus has forced everyone to find new ways of working, coping and communicating, it has also highlighted the importance, impact and flexibility of local government.
- 5.4 Councils provided local leadership and support to communities throughout the country. They proved how responsive and agile they are in the face of the crisis. They found new ways of maintaining services and new, creative, ways of delivering them. When the full impact of COVID-19 struck, councils stepped up to support their communities, helping homeless people living on the streets into accommodation, protecting the vulnerable and distributing grants to help keep the high street afloat and local businesses alive. Responding to the pandemic showed how relevant and important councils are for local people.

- 5.5 For instance, early on in the COVID-19 pandemic, Pembrokeshire County Council refocused the work of their community hubs. Council social services, Pembrokeshire Association of Voluntary Services and local volunteer groups come together to co-ordinate statutory and non-statutory services to support and safeguard very vulnerable people.
- 5.6 Likewise, Cardiff Council went to great lengths to contact everyone on their vulnerable people list, including knocking on doors, messages on local radio and via letters. The council used volunteers to deliver easy-read format leaflets about the support that was available for residents in the city. Through its efforts to actively engage with these vulnerable people, Cardiff Council are now in a better position to understand their needs and prevent problems and unnecessary demand for services at a later date.
- 5.7 However, councils have also had to contend with a heavy financial burden in dealing with COVID-19. In October, Audit Wales reported that the 22 councils have seen a combined loss of about £325 million in the first six months of the pandemic. Costs have increased by £165 million, where education and social services are the biggest drivers.
- 5.8 But income levels have fallen by £160 million, with drops in leisure and cultural services causing the biggest impact. The Welsh Local Government Association estimates that, collectively, councils were losing roughly £30 million pounds every month when they were forced to close many of their non-essential services to help limit the spread of the disease.
- 5.9 To date, additional funding provided by the Welsh Government has covered these extra costs and loss of income. However, the financial challenges arising from the pandemic are numerous, and go well beyond the more immediate and obvious costs of responding to the crisis. The future sustainability of the sector is an ongoing challenge.
- 5.10 As well as the financial burden, some council services, in particular social care, have been operating under huge levels of stress, struggling to cope with the impact of the pandemic on very vulnerable people. Other services, like waste and refuse collection, libraries and leisure services, have had to adapt their opening times, delivery methods and safety measures, and have had to be flexible as government guidelines on levels of lockdown have changed with surges in infection rates.
- 5.11 Overall, councils have shown an ability and willingness to embrace the challenges they face and accept the need to innovate by adapting and changing in response to the pandemic. Councils have shown that they are able to develop novel and quick solutions to complex problems. Internal processes, decision making structures and staff working arrangements were all placed under stress but were able to flex to get the job done. Responding to the pandemic showed us what councils could do to help address the challenges of the crisis.

- 5.12 Looking forward, what can councils learn and adapt from their response to the pandemic to rebuild after COVID-19?

Councils need to build on their response to COVID-19 and take the opportunity to transform the way they provide services and interact with communities

- 5.13 Those we interviewed and surveyed recognise that it is not enough to aim for a return to the pre-pandemic status quo. Councils need to take the opportunity to refresh, reevaluate and reset what they do and to learn from the pandemic to build a better future. Moving forward, the challenge is to mainstream this learning and use it to refine, adapt and deliver further improvements – to become truly transformational and use the impact of the pandemic as an impetus for positive change. Put simply, they need to define a better ‘new normal’ for the future.
- 5.14 For the past decade or so, councils have spoken about the need for transformation; to fundamentally challenge what they do and how they do it. As noted above, COVID-19 has accelerated the focus on transformation, and councils have sought to develop, adopt and adapt new ways of working. The response of local government to the pandemic highlighted the potential of what could be done. Learning from the positive innovations and making some of the changes in response to COVID-19 ‘business-as-usual’ is fundamental to the future transformation of local government.
- 5.15 There are some good examples where Welsh councils are transforming the way they deliver some services. Monmouthshire County Council refocussed its ‘Our Monmouthshire’ platform to provide support to communities during the COVID-19 crisis and beyond. It is a new and effective way of connecting communities to help reduce loneliness and social isolation. Similarly, Cardiff Council is integrating services in local service hubs across the city. The hubs are adapting to the new ways of working that arose out of necessity during lockdown, with more focus on new ways of communicating with the public, use of new technology, integrating teams, and using volunteers to support some services.
- 5.16 Examples such as these highlight how councils in Wales are using the pandemic to refresh their role and take opportunities to try new approaches. However, is this resulting in truly transformational change?

- 5.17 In short, despite COVID-19 encouraging new ways of thinking it is too early to see this 'new transformation' take root. This is particularly so given the resurgence of the virus and the consequent ebb and flow between response and recovery. Our assessment is that recovery planning primarily focuses on the council and its working practices, systems and processes with an aim to 'get the council back on its feet', re-establish learning and continuing to support local businesses. As we look to the medium and longer term though, opportunities for wider public service transformation, growing the green economy and addressing longstanding community challenges need to be taken, otherwise much of the good work in responding to COVID-19 will be lost.
- 5.18 Our research outside of Wales has identified that some councils are very ambitious and are already using the pandemic to support and accelerate change. In particular, they are being more outward focussed, taking the opportunity to refocus on the communities they represent and the people they serve.
- 5.19 The London Borough of Hounslow's recovery plan brings together four months of work with a range of organisations, businesses, voluntary and community groups, academics and residents. One Hounslow Forward Together sets out the major interventions the Council is undertaking based around four themes – renewing local economies, empowering local residents, tackling local inequalities and reimagining local places. Lockdown shone a light on poverty for Hounslow.
- 5.20 Overcrowded housing meant that more people were likely to catch the disease and more likely to die from it, due to the inequalities of deprivation, poverty and poor health. Hardest hit were members of the black and ethnic minority community. Lockdown also changed the environment, bringing cleaner air and allowed residents to experience what a greener London could be like. The importance of access to green space, creating safe and pleasant walking and cycling routes to improve people's health and tackling climate change is now seen as essential. The plan sets out six key principles for all public bodies in Hounslow to use in recovering from COVID-19:
- a Work as one
 - b Act local
 - c Champion the borough
 - d Focus on prevention
 - e Support communities
 - f Use evidence

- 5.21 The Preston Model¹³ is rethinking the City Council's role in community involvement through its Community Wealth Building¹⁴. Community Wealth Building, which started before the pandemic, is now seen as critical in offering an opportunity for local people to take back control and ensure that the benefits of local growth are invested in their local areas. Preston City Council, key anchor institutions and private partners are implementing the principles of Community Wealth Building within Preston and the wider Lancashire area. Working collectively significantly increases spending power and assets and will result in a significantly greater impact on the future wellbeing of the city.
- 5.22 The response of councils to COVID-19 showed the work of local government at its best:
- a leading their communities and standing shoulder-to-shoulder with citizens, partners and businesses;
 - b safeguarding vulnerable people and protecting jobs and services; and
 - c delivering essential services and finding novel and innovative ways of maintaining the safety net for people at speed and pace.
- 5.23 The Local Government and Elections (Wales) Act¹⁵ introduces further changes to the local government landscape. In particular, a general power of competence for councils and town and community councils, reforming public participation in local democracy, a new framework for regional working and a new self-assessment system for performance and governance. Councils need to take these opportunities to be bold and re-frame their role in communities, maximising their value and relevance to the people they serve.
- 5.24 Whilst there is, therefore, broad agreement that COVID-19 can accelerate change in local government and wider public services, to be truly transformational will require leaders to challenge well established and longstanding practices and to address some fundamental issues that have previously held progress back. Widespread and sustained cultural change is needed in public services to realise the full potential of these kinds of opportunities.
- 5.25 A major risk for councils is that too much of their activity remains invisible to citizens. Many council services make both direct and indirect contributions to people's lives without necessarily being recognised for doing so. Communicating and engaging with citizens is vitally important in promoting a much better understanding of councils' contribution.

13 See: [What is the Preston Model?](#)

14 See: [What is Community Wealth Building?](#)

15 [Senedd Cymru; Local Government and Elections \(Wales\) Act 2021](#)

5.26 It is clear that the future of local government and public sector partners' communications does not look anything like it has in the past. Smart technology allows residents to choose how, when and what information they receive, and councils need to respond to this by being defter and more targeted or they will lose significant opportunities for meaningful engagement, diminishing their relevance and their credibility. Ultimately, councils need to be demonstrably relevant to all in their community otherwise citizens may question their purpose and value. And if councils do not communicate a positive and aspirational vision for the future of their local area and all their communities, who will?

Appendix 1 – Study methodology

We examined how councils have defined their services and sought to protect essential services when dealing with reductions in funding. We focussed on how councils define services, the systems and processes they have used to review services and how robust and comprehensive these are.

We have reviewed a wide range of documents and media, including Welsh Government policy, statutory guidance and legislation; all 22 councils' cabinet and scrutiny papers since January 2018; data published by StatsWales and the Office for National Statistics; and other relevant research and guidance from government, councils, CIPFA, and research bodies.

We commissioned a detailed telephone survey with 842 people from all 22 council areas in Wales. We completed an online survey with all elected members and received 263 responses from all 22 councils. We also surveyed all 22 Corporate Management Teams and received replies from 44 individual officers. We had responses from all 22 councils in Wales. We undertook a range of interviews with national bodies including APSE, the Joseph Rowntree Foundation, NESTA, the Local Government Network and others.

We confirmed the scope of our work to councils and, in advance of publication, we invited comments on our draft report, or relevant extracts, from named councils and the Welsh Government.



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Date issued: 3 June 2021

Dear Governance and Audit Committee Chair

Audit Wales Reports and Recommendations

I hope you are well.

You may recall that at the end of November 2020, some Audit Wales staff came along to a meeting of the Audit Committee Wales chairs' network to talk about the implications for audit committees as a result of the then Local Government and Elections (Wales) Bill. As part of this session, we also briefly mentioned our expectation that audit committees actively consider our reports. The purpose of this letter is to clarify and expand upon this.

As you will be aware, our performance audit work comprises national studies, local government studies (such as our recent report about discretionary services), thematic work (such as our financial sustainability assessments) and more locally risk-based work. We consult audited bodies about potential topics for our national and local government studies, and our local risk-based work is determined through our assurance and risk assessment process. Our programme of work for each council is set out in our annual audit plans.

We have found that councils' approaches to dealing with our performance audit reports, proposals for improvement and Local Government studies' recommendations are variable. Councils' approaches vary from regular reviews, audit trackers and action plans to reports and recommendations only being seen

when we present our annual audit summary. We are, therefore, not assured that all councils are consistently actively considering the findings of our reports.

Given the role of the Governance and Audit Committee is to review and assess the risk management, internal control, performance management and corporate governance arrangements of the Council, we would expect that all councils' Governance and Audit Committee formally consider all reports of external review bodies – principally; Audit Wales, Estyn and the Care Inspectorate Wales (CIW).

As well as actively considering reports we would expect committees to assure themselves that there are arrangements in place to monitor and evaluate progress against any recommendations contained in them. The focus here should be on holding executives and officers to account to ensure that reports and recommendations have been acted upon. Some of our reports may be relevant for consideration by scrutiny committees also.

To help councils to do this, we will have a more targeted approach of distributing final reports upon publishing, set out our expectations of how councils should deal with our recommendations and find out whether these expectations have been met. In addition, under the Local Government and Elections (Wales) Act, the Auditor General for Wales must produce a timetable which sets out the dates or periods when Audit Wales, Estyn and Care Inspectorate Wales will be undertaking their work. We intend to issue this timetable to councils and cc to Governance and Audit Committee chairs every quarter. We don't intend to formally present this to Governance and Audit Committees each quarter but will liaise with councils to discuss our local approach.

Audit Wales staff will continue to work flexibly to deliver our programme of work. In response to any government advice and subsequent restrictions, we will continue to work remotely, building on the arrangements made in 2020, until such time that it is safe to resume on-site activities. I remain committed to ensuring that the work of Audit Wales staff will not impede the vital activities that public bodies need to do to respond to ongoing challenges presented by the COVID-19 pandemic.

I hope you find this letter helpful. Please liaise with our local team if you have any specific needs or concerns.

Yours sincerely



Derwyn Owen

Audit Director

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO THE GOVERNANCE AND AUDIT COMMITTEE

18 JUNE 2021

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

STATEMENT OF ACCOUNTS 2020-21 (UNAUDITED)

1. Purpose of report

The purpose of this report is to present to the Governance and Audit Committee the unaudited Statement of Accounts for 2020-21 for noting.

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 financial performance is an important element in determining the extent to which the corporate 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 In accordance with these regulations, the unaudited Statement of Accounts for 2020-21 required approval and signature by the responsible finance officer by 31 May 2021, certifying that it presents a true and fair view of the financial position of the Council. The audited Statement of Accounts then has to be approved by 31 July 2021 by the Governance and Audit Committee in accordance with the Committee's Terms of Reference. If the accounts are not able to be signed and published by this date then the Council must publish a Regulation 10 notice setting out the reasons why.

3.3 As a result of the Coronavirus pandemic, and the significant amount of additional grant funding received and paid out by the Council during the 2020-21 financial year, with the corresponding reconciliation requirements that this brought with it, the Council was unable to meet the 31 May 2021 deadline and therefore, in line with the requirements of the Regulations, issued a notice advising of this. The unaudited accounts were signed by the responsible finance officer on 11 June 2021, and sent to Audit Wales the same day.

4. Current situation/proposal

- 4.1 The Council's unaudited Statement of Accounts for the financial year ended 31 March 2021 is attached at **Appendix A**. The Statement of Accounts comprise a number of different statements relating to financial performance and reserves, as well as the Annual Governance Statement. The Annual Governance Statement will be signed by the Leader of the Council and Chief Executive once the audit has been completed.
- 4.2 The unaudited Statement of Accounts 2020-21 was signed by the responsible financial officer on 11 June 2021, and sent electronically to Audit Wales the same day.
- 4.3 The Accounts include the following core Financial Statements (pages 16 to 19 of the Accounts):
- Comprehensive Income and Expenditure Statement
 - Movement in Reserves Statement
 - Balance Sheet
 - Cash Flow Statement

These are produced in accordance with International Financial Reporting Standards (IFRS) rather than the amount to be funded in cash terms when the budget is set. Therefore these statements include items such as depreciation on property, plant and equipment, the estimated cost of the shortfall on the pension scheme and other technical adjustments.

- 4.4 The net under-spend for the financial year, after allowing for capital financing and contingency costs, transfers to and from earmarked reserves and additional council tax income, is £0.432 million. This is transferred to the Council Fund, increasing it to £9.772 million as at 31 March 2021 (£9.340 million at 31 March 2020). This represents a 4.6% increase on the Council Fund from the balance at 31 March 2020. The Expenditure and Funding Analysis (page 35) shows how this surplus on the Council Fund is adjusted to a surplus of £9.065 million on the Comprehensive Income and Expenditure Statement as a result of technical adjustments between the funding and accounting basis and transfers to earmarked reserves.
- 4.5 The Council's Reserves as at 31 March 2021 are summarised in the table below, with further details available on pages 57 to 59 of the Statement of Accounts:

Opening Balance 01 Apr 20 £'000	Reserve	Movement as at 31 March 2021		Closing Balance 31 Mar 21 £'000
		Net Additions/ Reclassification £'000	Draw-down/ unwound £'000	
(9,340)	Council Fund	(432)	-	(9,772)
(108)	Delegated Schools Balance	(8,382)	-	(8,490)
(3,696)	Equalisation & Grant Reserves:	(3,433)	1,110	(6,019)
(21,078)	Capital Programme Reserves	(8,530)	688	(28,920)
(30,340)	Earmarked Reserves	(11,655)	2,872	(39,123)
(64,562)	Total Corporate Reserves	(32,432)	4,670	(92,324)

- 4.6 The balance on the Council Fund is in line with the Medium Term Financial Strategy (MTFS) Principle 9 that the balance “will normally be maintained at a level of 5% of the Council’s net budget, excluding schools”. The net budget excluding schools for 2020-21 was £185.436 million, 5% of which is £9.271 million. The Council fund is currently at 5.27% of the net budget excluding schools.
- 4.7 As can be seen above, net overall school balances totalled £0.108 million at the start of the financial year. During 2020-21 school balances increased by £8.382 million to £8.490 million at the end of the financial year, representing 7.9% of the total funding allocated in 2020-21. Out of a total of 59 schools, there are 4 primary schools with deficit budgets and 46 schools (35 primary, 9 secondary, 2 special) with balances in excess of the statutory limits (£50,000 primary, £100,000 secondary and special schools) in line with the School Funding (Wales) Regulations 2010. These balances will be analysed in line with the agreed ‘Guidance and Procedures on Managing Surplus School Balances’.
- 4.8 There has been a net increase to earmarked and equalisation and grant reserves of £27.330 million to £82.552 million at 31 March 2021 (£55.222 million at 31 March 2020). There have been additions to existing reserves or new reserves created of £32 million (excluding Council Fund) including the increase in school balances of £8.382 million and an increase in Capital reserves of £8.53 million, offset by drawdown by Directorates of £4.670 million. The table below shows some of the more significant movements on reserves:

Opening Balance 01 Apr 20 £'000	Reserve	Movement as at 31 March 2021		Closing Balance 31 Mar 21 £'000
		Net Additions/ Reclassification £'000	Draw-down/ unwound £'000	
(21,078)	Capital Programme Reserves	(8,530)	688	(28,920)
(2,489)	City Deal	(2,899)	189	(5,199)
(571)	Feasibility Reserve	(225)	129	(667)
(500)	Revenue Maintenance Repairs	(500)	-	(1,000)
(1,130)	Digital Transformation	(500)	333	(1,297)
(2,000)	Investing in Communities	-	302	(1,698)
(3,696)	Equalisation & Grant Reserves	(3,433)	1,110	(6,019)

- 4.9 The Capital Programme Reserves have increased by £8.530 million to support investment in the economy, regeneration and recovery post Covid-19, and to improve public realm infrastructure across the County Borough. Alongside this there has been an increase to the Feasibility Reserve to support increased feasibility reviews. The City Deal reserve has been increased to enable the Council to fund its original contribution without the need to resort to borrowing, enabling earlier release of MTFS savings and minimising the cost of borrowing. The Revenue Maintenance Repairs Reserve has been increased to meet the needs of future works including asbestos removal works. The Equalisation and Grant Reserves relates mainly to grant income received this year that will be utilised during 2021-22, including grant support in relation to additional cost pressures and loss of income as a result of the Covid-19 pandemic. There has been drawdown on reserves during the year for City Deal, Digital Transformation, Investing in Communities and Equalisation and Grant reserves.
- 4.10 In addition to spending money providing services on a day to day basis, the Council also spends money providing new facilities, enhancing assets within the Council’s

portfolio or providing capital grants to others. The total capital spending during 2020-21 was £23.461 million. Assets created, improved or under development as a result of this spend included:

- East Hub at Brynteg School
- New mobile classrooms at Mynydd Cynffig Primary School
- Maesteg Town Hall Cultural Hub

- 4.11 There are various notes within the Accounts that detail how the capital expenditure is financed and the nature of assets have been developed or enhanced.
- 4.12 The Annual Governance Statement (AGS) from page 77 highlights the legislative changes covering electoral reform, public participation, governance and performance and regional working implemented by the Local Government and Elections (Wales) Act 2021, and the significant challenges the Council has faced as a result of the Covid-19 Pandemic. It also includes an Action Plan for 2021-22 which will be monitored by Corporate Management Board.
- 4.13 The unaudited Statement of Accounts is now being reviewed by Audit Wales. A reasonable amount of audit work had already been completed prior to passing the certified Accounts to Audit Wales. A final version of the Accounts will be brought back to the Governance and Audit Committee in July 2021, which will need Governance and Audit Committee approval in accordance with the Accounts and Audit (Wales) Regulations 2014 (as amended 2018), and to be signed by the Chair of Governance and Audit Committee.

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 prior to submission to Audit Wales. In the current year a Regulation 10 notice has been issued which has set out why the Accounts were not certified by 31 May 2021, as a result of the Coronavirus pandemic. However, the Accounts were submitted as soon as possible and passed to Audit Wales on 11 June 2021.

6. Equality Act 2010 implications

- 6.1 The protected characteristics identified within the Equality Act, Socio-economic Duty and the impact on the use of the Welsh Language have been considered in the preparation of this report. As a public body in Wales the Council must consider the impact of strategic decisions, such as the development or the review of policies, strategies, services and functions. This is an information report, therefore it is not necessary to carry out an Equality Impact assessment in the production of this report. It is considered that there will be no significant or unacceptable equality impacts as a result of 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 These are reflected in the body of the report.

9. Recommendation

9.1 It is recommended that the Committee notes the unaudited Statement of Accounts 2020-21 at **Appendix A**.

Gill Lewis CPFA

Interim Chief Officer – Finance, Performance and Change

June 2021

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Statement of Accounts

Published Subject to Audit

Bridgend County Borough Council • 2020-21

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Narrative Report

“One council, working together to improve lives”

Introduction

This report presents the 2020-21 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 2020-21.

Over the past 10 years the Council has cumulatively made around £62 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 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

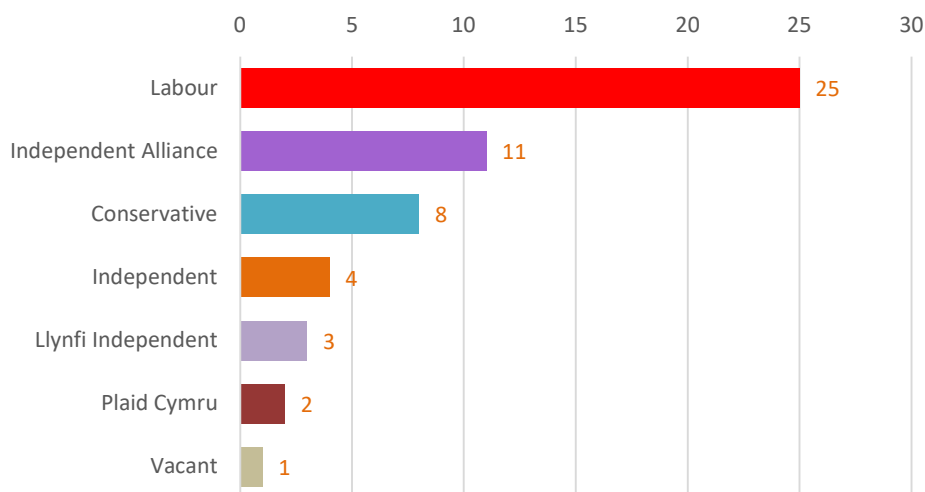
Bridgend is conveniently situated between Wales' capital city, Cardiff, to the east and the city of Swansea to the west, approximately 20 miles from each. Nestled just south of the M4 corridor, with easy access from both major cities, bounded by the Bristol Channel to the south, it is at the heart of 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	147,049
Land area	98.5 square miles
Households	63,609
Council employees	5,858
Councillors	54



- The Council manages a long term asset base, excluding the road network, of £537 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.
- A number of services are provided by third parties including waste collection, leisure centres, social enterprises and social care, including residential and home care and supported living services.
- The Council has 54 elected Councillors who represent the people of Bridgend and set the overall Council strategy and budget framework. The Political Party representation as at 31 March 2021 is set out below. The vacancy was filled in April 2021.

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 appoints 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 opportunity to influence future Cabinet and Council decisions through pre-decision meetings
- 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 Governance and 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 globally responsible Wales*
- *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*

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. Initially the lockdown was for a period of three weeks but this was then extended over the next couple of months, with the First Minister of Wales announcing an easing of lockdown rules from 1 June into July 2020. However, further lockdowns followed, the first a two-week "firebreak" from 23 October until 9 November, followed by a further lockdown from midnight of 19 December 2020 due to a significant surge in cases from a new strain of the virus. 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 office-based staff with mobile technology at the end of March 2020 and into April 2020, to enable home-working within a very short timescale. The Council also increased its ICT infrastructure ability to enable home-working. All office-based staff are now equipped to work from home. Network security has been strengthened as a result of significantly increased remote working. 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.

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. The schemes administered by the Council on behalf of Welsh Government include:

Grant	Purpose	Date from
Business and Charity Grants Phase 1	To provide Non-Domestic Rates Business Support Grants to eligible rate payers within the Local Authority boundary. The grant scheme comprised three strands: <ul style="list-style-type: none"> A grant of £25,000 for businesses in the retail, leisure and hospitality sectors with properties with a rateable value of between £12,001 and £51,000 A £10,000 grant to all businesses eligible for Small Business Rates Relief with a rateable value of £12,000 or less A £10,000 grant to support small charities and Community Amateur Sports Club's (CASC's) within the retail, leisure and hospitality sector, with a rateable value of £12,000 or less. 	March 2020
NDR Lockdown/Firebreak Grant	To enable the delivery of Covid-19 Non Domestic Rates Business Support to eligible rate payers within the Local Authority boundary. Payments were to support businesses eligible for Small Business Rates relief; retail, hospitality and leisure businesses that were required to close, and discretionary grants for businesses closed or materially affected by the firebreak lockdown; and a discretionary grant for businesses that were materially affected by local lockdown measures for 21 days prior to the start of the firebreak lockdown period.	November 2020
Business Restrictions Fund	To provide financial assistance to businesses that are facing operational and financial challenges caused by the restrictions as a result of Covid-19 within the hospitality, tourism and leisure sectors. The fund was to support businesses with cash flow to help them survive the economic consequences of the restrictions put in place.	December 2020

In total over £50 million has been paid out to a wide range of businesses and charities throughout the year. In addition to these there have been other grant payments to individuals including:

- Social Care Workforce Payments of £500
- Self-Isolation Payments for those on low incomes
- Statutory Sick Pay top-ups for social care workers

The total number and amounts of payments made are set out below:

Grant	Number	Total grant paid
Business and Charity Grants Phase 1	2,449	£30,220,000
NDR Lockdown/Firebreak Grant	1,759	£4,885,000
Business Restrictions Fund (3 phases)	4,562	£14,957,000
Social Care Workforce Payments (£500)	3,245	£1,862,572
Self-Isolation Payments (including administration)	372	£222,370
Statutory Sick Pay top-ups (including administration)	1,006	£278,689
TOTAL	13,393	£52,425,631

The administration of these payments rested with the Council. Managing both the volume and value of these grants placed pressures on staff to both ensure payments were made swiftly, to the right businesses and recipients, and managing a significant cash flow at a time when there was uncertainty in the financial

marketplace. Significant use was made of the Central Government Debt Management Office for the holding of short-term surplus cash balances.

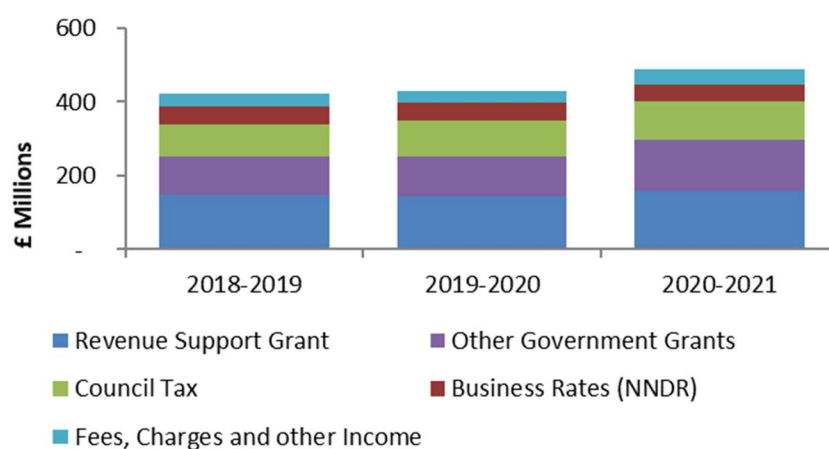
As at 31 March 2021 the Council held cash balances in relation to business grants of £358,000, which is due to be paid to businesses after the year end once claims are finalised.

Hardship Fund

Welsh Government, in recognising the additional cost pressures and potential loss of income by Council's as a result of the pandemic, agreed a Hardship Fund to support Council's in meeting these additional costs and income shortfalls. The Council received £20.6 million from this fund which supported £15 million of additional expenditure and £5.6 million for loss of income. The main areas funded for additional expenditure were support for homeless individuals, in providing them with accommodation, provision of Free School Meals (including during school holidays), additional staffing costs along with provisions to support social distancing and learning in schools, and additional costs of providing care and support for voids in Adult Social Care. Funding for loss of income mainly supported the reduction in school meal income and a contribution to the net loss of running the leisure services during the pandemic.

Financial Performance

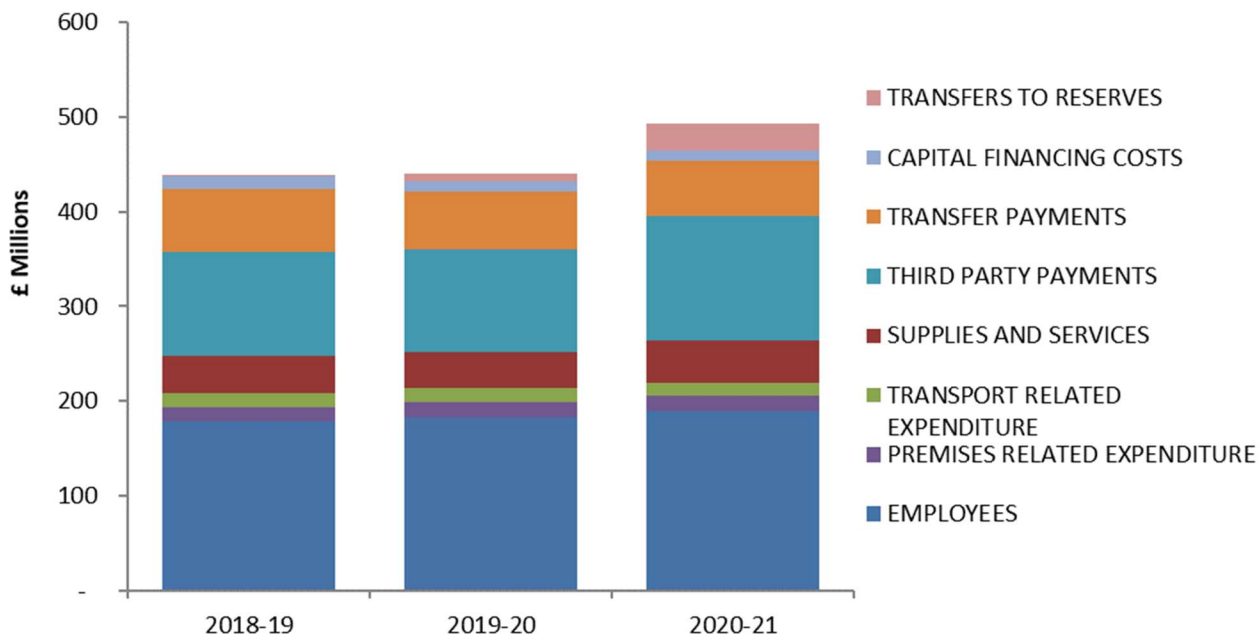
Over the last 10 years the Council has made around £68 million of budget reductions. Taking into account expenditure and services which are funded by specific grants, fees or charges, the Council's gross budget for 2020-21 was £438 million. This covers the day-to-day running costs of the Council including 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 (32%) and its share of non-domestic (business) rates with other Government Grants (including specific grants from Welsh Government) making up just over another quarter of the Council's income (29%). Council tax accounts for approximately 21% of income. The Council is able to charge for a number of services including social care, car parking and licensing, which makes up just under 9% of the total Council income.

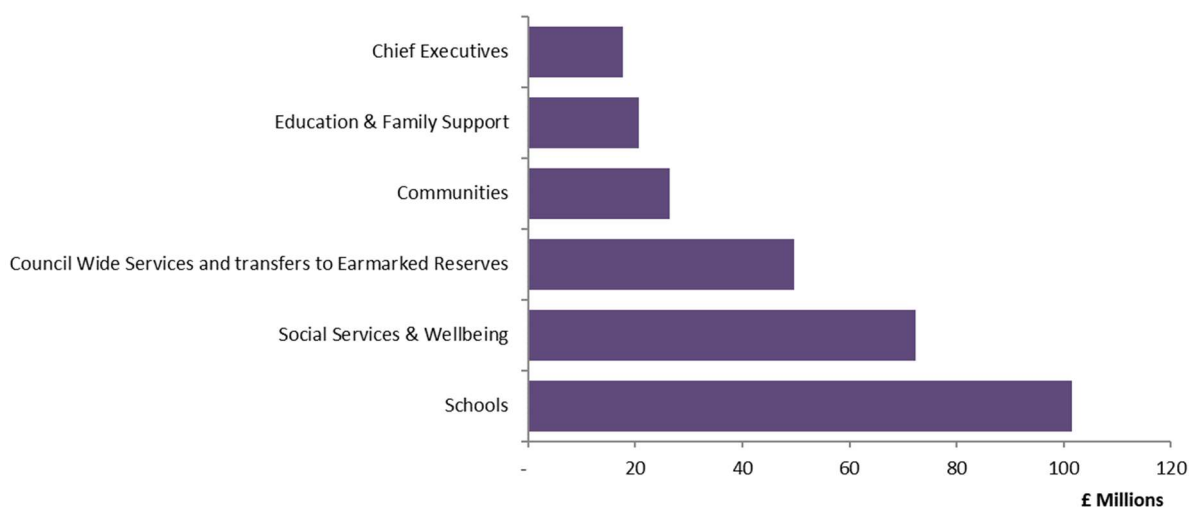
The Council spends its money on employees, premises related expenditure, transport costs, supplies and payments to 3rd party providers. The Council also has to meet capital financing costs (interest) as part of its long-term borrowing arrangements. At the end of 2019-20 the Council created a Covid-19 reserve to provide for unknown future costs in relation to the pandemic and maintained this reserve through the year. As Welsh Government support for Covid-19 costs through its Hardship Funds have been confirmed for the first six months of 2021-22, but not beyond, the Council may well face ongoing cost pressures and loss of income which it will need to fund in the short term.

As a result of effective financial management across the Council through the pandemic, ensuring that eligible monies have been claimed from the Welsh Government Hardship Fund along with significant supplementary grant funding from Welsh Government, the Council was able to make a net contribution to reserves for the year of £18.947 million along with an increase to school reserves of £8.382 million and a transfer to the General Fund of £0.432 million. These will fund a range of initiatives and expenditure commitments to meet specific costs. The Council's expenditure is analysed below.



Directorate Spending

Council spending by Directorate was within 93.83% 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, after transfers to Earmarked Reserves, of £0.432 million, or 0.15% 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](#).

	Net Budget £'000	Net Expenditure £'000	(Under)/over spend £'000	(Under)/over spend %
DIRECTORATE				
Education & Family Support	22,063	20,645	(1,418)	(6.4)
Schools	101,449	101,449	-	-
Social Services & Wellbeing	73,263	72,289	(974)	(1.3)
Communities	28,493	26,502	(1,991)	(7.0)
Chief Executives	18,774	17,678	(1,096)	(5.8)
Council Wide Services	42,843	49,592	6,749	15.8
Funding and financing	(286,885)	(288,587)	(1,702)	0.6
TOTAL	-	(432)	(432)	(0.15)

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 from the above inflation increases in the national living wage, and calls to implement the real living wage, especially for Social Care staff. The published Welsh Government settlement for Bridgend for 2021-22 is an increase of 4.3%. As a result of the one-year spending round in November 2020, Welsh Government has not provided any indications of likely funding levels for 2022-23 onwards, which makes forward planning difficult, particularly in the post Brexit years.

Whilst the Council continues to face increasing pressures on its budget, it approved a balanced budget for 2021-22. However, the continuing consequences of the Covid-19 pandemic will have an inevitable impact on the Council's income, costs and 2021-22 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 restrictions are eased.

On 31 December 2020, at the end of the Brexit transition period, the UK reverted to its economic and political independence, and is no longer part of the European Union (EU) Single Market or Customs Union. The uncertainty regarding the impact of the UK's exit from Europe was anticipated to create challenges for the Council and the communities it supports over the forthcoming months and years. The impact of the pandemic has undoubtedly overridden the immediate impact of the exit from the European Union, and any impacts that may have moving forward. The Council continues 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 £537 million of long-term assets, including £529 million of operational assets for delivering services, £5 million investment properties and £2.5 million of intangible assets
- Received £298 million in grant funding, of which £158 million was the Welsh Government core funding – or Revenue Support Grant; Housing Benefit and administration grant totalled £38 million; and £20.6 million was from the Welsh Government's Hardship Grant to support Local Authorities with the additional costs and loss of income as a result of the Covid-19 pandemic.
- Generated £41 million of fees and charges and other service income used to deliver services

The Council maintains a strong balance sheet despite the financial challenges faced in 2020-21.



Borrowing

The Council has long term borrowing outstanding as at 31 March 2021 of £97.394 million. This is a mixture of Public Works Loan Board (PWLB) of £77.617 million and Lender Option Borrower Options (LOBOs) of £19.777 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 £537 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 indicators and guidelines. Given the strength of the Balance Sheet, the Council's borrowing levels are reasonable. Should the opportunity arise for the Council to repay its LOBOs at a benefit to the Council, then it will look to do so. However, given current low interest rates it is unlikely that the opportunity will arise in the near future.

Pensions Liability: £310 million

The requirements of International Accounting Standards 19 (IAS19) in relation to post-employment benefits – i.e. pensions, have been fully incorporated into the Comprehensive Income and Expenditure Statement, with actuarial gains and losses being recognised in Other Comprehensive Income and Expenditure, as note 30 explains in detail.



A pensions reserve and a pension liability are incorporated within the Council's accounts, reflecting the amount by which the Bridgend element of the RCTCB pension fund is under-funded compared with the assessed payment liabilities to pensioners now and in the future. The overall pensions' liability of the Council at 31 March 2021 was £310.29 million (£289.19 million at 31 March 2020). The liability takes into account the potential 'underpin' liability as a result of the outcome of the McCloud/Sargeant case that the impact of transitional protection arrangements put in place when firefighters' and judges' pension schemes were reformed were age discriminatory.

The liability does not make an allowance for the impact of Covid-19 or excess deaths as a result of the pandemic due to the actuary's view that as the death registrations over the period result in a mortality movement which is a long way outside the range of the last 4 decades, no weight should be placed on the 2020 data. This is principally intended to ensure that any changes as a result of the pandemic are realistic moving forward.

Capital

The Council's original programme for 2020-21, approved by Council on 26 February 2020, was £56.434 million. As a result of the Covid-19 pandemic schemes were slipped to 2021-22 with the final 2020-21 outturn being £23.461 million. Schemes completed during the year included the installation of a mobile classroom at Mynydd Cynffig Primary School and relocation of the East Hub Team to Brynteg Comprehensive. The East Hub provides a facility for the Early Help Locality Team, which brings together a multi-disciplinary team to allow close integrated working across professionals from a range of services and non-local authority agencies such as health visitors and police liaison officers. Having a locality hub ensures that services are locally

accessible and multi-agency support aims to identify and support children and families who would benefit from early help. Works commenced to redevelop Maesteg Town Hall, which will provide improved community facilities to include the town library and performance spaces, as well as offering improved accessibility for visitors and job creation. Works will continue into 2021-22.

The local government capital settlement provides the Council with £7.916 million of capital funding for 2021-22, £67,000 less than 2020-21 but £1.5 million more than was originally anticipated. This is as a result of Welsh Government continuing to provide an additional £25 million of general capital grant (included in the 2019-20 and 2020-21 budgets) to enable local authorities to respond to the joint priorities of decarbonisation, including for housing, and economic recovery following Covid-19. No indications have been given for 2022-23 or beyond. In February 2021 the Council approved a ten-year capital programme of £170 million as set out in the table below. The table also provides the 2020-21 outturn.

	OUTTURN	TEN YEAR PLAN			
	2020-21	2021-2022	2022-2023	2023-2024 to 2030-2031	Total
	£'000	£'000	£'000	£'000	£'000
EXPENDITURE					
Education & Family Support	4,877	11,549	2,792	47,082	61,423
Social Services and Well-being Communities	587	2,284	-	-	2,284
Chief Executives	14,545	43,208	8,875	17,820	69,903
Council Wide & Other	3,452	3,393	2,450	19,600	25,443
		1,929	367	8,943	11,239
Total Expenditure	23,461	62,363	14,484	93,445	170,292
FUNDING					
Grants and s106 Contributions	15,583	14,303	5,372	52,817	72,492
Capital Receipts and Revenue Contributions	1,611	30,939	5,046	9,124	45,109
Borrowing	6,367	17,121	4,066	31,504	52,691
Total Funding	23,461	62,363	14,484	93,445	170,292

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 - 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 and Council wide areas. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

Conclusion

2020-21 has been a challenging year both in terms of the Covid-19 pandemic, but also financially. However the Council was able to remain within its net revenue budget despite increasing service demands especially given the impact of the Covid-19 pandemic. The 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 constant revisiting to ensure the ongoing financial resilience of the Council.

The Statement of Responsibilities for the Statement of Accounts

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 2021 and of its income and expenditure for the year ended 31 March 2021

Signed:



11 June 2021



Comprehensive Income and Expenditure Statement

2019-20					2020-21				Notes
Gross Expen- diture £'000	Govt Grants £'000	Other Income £'000	Net Expen- diture £'000		Gross Expen- diture £'000	Govt Grants £'000	Other Income £'000	Net Expen- diture £'000	
164,452	(28,167)	(10,326)	125,959	Education and Family Support	169,540	(39,915)	(5,970)	123,655	
99,469	(7,332)	(17,919)	74,218	Social Services and Wellbeing	116,137	(11,756)	(27,462)	76,919	
53,945	(8,090)	(5,466)	40,389	Communities	53,365	(11,986)	(5,909)	35,470	
74,483	(50,653)	(2,961)	20,869	Chief Executives	73,912	(50,187)	(2,251)	21,474	
18,453	(175)	(300)	17,978	Council Wide Services	25,216	(8,946)	(588)	15,682	
410,802	(94,417)	(36,972)	279,413	Cost Of Services	438,170	(122,790)	(42,180)	273,200	
				Other Operating Expenditure					
16,453			16,453	Precepts payable	17,714			17,714	7
7,116			7,116	Levies payable	7,471			7,471	7
215			215	(Gain) / loss on disposal of non current assets	274			274	
23,784	-	-	23,784	Other Operating Expenditure	25,459	-	-	25,459	
				Financing and Investment Income and Expenditure					
4,551			4,551	Interest payable on debt	4,550			4,550	31
48			48	Interest element of finance leases (lessee)	40			40	31
1,256			1,256	Interest payable on PFI unitary payments	1,203			1,203	13
6,120			6,120	Net Interest on Net Defined Benefit Liability	6,460			6,460	30
		(1,099)	(1,099)	Investment Income & Other Interest Receivable			(895)	(895)	31
				Changes in fair value of investment properties			(455)	(455)	22
11,975	-	(1,099)	10,876	Financing and Investment Income and Expenditure	12,253	-	(1,350)	10,903	
				Taxation and Non-Specific Grant Income					
	(145,354)		(145,354)	Revenue Support Grant		(157,816)		(157,816)	8
		(46,452)	(46,452)	National Non Domestic Rates			(45,312)	(45,312)	9
		(96,957)	(96,957)	Council Tax		(1,261)	(101,913)	(103,174)	10
	(11,798)		(11,798)	Recognised capital grants and contributions		(12,325)		(12,325)	11
-	(157,152)	(143,409)	(300,561)	Taxation and Non-Specific Grant Income	-	(170,141)	(148,486)	(318,627)	
446,346	(251,569)	(181,480)	13,512	(Surplus) or Deficit on Provision of Services	479,834	(298,139)	(192,021)	(9,065)	
		(5,277)	(5,277)	(Surplus) or deficit on revaluation of Property, Plant and Equipment			(10,416)	(10,416)	29a
4,476			4,476	Impairment losses on non-current assets charged to the Revaluation reserve	2,646			2,646	
7,300			7,300	Actuarial (gains) / losses on pension liabilities	2,290			2,290	30
			6,499	Other Comprehensive (Income) and Expenditure				(5,480)	
			20,011	Total Comprehensive (Income) and Expenditure				(14,545)	

Movement in Reserves Statement

	Council Fund Balance	Earmarked Reserves	Capital Receipts Reserves	Capital Grants Unapplied	Total Usable Reserves	Total Unusable Reserves	Total Council Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2019 brought forward	8,776	48,107	17,922	1,482	76,287	95,561	171,848
<u>Movement in Reserves during 2019-20</u>							
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			-		
Increase/(Decrease) in 2019-20	564	7,115	686	(1,165)	7,200	(27,211)	(20,011)
Balance at 31 March 2020 carried forward	9,340	55,222	18,608	317	83,487	68,350	151,837

	Council Fund Balance	Earmarked Reserves	Capital Receipts Reserves	Capital Grants Unapplied	Total Usable Reserves	Total Unusable Reserves	Total Council Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2020 brought forward	9,340	55,222	18,608	317	83,487	68,350	151,837
<u>Movement in Reserves during 2020-21</u>							
Total Comprehensive (Income) and Expenditure	9,065				9,065	5,480	14,545
Adjustments between accounting basis & funding basis under regulations (Note 20)	18,697		2,911	(29)	21,579	(21,579)	-
Transfers to Earmarked Reserves (Note 28)	(27,330)	27,330			-		
Increase/(Decrease) in 2020-21	432	27,330	2,911	(29)	30,644	(16,099)	14,545
Balance at 31 March 2021 carried forward	9,772	82,552	21,519	288	114,131	52,251	166,382

Balance Sheet

31 March 2020 £'000		31 March 2021 £'000	Notes
	Property, Plant & Equipment		21c
425,796	Other Land and Buildings	430,564	
6,742	Vehicles, Plant, Furniture and Equipment	7,843	
67,559	Infrastructure	69,593	
4,912	Community Assets	4,951	
816	Assets under Construction	2,098	
17,108	Surplus Assets not Held for Sale	14,090	
220	Heritage Assets	220	
4,635	Investment Property	5,090	22
3,032	Intangible Assets	2,471	21d
-	Long Term Investments	-	31
530,820	Long Term Assets	536,920	
25,097	Short Term Investments	48,546	31
2,560	Assets Held for Sale	2,500	24
678	Inventories	527	
36,342	Short Term Debtors	61,319	23
3,646	Cash and Cash Equivalents	3,050	
68,323	Current Assets	115,942	
-	Bank overdraft	(4,703)	
(915)	Short Term Borrowing	(926)	31
(34,533)	Short Term Creditors	(44,465)	25
(986)	Provisions due in 1 year	(795)	26
(36,434)	Current Liabilities	(50,889)	
(3,999)	Provisions due after 1 year	(3,120)	26
(97,401)	Long Term Borrowing	(97,394)	31
	Other Long Term Liabilities		
(16,447)	PFI & Other Long Term Liabilities	(16,802)	27
(289,190)	Net Pensions Liability	(310,290)	30
(3,835)	Capital Receipts in Advance	(7,985)	
(410,872)	Long Term Liabilities	(435,591)	
151,837	Net Assets	166,382	
	Usable reserves		
9,340	Council Fund	9,772	28b
55,222	Earmarked reserves	82,552	
18,608	Capital Receipts Reserve	21,519	28a
317	Capital Grants Unapplied	288	
	Unusable Reserves		29
145,386	Revaluation Reserve	148,639	29a
(289,190)	Pensions Reserve	(310,290)	29b
216,218	Capital Adjustment Account	217,810	29c
(706)	Financial Instruments Adjustment Account	(697)	
(3,358)	Short-term Accumulating Compensated Absences Account	(3,211)	
151,837	Total Reserves	166,382	

Cash Flow Statement

2019-20		2020-21	Notes
£'000		£'000	
13,512	Net (surplus)/deficit on the Provision of Services	(9,065)	
(36,433)	Adjustments to net deficit on the provision of services for non-cash movements	(24,823)	34
12,723	Adjustments for Items included in the net deficit on the provision of services that are investing and financing activities	15,538	
(10,198)	Net Cash Flows from Operating Activities	(18,350)	35
19,081	Investing Activities	40,129	36
(11,478)	Financing Activities	(21,183)	37
(2,595)	Net (Increase) / Decrease in Cash & Cash Equivalents	596	
(1,051)	Cash & Cash Equivalent at the beginning of the Reporting Period	(3,646)	
(3,646)	Cash & Cash Equivalent at the end of the Reporting Period	(3,050)	

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 2020-21 financial year and its position at the year end of 31 March 2021. 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) 2020-21 and the *Service Reporting Code of Practice* 2020-21 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 2020-21 (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 2020-21 Code:

Standard	Effective date	Further details
Amendments to IFRS 3 Business Combinations	01 January 2022	The International Accounting Standards Board (IASB) has made amendments to IFRS 3 'Business Combinations' that updated an outdated reference in IFRS 3 without significantly changing its requirements. The changes are to update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework; add to IFRS 3 a requirement that, for transactions and other events within the scope of IAS 37 or IFRIC 21, an acquirer applies IAS 37 or IFRIC 21 (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination; and add to IFRS 3 an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.
Interest Rate Benchmark Reform: Amendments to IFRS 9, IAS 39 and IFRS 7	01 January 2020	The IASB has published this reform in response to the ongoing reform of interest rate benchmarks around the world. The amendments aim to provide relief for hedging relationships. Many interbank offer rates (IBORs) are expected to be replaced by new benchmark Risk-Free Rates (RFRs). One of the biggest issues presented by the replacement of IBORs is the potential effect on hedge accounting given the extensive use of interest rate benchmarks in global financial markets.
Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	01 January 2021	The amendments enable entities to reflect the effects of transitioning from benchmark interest rates, such as interbank offer rates (IBORs) to alternative benchmark interest rates without giving rise to accounting impacts that would not provide useful information to users of financial statements. The amendments mainly particularly affect entities with financial assets, financial liabilities or lease liabilities that are subject to interest rate benchmark reform and those that apply the hedge accounting requirements in IFRS 9 or IAS 39 to hedging relationships that are affected by the reform.

The Council does not consider these changes will have any impact on the 2020-21 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 (CCRCDD) 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 2021 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 2020 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

2019-20				2020-21		
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
115,059	(10,900)	125,959	Education and Family Support Social Services	122,095	(1,560)	123,655
71,651	(2,567)	74,218	& Wellbeing Communities	72,289	(4,630)	76,919
25,746	(14,643)	40,389	Chief Executives	26,502	(8,968)	35,470
17,115	(3,754)	20,869	Council Wide Services	17,677	(3,797)	21,474
31,551	13,573	17,978		38,417	22,735	15,682
261,122	(18,291)	279,413	Net Cost Of Services	276,980	3,780	273,200
(261,686)	4,215	(257,420)	Other income and Expenditure	(277,412)	4,852	(282,265)
(564)	(14,076)	21,993	Surplus or Deficit	(432)	8,632	(9,065)
8,776			Opening Council Fund Balance	9,340		
564			Surplus or (Deficit) on Council Fund for year	432		
9,340			Closing Council Fund Balance as at 31 March	9,772		

5. Note to the Expenditure and Funding Analysis

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
Net cost of services	(13,936)	(12,260)	7,905	(18,291)
Other income and expenditure from the Expenditure and Funding Analysis	11,583	(6,120)	(1,248)	4,215
Difference between Council Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	(2,353)	(18,380)	6,657	(14,076)

Adjustments between Funding and Accounting Basis 2020-21				
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	(6,846)	(4,806)	10,092	(1,560)
Social Services & Wellbeing	(813)	(3,964)	147	(4,630)
Communities	(6,120)	(1,854)	(994)	(8,968)
Chief Executives	(1,688)	(1,726)	(383)	(3,797)
Council Wide Services	2,918	-	19,817	22,735
Net cost of services	(12,549)	(12,350)	28,679	3,780
Other income and expenditure from the Expenditure and Funding Analysis	12,506	(6,460)	(1,194)	4,852
Difference between Council Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	(43)	(18,810)	27,485	8,632

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.**

2019-20 £'000		2020-21 £'000
	Expenditure	
196,559	Employee expenses	202,256
194,015	Other services expenses	217,325
20,228	Depreciation, amortisation, impairment	18,590
11,975	Interest payments	12,253
23,569	Precepts and levies	25,185
215	(Gain)/Loss on disposal of assets	274
446,561	Total expenditure	475,883
	Income	
(36,972)	Fees, charges and other service income	(42,180)
(143,409)	Income from council tax, non-domestic rates	(147,225)
(251,569)	Government grants and contributions	(294,194)
(1,099)	Investment Income and other Interest Receivable	(894)
-	Other income	(455)
(433,049)	Total income	(484,948)
13,512	(Surplus) or Deficit on the provision of services	(9,065)

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:

2019-20 £'000		2020-21 £'000
	Precepts	
13,832	Police and Crime Commissioner for South Wales	14,861
2,621	Community Councils	2,853
16,453	Total Precepts	17,714
	Levies	
6,747	South Wales Fire and Rescue Authority	7,056
260	Coroners Service	306
91	Archive Service	91
18	Swansea Bay Port Authority	18
7,116	Total Levies	7,471
23,569	Total Precepts and Levies	25,185

8. Revenue Support Grant (RSG)

This is the principal source of finance towards revenue expenditure received from Welsh Government. The amount received in 2020-21 was £157.82 million (£145.35 million for 2019-20).

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 (the multiplier) 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 53.5p in 2020-21 (52.6p in 2019-20). The total rateable value of the Council equalled £98,037,269 on 31 March 2021 (£99,152,723 on 31 March 2020). 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 £45.312 million in 2020-21 (£46.452 million in 2019-20).

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 54,492.29 Band D equivalents for 2020-21 (53,710.97 in 2019-20). The average charge for a Band D property is £1,862.14 in 2020-21 (£1,777.19 in 2019-20 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	25	10,168	14,934	14,247	10,561	7,630	4,255	1,417	284	88

A* - in Band A but affected by disability reduction. Analysis of the net proceeds from Council Tax is as follows:

2019-20 £'000		2020-21 £'000
(96,957)	Council Tax Collectable	(101,913)
-	Welsh Government Hardship Fund	(1,261)
	Less:	
2,621	Payable to Community Councils	2,853
13,832	Payable to Police and Crime Commissioner for South Wales	14,861
417	Provision for non-payment of Council Tax increase/(decrease)	1,450
(80,087)		(84,010)

The Council received £1.261 million from the Welsh Government Hardship Fund for loss of income from Council Tax.

11. Grants

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

2019-20 £'000	Specific Grants credited to Services	2020-21 £'000
(40,207)	Housing Benefit Subsidy	(36,794)
(6,105)	Post 16 Grant	(6,584)
(4,895)	Education Improvement Grant	(4,953)
(4,592)	Pupil Development Grant	(4,980)
(9,136)	Other Education & Family Support	(10,559)
(3,274)	Other Social Services & Wellbeing	(4,759)
(4,911)	Others	(8,340)
(5,767)	Supporting People	(5,955)
(858)	Sport Play & Active Wellbeing	(908)
(2,763)	Concessionary Fares Grant	(2,758)
(3,076)	Flying Start	(3,031)
(870)	Sustainable Waste Grant	(727)
(874)	Housing/Council Tax Benefit Administration	(737)
(2,168)	Integrated Care Fund	(2,048)
(1,690)	Families First	(1,787)
-	Covid Grants	(24,643)
(2,280)	General Capital Grant	(1,689)
(951)	Other Capital Grants	(1,540)
(94,417)	Total	(122,792)

2019-20 £'000	Other Government Grants credited to Taxation and Non-specific Grant Income	2020-21 £'000
(11,798)	Capital Grants and Contributions	(12,325)
(11,798)	Total	(12,325)

(106,215)	Total	(135,117)
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12. LeasesCouncil as a LesseeOperating Leases

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

2019-20 £'000		2020-21 £'000
(681)	Not later than one year	(428)
(1,419)	Later than one year but less than five years	(1,171)
(6,664)	Later than five years	(6,491)
(8,764)	Total	(8,090)

Expenditure charged in the year to the Service areas was £0.694 million made up of minimum lease payments of £0.069 million and £0.625 million for contingent rents (2019-20: £0.734 million made up of £0.117 million minimum lease payments and £0.617 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:-

2019-20 £'000		2020-21 £'000
102	Not later than one year	78
158	Later than one year but less than five years	159
1,702	Later than five years	1,681
1,962	Total	1,918

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:-

2019-20 £'000	Unitary Charge	2020-21 £'000
699	Service Charge Element	693
1,256	Interest Element	1,203
690	Finance Lease Liability	743
2,645	Total	2,639

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	2021-22 £'000	2022-23 to 2026-27 £'000	2027-28 to 2031-32 £'000	2032-33 to 2034-35 £'000	TOTAL £'000
Service Charge Element	502	2,511	2,512	997	6,522
Interest Element	1,146	4,702	2,436	147	8,431
Finance Lease Liability	801	5,032	7,298	2,435	15,566
Total	2,449	12,245	12,246	3,579	30,519

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.

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	2019-20	(600)	600	300
		2020-21	(514)	514	257
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	2019-20	(2,832)	2,799	729
		2020-21	(3,012)	3,317	691
Provision of integrated community support services	Cwm Taf-Morgannwg University Health Board	2019-20	(5,176)	5,176	2,539
		2020-21	(4,686)	4,686	2,231

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 6.30 (2019-20: 6.28). The median remuneration of all employees was £22,183 (2019-20: £21,166).

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.

2019-20 including Redundancy Costs	Remuneration Band	Number of Employees			
		2020-21 inc Redundancy Costs (Note 1)	2020-21 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)
28	£60,000 - £64,999	34	33	27	6
19	£65,000 - £69,999	22	22	20	2
5	£70,000 - £74,999	15	14	14	-
4	£75,000 - £79,999	3	3	3	-
9	£80,000 - £84,999	3	3	2	1
5	£85,000 - £89,999	5	5	1	4
3	£90,000 - £94,999	6	4	3	1
3	£95,000 - £99,999	3	3	3	-
1	£100,000 - £104,999	2	2	2	-
1	£105,000 - £109,999	2	2	1	1
4	£110,000 - £114,999	1	1	-	1
-	£115,000 - £119,999	1	1	1	-
-	£120,000 - £124,999	-	-	-	-
-	£125,000 - £129,999	-	-	-	-
1	£130,000 - £134,999	-	-	-	-
-	£135,000 - £139,999	1	1	-	1
-	£140,000 - £144,999	-	-	-	-
-	£145,000 - £149,999	-	-	-	-
1	£150,000 - £154,999	-	-	-	-
84		98	94	77	17

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 94 individuals with remuneration of £60,000 or more, including:-

- a) 77 Headteachers and Deputy Headteachers, and
- b) 17 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		Pension Contributions (note 1)		Total Remuneration including Pension Contributions	
	2019-20 £	2020-21 £	2019-20 £	2020-21 £	2019-20 £	2020-21 £
Chief Executive Officer & Head of Paid Service (Note 2)	132,099	139,768	28,137	27,674	160,236	167,442
Corporate Director - Education and Family Support	110,449	113,486	23,526	22,470	133,975	135,956
Corporate Director - Communities (Note 3)	8,790	109,812	1,872	21,743	10,662	131,555
Corporate Director - Social Services & Wellbeing	110,449	109,073	23,526	21,596	133,975	130,669
Head of Finance & s151 Officer (Note 4)	-	-	-	-	-	-
Head of Legal and Regulatory Services (Note 5)	53,937	-	10,840	-	64,777	-
Chief Officer - Legal, HR and Regulatory Services (Note 5)	26,968	84,973	5,420	15,921	32,388	100,894
Head of Partnership Services (Note 6)	56,327	-	11,998	-	68,325	-
Head of Operations – Communities (Note 7)	89,651	-	19,096	-	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 Chief Executive excludes payment for Election Duties as there were none in 2020-21.
- Note 3 The Corporate Director – Communities was appointed on 1 March 2020.
- Note 4 The Head of Finance & s151 Officer was re-designated as the Chief Officer – Finance, Performance and Change from 1 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 £146,557 (2019-20: £115,557).
- Note 5 The Head of Legal and Regulatory Services was re-designated as the Chief Officer – Legal, HR and Regulatory Services from 1 December 2019.
- Note 6 The Head of Performance Partnership Services was re-designated as the Head of Partnership Services from 1 December 2019.
- Note 7 The Head of Operations- Communities reported to the Chief Executive until the appointment of the Corporate Director Communities on the 1st March 2020.

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	
	2019-20 £	2020-21 £	2019-20 £	2020-21 £	2019-20 £	2020-21 £	2019-20 £	2020-21 £
£0 - £20,000	11	4	6	4	17	8	154,872	38,221
£20,001 - £40,000	9	5	3	-	12	5	344,406	139,512
£40,001 - £60,000	4	2	-	-	4	2	209,590	101,959
£60,001 - £80,000	2	-	-	-	2	-	150,148	-
£100,001 - £150,000	1	-	-	-	1	-	141,924	-
	27	11	9	4	36	15	1,000,940	279,692

16.Members' allowances

The allowances for Councillors is shown in the table below.

2019-20 £'000		2020-21 £'000
571	Basic Salary (all Members)	581
481	Senior Salary	468
49	Civic Salary	48
1,101	Total	1,097

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

Bridgend County Borough Council incurred the following fees relating to external audit and inspection.

2019-20 £'000		2020-21 £'000
188	Financial Statement Audit	182
97	Performance Audit	97
285	External Audit Services	279
45	Grant Claims and Returns	37
330	Total	316

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.

	2019-20 £'000 Reinstated	2020-21 £'000
Cardiff Capital Region City Deal (CCRCDC)	103	293
Central South Consortium Joint Education Service	571	554
Joint Adoption Service	949	949
Shared Regulatory Service	1,686	1,658
Shared Internal Audit Service	270	179
Civil Parking Enforcement	190	-
Glamorgan Archives	92	92
Joint Vehicle Maintenance	139	124
Coychurch Crematorium	-	-
Margam Crematorium	-	-
Total	4,000	3,849

The Council participated in Joint Committee's for Coychurch and Margam Crematoria, but did not need to make a financial contribution in 2019-20 or 2020-21.

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) £1,444,123 (£1,749,669 in 2019-20), Bridgend County

Borough Citizens Advice Bureau £288,501 (£280,303 in 2019-20 (restated)) and Bridgend Association of Voluntary Organisations £698,952 in 2020-21 (£596,607 in 2019-20). 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 £500,714 (£610,597 in 2019-20 (restated)). Balances owed by the Council as at 31 March 2021 included Care & Repair £23,299 (£5,965 in 2019-20) and Bridgend Lifesavers Credit Union Ltd £ 23,299 (£0 2019-20). Amounts owed to the Council as at 31 March 2021 included Sarn Centre Association £9,986 (£0 in 2019-20) and Valleys to Coast £37,821 (£44,285 in 2019-20).

Chief Officers

During 2020-21 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 2020-21 the Council was charged £921,102 (2019-20: £959,453) in respect of goods, services and capital works. There was no balance owed by the council at the 31 March 2021 (£4,063 in 2019-20). In addition the Head of Operations Community Services sits 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 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 2020-21.

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).

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)

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 2020-21 was £3,736,426 (2019-20: £3,213,429) and a balance outstanding of £17,540 owed to the Council at the 31 March 2021 (2019-20: £66,756 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 2019-20 for comparative purposes and the adjustments for 2020-21.

2019-20	Usable Reserves			Unusable Reserves
	Council Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	
	£'000	£'000	£'000	£'000
Adjustment to the Revenue Resources				
<i>Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:</i>				
Pensions costs (transferred to (or from) the Pensions Reserve)	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)
Total Adjustments to Revenue Resources	40,400	-	-	(40,400)
Adjustments between Revenue and Capital Resources				
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
Total adjustments between Revenue and Capital Resource	(7,411)	926	-	6,485
Adjustments to Capital Resources				
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
Total adjustments to Capital Reserves	(11,798)	(240)	(1,165)	13,203
Total Adjustments	21,191	686	(1,165)	(20,712)

	Usable Reserves			Unusable Reserves
	Council Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	
2020-21	£'000	£'000	£'000	£'000
Adjustment to the Revenue Resources				
<i>Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:</i>				
Pensions costs (transferred to (or from) the Pensions Reserve)	18,810			(18,810)
Financial Instruments (transferred to the Financial Instruments Adjustment Account)	(9)			9
Holiday Pay (transferred to the Accumulated Absences Reserve)	(147)			147
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)	21,962			(21,962)
Total Adjustments to Revenue Resources	40,616	-	-	(40,616)
Adjustments between Revenue and Capital Resources				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	(3,213)	3,213		
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	(5,172)			5,172
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	(1,209)			1,209
Total adjustments between Revenue and Capital Resource	(9,594)	3,213	-	6,381
Adjustments to Capital Resources				
Use of the Capital Receipts Reserve to finance capital expenditure		(302)		302
Application of capital grants to finance capital expenditure	(12,325)			12,325
Cash payments in relation to deferred capital receipts			(29)	29
Total adjustments to Capital Reserves	(12,325)	(302)	(29)	12,656
Total Adjustments	18,697	2,911	(29)	(21,579)

Notes to the Balance Sheet

21. Non-current Assets

a) Capital commitments

As at 31 March 2021 the Council had the following material capital commitments.

2019-20 £'000		2020-21 £'000
6,088	Maesteg Town Hall	-
-	Porthcawl Coastal Defence Scheme	5,960
6,088	Total	5,960

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

Summary of Property, Plant & Equipment (PPE)	Other Land and Buildings £'000	Vehicle, Plant and Equipment £'000	Infrastructure £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total PPE Assets £'000	PFI Assets Included In PPE £'000
Cost or Valuation								
At 1 April 2020	443,871	12,244	229,779	4,949	17,108	816	708,767	22,868
Additions	6,192	2,685	7,526	46	70	3,373	19,892	
Accumulated Depreciation and Impairment written out to Gross Carrying Amount	(5,531)	-	-	-	-	-	(5,531)	
Revaluation increases/(decreases) recognised in the Revaluation Reserve	8,055	-	-	-	(285)	-	7,770	
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	1,063	-	-	(8)	(303)	-	752	
Derecognition - Disposals	(973)	-	-	-	-	-	(973)	
Derecognition - other	-	-	-	-	-	-	-	
Assets reclassified (to)/from Held for Sale	-	-	-	-	(2,500)	-	(2,500)	
Other Movements in Cost or Valuation	2,091	-	-	-	-	(2,091)	-	
At 31 March 2021	454,768	14,929	237,305	4,987	14,090	2,098	728,177	22,868

Accumulated Depreciation and Impairments								
At 1 April 2020	(18,075)	(5,502)	(162,220)	(37)	-	-	(185,834)	(1,216)
Depreciation Charge for the year	(10,542)	(1,473)	(5,305)	-	-	(11)	(17,331)	(1,213)
Accumulated Depreciation and Impairment written out to Gross Carrying Amount	5,531	-	-	-	-	-	5,531	
Accumulated impairment written off (where no account balance at 1 April)							-	
Acc. Depreciation WO to GCA	(975)	-	-	-	-	-	(975)	
Impairment Losses/(Reversals) recognised in the Revaluation Reserve	-	-	-	-	-	-	-	
Impairment Losses/(Reversals) recognised in the Surplus/Deficit on the Provision of Services	(178)	(111)	(186)	-	-	-	(475)	
Derecognition - disposals	46	-	-	-	-	-	47	
Other Movements	(11)	-	(1)	1	-	11	0	
At 31 March 2021	(24,204)	(7,086)	(167,712)	(36)	-	0	(199,038)	(2,429)
NBV as at 1 April 2020	425,796	6,742	67,559	4,912	17,108	816	522,933	21,652
NBV as at 31 March 2021	430,564	7,843	69,593	4,951	14,090	2,098	529,139	20,439

d) Intangible Assets.

The Intangible asset refers to the Wales Community Care Information System, WCCIS. As at 31 March 2021 the remaining life of the asset was 3 years.

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

Intangible Assets	£'000
Cost or Valuation	
At 1 April 2020	6,040
At 31 March 2021	6,040
Accumulated Depreciation and Impairments	
At 1 April 2020	(3,008)
Depreciation Charge for the year	(561)
At 31 March 2021	(3,569)
NBV as at 1 April 2020	3,032
NBV as at 31 March 2021	2,471

e) Sources of finance for Capital Expenditure

2019-20 £'000		2020-21 £'000
(5,215)	Loans	(6,367)
(13,902)	Government grants	(12,554)
(240)	Capital receipts	(302)
(1,168)	Revenue contribution	(1,209)
(2,297)	Other contributions	(3,029)
(22,822)	Total	(23,461)

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.

2019-20 £'000		2020-21 £'000
3,847	Revenue Expenditure Funded from Capital under Statute	3,569
(3,230)	Grants and Contributions	(3,228)
617	Total	341

g) Capital financing requirement and the financing of capital expenditure

2019-20 £'000	Capital Financing Requirement	2020-21 £'000
172,084	Opening Capital Financing Requirement	171,776
	Capital Investment	
18,975	Property, Plant and Equipment and Intangible Assets	19,892
3,847	Revenue Expenditure Funded from Capital under Statute	3,569
	Sources of Finance	
(16,199)	Grants & Contributions	(15,583)
(240)	Capital receipts applied	(302)
(1,168)	Revenue Contributions	(1,209)
(2,885)	Minimum Revenue Provision	(2,927)
(1,948)	Unsupported Borrowing MRP	(1,502)
(690)	PFI School MRP	(743)
171,776	Closing Capital Financing Requirement	172,971
	Explanation for Movements in Year	
1,053	Increase/(Decrease) in Underlying Need to Borrow (supported by government financial assistance)	1,059
(671)	Increase/(Decrease) in Underlying Need to Borrow (unsupported by government financial assistance)	879
(690)	Assets acquired under PFI Contract	(743)
(308)	Increase/(Decrease) in Capital Financing Requirement	1,195

22. Investment Properties

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

2019-20 £'000		2020-21 £'000
4,635	Balance at 1 April	4,635
-	Net gain / (loss) from fair value adjustments	455
4,635	Balance as at 31 March	5,090

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:

2019-20 £'000		2020-21 £'000
8,118	Trade Receivables	12,873
3,056	Prepayments	4,957
25,168	Other Receivable Amounts	43,489
36,342	Balance as at 31 March	61,319

The Council collects NNDR payments on behalf of Welsh Government. As at 31 March 2021, the Council had paid over more cash than it collected, this excess was included in the Balance Sheet as a debtor of £3.968 million. The equivalent for 2019-20 was a debtor of £0.613 million.

24. Assets Held for Sale

2019-20 £'000		2020-21 £'000
2,560	Balance at 1 April	2,560
-	Assets newly classified as held for sale: Property, Plant & Equipment	2,500
-	Assets Sold	(2,560)
2,560	Balance as at 31 March	2,500

25. Short Term Creditors

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

2019-20 £'000		2020-21 £'000
(5,883)	Trade Payables	(2,346)
(28,650)	Other Payables	(42,119)
(34,533)	Balance as at 31 March	(44,465)

26. Provisions

The Council has provisions as detailed below:

	Insurance £'000	Other Provisions £'000	Total £'000
Balance at 1 April 2020	4,907	78	4,985
Additional provisions made in 2020-21	(489)		(489)
Amounts used/released in 2020-21	(581)		(581)
Balance at 31 March 2021	3,837	78	3,915
Provisions < 1 yr	717	78	795
Provisions > 1 yr	3,120	-	3,120
Balance at 31 March 2021	3,837	78	3,915

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 2020-21 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.

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

2019-20 £'000		Movement in year £'000	Moved to Short Term Creditors £'000	2020-21 £'000
15,567	Maesteg School PFI Lease		(801)	14,766
349	Innovation Centre		(107)	242
200	Waste Contract		(50)	150
13	Escrow		(13)	-
318	Salix Loan	1,455	(129)	1,644
16,447	Balance as at 31 March	1,455	(1,100)	16,802

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 2020-21, the amount written down was £743,000 and £801,000 has been transferred to Short Term Creditors leaving an outstanding long term liability of £14.766 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 2020-21 was £98,000 and £106,000 was transferred to Short Term Creditors resulting in a long term financial liability of £0.243 million at 31 March 2021.

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.

2019-20 £'000		2020-21 £'000
17,922	Balance at 1st April	18,608
926	Capital Receipts Received	3,213
(240)	Receipts Used to Finance Capital Expenditure	(302)
18,608	Balance as at 31 March	21,519

b) Earmarked Reserves

The Earmarked Reserves in the Balance Sheet as at 31 March 2021 are detailed below:

Opening Balance 2019-20 £'000	Reserve	Movement during 2020-21		Closing Balance 2020-21 £'000
		Additions/ Re- classification £'000	Drawdown by Directorates £'000	
9,340	Council Fund	432		9,772
	Corporate Reserves:			
21,078	Capital Programme Contribution	8,530	(688)	28,920
5,276	Major Claims Reserve	(500)	-	4,776
4,992	Service Reconfiguration	-	-	4,992
12,142	Other Corporate Reserves	3,187	(1,397)	13,932
43,488	Total Corporate Reserves	11,217	(2,085)	52,620
	Other Reserves:			
5,441	Directorate Reserves	6,069	(1,287)	10,223
2,489	City Deal Reserve	2,899	(188)	5,200
7,930	Total Directorate Reserves	8,968	(1,475)	15,423
108	Delegated Schools Balance	8,382		8,490
51,526	Total Reserves excluding Equalisation Reserves	28,567	(3,560)	76,533
3,696	Equalisation and Grant Reserves	3,433	(1,110)	6,019
55,222	TOTAL EXCLUDING COUNCIL FUND	32,000	(4,670)	82,552
64,562	TOTAL INCLUDING COUNCIL FUND	32,432	(4,670)	92,324

Council Fund

The transfer to the Council Fund for 2020-21 was £0.432 million. This increased the balance on the Fund to £9.772 million at 31 March 2021 (£9.340 million at 31 March 2020).

Other Earmarked Reserves

The transfer to Earmarked Balances excluding the Council Fund Balance was a net increase of £27.330 million in 2020-21 (net increase of £7.115 million in 2019-20). 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 Reserves

City 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

These reserves relate to specific Directorate issues anticipated in 2021-22, investment to help the recovery of the County Borough from Covid-19 and to support its residents, together with some carry forward amounts from 2020-21. Examples include reserves to support pressures within Social Services and Looked After Children; impact of Brexit; wider regeneration investment; Active Travel Strategy, and supporting Apprentice and Graduate schemes.

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

2019-20 Closing Balance £'000	School Types	No's in Category	2020-21 Funding Available £'000	2020-21 Spend £'000	2020-21 Closing Balance £'000
- 543	Primary Schools	48	48,902	44,352	4,550
92	Secondary Schools	9	48,073	45,095	2,978
559	Special Schools	2	10,455	9,493	962
108	Total	59	107,430	98,940	8,490

The 2019-20 Closing Balance figure is included within the 2020-21 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 2020-21 there were £3.433 million (2019-20 - £1.758 million) 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. £1.109 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.

2019-20			2020-21	
£'000	£'000		£'000	£'000
	149,553	Balance at 1 April		145,386
5,277		Prior Year adj	10,415	
		Upward Revaluation of Assets		
(4,476)		Downward Revaluation of Assets and Impairment Losses not charged to the Surplus/Deficit on the Provision of Services	(2,646)	
	801	Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of services		7,769
(4,566)		Difference between fair value depreciation and historical cost depreciation (charged to the Capital Adjustment Account)	(4,154)	
(402)		Accumulated gains on assets sold or scrapped	(362)	
	(4,968)	Amount written off to the Capital Adjustment Account		(4,516)
	145,386	Balance as at 31 March		148,639

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.

2019-20 £'000		2020-21 £'000
(263,510)	Balance at 1 April	(289,190)
(7,300)	Actuarial gains or losses on pensions assets and liabilities	(2,290)
(35,850)	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	(35,640)
17,470	Employer's Pensions Contributions and Direct Payments to Pensioners Payable in the Year	16,830
(289,190)	Balance as at 31 March	(310,290)

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.

2019-20			2020-21	
£'000	£'000		£'000	£'000
	213,123	Balance at 1 April		216,218
		Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement :		
(18,218)		Charges for depreciation and impairment of non-current assets	(17,892)	
(1,797)		Revaluation gain/(losses) on Property, Plant and Equipment	(698)	
(618)		Revenue Expenditure funded from Capital Under Statute	(341)	
		Other amounts including Mortgage Payments		
		Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(3,124)	
(738)				
	(21,371)			(22,055)
	4,566	Adjusting amounts written out to the Revaluation Reserve		4,154
	(16,805)	Net written out amount of the cost of non-current assets consumed in the year		(17,901)
		Capital financing applied in the year:		
240		Use of the Capital Receipts Reserve to finance capital expenditure	302	
12,969		Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that has been applied to capital financing	12,355	
5,523		Statutory provision for the financing of capital investment charged against the Council Fund	5,172	
1,168		Capital expenditure charged against the Council Fund	1,209	
	19,900			19,038
		Movement in the market value of Investment Properties credited to the Comprehensive Income and Expenditure Statement		455
	216,218	Balance as at 31 March		217,810

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 2020-21 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 by the actuary note that ONS data is showing that the cumulative debts in 2020 and 2021 were well outside the range of the outcomes seen in recent years. The impact on longevity for the fund members will additionally be affected by the indirect impact of covid 19, including the health of the surviving population, and the economic, social and political consequences of tackling covid 19. In both of the above cases, the impact on longevity could be positive or negative. However, it is too early to say what impact the higher rate of mortality will have on future cash flows, so the actuary has not recommended a change to the mortality assumption for accounting purposes.

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
2019-20	2019-20	2019-20	2019-20	Cost of Services :	2020-21	2020-21	2020-21	2020-21
29.26	-	-	29.26	Service cost comprising:				
				Current service cost	29.08	-	-	29.08
0.47	-	-	0.47	Past service costs	0.10	-	-	0.10
-	-	-	-	(Gain)/loss from settlements		-	-	-
				Financing & Investment Income & Expenditure :-				
5.87	0.17	0.08	6.12	Net interest expense	6.24	0.15	0.07	6.46
35.60	0.17	0.08	35.85	Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	35.42	0.15	0.07	35.64
				Other Post Employment Benefit Charged to the Comprehensive Income & Expenditure Statement				
22.71	-	-	22.71	<i>Remeasurements of the net defined benefit liability comprising:</i>				
				Return on plan assets (excluding the amount included in the net interest expense)	(169.25)	-	-	(169.25)
(16.85)	(0.06)	(0.01)	(16.92)	Actuarial (gains) / losses due to changes in financial assumptions	181.55	0.48	0.15	182.18
(10.53)	(0.05)	0.00	(10.58)	Actuarial (gains) / losses due to changes in demographic assumptions	0.00	0.00	0.00	0.00
12.14	(0.03)	(0.02)	12.09	Actuarial (gains) / losses due to liability experience	(10.13)	(0.24)	(0.27)	(10.64)
7.47	(0.14)	(0.03)	7.30	Total Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement	2.17	0.24	(0.12)	2.29
				Movement in Reserves Statement:-				
(35.60)	(0.17)	(0.08)	(35.85)	Reversal of net charges made for retirement benefits in accordance with IAS 19	(35.42)	(0.15)	(0.07)	(35.64)
				Actual amount charged against the Council Fund Balance for pensions in the year				
16.63	0.48	0.36	17.47	Employer's Contributions payable to the scheme	16.03	0.47	0.33	16.83
(25.48)	(0.48)	(0.36)	(26.32)	Retirement Benefits Paid Out	(23.99)	(0.47)	(0.33)	(24.79)

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	£m	£m	£m		£m	£m	£m	£m
2019-20	2019-20	2019-20	2019-20		2020-21	2020-21	2020-21	2020-21
870.04	6.78	3.16	879.98	Present value of defined benefit obligation	1,071.36	6.70	2.81	1,080.87
(590.79)	-	-	(590.79)	Fair Value of Plan Assets	(770.55)	-	-	(770.55)
279.25	6.78	3.16	289.19	Net liability arising from defined benefit obligation	300.81	6.70	2.81	310.32

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

£m 2019-20		£m 2020-21
603.29	Opening fair value of scheme assets at 1 April	590.79
14.43	Interest income on assets	13.56
(22.71)	The return on plan assets, excluding the amount included in the net interest expense	169.25
16.63	Contributions by Employer	16.03
4.63	Contributions by Participants	4.91
(25.48)	Net Benefits Paid Out	(23.99)
590.79	Balance as at 31 March	770.55

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
2019-20	2019-20	2019-20	2019-20		2020-21	2020-21	2020-21	2020-21
856.10	7.23	3.47	866.80	Opening balance at 1 April	870.04	6.78	3.16	879.98
29.26	-	-	29.26	Current Service Cost	29.08	-	-	29.08
20.30	0.17	0.08	20.55	Interest Cost	19.80	0.15	0.07	20.02
4.63	-	-	4.63	Contributions from scheme participants	4.91	-	-	4.91
				<i>Remeasurement (gains) and losses:</i>				-
(16.85)	(0.06)	(0.01)	(16.92)	Actuarial gains / losses arising from changes in financial assumptions	181.55	0.48	0.15	182.18
(10.53)	(0.05)	0.00	(10.58)	Actuarial gains / losses arising from changes in demographic assumptions	0.00	0.00	0.00	0.00
12.14	(0.03)	(0.02)	12.09	Actuarial gains / losses arising from changes in liability experience	(10.13)	(0.24)	(0.27)	(10.64)
0.47	-	-	0.47	Past Service Cost	0.10	-	0.03	0.13
(25.48)	(0.48)	(0.36)	(26.32)	Benefits Paid	(23.99)	(0.47)	(0.33)	(24.79)
-	-	-	-	Liabilities extinguished on settlements	-	-	-	-
870.04	6.78	3.16	879.98	Balance as at 31 March	1,071.36	6.7	2.81	1,080.87

Local Government Pension Scheme assets comprised:

Fair Value of Scheme Assets 2019-20 £m	Asset Split 2019-20 %		Fair Value of Scheme Assets 2020-21 £m	Asset Split 2020-21 %
376.93	63.80	Equities	544.78	70.70
50.74	8.59	Property	49.32	6.40
75.18	12.73	Government bonds	70.12	9.10
82.90	14.03	Corporate bonds	100.17	13.00
5.04	0.85	Cash and cash equivalents	6.16	0.80
590.79	100.00	Total assets	770.55	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:

2019-20 % pa		2020-21 % pa
2.30	Discount rate	2.10
2.00	Rate of pension increases	2.70
3.25	Rate of salary increases	3.95
<i>Mortality Assumptions:</i>		
Longevity at 65 for current pensioners :-		
21.70	Men	21.80
24.00	Women	24.10
Longevity at 65 for future pensioners :-		
22.70	Men	22.80
25.50	Women	25.60

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 2019-20	Decrease in Assumption 2019-20		Increase in Assumption 2020-21	Decrease in Assumption 2020-21
£m	£m		£m	£m
(17.30)	17.66	Rate for discounting scheme liabilities (increase or decrease by 0.1%)	(21.43)	21.43
1.80	(1.78)	Rate of increase in salaries (increase or decrease by 0.1%)	2.14	(2.14)
16.68	(16.31)	Rate of increase in pensions (increase or decrease by 0.1%)	19.28	(19.28)
27.86	(27.54)	Longevity (increase or decrease in 1 year)	38.57	(37.50)

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:-

	2021-22 £m
Local Government Pension Scheme	47.33
LGPS Unfunded	0.14
Teachers Unfunded	0.06
Total	47.53

The weighted average duration of the defined benefit obligation for the scheme members is 20.1 years, which is the same as 2019-20.

Teachers

In 2020-21, the Council paid £12.807 million (£10.845 million for 2019-20) 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 2020-21, these amounted to £0.378 million (£0.402 million for 2019-20).

31. Financial Instruments Disclosures

Categories of Financial Instruments

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

Financial Assets

31 March 2020					31 March 2021			
Current		Non-current			Current		Non-current	
Invest- ments £'000	Debtors £'000	Invest- ments £'000	Total £'000		Invest- ments £'000	Debtors £'000	Invest- ments £'000	Total £'000
28,743	8,118		36,860	Amortised Cost	46,893	12,873	-	59,766
28,743	8,118	-	36,860	Total financial assets	46,893	12,873	-	59,766
-	-	4,635	4,635	Non-financial assets			5,090	5,090
28,743	8,118	4,635	41,495	Total	46,893	12,873	5,090	64,856

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

The £12.873m (2019-20: £8.118 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 £61.319 million (2019-20: £36.342 million) included in the balance sheet. More information in relation to debtors can be found at note 23.

Financial Liabilities

31 March 2020					31 March 2021			
Current		Non-current			Current		Non-current	
Borrow- ings £'000	Creditors £'000	Borrow- ings & Other Long Term Liabilities £'000	Total £'000		Borrow- ings £'000	Creditors £'000	Borrow- ings & Other Long Term Liabilities £'000	Total £'000
(915)	(6,337)	(113,848)	(121,100)	Amortised Cost	(926)	(2,797)	(114,196)	(117,919)
(915)	(6,337)	(113,848)	(121,100)	Total	(926)	(2,797)	(114,196)	(117,919)

The current borrowings figure above includes £0.275 million of accrued interest payable for the year.

The current creditors figure of £2.797 million (2019-20: £6.337 million) relates to trade creditors for goods and services received of £2.346 million (2019-20: £5.883 million) and £0.451 million (2019-20: £0.454 million) monies held by the Council on behalf of third parties and is included in the overall creditors figure of £44.465 million (2019-20: £34.533 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 2020		31 March 2021
Gross Assets (Liabilities) £'000	Offsetting of Financial Assets and Liabilities	Gross Assets (Liabilities) £'000
1,936	Bank Accounts in Credit	3,523
1,936	Total Financial Assets	3,523
(1,530)	Bank Overdrafts	(5,688)
(1,530)	Total Financial Liabilities	(5,688)
406	Net Position on Balance Sheet	(2,165)

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 2020				31 March 2021		
Financial Liabilities Amortised Cost £'000	Financial Assets Amortised Cost £'000	Total £'000		Financial Liabilities Amortised Cost £'000	Financial Assets Amortised Cost £'000	Total £'000
5,855	-	5,855	Interest Expense	5,793	-	5,793
-	(1,099)	(1,099)	Investment Income and Other Interest Receivable		(895)	(895)
-	(1,099)	4,756	Net (gain)/loss for the year	5,793	(895)	4,898

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. In addition, there are no assets held at amortised cost for 2020-21.

31 March 2020		Financial Liabilities	31 March 2021	
Carrying amount £'000	Fair Value £'000		Carrying amount £'000	Fair Value £'000
		Financial liabilities held at amortised cost:		
(77,617)	(111,997)	PWLB	(77,617)	(112,159)
(19,784)	(31,299)	LOBOs	(19,777)	(32,930)
(16,447)	(22,813)	PFI and other long term liabilities	(16,802)	(23,886)
(113,848)	(166,109)	Total	(114,196)	(168,975)

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 9 – Treasury Management and Capital Strategies 2020-21 [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 2021 the Council had the following exposure to credit risk. £48.546 million of the £51.596 million investments outstanding at 31 March 2021 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 £967. 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- A	(1000) (2,050)
Simplified approach	Local Authorities - unrated	(48,546)
TOTAL		(51,596)

Council does not generally allow credit for its customers (trade debtors) such that all the trade debtors are recognised as short term, however, £4.949 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. 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 2020 £'000	Maturity Analysis Financial Liabilities	31 March 2021 £'000
(8,181)	Less than 1 year	(4,809)
(995)	Between 1 and 2 years	(1,233)
(3,248)	Between 2 and 5 years	(13,086)
(26,582)	Between 5 and 10 years	(23,425)
(21,800)	Between 10 and 20 years	(15,236)
(41,389)	More than 20 years	(41,389)
(19,784)	Uncertain date*	(19,778)
(121,979)	Total Financial Liabilities	(118,956)

* 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	(349)	349
Impact on Surplus or Deficit on Provision of Services	(216)	349

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 2021) that relates to conditions existing at 31 March 2021, 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.

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 2021 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

2019-20 £'000		2020-21 £'000
(20,015)	Depreciation & Impairment of Assets	(18,590)
1,852	Movement in Inventories, Debtors & Creditors	14,538
(18,380)	Pension Fund Adjustments	(18,810)
1,251	Provisions	1,071
(1,141)	Disposal of Non Current Asset	(3,487)
-	Changes in Fair Value of Investment Property	455
(36,433)	Adjustments to net deficit on the provision of services for non-cash movements	(24,823)

35. Operating Activities

The cash flows for operating activities include the following items:

2019-20 £'000		2020-21 £'000
(16,662)	Cash Flow on Revenue Activities	(23,222)
6,228	Interest Paid	4,554
1,305	Interest element of finance lease and PFI rental payments	1,244
(1,069)	Interest Received	(926)
(10,198)	Net Cash Flows from Operating Activities	(18,350)

36. Investing Activities

The cash flows for investing activities include the following items:

2019-20 £'000		2020-21 £'000
18,975	Purchase of Property, Plant and Equipment and Intangibles	19,892
1,031	Purchase / (Proceeds) from Short Term Investments	23,450
(925)	Proceeds from sale of Property, Plant and Equipment and Investment Property	(3,213)
19,081	Net Cash Flows from Investing Activities	40,129

37. Financing Activities

The cash flows for financing activities include the following items:

2019-20 £'000		2020-21 £'000
1,647	Cash Receipts of short and long term borrowing	(4,707)
(13,125)	Other Receipts from financing activities	(16,476)
-	Repayments of short and long term borrowing	
(11,478)	Net Cash Flows from Financing Activities	(21,183)

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 2021 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 2020-21 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 2021 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 2020-21.

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.

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 2020-21.
- 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 14, 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. 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

23 July 2021

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.

Annual Governance Statement



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1 Foreword

“One Council working together to improve lives”

This is the Council’s vision as stated in the [Corporate Plan](#) for 2018-2023 reviewed for 2021-22, 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 want 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 ongoing challenges during the worldwide Coronavirus pandemic that has affected everyone and every business across the county borough since March 2020. 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 Elections (Wales) Act 2021 to make arrangements and keep under review the extent to which it is exercising its functions effectively, using its resources economically, efficiently and effectively and to ensure its governance is effective for securing these performance requirements.

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 2021-22 to ensure that the necessary improvements are made.



Cllr Huw David
Leader of the Council



Mark Shephard
Chief Executive

2 Governance Framework

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.

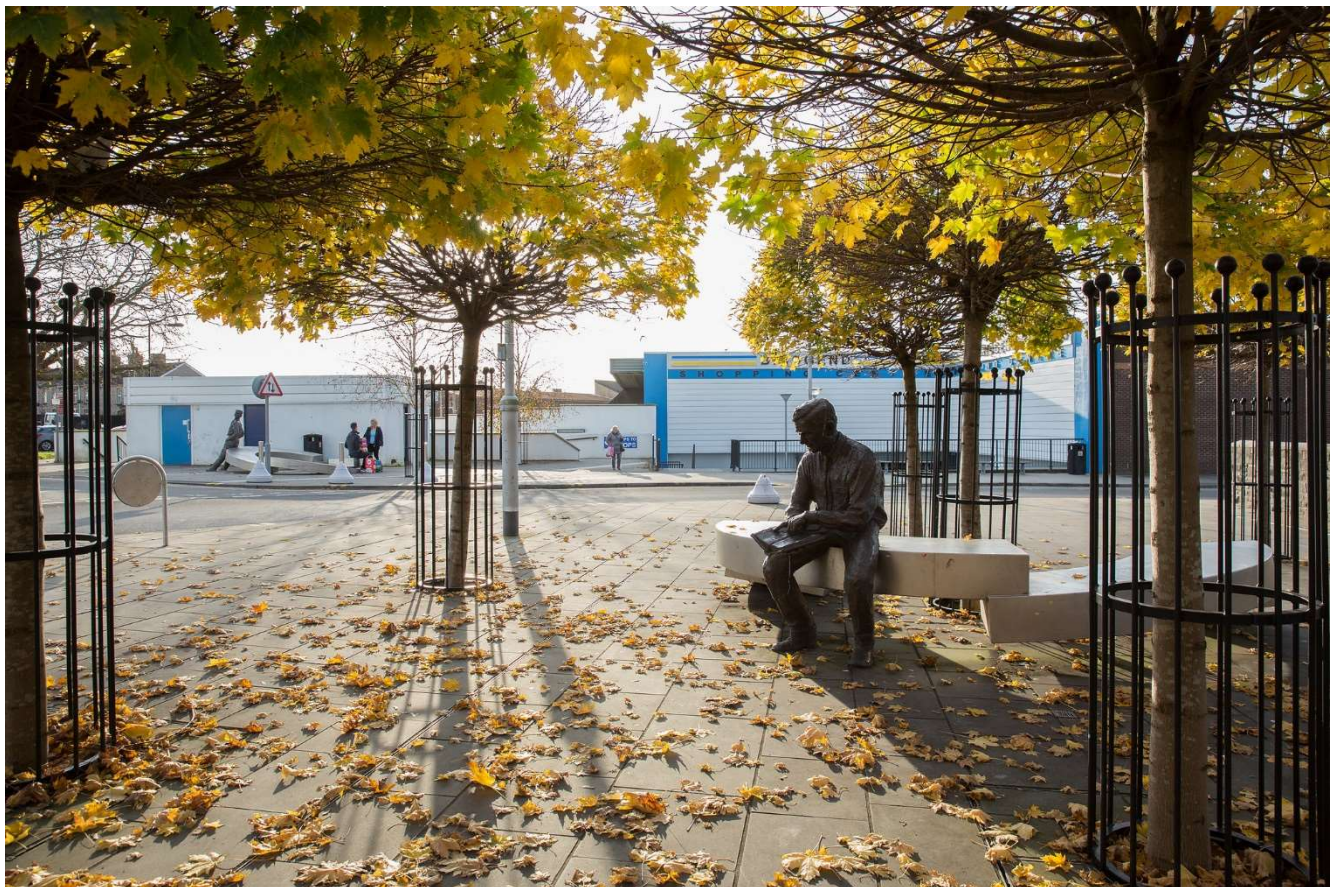
The Governance Framework enables the Council to monitor the achievement of its strategic objectives and to consider whether they have led to the delivery of appropriate, cost-effective services.

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) (Amendment) Regulations 2018 for the year ended 31 March 2021.

It also sets out how the Council has responded to governance issues identified during 2020-21 and actions to be undertaken during 2021-22 following an annual review of the Governance Framework.

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.

The Council must consider the longer term impact of any decisions it makes, and should work collaboratively with other public bodies to improve well-being in Wales.¹

As a public body the Council has to ensure it delivers sustainable social, cultural, environmental and economic 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 Framework](#) 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 CIPFA's 'Delivering Good Governance in Local Government: Framework'.

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



¹ Well-being of Future Generations (Wales) Act 2015

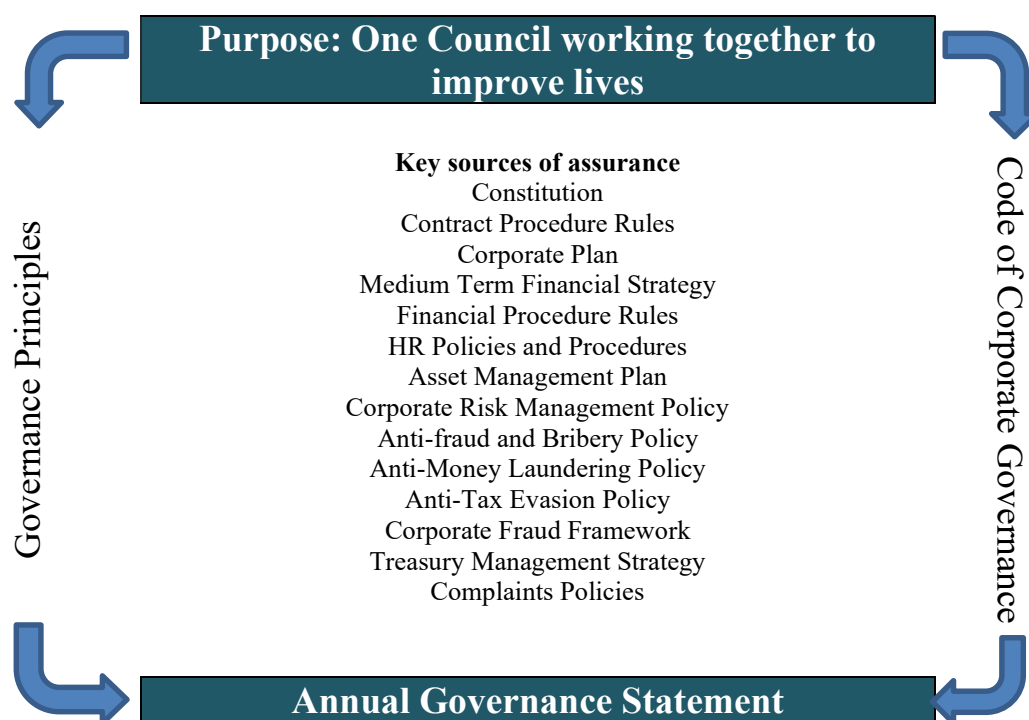
The Council's Governance Framework

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 Governance and 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 promotes and delivers 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.
- During 2019-20 the new regional arrangements were put in place for the health and social care partnership and the Cwm Taf Regional Partnership Board established and these arrangements are successfully bedding in. The Regional Safeguarding Board and Regional Partnership Board provide leadership across the region for safeguarding an integrated planning of health and social care services. There are a small number of key services that still operate on the previous 'Western Bay' footprint.
- 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 Taf and Merthyr Tydfil Councils.

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 pre-pandemic all meetings were open to the public unless exempt or confidential matters were being discussed. Since the pandemic meetings are held virtually and recorded and placed on the Council's website for the public to access. 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 in a range of formats to maximise the opportunity for information sharing and to enable residents to communicate with the Council.

Local Government and Elections (Wales) Act 2021

The Local Government and Elections (Wales) Act received Royal Assent on 20 January 2021. The Act is a substantial piece of legislation covering electoral reform, public participation, governance

and performance and regional working. There are many reforms within the Act, however, in summary the Act introduces:

- Reform of electoral arrangements for local government, including extending the voting franchise to 16 and 17 year olds;
- Introduction of a general power of competence;
- Reforming public participation in local government;
- Reforms around democratic governance and leadership;
- Collaborative working;
- Reform of the performance and governance regime;
- Powers to facilitate voluntary mergers of principal councils.

In order to provide local authorities with certainty as to what legislative changes are being implemented when, and ensure the required preparations can be made, Welsh Government has made three Commencement Orders, which will be accompanied by other relevant subordinate legislation, which will bring the relevant provisions into force on a series of dates between March 2021 and 5 May 2022.

The Act will have a wide ranging impact on the organisation, powers, performance measurement and governance of the Council, including changes to the composition and terms of reference of the Audit Committee (which was re-named the Governance and Audit Committee by Council in September 2020, in anticipation of the requirements of the Act). New responsibilities include a role in reviewing the Council's self-assessment report and making any recommendations for change, consideration of the outcome and response to a panel performance assessment of the Council, and responsibility for making reports and recommendations in relation to the authority's ability to handle complaints effectively. The Council will need to address these changes and amend its governance structures and arrangements accordingly.

Role of the Governance and Audit Committee

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

- Review and scrutinise reports and recommendations in relation to the Council's Financial Affairs
- Review and 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, Anti-Money Laundering Policy and Anti-Tax Evasion 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

3 Assessing Performance

The Councils' performance is reported in its [Annual Report](#), its annual self-evaluation of progress against the Council's Corporate Plan. The report looks back on the progress made during the year on the steps to meet the well-being objectives. The report considers measures of success with targets set annually and used to drive improvement. During 2020-21 a key factor faced by the Council over the year was the impact of the Covid-19 pandemic and the governance arrangements and processes that the Council had to put in place to ensure it could continue to support residents and businesses during this difficult and challenging year.

The Corporate Plan

The Corporate Plan 2018-23, updated for 2021-22, agreed in February 2021 sets out the Council's vision: **'One Council working together to improve lives'**. The Plan defines the Council's three priorities well-being objectives and its organisational values and principles that underpin how it will work to deliver its priorities. The Council defines its purpose 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, and enjoy good health and a sense of well-being and independence'.



Underpinning the Council's Corporate Plan and throughout its decisions-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.

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	✓		✓








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
Our Principles					
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.					

5 Ways of Working	Long term	Prevention	Integration	Collaboration	Involvement
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. The key principles are set out below.

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

The Council's values, or the **FACE** of the Council are:

- **F**air – taking into account everyone's needs and situations
- **A**mbitious – always trying to improve what we do and aiming for excellence
- **C**itizen-focused – remembering that we are here to serve our local community
- **E**fficient – delivering services that are value for money

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 workers were required to work from home where possible. Initially the lockdown was for a period of 3 weeks but this was then extended over the next couple of months with the First Minister of Wales announcing an easing of lockdown rules from 1 June into July 2020, with confirmation that swimming pools, gyms, leisure centres and indoor play areas could open from 3 August 2020. Further lockdowns followed, the first a two week “firebreak” from 23 October until 9 November, followed by a further lockdown from midnight of 19 December 2020 due to a significant surge in cases from a new strain of the virus.

Throughout this period the Council has had to adapt and implement 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 office-based staff with mobile technology at the end of March 2020 and into the new financial year, to enable home-working within a very short timescale. Office-based staff are now equipped to work at home either with laptops and telephone facilities installed on the laptops, or on home computers linked 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 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. Decisions were made to deploy employees to key priority areas wherever possible to ensure continuity of essential services. During the year the focus has remained on ensuring the resilience of front line services to cover absence and acute pressure points, and to supporting services that promote public health, including the Test, Trace, Protect service and, latterly, the vaccination programme and community testing.

At the start of the pandemic a number of services, including schools, were closed, although the Council continued to maintain a significant number of essential services running, particularly the provision of social care services for vulnerable adults and children and waste collection services. Services that were closed included cultural venues, leisure centres, community recycling centres and day services. During the year, as lockdown restrictions initially eased, a number of these reopened, but with social distancing measures in place, or were provided differently. Schools adapted to provide blended learning and during full lockdown, online learning, with most pupils being taught via their home computers. Those pupils eligible for free school meals have been provided with weekly food parcels, delivered to their homes, and funding was secured to enable digitally excluded pupils to continue to learn from home.

When the country moved into lockdown, all formal meetings of Council were immediately cancelled. However, under the Local Authorities (Meetings) (Wales) Regulations 2020, Local Authorities were given powers to hold meetings virtually using video conference technology from 22 April 2020. As a result the Council held its first virtual meeting of Development Control Committee on 4 June 2020, followed by a meeting of Cabinet on 30 June 2020. Other virtual committee meetings followed with the first meeting of full Council on 22 July 2020, and a full programme of meetings has been followed since this time. The meetings initially held via Skype, are now held via Microsoft Teams, are recorded and uploaded to the Council’s website following the meeting. This enables full and transparent decision making and includes procedures for enabling Members to vote on key decisions. The initial Covid-19 group, consisting of members of the Cabinet and Corporate Management Board (CMB), along with a number of key officers, was stood down as official meetings resumed, but bi-weekly meetings of Cabinet and CMB were reinstated to consider other Council business. In January 2021, as the latest lockdown came into place, CMB introduced a

specific CMB Gold meeting to discuss Covid related issues, outside of their regular CMB agenda. This was supplemented by a Covid Silver Group, consisting of Heads of Service, some group managers and other key officers, to consider more of the operational implications of the pandemic. The Covid Silver Group escalates any decisions required and any recommendations made to the Covid Gold Group. Both groups initially met weekly, but as the crises has reduced this was then reduced to fortnightly. More recently the groups have, in relation to the Covid response, been stood down in line with other regional and national 'pandemic' management groups however the benefit of having such groups has seen them refocus to consider wider strategic, operational and non-Covid cross-Council issues and have continued in this respect..

In June 2020 a report was presented to Cabinet recommending the establishment of a cross-party, elected member, Recovery Panel to help to shape, inform and advise Cabinet on the Council's recovery planning. The Panel met on six occasions during August. During its meetings the Panel considered presentations from requested invitees, including the Public Services Board (PSB), Bridgend Association of Voluntary Organisations (BAVO), the Corporate Director – Social Services and Wellbeing, the director of Bridgend County Care and Repair, and the Head of Partnership Services and Group Manager – Housing. The Panel's recommendations were presented to Cabinet on 15 September 2020 and then taken forward for consideration. It was agreed that the work of the Panel would continue with further recommendations reported to the Corporate Overview and Scrutiny Committee and Cabinet for approval. A Cabinet response to the Recovery Panel's recommendations has been provided to the Corporate Overview and Scrutiny Committee for consideration in December 2020.

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. During the financial year there have been a number of different grants and schemes funded by Welsh Government, but managed and administered by the Council, providing support to businesses including:

- Business and Charity Grants Phase 1 March 2020
- NDR Lockdown / Firebreak Grant November 2020
- Business Restrictions Fund (various phases) December 2020

In total over £50 million has been paid out to a wide range of businesses and charities throughout the year. Each of these grants has had different criteria (those paying business rates only, or a wider cohort), different awards processes (automatically paid or application process) and different funding amounts. This has required a coordinated effort between the taxation section, regeneration team, and eligible businesses as quickly as possible, at the same time ensuring that public funds are used appropriately and that control mechanisms are in place to safeguard the funding.

This is in addition to a range of other individual grant payments, including:

- Social Care Workforce Payments of £500
- Self-Isolation Payments for those on low incomes
- Statutory Sick Pay top-ups for social care workers

All have required new processes to be put in place to administer them, including digital changes to enable applications to be submitted online, system changes, cash management and accounting processes to be considered. Taking into account the business grants, over £53 million additional grant income has passed through the Council's accounts for these specific grants alone.

Other services have had to think differently about how they could continue to provide services during the lockdown period. Most service areas have had to adapt and many employees have been able to work in a different and more agile way. There is a significant challenge to the organisation

moving forward in ensuring that many of the new ways of working that have worked well continue to do so. Other services have had to reconsider how they continue to deliver to the public over time. 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 changed to a food parcel delivery service to pupils' homes. Whilst alternative service delivery options have been considered during the year, including payment of cash or vouchers to parents, the Council still feels that at this time this service provides the best all-round option for pupils, taking into account nutritional value and supporting children whilst at home. However, this is constantly under review.

In addition to the business grants, Welsh Government has provided a number of specific grants to meet the additional costs of Local Authorities as a result of the pandemic, for costs in general and targeted at specific areas, such as adult social care, free school meals, homelessness and personal protective equipment. Costs are collated across the Council to enable these grants to be drawn down, the majority of which are claimed against the Welsh Government Hardship Fund. There is also the impact of lost income from fees and charges, which creates an additional pressure, coupled with a 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. The Council has claimed and received the following amounts:

Welsh Government Hardship Fund	Claimed £000	Paid £000	Disallowed £000
Additional expenditure	15,791*	15,013	778
Loss of Income	5,697	5,574	104
Total	£21,488	£20,587	£882

* including £271,000 relating to 2019-20.

Cost pressures and loss of income not covered by Welsh Government have created additional pressures on the Council budget, so the Council established a specific earmarked reserve at the end of 2019-20 to enable it to mitigate any non-funded Covid related costs in both 2020-21 and beyond.

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 were delayed, the Council also experienced additional costs as a result of the need to implement social distancing on building sites, when new schemes have been tendered, so it is clear the longer term consequences of the coronavirus pandemic cannot yet be known in full or be quantified. However, it seems inevitable that a number of businesses will find themselves in financial difficulties and maybe go out of business, despite the various support schemes that have been put in place over the year. The town centres may be particularly hit as staff are directed to continue to work from home if they are able to do so and not in their usual office base, including staff in the main town centre Council offices, thus impacting on the footfall in these main retail areas. 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, ongoing reduced income at car parks, rental income where the Council is the landlord and playing

fields and other facilities as people remain wary of going out and socialising in large groups. Whilst the vaccination programme is well underway and Welsh Government expects all nine priority groups to have received their first vaccination by mid-July 2021, the impact of the pandemic is still expected to be felt for many years to come and potentially unequally with those living in areas of most deprivation most impacted. Short-term measures such as rental holidays for businesses and business rates relief will provide them with some support, but it will be difficult to fully offset the devastating economic impact that the pandemic has caused. In addition, consumer habits have changed, with people having been forced to shop and do business differently, and there is no guarantee that they will revert to old habits.

In March 2019 Estyn inspected Bridgend's local government education services. Following the inspection Estyn identified four recommendations to further improve Bridgend's provision of education services to children and young people. These included the need to develop literacy in primary schools, support schools, causing concern, develop post-16 education and support the work of the statutory Welsh in Education Strategic Plan. While work against the four recommendations has continued since March 2020, the pandemic has impacted on progress. Updates are provided to the Council's School Improvement Group on a bi-monthly basis and we will continue to monitor progress against these priority areas.

Care Inspectorate Wales has carried out regulatory inspections of the Council's registered care provision. One service, a children's residential care home, was a service of concern for a period in 2020 but has now satisfied all regulatory requirements. There have been positive regulatory inspections of other provisions. The Council is a significant provider of adult and children's regulated care services and the Head of Adult Services and the Head of Children's Services are Responsible Individuals for the provision, with legal responsibilities in accordance with the Regulation and Inspection of Care (Wales) Act (2018). There have been regular meetings between senior officers and Care Inspectorate Wales during 2020-21 to provide assurance in respect of the safety and wellbeing of people during the Covid-19 pandemic. An assurance check was carried out by Care Inspectorate Wales in April 2021 and any areas for improvement identified will be progressed in a timely way.

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 each Directorate was asked to complete a corporate questionnaire ("COVID-19 Service Recovery Planning Assessment") that was designed to identify lessons learnt from each of its service areas during Covid-19 Lockdown. An Improvement Plan was developed to "ensure that during the Covid-19 pandemic, the Council services are delivered safely and to a high standard." This exercise has helped ensure that the Council is able to respond more effectively to any future significant events that affect service delivery. In the coming year the Council will need to focus on restoring services, supporting communities and particularly the most vulnerable in our society, as well as doing all we can to help our local economy to recover. Implementing agile working has afforded the Council opportunities for efficiencies and benefits to both the organisation and employees. This includes less travelling reducing the impact on time of working, as well as environmental benefits. Moving forward agile working will allow the Council the opportunity to assess its needs for office space, and the benefits to staff of a longer-term agile working approach.

Annual Improvement

Audit Wales², our External Auditor, assesses the Council's arrangements for delivering continuous improvement and subsequent performance, the results of which are published in their [Annual Audit Summary 2020](#). In January 2020 they reported that the 'Auditor General certified that the Council has met its legal duties for improvement planning and reporting, and believes that it is likely to meet the requirements of the Local Government (Wales) Measure (2009) during 2020-21'.

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
Financial Sustainability Assessment, February 2020	<p>The purpose of the review was to assess the sustainability of council's short to medium term financial position. This included a focus on the financial strategy of each council as well as reviewing some key financial indicators of each council's financial position in relation to:</p> <ul style="list-style-type: none"> • performance against budget; • delivery of savings plans; • use of reserves; • council tax; and • borrowing. <p>Overall the review found that the Council has a strong financial position, but aspects of financial planning and its Medium Term Financial Strategy would benefit from strengthening. This was because:</p> <ul style="list-style-type: none"> • The Council's Medium Term Financial Strategy would benefit from strengthening in some important areas. The review found that cost pressures were only included for one year; it does not provide detailed activity and expenditure projections for the four years of the Strategy, and does not evaluate past financial performance, such as budget underspends and the lower-than-forecast use of reserves. • In recent years the Council has underspent all its annual budgets • The Council has a good track record of achieving most of its planned savings • The Council has a high level of useable reserves, which are ring-fenced for specific purposes and potential risks to the Council. Approximately a third of the total reserves are earmarked to fund specific schemes within the Council's capital programme and 5% relate to equalisation and grant reserves. • The Council has a good track record of collecting its council tax • The Council has a relatively low level of borrowing and interest costs and has not sought any new long-term loans since 2012.
'Raising our Game' Tackling Fraud in Wales, July 2020	<p>The report was to examine seven 'key themes' to ensure that the arrangements for preventing and detecting fraud in the Welsh public sector are effective. The seven 'key themes' examined were:</p> <ul style="list-style-type: none"> • Leadership and culture • Risk management and control frameworks • Policies and training • Capacity and expertise • Tools and data • Collaboration • Reporting and scrutiny <p>For each theme the report examines:</p> <ul style="list-style-type: none"> • Why it is important

² 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.

	<ul style="list-style-type: none"> • What the audit fieldwork identified in terms of current working practices and their effectiveness across the 40 Welsh public sector bodies that were examined • What needs to happen to generative improvement <p>A mapping exercise by the Council identified that there are many positive aspects identified across each of the themes. High standards for both Members and Officers are set and the Council has always dealt with any allegations or suspicions of fraud, bribery and corruption promptly. Fraud training has recently been improved and an e-learning module is now in place. The next stage will be to develop an action plan to strengthen the measures already in place to establish best practice in respect of fraud prevention, investigation and detection in line with the themes and recommendations within the Audit Wales report.</p>
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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 risks and the mitigating actions it will put in place to reduce them. It is regularly reviewed and challenged by both senior management and the Governance and 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, particularly as it is assumed that at some point the substantial additional Government expenditure on the pandemic will need to be recovered. There

also remains significant uncertainty as a result of Brexit and the impact this might have on Council services including the receipt of European grants. The Council estimates that it will need to generate approximately £22 million of savings over the period 2021-22 to 2024-25. The Medium-Term Financial Strategy has taken account of cost pressures and priority areas in line with the Corporate Plan and undertaken extensive consultation to ensure a robust process. To ensure greater involvement of stakeholders in the development of the Medium Term Financial Strategy an eight week consultation 'Fit for the Future' was undertaken between 19 October and 13 December 2020, the emphasis of which was on the Council's recovery plans, following the pandemic, including what the public felt were important services during the lockdown and what services they actually accessed. Due to social distancing requirements, the budget consultation was pre-launched on social media prior to the live survey date and the consultation itself focused more on online, social media and interactive engagement methods. Communication took place through a wide variety of methods, including surveys, social media, online engagement sessions, online Frequently Asked Questions as well as videos, radio adverts and media releases. To gather the views of young people the consultation team attended a Bridgend Youth Council meeting and promoted the consultation amongst learners, staff and parents at Bridgend secondary schools and Bridgend College. The Medium Term Financial Strategy 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 one of the Strategy with indicative budgets thereafter based on a range of funding scenarios.

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 Prudential Code and Treasury Management Code of Practice, issued in December 2017, set out new requirements in relation to the production of a Capital Strategy. CIPFA are currently consulting on both these Codes of Practice. The proposed changes to the Prudential Code include: commercial investment should be 'proportionate' to service and revenue expenditure; capital expenditure should be "sustainable in accordance with the corporate objectives of the authority"; capital strategies should provide more commentary on the affordability of commercial activities; 'Liability Benchmark' to replace prudential indicator on gross debt and the capital financing requirement; and two new prudential indicators on affordability. The proposed changes to the Treasury Management Code include: new knowledge and skills schedules for treasury management roles to assess and track competencies; new council committees to focus solely on scrutinising treasury management decisions; and new Treasury Management guidance on assessing the environmental, social and governance risks of future investments. The outcome of these consultations will need to be considered when revising both the Treasury Management and Capital Strategies. The Capital Strategy currently 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. Furthermore 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.

Compliance with the CIPFA Financial Management Code of Practice

The Chartered Institute of Public Finance and Accountancy (CIPFA) launched the Financial Management Code of Practice (FM Code) in November 2019. The FM Code was developed in the context of increasing concerns about the financial resilience and sustainability of local authorities.

The FM Code sets out the principles by which authorities should be guided in managing their finances and the specific standards that they should, as a minimum, seek to achieve. It clarifies how Chief Finance Officers should satisfy their statutory responsibility for good financial administration as required in section 151 of the Local Government Act 1972 and emphasises the collective financial responsibility of the whole leadership including the relevant elected members.

By complying with the principles and standards within the code authorities will be able to demonstrate their financial sustainability. Whilst the Code is designed to be flexible to the nature, needs and circumstances of individual authorities, it is up to each authority to determine the extent to which it complies with the FM Code and to identify what action it may wish to take to better meet the standards that the FM Code sets out. Full compliance is expected for the 2021-22 financial year (i.e. from April 2021) with the 2020-21 financial year acting as a shadow year. In its Guidance Bulletin 06 (*Application of the Good Governance Framework 2020/21*) CIPFA has stated that the Annual Governance Statement for 2020-21 should include the overall conclusion of an assessment of the organisation's compliance with the principles of the FM Code. Also, that where there are outstanding matters or areas for improvement, these should be included in the action plan.

The Council has made an assessment of its current compliance with the 19 Standards outlined in the FM Code. The assessment has identified that the Council can demonstrate compliance with all of the Standards, but that further actions can be taken to enhance compliance during 2021-22. These actions are included in the Action Plan in Section 5.

4 Audit Assurance

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 2020 the External Auditor gave an unqualified audit opinion on the financial statements 2019-20.

Audit Wales also audit a number of grant claims and in the year completed 5 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 claim for Housing Benefit was qualified due to a few errors however this did not affect the reimbursement of the claim.

In addition Audit Wales undertake reviews of various services and also performance reviews throughout the year, the outcome of which are reported to the Governance and 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 2020-21 is:

“Reasonable Assurance”

The opinion states that, based on the work completed by the Regional Internal Audit Shared Service for the financial year, 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.

As described earlier in the Annual Governance Statement the way the Council has had to operate during 2020-21 has been severely affected by the COVID 19 pandemic. Many staff have worked remotely, and systems & processes have had to be adjusted to cater for the new ways of working. Similarly, Internal Audit has worked remotely, conducting audits and obtaining evidence digitally. Each audit has considered the potential impact of COVID 19 and remote working to ensure adequate controls and governance arrangements remained in place.

The pandemic did have some impact on the delivery of the internal audit plan for 2020-21 and a limited number of audits were deferred due to the pressures on some service areas. These audits will be carried out in 2021-22. The Internal Audit coverage was still sufficient for the Head of Audit to be able to give an opinion.

The recommendations made to improve governance, risk management and control have been accepted and are at various stages of implementation.

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 vacancy is filled on a permanent 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 and further in June 2020, but there were not sufficiently qualified applicants with the required skills and experience to be able to progress through all stages of the appointments process.



The Pavilion, Porthcawl

5 Improving Governance

A number of significant issues were identified in the Council's 2019-20 Annual Governance Statement. The progress made on the significant issues is shown below:

<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>After over a year from the original Covid-19 outbreak in the UK and the national lockdown, the Council continues to learn to live with the consequences of delivering effective public services amidst an ongoing global pandemic. The majority of the Council's staff continue to work from home and significant investment has been made in ensuring that this can be done as effectively as possible. While there continues to be a great deal of focus on delivering services directly related to the pandemic, including ensuring adequate PPE, contributing to the test, trace and protect, and supporting the mass vaccination programmes, priority is also being given to 'recover'. The Council has set an approved recovery plan based on four themes of financial stability for the organisation, economic recovery, service restoration (adapting services to ensure they are Covid safe) and public health. The cross-party recovery panel established, made sixteen initial recommendations to Cabinet to inform the Council's detailed recovery planning. In addition, a lessons learnt exercise was undertaken and a document produced to ensure the Council is best placed to respond even more effectively to any future lockdowns or crises.</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>As the UK exited the European Union, with a last-minute deal, a new Treaty came into force from 1 January 2021, taking over from the previous transition period arrangement. The consequences of having a trade agreement in place are inevitably likely to be more positive than a no-deal situation. However, it is unlikely that there will be no impact, but it is too early to ascertain what this will be. The Covid-19 pandemic has overtaken the impact of the exit from the EU and will place continuing pressures on Council resources and budgets, at least in the short to medium term. The two events will continue to have an impact in the future, and the Council will need to closely monitor costs and lost income as a result of both significant events on its budget and cash-flow requirements.</p>
<p>Changes in Senior Management at Corporate Management Board level</p>	<p>A new Corporate Director Communities took up position in March 2020. The Corporate Director Social Services and Wellbeing was due to retire at the end of April 2020 but agreed to continue to provide leadership for the service in the role for a 6-month period during the pandemic. The virtual recruitment exercise for this vacancy was shown to work well, with strong interest for the post and an effective recruitment process, with the successful candidate taking up post in October 2020. There is now greater resilience across the Council's senior management team.</p> <p>The Council was unable to recruit to the Chief Officer, Finance, Performance and Change and the interim arrangements have continued.</p>

Outcome of the Audit Wales report into Safeguarding and implementing the recommendations made therein	The Audit Committee held on the 16 th July 2020, received the October 2019 WAO report: 'follow up review of corporate arrangements for the safeguarding of children'. The actions and progress made against the proposals for improvement were noted and the item recorded as resolved.
Outcome of the Care Inspectorate Wales – Inspection of Older Adults Services Bridgend County Borough Council (January 2020)	The service continues to progress the recommendations from the Care Inspectorate Wales inspection of older people. The impact of Covid-19 means some timescales in actions plans have been delayed as adult services has focussed on the considerable impact of the pandemic on social care services.
Strengthen the scrutiny and oversight arrangements of environmental health services and work with the Shared Regulatory Services (SRS) and other providers to explore the opportunities for future improvements	<p>A report on SRS was scheduled to go to the Corporate Overview and Scrutiny Committee (COSC) in March 2020 but the meeting was unfortunately cancelled due to the covid-19 pandemic and only essential meetings of COSC were held until after the Annual Meeting of Council when Scrutiny resumed with reduced reports. A draft Forward Working Programme for the coming year will be prepared shortly and SRS will be on the draft FWP.</p> <p>SRS are at the forefront of the Covid response which has given increased visibility of their role. There continues to be meetings of the SRS Joint Committee and regular meetings with the Head of Service and relevant Cabinet Member.</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>The Council has placed a strong emphasis on the prevention of fraud during the Covid-19 pandemic, especially with the large volume and value of grants being paid out to individuals and organisations through various WG support schemes.</p> <p>The Council appointed a Senior Fraud Investigator in August 2020, who is playing a lead role in the detection and investigation of suspected fraudulent activity within the Council, and actively promoting fraud awareness across the Council.</p> <p>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. A Corporate Anti-Tax Evasion policy has also been developed and approved by Cabinet in February 2021.</p> <p>The Council has submitted National Fraud Information (NFI) in two parts. The first non-Covid-19 grant data was submitted to NFI by 9th October 2020, the Covid-19 grant data was submitted on 7th January 2021.</p>
The increasingly challenging budgets for Schools, with potential for	The impact of Covid-19 on schools has been significant, with schools closed from 20 th March 2020 and did not reopen until September 2020, although some were used as childcare hubs during the summer months. School budgets were still required to be set for the financial

greater deficit school budgets	<p>year with deficit recovery plans in place as per the Financial Scheme for Schools. Due to the pandemic and school closures this had been a slower process than usual, but work continued on supporting those in deficit, agreeing deficit recovery plans and monitoring balances overall.</p> <p>Whilst schools were anticipated to stay open until 18 December 2020, many once again closed early due to the pandemic and increasing numbers of infections. Limited reopening of schools for children up to the age of 7 commenced from 22 February 2021, with the majority of other children not due to return to full time education until after the Easter break.</p> <p>There have been some savings arising in school budgets as a consequence of the closures, including savings on energy, cleaning, supply cover and some resources. However, when schools have reopened there have been additional cost pressures to put systems in place to maintain social distancing, for more regular cleaning, and purchase of ICT equipment to enable continued education for those children that are self-isolating. Some of the funding has been met from one-off grants from Welsh Government (e.g. cleaning resources) and others are being claimed from the Welsh Government Hardship Fund, but not all are eligible. Any claims for additional costs had to be net of any savings made, so significant work was necessary to identify these.</p> <p>The net overall school balances as at 31 March 2021 was £8.491 million. There has been a significant improvement from the projected deficit position for schools reported during the year, primarily due to additional grant funding received late in 2020-21 committed to be used by schools in 2021-22.</p>
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Based on a review of the governance framework, and an assessment of compliance with the CIPFA Financial Management Code, the following significant issues identified in 2020-21 will be addressed in 2021-22 with the links to the [Governance Principles](#) on page 81:

Issue	Governance Principle	What the issue is	Proposed Actions to address issue
Implementing the Local Government and Elections (Wales) Act 2021	A	The Act will introduce changes covering electoral reform, public participation, governance and performance and regional working. This will have an impact on the way the Council operates.	The Council will need to implement measures to comply with the Act. This will include for example changes to the composition and terms of reference of the Governance and Audit Committee title from May 2021, the establishment of Corporate Joint Committees, wider performance review and self-assessment, and the introduction of measures to

			establish public participation. The Council will consider the Welsh Government Commencement Orders and subordinate legislation and will put in place processes for implementing the required changes.
Financial Sustainability	F	The ongoing financial pressure from the pandemic with increased pressure on expenditure and reduced income will impact on the 2021-22 financial year.	External funding to support additional pressures will be sought where possible from Welsh Government via the Hardship Fund. Earmarked reserves will be reviewed and maintained to support specific Covid-19 costs arising as a result of local decisions, in addition to provision to meet other unfunded pressures such as reductions in council tax income and additional costs of council tax support. Assumptions for future years' budgets will continue to be reviewed and amended to reflect the changing circumstances.
Review of Financial Procedure Rules	F	It is key that the Financial Procedure Rules are kept up to date to ensure they are fit for purpose.	Last updated in 2017, needs review and update to reflect current practices, especially with agile and home working arrangements.
Review of Code of Corporate Governance and associated schedule	A	Ensuring that the Code of Corporate Governance is kept up to date is crucial to ensure it is fit for purpose.	Last updated in 2017, needs review to ensure it reflects current governance framework.
To continue to support professional development	E	In order to deliver the best services and meet statutory requirements staff must be sufficiently skilled to deliver their responsibilities.	To assess skills needs as part of the finance restructure and support continuing professional development at all levels where considered necessary. Also to consider other training to both finance and non-finance

			staff, as well as Elected Members.
Digital / management and control of ICT assets with new ways of working	A	The ICT estate due to Covid-19 has become decentralised with officers working from home, which poses challenges with regard to the recording and management of the devices.	<p>Change control processes – including patch management for all devices and applications across the ICT landscape.</p> <p>Use of Configuration Management Database (CMDB) to store information about hardware and software assets.</p> <p>Independent Audit assessments reviewing the management of the ICT infrastructure inclusive of devices and software.</p>
Cyber Fraud	F	Cyber Security Risks refers to any risk of financial loss, disruption or damage to the reputation of an organisation resulting from the failure of its information technology systems.	<p>Staff procedures and guidance through IT security policies, e.g. Six Simple Rules, Data Protection training.</p> <p>Corporate blocks on online file storage.</p> <p>Port control and encryption of USB devices.</p> <p>Public Services Network / Certification accreditation.</p>
Impact on the Social care sector of the Covid-19 pandemic and the ending of the hardship funding to the sector	C	The Covid-19 pandemic has had a significant impact on the Social Care sector. Short term hardship funding has helped to support the sector, but the ending of this funding will have an impact moving forward.	A market stability plan is in development to mitigate the impact on older people's care homes of the pandemic and ensure that there continues to be sufficiency of quantity and quality of provision in Bridgend.
GDPR issues with new ways of working	A	Remote working demands a different security stance than working in centralised offices and the Council must ensure that it remains compliant with data protection laws.	A Bridgend's message was circulated in September 2020 on data protection and working from home. It provided guidance on issues such as communicating securely, keeping software up to date, ensuring no personal data is compromised, only

			<p>using the Council's approved technology.</p> <p>The Council has strict ICT and Data Protection Act (DPA) policies and the Information Governance Board (with representation from each Directorate) continues to meet quarterly ensuring information security remains a top priority during this time.</p> <p>All staff and Elected Members are also required to undertake the mandatory DPA e-learning module.</p>
Workforce issues / wellbeing	E	To identify future working models for staff, following the easing of Covid-19 restrictions and ensure that wellbeing considerations are given priority.	Develop HR policies to support future working arrangements. Develop and implement additional actions to support a wellbeing culture across the organisation. Improve communications to help staff access information relating to Covid-19 and recovery.

These issues will be monitored via a detailed action plan during 2021-22, with the responsible officer and deadline for implementation identified for each action and reported to Cabinet/Corporate Management Board and to the Governance and Audit Committee.

6 Assurance Statement

The Council reacted quickly to the Covid-19 pandemic to put in place controls to ensure that a record was maintained of decisions 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: _____

(Leader)

Date:

Signed: _____

(Chief Executive)

Date:

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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BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO THE GOVERNANCE AND AUDIT COMMITTEE

18 JUNE 2021

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

PORTHCAWL HARBOUR RETURN 2020-21 (UNAUDITED)

1. Purpose of report

- 1.1 The purpose of this report is to present to the Governance and Audit Committee the unaudited Porthcawl Harbour Return 2020-21 for approval.

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 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 corporate well-being objectives can be delivered.

3. Background

- 3.1 The preparation of the Harbour Return 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 In accordance with these regulations, the Harbour Return 2020-21 requires certification by the responsible finance officer and approval by the Governance and Audit Committee, by 31 May 2021, certifying that it presents a true and fair view of the financial position of the Harbour finances. If the return is not able to be signed and published by this date, then the Council must publish a Regulation 10 notice setting out the reasons why. If no amendments are identified during the audit, no further approval is needed. However, should any amendments be needed, the audited Harbour return has to be approved by 31 July 2021 by the Governance and Audit Committee in accordance with the Committee's Terms of Reference.

- 3.3 As a result of the Coronavirus pandemic, and the impact that the significant amount of additional grant funding received and paid out by the Council during the year had on the year-end accounts, the Governance and Audit Committee meeting to sign off the Harbour accounts was postponed until June 2021, meaning that the Council was

unable to meet the 31 May 2021 deadline. Therefore, in line with the requirements of the Regulations, a Regulation 10 notice was issued advising of this.

4. Current situation/proposal

- 4.1 The Council's unaudited Porthcawl Harbour Return for the financial year ended 31 March 2021 is attached at **Appendix A**.
- 4.2 The return is produced in accordance with International Financial Reporting Standards (IFRS) rather than the amount to be funded in cash terms when the budget is set. Therefore, these statements include items such as depreciation on property, plant and equipment, the estimated cost of the shortfall on the pension scheme and other technical adjustments.
- 4.3 The Harbour achieved a balanced position as at 31 March 2021. It generated £257,302 in fees, primarily for boat berthing/mooring. The main items of expenditure are staffing costs (£74,531) and depreciation of the Harbour assets (£113,518). The value of the Harbour and associated assets, including the kiosk and slipway, as at 31 March 2021 was £3,056,781.
- 4.4 The return has been reviewed by Internal Audit and no amendments were identified.

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 prior to submission to Audit Wales. In the current year a Regulation 10 notice has been issued which has set out why the Accounts were not certified by 31 May 2021, as a result of the Coronavirus pandemic. However, the return will be submitted to Audit Wales as soon as it is approved.

6. Equality Act 2010 implications

- 6.1 The protected characteristics identified within the Equality Act, Socio-economic Duty and the impact on the use of the Welsh Language have been considered in the preparation of this report. As a public body in Wales the Council must consider the impact of strategic decisions, such as the development or the review of policies, strategies, services and functions. This is an information report therefore it is not necessary to carry out an Equality Impact assessment in the production of this report. It is considered that there will be no significant or unacceptable equality impacts as a result of 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 These are reflected in the body of the report.

9. Recommendation

- 9.1 It is recommended that the Committee approves the unaudited Porthcawl Harbour Return 2020-21 at **Appendix A**.

Gill Lewis CPFA

Interim Chief Officer – Finance, Performance and Change

June 2021

Contact Officer: Nigel Smith
Interim Group Manager – Chief Accountant

Telephone: (01656) 643605

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

Postal Address: Bridgend County Borough Council
Raven's Court
Brewery Field
Bridgend
CF31 4AP

Background Documents: None

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Minor Joint Committees in Wales

Annual Return for the Year Ended 31 March 2021

LANGUAGE PREFERENCE

Please indicate how you would like us to communicate with you during the audit. Note that audit notices will be issued bilingually.

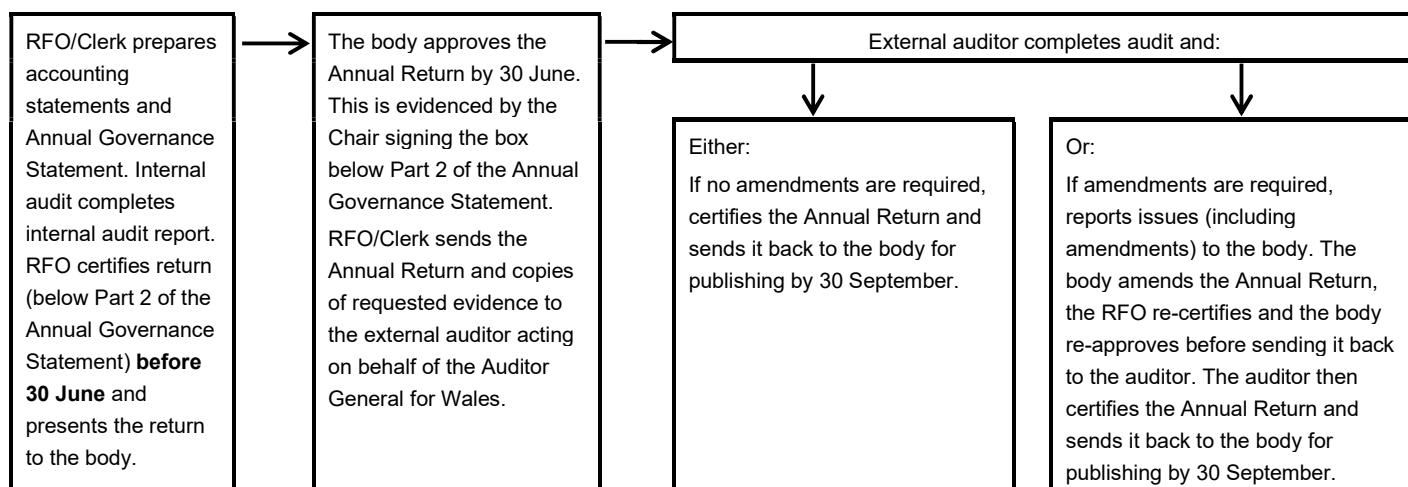
	Yes	No		Yes	No		Yes	No
ENGLISH	<input type="radio"/>	<input type="radio"/>	WELSH	<input type="radio"/>	<input type="radio"/>	BILINGUALLY	<input checked="" type="radio"/>	<input type="radio"/>

THE ACCOUNTS AND AUDIT PROCESS

Section 12 of the Public Audit (Wales) Act 2004 requires local government bodies in Wales (including joint committees) to make up their accounts each year to 31 March and to have those accounts audited by the Auditor General for Wales. Regulation 14 of the Accounts and Audit (Wales) Regulations 2014 states that smaller local government bodies i.e. those with annual income and expenditure below £2.5 million must prepare their accounts in accordance with proper practices.

For minor joint committees with income and expenditure below £2.5 million, proper practices are set out in the One Voice Wales/Society of Local Council Clerks publication, **Governance and accountability for local councils in Wales – A Practitioners' Guide** (the Practitioners' Guide). The Practitioners' Guide requires that they prepare their accounts in the form of an Annual Return. This Annual Return meets the requirements of the Practitioners' Guide.

The accounts and audit arrangements follow the process as set out below.



Please read the guidance on completing this Annual Return and **complete all sections highlighted pink**.

APPROVING THE ANNUAL RETURN

The Committee must approve the Annual Return **BEFORE** the accounts and supporting documents are made available for public inspection under section 30 of the Public Audit (Wales) Act 2004.

If it is unable to complete the approval process by 30 June 2021 or publish the audited return by 30 September, the Committee must publish notices as required by the Regulations.

The Auditor General for Wales' Audit Certificate and report is to be completed by the auditor acting on behalf of the Auditor General. It **MUST NOT** be completed by the Clerk/RFO, the Chair or the internal auditor.

Audited and certified returns are sent back to the body for publication and display of the accounting statements, Annual Governance Statement and the Auditor General for Wales' certificate and report.

Accounting statements 2020-21 for:

Name of body: PORTHCAWL HARBOUR

	Year ending		Notes and guidance for compilers
	31 March 2020 (£)	31 March 2021 (£)	Please round all figures to nearest £. Do not leave any boxes blank and report £0 or nil balances. All figures must agree to the underlying financial records for the relevant year.
Statement of income and expenditure/receipts and payments			
1. Balances brought forward	0	0	Total balances and reserves at the beginning of the year as recorded in the financial records. Must agree to line 7 of the previous year.
2. (+) Income from local taxation/levy	0	0	Total amount of income received/receivable in the year from local taxation (precept) or levy/contribution from principal bodies.
3. (+) Total other receipts	262,599	257,302	Total income or receipts recorded in the cashbook minus amounts included in line 2. Includes support, discretionary and revenue grants.
4. (-) Staff costs	(92,426)	(74,531)	Total expenditure or payments made to and on behalf of all employees. Include salaries and wages, PAYE and NI (employees and employers), pension contributions and related expenses eg termination costs.
5. (-) Loan interest/capital repayments	(113,518)	(113,518)	Total expenditure or payments of capital and interest made during the year on external borrowing (if any).
6. (-) Total other payments	(56,655)	(69,253)	Total expenditure or payments as recorded in the cashbook minus staff costs (line 4) and loan interest/capital repayments (line 5).
7. (=) Balances carried forward	0	0	Total balances and reserves at the end of the year. Must equal (1+2+3) – (4+5+6).
Statement of balances			
8. (+) Debtors	64,691	0	Income and expenditure accounts only: Enter the value of debts owed to the body.
9. (+) Total cash and investments	0	0	All accounts: The sum of all current and deposit bank accounts, cash holdings and investments held at 31 March. This must agree with the reconciled cashbook balance as per the bank reconciliation.
10. (-) Creditors	(64,691)	0	Income and expenditure accounts only: Enter the value of monies owed by the body (except borrowing) at the year-end.
11. (=) Balances carried forward	0	0	Total balances should equal line 7 above: Enter the total of (8+9-10).
12. Total fixed assets and long-term assets	3,170,299	3,056,781	The asset and investment register value of all fixed assets and any other long-term assets held as at 31 March.
13. Total borrowing	0	0	The outstanding capital balance as at 31 March of all loans from third parties (including PWLB).

Annual Governance Statement (Part 1)

We acknowledge as the members of the Committee, our responsibility for ensuring that there is a sound system of internal control, including the preparation of the accounting statements. We confirm, to the best of our knowledge and belief, with respect to the accounting statements for the year ended 31 March 2021, that:

	Agreed?		'YES' means that the Council/Board/Committee:	PG Ref
	Yes	No*		
1. We have put in place arrangements for: <ul style="list-style-type: none"> effective financial management during the year; and the preparation and approval of the accounting statements. 	<input checked="" type="radio"/>	<input type="radio"/>	Properly sets its budget and manages its money and prepares and approves its accounting statements as prescribed by law.	6, 12
2. We have maintained an adequate system of internal control, including measures designed to prevent and detect fraud and corruption, and reviewed its effectiveness.	<input checked="" type="radio"/>	<input type="radio"/>	Made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.	6, 7
3. We have taken all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and codes of practice that could have a significant financial effect on the ability of the Committee to conduct its business or on its finances.	<input checked="" type="radio"/>	<input type="radio"/>	Has only done things that it has the legal power to do and has conformed to codes of practice and standards in the way it has done so.	6
4. We have provided proper opportunity for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit (Wales) Regulations 2014.	<input checked="" type="radio"/>	<input type="radio"/>	Has given all persons interested the opportunity to inspect the body's accounts as set out in the notice of audit.	6, 23
5. We have carried out an assessment of the risks facing the Committee and taken appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.	<input checked="" type="radio"/>	<input type="radio"/>	Considered the financial and other risks it faces in the operation of the body and has dealt with them properly.	6, 9
6. We have maintained an adequate and effective system of internal audit of the accounting records and control systems throughout the year and have received a report from the internal auditor.	<input checked="" type="radio"/>	<input type="radio"/>	Arranged for a competent person, independent of the financial controls and procedures, to give an objective view on whether these meet the needs of the body.	6, 8
7. We have considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on the Committee and, where appropriate, have included them on the accounting statements.	<input checked="" type="radio"/>	<input type="radio"/>	Disclosed everything it should have about its business during the year including events taking place after the year-end if relevant.	6
8. We have taken appropriate action on all matters raised in previous reports from internal and external audit.	<input checked="" type="radio"/>	<input type="radio"/>	Considered and taken appropriate action to address issues/weaknesses brought to its attention by both the internal and external auditors.	6, 8, 23

* Please provide explanations to the external auditor on a separate sheet for each 'no' response given; and describe what action is being taken to address the weaknesses identified.

Additional disclosure notes*

The following information is provided to assist the reader to understand the accounting statement and/or the Annual Governance Statement

1.

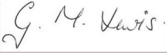
2.

3.

* Include here any additional disclosures the Council considers necessary to aid the reader's understanding of the accounting statement and/or the annual governance statement.

Committee approval and certification

The Committee is responsible for the preparation of the accounting statements and the annual governance statement in accordance with the requirements of the Public Audit (Wales) Act 2004 (the Act) and the Accounts and Audit (Wales) Regulations 2014.

Certification by the RFO I certify that the accounting statements contained in this Annual Return present fairly the financial position of the Committee, and its income and expenditure, or properly present receipts and payments, as the case may be, for the year ended 31 March 2021.	Approval by the Council/Board/Committee I confirm that these accounting statements and Annual Governance Statement were approved by the Committee under minute reference:
RFO signature: 	Minute ref:
Name: Gill Lewis	Chair of meeting signature:
Date: 09 June 2021	Name:
	Date:

Auditor General for Wales' Audit Certificate and report

I report in respect of my audit of the accounts under section 13 of the Act, whether any matters that come to my attention give cause for concern that relevant legislation and regulatory requirements have not been met. My audit has been conducted in accordance with guidance issued by the Auditor General for Wales.

I certify that I have completed the audit of the Annual Return for the year ended 31 March 2021 of:

--

Auditor General's report

Audit opinion

[Except for the matters reported below]* On the basis of my review, in my opinion no matters have come to my attention giving cause for concern that in any material respect, the information reported in this Annual Return:

- has not been prepared in accordance with proper practices;
- that relevant legislation and regulatory requirements have not been met;
- is not consistent with the Committee's governance arrangements; and
- that the Committee does not have proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources.

Other matters arising and recommendations

I draw the Committee's attention to the following matters and recommendations which do not affect my audit opinion but should be addressed by the body. / There are no further matters or recommendations that I wish to draw to the Committee's attention.*

External auditor's name:	
External auditor's signature:	Date:
For and on behalf of the Auditor General for Wales	

* Delete as appropriate.

Annual internal audit report to:

Name of body: PORTHCAWL HARBOUR

The Committee's internal audit, acting independently and on the basis of an assessment of risk, has included carrying out a selective assessment of compliance with relevant procedures and controls expected to be in operation during the financial year ending 31 March 2021.

The internal audit has been carried out in accordance with the Committee's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and the internal audit conclusions on whether, in all significant respects, the following control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of the Committee.

	Agreed?				Outline of work undertaken as part of the internal audit (NB not required if detailed internal audit report presented to body)
	Yes	No*	N/A	Not covered**	
1. Appropriate books of account have been properly kept throughout the year.	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	All payments are made through the Council's bank account and ledger system.
2. Financial regulations have been met, payments were supported by invoices, expenditure was approved and VAT was appropriately accounted for.	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	All payments are through the Council's financial system. Sample testing of payments on ledger confirmed payments were supported by invoices, correctly authorised and VAT had been accounted for correctly.
3. The body assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Corporate Risk Management Policy and a Corporate risk assessment is in place. Risk Assessment procedure guidance for risks available to all Council departments.
4. The annual precept/levy/resource demand requirement resulted from an adequate budgetary process, progress against the budget was regularly monitored, and reserves were appropriate.	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	No annual precept payment. Central monitoring of budget and reserves carried out.
5. Expected income was fully received, based on correct prices, properly recorded and promptly banked, and VAT was appropriately accounted for.	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Invoices raised and monitored on central system. Sample of invoices selected, and all had correctly charged VAT.
6. Petty cash payments were properly supported by receipts, expenditure was approved and VAT appropriately accounted for.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	None identified within financial reports for the year.
7. Salaries to employees and allowances to members were paid in accordance with minuted approvals, and PAYE and NI requirements were properly applied.	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Salaries are paid through Council's central payroll system on NJC agreed pay scales. All individuals paid under the Harbour cost centre on the ledger were employed in roles at the Harbour.

	Agreed?				Outline of work undertaken as part of the internal audit (NB not required if detailed internal audit report presented to body)
	Yes	No*	N/A	Not covered**	
8. Asset and investment registers were complete, accurate, and properly maintained.	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Harbour listed as an asset on Council's Asset Register.

	Agreed?				Outline of work undertaken as part of the internal audit (NB not required if detailed internal audit report presented to body)
	Yes	No*	N/A	Not covered**	
9. Periodic and year-end bank account reconciliations were properly carried out.	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Council's main bank account and ledger used and subject to central checks.
10. Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments/income and expenditure), agreed with the cashbook, were supported by an adequate audit trail from underlying records, and where appropriate, debtors and creditors were properly recorded.	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Centralised main accounting audit performed regularly, and no relevant issues identified.

For any risk areas identified by the Council/Board/Committee (list any other risk areas below or on separate sheets if needed) adequate controls existed:

	Agreed?				Outline of work undertaken as part of the internal audit (NB not required if detailed internal audit report presented to body)
	Yes	No*	N/A	Not covered**	
11. Insert risk area	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Insert text
12. Insert risk area	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Insert text
13. Insert risk area	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Insert text

* If the response is 'no', please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).

** If the response is 'not covered', please state when the most recent internal audit work was done in this area and when it is next planned, or if coverage is not required, internal audit must explain why not.

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

Internal audit confirmation

I/we confirm that as the Committee's internal auditor, I/we have not been involved in a management or administrative role within the body (including preparation of the accounts) or as a member of the body during the financial years 2019-20 and 2020-21. I also confirm that there are no conflicts of interest surrounding my appointment.

Name of person who carried out the internal audit: Joan Davies – Audit Client Manager

Signature of person who carried out the internal audit:



Date: 27th May 2021

Guidance notes on completing the Annual Return

1. You must apply proper practices when preparing this Annual Return. Proper practices are set out in the Practitioners' Guide.
2. Make sure that the Annual Return is fully completed ie, no empty red boxes. Please avoid making any amendments to the completed return. If this is unavoidable, cross out the incorrect entries, make sure the amendments are drawn to the attention of the body, properly initialled and an explanation for them is provided to the external auditor. **Please do not use correction fluid.** Annual returns that are incomplete or contain unapproved and/or unexplained amendments or correction fluid will be returned unaudited and may incur additional costs.
3. Use a second pair of eyes, perhaps the Chair or a member, to review your Annual Return for completeness before sending the original form to the auditor.
4. Make sure that your accounting statements add up, that the balance carried forward from the previous year (line 7 of 2020) equals the balance brought forward in the current year (line 1 of 2021). Explain any differences between the 2020 figures on this Annual Return and the amounts recorded in last year's Annual Return.
5. Explain fully any significant variances in the accounting statements. Do not just send in a copy of your detailed accounting records instead of this explanation. The external auditor wants to know that you understand the reasons for all variances. Include a detailed analysis to support your explanation and be specific about the values of individual elements making up the variances.
6. Make sure that the copy of the bank reconciliation you send to your auditor with the Annual Return covers **all** your bank accounts and cash balances. If there are no reconciling items, please state this and provide evidence of the bank balances. The auditor should also be able to agree your bank reconciliation to line 9 in the accounting statements. More help on bank reconciliations is available in the Practitioners' Guide.
7. **You must send to the external auditor, information to support the assertions made in the Annual Governance Statement.** Your auditor will tell you what information you need to provide. Please read the audit notice carefully to ensure you include all the information the auditor has asked for. You should send **copies** of the original records to the external auditor and not the original documents themselves.
8. Please do not send the auditor any information that you are not specifically asked for. Doing so is not helpful.
9. If the auditor has to review unsolicited information, repeat a request for information, receives an incomplete bank reconciliation or explanation of variances or receives original documents that must be returned, the auditor will incur additional costs for which they are entitled to charge additional fees.
10. **Please deal with all correspondence with the external auditor promptly.** This will help you to meet your statutory obligations and will minimise the cost of the audit.
11. **Please note that if completing the electronic form, you must print the form for it to be certified by the RFO and signed by the Chair before it is sent to the auditor.**

Completion checklist – 'No' answers mean that you may not have met requirements		Done?	
Initial submission to the external auditor		Yes	No
Accounts	Do the papers to be sent to the external auditor include an explanation of significant variations from last year to this year?		
	Does the bank reconciliation as at 31 March 2021 agree to Line 9?		
Approval	Has the RFO certified the accounting statements and Annual Governance Statement (Regulation 15 (1)) no later than 30 June 2021?		
	Has the body approved the accounting statements before 30 June 2021 and has Section 3 been signed and dated by the person presiding at the meeting at which approval was given?		
All sections	Have all pink boxes in the accounting statements and Annual Governance Statement been completed and explanations provided where needed?		
	Has all the information requested by the external auditor been sent with this Annual Return? Please refer to your notice of audit and any additional schedules provided by your external auditor.		

If accounts are amended after receipt of the Auditor General's report on matters arising		Yes	No
Accounts	Have the amended accounting statements been approved and Section 3 re-signed and re-dated as evidence of the Committee's approval of the amendments before re-submission to the auditor?		

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BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO THE GOVERNANCE AND AUDIT COMMITTEE

18 JUNE 2021

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

ANNUAL GOVERNANCE STATEMENT 2020-21

1. Purpose of report

The purpose of this report is to present to the Governance and Audit Committee the Annual Governance Statement 2020-21 (AGS) for approval and inclusion within the unaudited Statement of Accounts 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 to deliver the Council's well-being objectives.

2.2 Achievement of the corporate well-being objectives defined in the Corporate Plan, and other corporate priorities, is underpinned by ensuring that effective governance arrangements are in place.

3. Background

3.1 Regulation 5 (2) of the Accounts and Audit (Wales) Regulations 2014 requires an authority to undertake, as part of its arrangements for corporate governance, an annual review of governance and report on internal control.

3.2 In 2016, the Chartered Institute of Public Finance and Accountancy (CIPFA) published its new '*Delivering Good Governance in Local Government: Framework (2016)*', which positions the attainment of sustainable economic, social and environmental outcomes as a key focus of governance processes and structures. Guidance notes relating to the new framework were also published for Welsh Local Authorities. The Guidance has considered the requirements of the Well-being of Future Generations (Wales) Act 2015 and embedded the five ways of working into the CIPFA framework.

3.3 The CIPFA '*Code of Practice on Local Authority Accounting in the United Kingdom 2020/21*' (the Code) states that the preparation and publication of an Annual Governance Statement in accordance with '*Delivering Good Governance in Local Government: Framework (2016)*' would fulfil the statutory requirements across the UK

for a local authority to conduct a review at least once in each financial year of the effectiveness of its system of internal control and to include a statement reporting on the review with its statement of accounts.

4. Current situation/proposal

- 4.1 Good corporate governance requires the active participation of Members and officers across the Council. These arrangements are reviewed on an annual basis and the findings used to update the AGS. This helps to ensure the continuous improvement of the Council's corporate governance culture. The inclusion of the AGS within the Statement of Accounts provides an overall appraisal of the controls in place to manage the Council's key risks and identifies where improvements need to be made.
- 4.2 The draft AGS 2020-21 has been reviewed by Corporate Management Board (CMB) and Cabinet. The draft AGS is attached at **Appendix A**.
- 4.3 The AGS will be reviewed as part of the external audit on the Statement of Accounts and should reflect any governance issues right up to the date that the Auditor General for Wales signs off the Statement of Accounts 2020-21.

5. Effect upon policy framework and procedure rules

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

6. Equality Act 2010 implications

- 6.1 The protected characteristics identified within the Equality Act, Socio-economic Duty and the impact on the use of the Welsh Language have been considered in the preparation of this report. As a public body in Wales the Council must consider the impact of strategic decisions, such as the development or the review of policies, strategies, services and functions. This is an information report therefore it is not necessary to carry out an Equality Impact assessment in the production of this report. It is considered that there will be no significant or unacceptable equality impacts as a result of 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 Committee approves the draft Annual Governance Statement 2020-21 at **Appendix A** and agrees its inclusion within the unaudited Statement of Accounts 2020-21.

Gill Lewis

Interim Chief Officer – Finance, Performance and Change

June 2021

Contact Officer: Nigel Smith
Interim Group Manager – Chief Accountant

Telephone: (01656) 643605

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

Postal Address: Bridgend County Borough Council
Raven's Court
Brewery Field
Bridgend
CF31 4AP

Background Documents: None

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Annual Governance Statement



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1 Foreword

“One Council working together to improve lives”

This is the Council’s vision as stated in the [Corporate Plan](#) for 2018-2023 reviewed for 2021-22, 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 want 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 ongoing challenges during the worldwide Coronavirus pandemic that has affected everyone and every business across the county borough since March 2020. 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 Elections (Wales) Act 2021 to make arrangements and keep under review the extent to which it is exercising its functions effectively, using its resources economically, efficiently and effectively and to ensure its governance is effective for securing these performance requirements.

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 2021-22 to ensure that the necessary improvements are made.



Cllr Huw David
Leader of the Council



Mark Shephard
Chief Executive

2 Governance Framework

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.

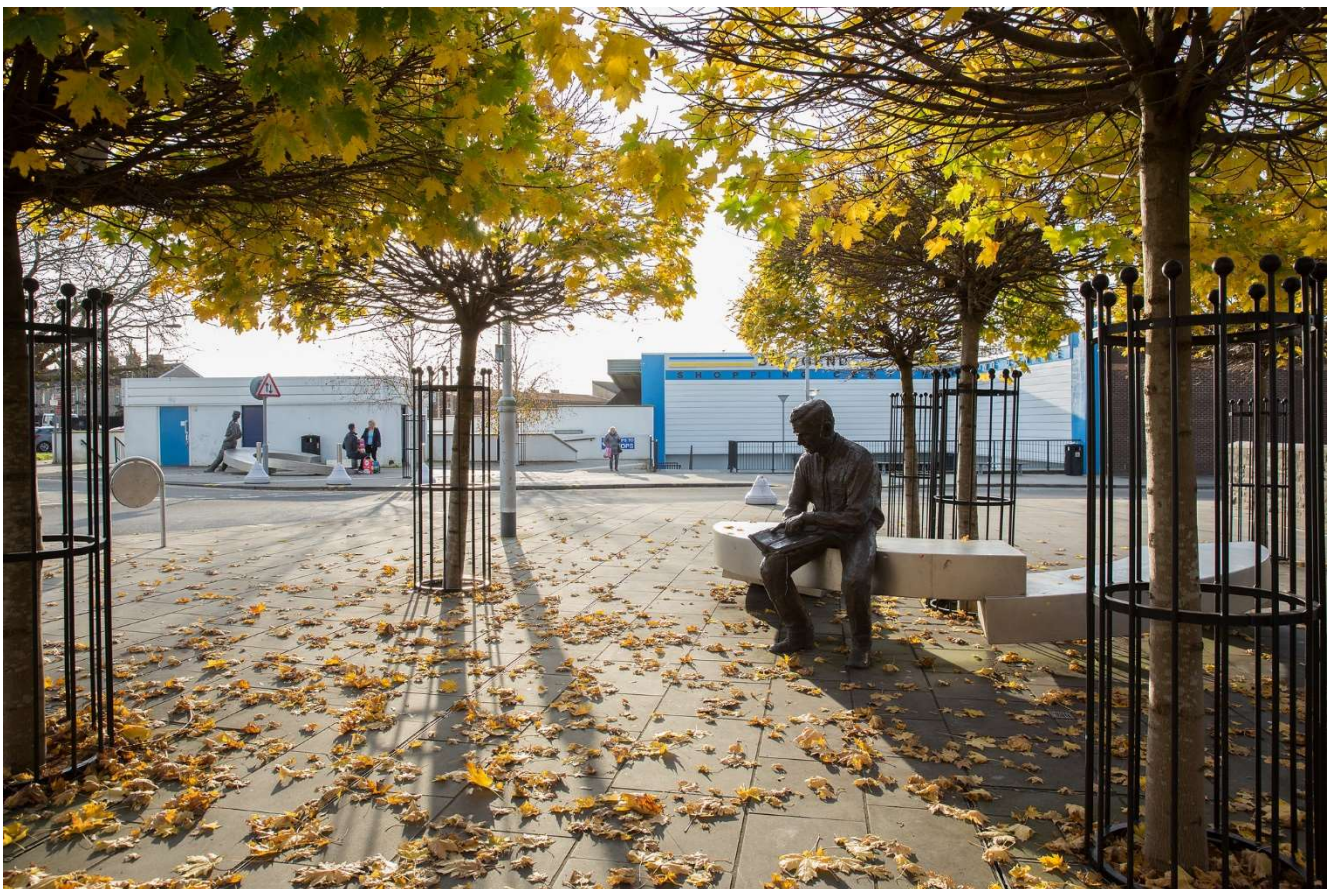
The Governance Framework enables the Council to monitor the achievement of its strategic objectives and to consider whether they have led to the delivery of appropriate, cost-effective services.

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) (Amendment) Regulations 2018 for the year ended 31 March 2021.

It also sets out how the Council has responded to governance issues identified during 2020-21 and actions to be undertaken during 2021-22 following an annual review of the Governance Framework.

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).



Bridgend Town

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.

The Council must consider the longer term impact of any decisions it makes, and should work collaboratively with other public bodies to improve well-being in Wales.¹

As a public body the Council has to ensure it delivers sustainable social, cultural, environmental and economic 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 Framework](#) 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 CIPFA's 'Delivering Good Governance in Local Government: Framework'.

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



¹ Well-being of Future Generations (Wales) Act 2015

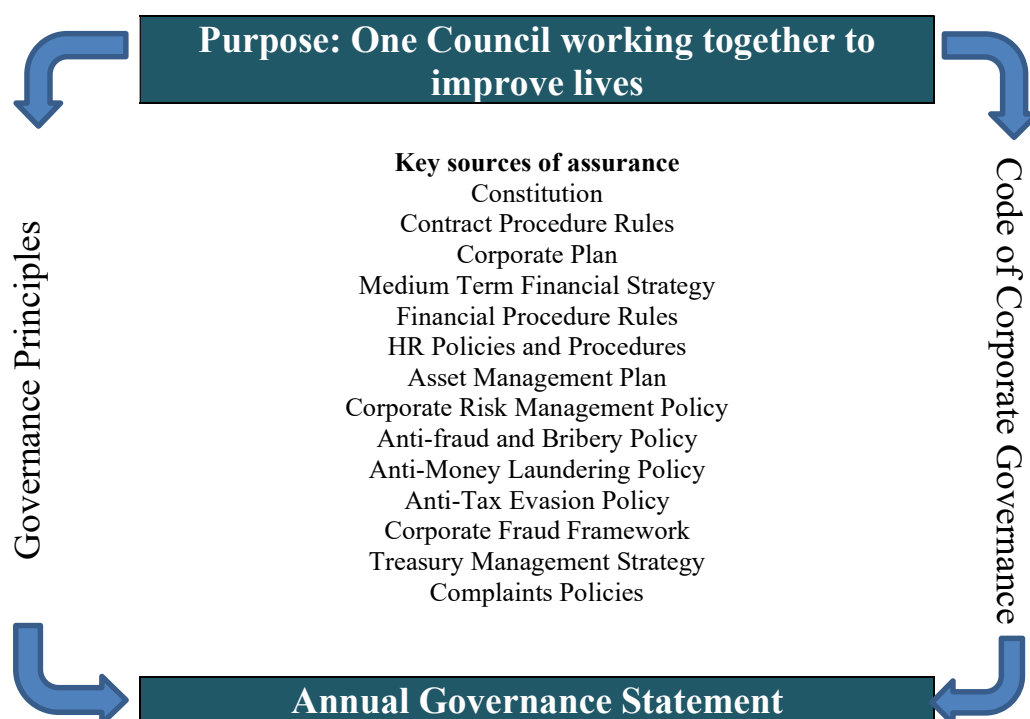
The Council's Governance Framework

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 Governance and 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 promotes and delivers 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.

- During 2019-20 the new regional arrangements were put in place for the health and social care partnership and the Cwm Taf Regional Partnership Board established and these arrangements are successfully bedding in. The Regional Safeguarding Board and Regional Partnership Board provide leadership across the region for safeguarding an integrated planning of health and social care services. There are a small number of key services that still operate on the previous 'Western Bay' footprint.
- 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 Taf and Merthyr Tydfil Councils.

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 pre-pandemic all meetings were open to the public unless exempt or confidential matters were being discussed. Since the pandemic meetings are held virtually and recorded and placed on the Council's website for the public to access. 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 in a range of formats to maximise the opportunity for information sharing and to enable residents to communicate with the Council.

Local Government and Elections (Wales) Act 2021

The Local Government and Elections (Wales) Act received Royal Assent on 20 January 2021. The Act is a substantial piece of legislation covering electoral reform, public participation, governance and performance and regional working. There are many reforms within the Act, however, in summary the Act introduces:

- Reform of electoral arrangements for local government, including extending the voting franchise to 16 and 17 year olds;
- Introduction of a general power of competence;
- Reforming public participation in local government;
- Reforms around democratic governance and leadership;
- Collaborative working;
- Reform of the performance and governance regime;
- Powers to facilitate voluntary mergers of principal councils.

In order to provide local authorities with certainty as to what legislative changes are being implemented when, and ensure the required preparations can be made, Welsh Government has made three Commencement Orders, which will be accompanied by other relevant subordinate legislation, which will bring the relevant provisions into force on a series of dates between March 2021 and 5 May 2022.

The Act will have a wide ranging impact on the organisation, powers, performance measurement and governance of the Council, including changes to the composition and terms of reference of the Audit Committee (which was re-named the Governance and Audit Committee by Council in September 2020, in anticipation of the requirements of the Act). New responsibilities include a role in reviewing the Council's self-assessment report and making any recommendations for change, consideration of the outcome and response to a panel performance assessment of the Council, and responsibility for making reports and recommendations in relation to the authority's ability to handle complaints effectively. The Council will need to address these changes and amend its governance structures and arrangements accordingly.

Role of the Governance and Audit Committee

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

- Review and scrutinise reports and recommendations in relation to the Council's Financial Affairs
- Review and 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, Anti-Money Laundering Policy and Anti-Tax Evasion 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

3 Assessing Performance

The Councils' performance is reported in its [Annual Report](#), its annual self-evaluation of progress against the Council's Corporate Plan. The report looks back on the progress made during the year on the steps to meet the well-being objectives. The report considers measures of success with targets set annually and used to drive improvement. During 2020-21 a key factor faced by the Council over the year was the impact of the Covid-19 pandemic and the governance arrangements and processes that the Council had to put in place to ensure it could continue to support residents and businesses during this difficult and challenging year.

The Corporate Plan

The Corporate Plan 2018-23, updated for 2021-22, agreed in February 2021 sets out the Council's vision: **'One Council working together to improve lives'**. The Plan defines the Council's three priorities well-being objectives and its organisational values and principles that underpin how it will work to deliver its priorities. The Council defines its purpose 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, and enjoy good health and a sense of well-being and independence'.



Underpinning the Council's Corporate Plan and throughout its decisions-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.

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	✓		✓








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
Our Principles					
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.					

5 Ways of Working	Long term	Prevention	Integration	Collaboration	Involvement
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. The key principles are set out below.

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

The Council's values, or the **FACE** of the Council are:

- **F**air – taking into account everyone's needs and situations
- **A**mbitious – always trying to improve what we do and aiming for excellence
- **C**itizen-focused – remembering that we are here to serve our local community
- **E**fficient – delivering services that are value for money

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 workers were required to work from home where possible. Initially the lockdown was for a period of 3 weeks but this was then extended over the next couple of months with the First Minister of Wales announcing an easing of lockdown rules from 1 June into July 2020, with confirmation that swimming pools, gyms, leisure centres and indoor play areas could open from 3 August 2020. Further lockdowns followed, the first a two week “firebreak” from 23 October until 9 November, followed by a further lockdown from midnight of 19 December 2020 due to a significant surge in cases from a new strain of the virus.

Throughout this period the Council has had to adapt and implement 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 office-based staff with mobile technology at the end of March 2020 and into the new financial year, to enable home-working within a very short timescale. Office-based staff are now equipped to work at home either with laptops and telephone facilities installed on the laptops, or on home computers linked 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 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. Decisions were made to deploy employees to key priority areas wherever possible to ensure continuity of essential services. During the year the focus has remained on ensuring the resilience of front line services to cover absence and acute pressure points, and to supporting services that promote public health, including the Test, Trace, Protect service and, latterly, the vaccination programme and community testing.

At the start of the pandemic a number of services, including schools, were closed, although the Council continued to maintain a significant number of essential services running, particularly the provision of social care services for vulnerable adults and children and waste collection services. Services that were closed included cultural venues, leisure centres, community recycling centres and day services. During the year, as lockdown restrictions initially eased, a number of these reopened, but with social distancing measures in place, or were provided differently. Schools adapted to provide blended learning and during full lockdown, online learning, with most pupils being taught via their home computers. Those pupils eligible for free school meals have been provided with weekly food parcels, delivered to their homes, and funding was secured to enable digitally excluded pupils to continue to learn from home.

When the country moved into lockdown, all formal meetings of Council were immediately cancelled. However, under the Local Authorities (Meetings) (Wales) Regulations 2020, Local Authorities were given powers to hold meetings virtually using video conference technology from 22 April 2020. As a result the Council held its first virtual meeting of Development Control Committee on 4 June 2020, followed by a meeting of Cabinet on 30 June 2020. Other virtual committee meetings followed with the first meeting of full Council on 22 July 2020, and a full programme of meetings has been followed since this time. The meetings initially held via Skype, are now held via Microsoft Teams, are recorded and uploaded to the Council’s website following the meeting. This enables full and transparent decision making and includes procedures for enabling Members to vote on key decisions. The initial Covid-19 group, consisting of members of the Cabinet and Corporate Management Board (CMB), along with a number of key officers, was stood down as official meetings resumed, but bi-weekly meetings of Cabinet and CMB were reinstated to consider other Council business. In January 2021, as the latest lockdown

came into place, CMB introduced a specific CMB Gold meeting to discuss Covid related issues, outside of their regular CMB agenda. This was supplemented by a Covid Silver Group, consisting of Heads of Service, some group managers and other key officers, to consider more of the operational implications of the pandemic. The Covid Silver Group escalates any decisions required and any recommendations made to the Covid Gold Group. Both groups initially met weekly, but as the crises has reduced this was then reduced to fortnightly. More recently the groups have, in relation to the Covid response, been stood down in line with other regional and national 'pandemic' management groups however the benefit of having such groups has seen them refocus to consider wider strategic, operational and non-Covid cross-Council issues and have continued in this respect..

In June 2020 a report was presented to Cabinet recommending the establishment of a cross-party, elected member, Recovery Panel to help to shape, inform and advise Cabinet on the Council's recovery planning. The Panel met on six occasions during August. During its meetings the Panel considered presentations from requested invitees, including the Public Services Board (PSB), Bridgend Association of Voluntary Organisations (BAVO), the Corporate Director – Social Services and Wellbeing, the director of Bridgend County Care and Repair, and the Head of Partnership Services and Group Manager – Housing. The Panel's recommendations were presented to Cabinet on 15 September 2020 and then taken forward for consideration. It was agreed that the work of the Panel would continue with further recommendations reported to the Corporate Overview and Scrutiny Committee and Cabinet for approval. A Cabinet response to the Recovery Panel's recommendations has been provided to the Corporate Overview and Scrutiny Committee for consideration in December 2020.

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. During the financial year there have been a number of different grants and schemes funded by Welsh Government, but managed and administered by the Council, providing support to businesses including:

- Business and Charity Grants Phase 1 March 2020
- NDR Lockdown / Firebreak Grant November 2020
- Business Restrictions Fund (various phases) December 2020

In total over £50 million has been paid out to a wide range of businesses and charities throughout the year. Each of these grants has had different criteria (those paying business rates only, or a wider cohort), different awards processes (automatically paid or application process) and different funding amounts. This has required a coordinated effort between the taxation section, regeneration team, and eligible businesses as quickly as possible, at the same time ensuring that public funds are used appropriately and that control mechanisms are in place to safeguard the funding.

This is in addition to a range of other individual grant payments, including:

- Social Care Workforce Payments of £500
- Self-Isolation Payments for those on low incomes
- Statutory Sick Pay top-ups for social care workers

All have required new processes to be put in place to administer them, including digital changes to enable applications to be submitted online, system changes, cash management and accounting processes to be considered. Taking into account the business grants, over £53 million additional grant income has passed through the Council's accounts for these specific grants alone.

Other services have had to think differently about how they could continue to provide services during the lockdown period. Most service areas have had to adapt and many employees have been able to work in a different and more agile way. There is a significant challenge to the organisation moving forward in ensuring that many of the new ways of working that have worked well continue to do so.

Other services have had to reconsider how they continue to deliver to the public over time. 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 changed to a food parcel delivery service to pupils' homes. Whilst alternative service delivery options have been considered during the year, including payment of cash or vouchers to parents, the Council still feels that at this time this service provides the best all-round option for pupils, taking into account nutritional value and supporting children whilst at home. However, this is constantly under review.

In addition to the business grants, Welsh Government has provided a number of specific grants to meet the additional costs of Local Authorities as a result of the pandemic, for costs in general and targeted at specific areas, such as adult social care, free school meals, homelessness and personal protective equipment. Costs are collated across the Council to enable these grants to be drawn down, the majority of which are claimed against the Welsh Government Hardship Fund. There is also the impact of lost income from fees and charges, which creates an additional pressure, coupled with a 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. The Council has claimed and received the following amounts:

Welsh Government Hardship Fund	Claimed £000	Paid £000	Disallowed £000
Additional expenditure	15,791*	15,013	778
Loss of income	5,697	5,574	104
Total	£21,488	£20,587	£882

* including £271,000 relating to 2019-20.

Cost pressures and loss of income not covered by Welsh Government have created additional pressures on the Council budget, so the Council established a specific earmarked reserve at the end of 2019-20 to enable it to mitigate any non-funded Covid related costs in both 2020-21 and beyond.

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 were delayed, the Council also experienced additional costs as a result of the need to implement social distancing on building sites, when new schemes have been tendered, so it is clear the longer term consequences of the coronavirus pandemic cannot yet be known in full or be quantified. However, it seems inevitable that a number of businesses will find themselves in financial difficulties and maybe go out of business, despite the various support schemes that have been put in place over the year. The town centres may be particularly hit as staff are directed to continue to work from home if they are able to do so and not in their usual office base, including staff in the main town centre Council offices, thus impacting on the footfall in these main retail areas. 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, ongoing reduced income at car parks, rental income where the Council is the landlord and playing fields and other facilities as people remain wary of going out and socialising in large groups. Whilst the vaccination programme is well underway and Welsh Government expects all nine priority groups to have received their first vaccination by mid-July 2021, the impact of the

pandemic is still expected to be felt for many years to come and potentially unequally with those living in areas of most deprivation most impacted. Short-term measures such as rental holidays for businesses and business rates relief will provide them with some support, but it will be difficult to fully offset the devastating economic impact that the pandemic has caused. In addition, consumer habits have changed, with people having been forced to shop and do business differently, and there is no guarantee that they will revert to old habits.

In March 2019 Estyn inspected Bridgend's local government education services. Following the inspection Estyn identified four recommendations to further improve Bridgend's provision of education services to children and young people. These included the need to develop literacy in primary schools, support schools, causing concern, develop post-16 education and support the work of the statutory Welsh in Education Strategic Plan. While work against the four recommendations has continued since March 2020, the pandemic has impacted on progress. Updates are provided to the Council's School Improvement Group on a bi-monthly basis and we will continue to monitor progress against these priority areas.

Care Inspectorate Wales has carried out regulatory inspections of the Council's registered care provision. One service, a children's residential care home, was a service of concern for a period in 2020 but has now satisfied all regulatory requirements. There have been positive regulatory inspections of other provision. The Council is a significant provider of adult and children's regulated care services and the Head of Adult Services and the Head of Children's Services are Responsible Individuals for the provision, with legal responsibilities in accordance with the Regulation and Inspection of Care (Wales) Act (2018). There have been regular meetings between senior officers and Care Inspectorate Wales during 2020-21 to provide assurance in respect of the safety and wellbeing of people during the Covid-19 pandemic. An assurance check was carried out by Care Inspectorate Wales in April 2021 and any areas for improvement identified will be progressed in a timely way.

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 each Directorate was asked to complete a corporate questionnaire ("COVID-19 Service Recovery Planning Assessment") that was designed to identify lessons learnt from each of its service areas during Covid-19 Lockdown. An Improvement Plan was developed to "ensure that during the Covid-19 pandemic, the Council services are delivered safely and to a high standard." This exercise has helped ensure that the Council is able to respond more effectively to any future significant events that affect service delivery. In the coming year the Council will need to focus on restoring services, supporting communities and particularly the most vulnerable in our society, as well as doing all we can to help our local economy to recover. Implementing agile working has afforded the Council opportunities for efficiencies and benefits to both the organisation and employees. This includes less travelling reducing the impact on time of working, as well as environmental benefits. Moving forward agile working will allow the Council the opportunity to assess its needs for office space, and the benefits to staff of a longer-term agile working approach.

Annual Improvement

Audit Wales², our External Auditor, assesses the Council's arrangements for delivering continuous improvement and subsequent performance, the results of which are published in their [Annual Audit Summary 2020](#). In January 2020 they reported that the 'Auditor General certified that the Council has met its legal duties for improvement planning and reporting, and believes that it is likely to meet the requirements of the Local Government (Wales) Measure (2009) during 2020-21'.

² 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.

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
Financial Sustainability Assessment, February 2020	<p>The purpose of the review was to assess the sustainability of council's short to medium term financial position. This included a focus on the financial strategy of each council as well as reviewing some key financial indicators of each council's financial position in relation to:</p> <ul style="list-style-type: none"> • performance against budget; • delivery of savings plans; • use of reserves; • council tax; and • borrowing. <p>Overall the review found that the Council has a strong financial position, but aspects of financial planning and its Medium Term Financial Strategy would benefit from strengthening. This was because:</p> <ul style="list-style-type: none"> • The Council's Medium Term Financial Strategy would benefit from strengthening in some important areas. The review found that cost pressures were only included for one year; it does not provide detailed activity and expenditure projections for the four years of the Strategy, and does not evaluate past financial performance, such as budget underspends and the lower-than-forecast use of reserves. • In recent years the Council has underspent all its annual budgets • The Council has a good track record of achieving most of its planned savings • The Council has a high level of useable reserves, which are ring-fenced for specific purposes and potential risks to the Council. Approximately a third of the total reserves are earmarked to fund specific schemes within the Council's capital programme and 5% relate to equalisation and grant reserves. • The Council has a good track record of collecting its council tax • The Council has a relatively low level of borrowing and interest costs and has not sought any new long-term loans since 2012.
'Raising our Game' Tackling Fraud in Wales, July 2020	<p>The report was to examine seven 'key themes' to ensure that the arrangements for preventing and detecting fraud in the Welsh public sector are effective. The seven 'key themes' examined were:</p> <ul style="list-style-type: none"> • Leadership and culture • Risk management and control frameworks • Policies and training • Capacity and expertise • Tools and data • Collaboration • Reporting and scrutiny <p>For each theme the report examines:</p> <ul style="list-style-type: none"> • Why it is important • What the audit fieldwork identified in terms of current working practices and their effectiveness across the 40 Welsh public sector bodies that were examined • What needs to happen to generative improvement <p>A mapping exercise by the Council identified that there are many positive aspects identified across each of the themes. High standards for both Members and Officers are set and the Council has always dealt with any</p>

	allegations or suspicions of fraud, bribery and corruption promptly. Fraud training has recently been improved and an e-learning module is now in place. The next stage will be to develop an action plan to strengthen the measures already in place to establish best practice in respect of fraud prevention, investigation and detection in line with the themes and recommendations within the Audit Wales report.
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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 risks and the mitigating actions it will put in place to reduce them. It is regularly reviewed and challenged by both senior management and the Governance and 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, particularly as it is assumed that at some point the substantial additional Government expenditure on the pandemic will need to be recovered. There also remains significant uncertainty as a result of Brexit and the impact this might have on Council services including the receipt of European grants. The Council estimates that it will need to generate approximately £22 million of savings over the period 2021-22 to 2024-25. The Medium-Term Financial Strategy has taken account of cost pressures and priority areas in line with the Corporate Plan and undertaken extensive consultation to ensure a robust process. To ensure greater involvement of stakeholders in the development of the Medium Term Financial Strategy an eight week consultation 'Fit for the Future' was undertaken between 19 October and 13 December 2020, the emphasis of which was on the Council's

recovery plans, following the pandemic, including what the public felt were important services during the lockdown and what services they actually accessed. Due to social distancing requirements, the budget consultation was pre-launched on social media prior to the live survey date and the consultation itself focused more on online, social media and interactive engagement methods. Communication took place through a wide variety of methods, including surveys, social media, online engagement sessions, online Frequently Asked Questions as well as videos, radio adverts and media releases. To gather the views of young people the consultation team attended a Bridgend Youth Council meeting and promoted the consultation amongst learners, staff and parents at Bridgend secondary schools and Bridgend College. The Medium Term Financial Strategy 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 one of the Strategy with indicative budgets thereafter based on a range of funding scenarios.

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 Prudential Code and Treasury Management Code of Practice, issued in December 2017, set out new requirements in relation to the production of a Capital Strategy. CIPFA are currently consulting on both these Codes of Practice. The proposed changes to the Prudential Code include: commercial investment should be 'proportionate' to service and revenue expenditure; capital expenditure should be "sustainable in accordance with the corporate objectives of the authority"; capital strategies should provide more commentary on the affordability of commercial activities; 'Liability Benchmark' to replace prudential indicator on gross debt and the capital financing requirement; and two new prudential indicators on affordability. The proposed changes to the Treasury Management Code include: new knowledge and skills schedules for treasury management roles to assess and track competencies; new council committees to focus solely on scrutinising treasury management decisions; and new Treasury Management guidance on assessing the environmental, social and governance risks of future investments. The outcome of these consultations will need to be considered when revising both the Treasury Management and Capital Strategies. The Capital Strategy currently 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. Furthermore 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.

Compliance with the CIPFA Financial Management Code of Practice

The Chartered Institute of Public Finance and Accountancy (CIPFA) launched the Financial Management Code of Practice (FM Code) in November 2019. The FM Code was developed in the context of increasing concerns about the financial resilience and sustainability of local authorities.

The FM Code sets out the principles by which authorities should be guided in managing their finances and the specific standards that they should, as a minimum, seek to achieve. It clarifies how Chief Finance Officers should satisfy their statutory responsibility for good financial administration as required in section 151 of the Local Government Act 1972 and emphasises the collective financial responsibility of the whole leadership including the relevant elected members.

By complying with the principles and standards within the code authorities will be able to demonstrate their financial sustainability. Whilst the Code is designed to be flexible to the nature, needs and circumstances of individual authorities, it is up to each authority to determine the extent to which it complies with the FM Code and to identify what action it may wish to take to better meet the standards that the FM Code sets out. Full compliance is expected for the 2021-22 financial year (i.e. from April 2021) with the 2020-21 financial year acting as a shadow year. In its Guidance Bulletin 06 (*Application of the Good Governance Framework 2020/21*) CIPFA has stated that the Annual Governance Statement for 2020-21 should include the overall conclusion of an assessment of the organisation's compliance with the principles of the FM Code. Also, that where there are outstanding matters or areas for improvement, these should be included in the action plan.

The Council has made an assessment of its current compliance with the 19 Standards outlined in the FM Code. The assessment has identified that the Council can demonstrate compliance with all of the Standards, but that further actions can be taken to enhance compliance during 2021-22. These actions are included in the Action Plan in Section 5.

4 Audit Assurance

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 2020 the External Auditor gave an unqualified audit opinion on the financial statements 2019-20.

Audit Wales also audit a number of grant claims and in the year completed 5 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 claim for Housing Benefit was qualified due to a few errors however this did not affect the reimbursement of the claim.

In addition Audit Wales undertake reviews of various services and also performance reviews throughout the year, the outcome of which are reported to the Governance and 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 2020-21 is:

“Reasonable Assurance”

The opinion states that, based on the work completed by the Regional Internal Audit Shared Service for the financial year, 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.

As described earlier in the Annual Governance Statement the way the Council has had to operate during 2020-21 has been severely affected by the COVID 19 pandemic. Many staff have worked remotely, and systems & processes have had to be adjusted to cater for the new ways of working. Similarly, Internal Audit has worked remotely, conducting audits and obtaining evidence digitally. Each audit has considered the potential impact of COVID 19 and remote working to ensure adequate controls and governance arrangements remained in place.

The pandemic did have some impact on the delivery of the internal audit plan for 2020-21 and a limited number of audits were deferred due to the pressures on some service areas. These audits will be carried out in 2021-22. The Internal Audit coverage was still sufficient for the Head of Audit to be able to give an opinion.

The recommendations made to improve governance, risk management and control have been accepted and are at various stages of implementation.

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 vacancy is filled

on a permanent 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 and further in June 2020, but there were not sufficiently qualified applicants with the required skills and experience to be able to progress through all stages of the appointments process.



The Pavilion, Porthcawl

5 Improving Governance

A number of significant issues were identified in the Council's 2019-20 Annual Governance Statement. The progress made on the significant issues is shown below:

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.	After over a year from the original Covid-19 outbreak in the UK and the national lockdown, the Council continues to learn to live with the consequences of delivering effective public services amidst an ongoing global pandemic. The majority of the Council's staff continue to work from home and significant investment has been made in ensuring that this can be done as effectively as possible. While there continues to be a great deal of focus on delivering services directly related to the pandemic, including ensuring adequate PPE, contributing to the test, trace and protect, and supporting the mass vaccination programmes, priority is also being given to 'recover'. The Council has set an approved recovery plan based on four themes of financial stability for the organisation, economic recovery, service restoration (adapting services to ensure they are Covid safe) and public health. The cross-party recovery panel established, made sixteen initial recommendations to Cabinet to inform the Council's detailed recovery planning. In addition, a lessons learnt exercise was undertaken and a document produced to ensure the Council is best placed to respond even more effectively to any future lockdowns or crises.
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	As the UK exited the European Union, with a last-minute deal, a new Treaty came into force from 1 January 2021, taking over from the previous transition period arrangement. The consequences of having a trade agreement in place are inevitably likely to be more positive than a no-deal situation. However, it is unlikely that there will be no impact, but it is too early to ascertain what this will be. The Covid-19 pandemic has overtaken the impact of the exit from the EU and will place continuing pressures on Council resources and budgets, at least in the short to medium term. The two events will continue to have an impact in the future, and the Council will need to closely monitor costs and lost income as a result of both significant events on its budget and cash-flow requirements.
Changes in Senior Management at Corporate Management Board level	<p>A new Corporate Director Communities took up position in March 2020. The Corporate Director Social Services and Wellbeing was due to retire at the end of April 2020 but agreed to continue to provide leadership for the service in the role for a 6-month period during the pandemic. The virtual recruitment exercise for this vacancy was shown to work well, with strong interest for the post and an effective recruitment process, with the successful candidate taking up post in October 2020. There is now greater resilience across the Council's senior management team.</p> <p>The Council was unable to recruit to the Chief Officer, Finance, Performance and Change and the interim arrangements have continued.</p>
Outcome of the Audit Wales report into Safeguarding and implementing the recommendations made therein	The Audit Committee held on the 16 th July 2020, received the October 2019 WAO report: 'follow up review of corporate arrangements for the safeguarding of children'. The actions and progress made against the proposals for improvement were noted and the item recorded as resolved.
Outcome of the Care Inspectorate Wales – Inspection of Older Adults Services Bridgend County	The service continues to progress the recommendations from the Care Inspectorate Wales inspection of older people. The impact of Covid-19 means some timescales in actions plans have been delayed as adult services has focussed on the considerable impact of the pandemic on social care services.

Borough Council (January 2020)	
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>A report on SRS was scheduled to go to the Corporate Overview and Scrutiny Committee (COSC) in March 2020 but the meeting was unfortunately cancelled due to the covid-19 pandemic and only essential meetings of COSC were held until after the Annual Meeting of Council when Scrutiny resumed with reduced reports. A draft Forward Working Programme for the coming year will be prepared shortly and SRS will be on the draft FWP.</p> <p>SRS are at the forefront of the Covid response which has given increased visibility of their role. There continues to be meetings of the SRS Joint Committee and regular meetings with the Head of Service and relevant Cabinet Member.</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>The Council has placed a strong emphasis on the prevention of fraud during the Covid-19 pandemic, especially with the large volume and value of grants being paid out to individuals and organisations through various WG support schemes.</p> <p>The Council appointed a Senior Fraud Investigator in August 2020, who is playing a lead role in the detection and investigation of suspected fraudulent activity within the Council, and actively promoting fraud awareness across the Council.</p> <p>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. A Corporate Anti-Tax Evasion policy has also been developed and approved by Cabinet in February 2021.</p> <p>The Council has submitted National Fraud Information (NFI) in two parts. The first non-Covid-19 grant data was submitted to NFI by 9th October 2020, the Covid-19 grant data was submitted on 7th January 2021.</p>
The increasingly challenging budgets for Schools, with potential for greater deficit school budgets	<p>The impact of Covid-19 on schools has been significant, with schools closed from 20th March 2020 and did not reopen until September 2020, although some were used as childcare hubs during the summer months. School budgets were still required to be set for the financial year with deficit recovery plans in place as per the Financial Scheme for Schools. Due to the pandemic and school closures this had been a slower process than usual, but work continued on supporting those in deficit, agreeing deficit recovery plans and monitoring balances overall.</p> <p>Whilst schools were anticipated to stay open until 18 December 2020, many once again closed early due to the pandemic and increasing numbers of infections. Limited reopening of schools for children up to the age of 7 commenced from 22 February 2021, with the majority of other children not due to return to full time education until after the Easter break.</p> <p>There have been some savings arising in school budgets as a consequence of the closures, including savings on energy, cleaning, supply cover and some resources. However, when schools have reopened there have been additional cost pressures to put systems in place to maintain social distancing, for more regular cleaning, and purchase of ICT equipment to enable continued education for those children that are self- isolating. Some of the funding has been met from one-off grants from Welsh Government (e.g. cleaning</p>

	<p>resources) and others are being claimed from the Welsh Government Hardship Fund, but not all are eligible. Any claims for additional costs had to be net of any savings made, so significant work was necessary to identify these.</p> <p>The net overall school balances as at 31 March 2021 was £8.491 million. There has been a significant improvement from the projected deficit position for schools reported during the year, primarily due to additional grant funding received late in 2020-21 committed to be used by schools in 2021-22.</p>
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Based on a review of the governance framework, and an assessment of compliance with the CIPFA Financial Management Code, the following significant issues identified in 2020-21 will be addressed in 2021-22 with the links to the [Governance Principles](#) on page 5:

Issue	Governance Principle	What the issue is	Proposed Actions to address issue
Implementing the Local Government and Elections (Wales) Act 2021	A	The Act will introduce changes covering electoral reform, public participation, governance and performance and regional working. This will have an impact on the way the Council operates.	The Council will need to implement measures to comply with the Act. This will include for example changes to the composition and terms of reference of the Governance and Audit Committee title from May 2021, the establishment of Corporate Joint Committees, wider performance review and self-assessment, and the introduction of measures to establish public participation. The Council will consider the Welsh Government Commencement Orders and subordinate legislation and will put in place processes for implementing the required changes.
Financial Sustainability	F	The ongoing financial pressure from the pandemic with increased pressure on expenditure and reduced income will impact on the 2021-22 financial year.	External funding to support additional pressures will be sought where possible from Welsh Government via the Hardship Fund. Earmarked reserves will be reviewed and maintained to support specific Covid-19 costs arising as a result of local decisions, in addition to provision to meet other unfunded pressures such as reductions in council tax income and additional costs of council tax support. Assumptions for future years' budgets will continue to be reviewed and amended to

			reflect the changing circumstances.
Review of Financial Procedure Rules	F	It is key that the Financial Procedure Rules are kept up to date to ensure they are fit for purpose.	Last updated in 2017, needs review and update to reflect current practices, especially with agile and home working arrangements.
Review of Code of Corporate Governance and associated schedule	A	Ensuring that the Code of Corporate Governance is kept up to date is crucial to ensure it is fit for purpose.	Last updated in 2017, needs review to ensure it reflects current governance framework.
To continue to support professional development	E	In order to deliver the best services and meet statutory requirements staff must be sufficiently skilled to deliver their responsibilities.	To assess skills needs as part of the finance restructure and support continuing professional development at all levels where considered necessary. Also to consider other training to both finance and non-finance staff, as well as Elected Members.
Digital / management and control of ICT assets with new ways of working	A	The ICT estate due to Covid-19 has become decentralised with officers working from home, which poses challenges with regard to the recording and management of the devices.	Change control processes – including patch management for all devices and applications across the ICT landscape. Use of Configuration Management Database (CMDB) to store information about hardware and software assets. Independent Audit assessments reviewing the management of the ICT infrastructure inclusive of devices and software.
Cyber Fraud	F	Cyber Security Risks refers to any risk of financial loss, disruption or damage to the reputation of an organisation resulting from the failure of its information technology systems.	Staff procedures and guidance through IT security policies, e.g. Six Simple Rules, Data Protection training. Corporate blocks on online file storage. Port control and encryption of USB devices. Public Services Network / Certification accreditation.
Impact on the Social care sector of the Covid-19 pandemic and the ending of the hardship funding to the sector	C	The Covid-19 pandemic has had a significant impact on the Social Care sector. Short term hardship funding has helped to support the sector, but the ending of this funding will have an impact moving forward.	A market stability plan is in development to mitigate the impact on older people's care homes of the pandemic and ensure that there continues to be sufficiency of quantity and quality of provision in Bridgend.

GDPR issues with new ways of working	A	Remote working demands a different security stance than working in centralised offices and the Council must ensure that it remains compliant with data protection laws.	<p>A Bridgend's message was circulated in September 2020 on data protection and working from home. It provided guidance on issues such as communicating securely, keeping software up to date, ensuring no personal data is compromised, only using the Council's approved technology.</p> <p>The Council has strict ICT and Data Protection Act (DPA) policies and the Information Governance Board (with representation from each Directorate) continues to meet quarterly ensuring information security remains a top priority during this time.</p> <p>All staff and Elected Members are also required to undertake the mandatory DPA e-learning module.</p>
Workforce issues / wellbeing	E	To identify future working models for staff, following the easing of Covid-19 restrictions and ensure that wellbeing considerations are given priority.	<p>Develop HR policies to support future working arrangements. Develop and implement additional actions to support a wellbeing culture across the organisation. Improve communications to help staff access information relating to Covid-19 and recovery.</p>

These issues will be monitored via a detailed action plan during 2021-22, with the responsible officer and deadline for implementation identified for each action and reported to Cabinet/Corporate Management Board and to the Governance and Audit Committee.

6 Assurance Statement

The Council reacted quickly to the Covid-19 pandemic to put in place controls to ensure that a record was maintained of decisions 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: _____
(Leader)

Signed: _____ Date: _____
(Chief Executive)



BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO THE GOVERNANCE AND AUDIT COMMITTEE

18 JUNE 2021

REPORT OF THE HEAD OF THE REGIONAL INTERNAL AUDIT SERVICE

ANNUAL INTERNAL AUDIT REPORT 2020-21

1. Purpose of report

- 1.1 The purpose of this report is to provide the Head of Internal Audit's Annual Opinion on the Council's control environment in relation to governance, risk management and internal control and to inform the Governance and Audit Committee of the work and performance of Internal Audit for the Financial Year 2020-21.

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 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 The Public Sector Internal Audit Standards require the Head of Internal Audit to provide an Annual Report to support the Annual Governance Statement. The report should:
- Include an opinion on the adequacy and effectiveness of the Council's framework of governance, risk management and internal control;
 - Present a summary of the audit work undertaken;
 - Draw attention to any issues that may impact on the level of assurance provided;
 - Provide a summary of the performance for the service;
 - Comment on conformance with the Public Sector Internal Audit Standards.
- 3.2 In accordance with the Public Sector Internal Audit Standards, the Head of Internal Audit is responsible for developing a risk-based annual audit plan which takes into account the Council's risk management framework. Within the Standards there is also a requirement for the Head of Internal Audit to review and adjust the plan, as necessary, in response to changes in the Council's business, risks, operations, programmes, systems, controls and resources. The Head of Internal Audit must also ensure that Internal Audit resources are appropriate, sufficient and effectively deployed to achieve the approved plan.
- 3.3 The draft audit plan for 2020-21 was due to be presented to Audit Committee in April 2020 however the COVID-19 outbreak delayed the planning process as significant new risks and ways of working had to be considered to inform the Plan. The 2020-

21 Internal Audit Plan was therefore approved on the 10th September 2020. The plan recognised that there would be a different emphasis due to the impact of COVID-19; particular risks arising from COVID-19, availability of audit and service staff and challenges arising from the remote ways of working. The approved plan was also more flexible to be able to respond to changing circumstances and events that may occur during the year as a result of the pandemic.

- 3.4 2020-21 has seen the Covid-19 pandemic have a major impact on how the Council has had to operate and the governance arrangements and processes that were put in place to ensure it could continue to support residents and businesses during this difficult and challenging year.
- 3.5 Covid-19 also changed how audit work was carried out in 2020-21 and all staff have worked from home for the year. Audits have been conducted remotely using various digital solutions, holding remote meetings, sharing of screens, and sending of data and evidence electronically.
- 3.6 Whilst there was a steep learning curve both for audit staff and auditees all have adjusted well to the new ways of working. Audits have taken longer in some instances due to responses to draft reports being delayed where services have been under pressure.

4. Current situation/proposal

- 4.1 The Internal Audit Annual Report is at **Appendix A** which summaries the reviews undertaken during 2020-21 including any counter fraud work, the recommendations made and any control issues identified. A total of 26 reviews were completed with an audit opinion and a total of 38 medium recommendations made. A detailed breakdown is included at **Annex 1** of the appendix. The annual report also discusses the performance of the internal audit service during the year including benchmarking its performance against other local authorities and highlighting individual staff development and training that has taken place.
- 4.2 Progress against the 2020-21 Risk Based Plan is attached at **Annex 2**. This details the status of each planned review. It should be noted that some reviews listed have no audit opinion, for example advice and guidance, External Audit liaison, Fraud, and Irregularity work. This is because the audit work carried out in respect of these items was planned but the nature of the work does not lead to testing and the formation of an audit opinion.
- 4.3 **Annex 2** illustrates that most planned audit reviews have been undertaken during 2020-21 despite the pandemic and the impact that has had to demands on services as well as the impact of adopting to remote working. Although the pandemic did have some impact on the delivery of the internal audit plan for 2020-21 the level of Internal Audit coverage was sufficient for the Head of Audit to be able to give an opinion. Where planned work has not been undertaken, assurance has been gained where possible from other sources such as previous work and coverage in other audits. Some planned reviews were not undertaken during the year following requests from services that were under intense pressure; these will be considered in the 2021-22 plan. In addition, two audits started in 2020-21 will be completed during 2021-22.
- 4.4 Taking into account the results of the internal audit reviews completed during 2020-21, the recommendations made and considering other sources of assurance the

*Head of Internal Audit's annual opinion on the adequacy and effectiveness of the Council's framework of governance, risk management and internal control for 2020-21 is of **reasonable assurance**.* No significant cross-cutting control issues have been identified that would impact on the Council's overall control environment and the weaknesses identified are service specific.

- 4.5 In providing this annual audit opinion, it should be noted that assurance can never be absolute. The most that internal audit can provide is a reasonable assurance that there are no major weaknesses in risk management, governance and control processes. The matters raised in this report are only those which came to our attention during our internal audit work in the financial year 2020-21 and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

5. Effect upon policy framework and procedure rules

- 5.1 There is no effect upon the policy framework and procedure rules.

6. Equality Act 2010 implications

- 6.1 The protected characteristics identified within the Equality Act, Socio-economic Duty and the impact on the use of the Welsh Language have been considered in the preparation of this report. As a public body in Wales the Council must consider the impact of strategic decisions, such as the development or the review of policies, strategies, services and functions. This is an information report, therefore it is not necessary to carry out an Equality Impact assessment in the production of this report. It is considered that there will be no significant or unacceptable equality impacts as a result of 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 direct financial implications arising from this report however effective audit planning and monitoring are key contributors in ensuring that the Council's assets and interests are properly accounted for and safeguarded.

9. Recommendation

- 9.1 That members of the Governance and Audit Committee give due consideration to the Annual Internal Audit Report for the Financial Year 2020-21 including the Head of Internal Audit's Annual Opinion on the adequacy and effectiveness of the Council's framework of governance, risk management and internal control.

Mark Thomas
Head of Internal Audit
June 2021

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Background Documents

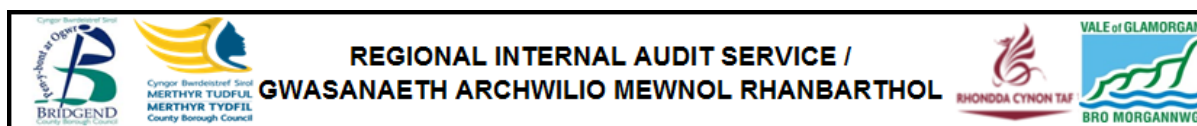
None



ANNUAL INTERNAL AUDIT REPORT

2020/2021

C. M. Thomas MAAT, CPFA
Head of Regional Internal Audit Service
June 2021



Annual Internal Audit Report 2020/21

Section 1 – Introduction

- 1.1 The Public Sector Internal Audit Standards (PSIAS) requires the Head of Internal Audit to deliver an annual internal audit opinion and report which can be used by the organisation to inform its governance statement. The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control.
- 1.2 2020/21 has seen the Covid-19 pandemic have a major impact on how the Council has had to operate and the governance arrangements and processes that were put in place to ensure it could continue to support residents and businesses during this difficult and challenging year.
- 1.3 Covid-19 also changed how audit work was carried out in 2020/21 and all staff have worked from home for the year. Audits have been conducted remotely using various digital solutions, holding remote meetings, sharing of screens, and sending of data and evidence electronically.
- 1.4 Whilst there was a steep learning curve both for audit staff and auditees all have adjusted well to the new ways of working. Audits have taken longer in some instances due to responses to draft reports being delayed where services have been under pressure. It is likely that the audit service will continue to be delivered remotely for the foreseeable future with an element of office based/face to face working introduced over time when restrictions allow.
- 1.5 The 2020/21 Internal Audit Plan outlined the assignments to be carried out to enable the Head of Internal Audit to form an annual opinion of the Council's overall control environment including, governance, risk management and internal control. Factors that were taken into account due to the impact of COVID-19 included risks arising from the pandemic and an emphasis being placed on looking at changed or new processes and governance arrangements introduced as part of every audit.
- 1.6 Other factors taken into account included potential availability of audit and service staff and challenges arising from the remote ways of working. The plan was also more flexible than usual to be able to respond to changing circumstances and events that may have occurred such as a second wave/outbreaks, pressures on services, the ability to access staff and evidence or requests to respond to new issues that may emerge.
- 1.7 The Internal Audit Service is delivered through the expanded shared service that came into existence on 1st April 2019. The service is hosted by the Vale of Glamorgan Council and provides internal audit services to the Vale, Bridgend, Merthyr Tydfil & Rhondda Cynon Taf Councils. The arrangement is underpinned by a detailed legal agreement between the four Councils which sets out a range of obligations (the core service is the same for each Council but there are differences in what is provided outside of the core service).

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- 1.8 The service reports to the four Governance and Audit Committees and is overseen at a strategic level by the Board which consists of the Chief Finance Officers of the four Councils.

Section 2 – Summary of Reviews Undertaken 2020/21

- 2.1 On completion of the audit reviews an audit opinion is formed providing assurance for management and those charged with governance on how well the internal controls and governance arrangements of the system, establishment or area of review are operating.
- 2.2 Based upon the findings and recommendations made, an overall conclusion as to the level of assurance that can be provided is given as follows:

Substantial Assurance

- Key controls exist and are applied consistently and effectively
- Objectives are being achieved efficiently, effectively and economically.

Reasonable Assurance

(some risk of loss, fraud, impropriety, or damage to reputation)

- Key controls exist but there may be some inconsistency in application;
- Compensating controls operating effectively;
- Objectives achieved but could be improved.

Limited Assurance

(a high risk of loss, fraud, impropriety, or damage to reputation)

- Key controls exist but they are not applied, or they are not applied consistently and effectively;
- Objectives are not being met, or are being met without achieving efficiency or effectiveness

No Assurance

(a very high risk of loss, fraud, impropriety, or damage to reputation)

- Key controls do not exist;
- Objectives are either not met, or are met without achieving efficiency or effectiveness

Table 1 – Audit Opinion Given to Completed Audit Reviews 2020/21

Opinion	Follow Ups	Financial Systems	Other Audit Reviews	Grant Verification	Total	%
Substantial	0	2	0	0	2	8%
Reasonable	2	2	14	4	22	85%
Limited	0	0	2	0	2	8%
No Assurance	0	0	0	0	0	0%
Total	2	4	16	4	26	100%

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- 2.3 Table 1 illustrates that a total of 26 reviews have been given an audit opinion. A detailed list of these is at **Annex 1**.
- 2.4 Based on the testing of the effectiveness of the internal control environment an audit opinion of substantial assurance has been given to 2 reviews (8%) and an opinion of reasonable to 22 reviews (85%). The remaining 2 have been given an audit opinion of limited, that is only limited assurance can be placed on the current systems of internal control. These are detailed in Section 3 below.
- 2.5 Progress against the 2020/21 Risk Based Plan is attached at **Annex 2**. This details the status of each planned review, the audit opinion, and the number of any high or medium recommendations made to improve the control environment. It should be noted that some reviews listed have no audit opinion, for example advice and guidance, External Audit liaison, Fraud and Irregularity work. This is because the audit work carried out in respect of these items was planned but the nature of the work does not lead to testing and the formation of an audit opinion.
- 2.6 **Annex 2** illustrates that most planned audit reviews have been undertaken during 2020/21 despite the pandemic and the impact that has had to demands on services as well as the impact of adopting to remote working. Where planned work has not been undertaken, assurance has been gained where possible from other sources such as previous work and coverage in other audits. Some planned reviews were not undertaken during the year following requests from services that were under intense pressure; these will be considered in the 2021-22 plan. In addition, two audits have started and will be completed during 2021/22.
- 2.7 Although the pandemic did have some impact on the delivery of the internal audit plan for 2020-21 the level of Internal Audit coverage was sufficient for the Head of Audit to be able to give an opinion.

Section 3 – Limited Reports - Control Issues

- 3.1 Table 1 illustrates that 2 reviews identified control issues which meant that only limited assurance could be provided. These are detailed below:
- 3.2 **Supported Living Missing Money**
Internal Audit were advised that £115 was missing from a cash tin held in a supported living establishment. Due to the Covid-19 pandemic Internal Audit staff were unable to visit the establishment but were provided with information by the Service Manager. It was found that regular checks and controls had not taken place and processes had lapsed. As a result of this incident, processes have been reviewed and updated and the importance of following them has been expressed to all staff. A follow up review will be undertaken to ensure that the amended processes are in place and being adhered to.

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3.3 Additional Learning Needs (ALN) Out of Authority Charges

The objectives of the audit were to ensure effective and efficient systems of control are in place in respect of individuals placed in out of authority educational settings and that monitoring of expenditure is adequate and effective. The audit review identified the absence of a clear administration process, responsibilities were not defined, and information was not being communicated to key departments in a timely manner. In addition, agreements with other local authorities/independent settings for most placements could not be located at the time of the review. The recommendations made to improve the controls have been discussed and agreed with Management and progress will be monitored.

- 3.4 Table 1 also identifies that two follow up audits have been concluded; these are audits undertaken on previous limited assurance reports to ensure that improvements have been made to mitigate the risks previously identified. It is pleasing to note that both the BACS follow up audit and Ogmores Vale Primary school audit demonstrated improvements, and both were given a reasonable audit opinion.

Section 4 – Recommendations – 2020/21

- 4.1 Recommendations are made at the conclusion of an audit review if it is felt that improvements should be made to mitigate risk. Recommendations are included in an implementation plan and following each audit report recipients are asked to complete an action / implementation plan showing whether they agree with the recommendations made and how they plan to implement them. The classification of each recommendation made assists management in focusing their attention on priority actions.

Table 2 – Analysis of Recommendations Made

Recommendations	Follow Ups	Financial Systems	Other Audit Reviews	Grant Verification	Total	%
High	0	0	0	0	0	0%
Medium	3	1	32	2	38	100%
Total	3	1	32	2	38	100%

- 4.2 Table 2 illustrates that a total of 38 medium recommendations have been made to improve the control environment of the areas reviewed during 2020/21. No high recommendations were made. Management has given written assurance that the recommendation made will be implemented or have accepted the identified risk if the recommendation has not been accepted. The implementation of these recommendations is being monitored to ensure that improvements are being made.

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- 4.3 The implementation of the 38 significant / medium priority recommendations, which have been accepted, is monitored by Internal Audit. Auditors contact the relevant identified recommendation owner, after the specified implantation date, and seek assurance that the recommendation has been implemented and is working effectively to mitigate the identified risks. In respect of the recommendations made during 2020/21 all that were due to be implemented have been.
- 4.4 Where it is deemed appropriate to do so, Merits Attention (low) recommendations are made. These relate specifically to an action that is considered desirable but does not necessarily have an impact on the control environment. Therefore, these recommendations are not included on the Management Implementation Plan or logged on the Internal Audit Management Information system. Therefore, a formal written response is not required from the client.

Section 5 – Counter Fraud Work

- 5.1 Two matters were referred to Internal Audit for review during 2020/21. One was the missing money in Supported Living and the other a potential security breach. The findings of the investigation into the missing money is explained in paragraph 3.2 of this report and weaknesses in processes were identified and improved. Subsequently the money was found. The second matter regarded a potential security breach where it was alleged that data was accessed or browsed for non-work-related reasons. The investigational work undertaken found that adequate processes, policies, and training were in place to mitigate the risks of this occurring. This matter is being dealt with through the disciplinary process.
- 5.2 The National Fraud Initiative is also included in our audit plan. Internal Audit facilitates the upload of data and provides advice to officers reviewing the data matches. A new biennial exercise commenced during 2020 when data was extracted from the various Council systems and submitted for matching in October 2020. The matches were returned in January 2021 and work is ongoing to review the data matches to identify if there any fraud or error has occurred.
- 5.3 A separate Annual Corporate Fraud Report will be presented to the Governance and Audit Committee which will outline the counter fraud work undertaken during 2020-21.

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Section 6 – Key Performance Measures – Client Satisfaction Questionnaires

- 6.1 The Internal Audit Service has for several years operated a system to enable clients to feedback with comments on the work undertaken by internal auditors. The client satisfaction questionnaires provide managers with the opportunity to feedback on the performance, professionalism and conduct of the auditor as well as the audit process in general.

The questions covered are below:

No.	Question
1	Where appropriate, briefing of client and usefulness of initial discussion.
2	Appropriateness of scope and objectives of the audit.
3	Timelines of audit.
4	Response of Officer to any requests for advice and assistance.
5	General helpfulness and conduct of Auditor (s)
6	Discussion of findings / recommendations during or at the conclusion of the audit.
7	Fairness and accuracy of report.
8	Practicality and usefulness of recommendations
9	Standard of report.
10	Client agreement with overall audit opinion.

- 6.2 The returned surveys have confirmed satisfaction with the audit approach. In addition to the above, the client also has an opportunity to make their own comments on the Client Satisfaction Survey. The number of returned questionnaires has reduced in recent years however a mechanism to automate the chase up of responses is included within the new Internal Audit Software that is being implemented during 2021/22.

Section 7 – Key Performance Measures – Staff Training

- 7.1 Investment in the development of staff continues as it is recognised that with the increasing challenges and complexity facing local government and other public sector services, the need for well trained, motivated, and versatile audit staff has never been higher.
- 7.2 In terms of professional training, one member of staff successfully completed the Chartered Institute of Public Finance and Accountancy qualification and is now a fully qualified accountant. Another member of staff is working towards the Chartered Institute of Internal Auditors Certified Internal Auditor qualification which consists of 3 modules. To date two modules have been successfully completed.

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7.3 Staff are also encouraged to complete on-line courses to develop their skills and networking opportunities. Listed below are a few training courses that staff have completed during 2020/21: -

- ISACA Webinars – various IT /digital subjects
- Assert Yourself training
- Cyber Security
- Change Management
- Digital Literacy
- Freedom of Information
- Conflict Resolution
- Safeguarding Children and Adults
- Data Protection Essentials

Section 8 – Key Performance Measures – Benchmarking

8.1 The Internal Audit Service participates annually in the Welsh Chief Auditors Group (WCAG) benchmarking exercise. The results for BCBC for 2019/20 and 2020/21 are illustrated in Table 3 however the comparable data is yet to be received for those years from the WCAG.

Table 3 – Performance Data

Performance Indicator	RIAS Performance BCBC 2020/21	RIAS Performance BCBC 2019/20	IASS Performance BCBC 2018/19	WCAG Average Performance 2018/19
Percentage of Planned Audits Completed	74%	78%	94%	85%
Percentage of Audits Completed in Planned Time	71%	63%	71%	74%
Percentage of directly chargeable time versus total available	69%	73%	77%	70%

8.2 The PI's illustrate that the performance within BCBC is still comparable to the average performance published for 2018/19 despite the challenges of Covid and remote working.

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Section 9 – Public Sector Internal Audit Standards

- 9.1 The Public Sector Internal Audit Standards encompass the following mandatory elements:
- Definition of Internal Auditing;
 - Code of Ethics
 - International Standards for the Professional Practice of Internal Auditing.
- 9.2 The Standards aim to promote further improvement in the professionalism, quality and effectiveness of Internal Audit Services across the public sector. The Standards require that each public sector Internal Audit Service has in place robust arrangements for quality assurance and requires that Internal Audit be the subject of an external assessment at least once every 5 years.
- 9.3 The Internal Audit Service received an external assessment in accordance with the Standards in 2017 and another will be due in 2022. No areas of non-compliance that would affect the overall scope or operation of the Internal Audit activity were identified and the assessment noted that there were no significant deviations from the Standards.
- 9.4 No significant changes have occurred in respect of the working practices since the Regional Internal Audit Service was set up in April 2019. As a result, the Service continues to conform to the Standards during 2020/21.

Section 10 – Regional Internal Audit Service Progress

- 10.1 As stated above in Section 1 the expanded shared service came into existence on 1st April 2019. The service is hosted by the Vale of Glamorgan Council and provides internal audit services to the Vale, Bridgend, Merthyr Tydfil & Rhondda Cynon Taf Councils.
- 10.2 A vision for the service has been produced alongside a number of objectives.

Vision

To be the provider of Internal Audit Services of choice to the public sector in South Wales and be a centre of excellence for public sector internal auditing.

To be a service that is regarded as:

- ✓ Professional
- ✓ Approachable
- ✓ Flexible
- ✓ Independent but internal to the organisation – a critical friend

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10.3 The immediate priorities for the service were identified as follows:

- Ensure a seamless transition from previous arrangements
- Ensure Internal Audit plans for each Council have been developed, consulted on and are deliverable within the likely resources available
- Production of Annual Internal Audit Reports for each Council
- Continue to support all four Audit Committees
- Continue to deliver the planned Audits for each Council

These were all delivered.

10.4 The priorities identified for the first 12 months for the Service were:

- Develop a structure taking into account TUPE requirements and SWOT analysis
- Confirm ICT solution & arrangements
- Identify & evaluate different approaches/ methodologies of each Internal Audit team and identify most appropriate to adopt

10.5 A new staffing structure has been developed and is expected to be agreed very shortly. Consultation with the Trade Unions and staff will take place over the summer with recruitment to vacant posts will commence shortly after.

10.6 Covid has had a major impact on how audit work has been carried out in 2020/21 and all staff have worked remotely for the year. Audits have been conducted remotely using various digital solutions, remote meetings, sharing of screens and sending of data electronically.

10.7 Whilst there was a steep learning curve both for audit staff and auditees all have adjusted well to the new ways of working. Audits have taken longer in some instances due to responses to draft reports being delayed where services have been under pressure. It is likely that the audit service will continue to be delivered remotely for the foreseeable future with an element of office based/face to face working introduced over time when restrictions allow.

10.8 A new Audit Software solution was procured in 2020. Intensive work has taken place to set up the system, train the staff and to determine and agree consistent working practices and methodologies across the Service including new report format and consistent terminology. The new approach is being rolled out from April 2021.

10.9 The longer-term success of the service includes plans to develop a commercial approach and analysing the potential public sector market. Limited progress has been made on this aspect as the foundations referred to above need to be embedded before progressing this.

Annual Internal Audit Report 2020/21

Section 11 - Opinion Statement 2020/21

This statement of opinion is underpinned by:

Internal Control Framework

The control environment comprises the Council's policies, procedures and operational systems and processes in place to:

- Establish and monitor the achievement of the Council's objectives;
- Facilitate policy and decision making;
- Ensure the economical, effective and efficient use of resources;
- Ensure compliance with established policies, procedures, laws and regulations;
- Safeguard the council's assets and interests from losses of all kinds, including those arising from fraud, irregularity or corruption.

During the year, core financial and administrative systems were reviewed by Internal Audit either through specific reviews (e.g. Creditors and Debtors) or generally in the reviews undertaken in respect of directorate systems.

In providing my annual audit opinion, it should be noted that assurance can never be absolute. The most that internal audit can provide is a reasonable assurance that there are no major weaknesses in risk management, governance and control processes. The matters raised in this report are only those which came to our attention during our internal audit work in the financial year 2020/21 and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

In arriving at my opinion, the following matters have been taken into account:

- The results of all internal audits undertaken during the year ended 31st March 2021
- The results of follow-up reviews of action taken to address audit recommendations;
- Whether or not any significant recommendations have not been accepted by management and the consequent risks;
- The effects of any material changes in the Council's objectives and activities.
- Other sources of assurance

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Risk Management

Effective Risk Management forms a key aspect of assurance and governance. The Corporate Risk Management Policy is aligned with Directorate Plans and the Council's performance management framework.

Key risks are distilled in the Corporate Risk Assessment. It is regularly reviewed and challenged by both senior management and the Audit Committee. A Risk Management audit was undertaken during 2020/21 and a reasonable opinion provided with some low (merits attention) recommendations made for advisory purposes

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** is given.

Governance Arrangements

Good Governance will facilitate effective management that can deliver long term success and performance of an organisation.

Interim arrangements have been in place during the year in relation to the Chief Officer Finance, Performance & Change post and 2 new Corporate Directors started to with the Council and are members of the Corporate Management Board.

Whilst no single audit was conducted specifically on governance, governance arrangements are considered as part of every audit. Assurance has also been drawn from the responses received in relation to the Remote Working questionnaires issued Council wide.

No significant issues were identified from a governance perspective therefore an opinion of **reasonable assurance** is given.

Internal Control

I have based my opinion on internal control using the work undertaken by internal audit during the year.

A total of 26 reviews culminating in an overall opinion have been completed, 24 (93%) of which have been closed with either a substantial or reasonable assurance opinion level. 2 reviews (8%) have identified weaknesses in the overall control environment, and these have been summarised in Section 3 above.

Therefore, an opinion of **reasonable assurance** can be given on internal control.

Annual Internal Audit Report 2020/21

Head of Internal Audit Opinion Statement 2020/21

From the work undertaken during the financial year 2020/21 and taking into account other sources of assurance, 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 2020-21 is:

“Reasonable Assurance”

The opinion states that, based on the work completed by the Regional Internal Audit Shared Service for the financial year, 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.

As described the way the Council has had to operate during 2020-21 has been severely affected by the COVID 19 pandemic. Many staff have worked remotely, and systems & processes have had to be adjusted to cater for the new ways of working. Similarly, Internal Audit has worked remotely, conducting audits and obtaining evidence digitally. Each audit has considered the potential impact of COVID 19 and remote working to ensure adequate controls and governance arrangements remained in place.

The pandemic did have some impact on the delivery of the internal audit plan for 2020-21 and a limited number of audits were deferred due to the pressures on some service areas. These audits will be carried out in 2021-22. The Internal Audit coverage was still sufficient for the Head of Audit to be able to give an opinion.

The recommendations made to improve governance, risk management and control have been accepted and are at various stages of implementation.

Annual Internal Audit Report 2020/20

Annex 1 – Audits Completed with an Opinion & Recommendations 2020/21

Audit	Opinion			Recommendations	
	Substantial	Reasonable	Limited	High	Medium
Safeguarding		√			0
Education Improvement Grant 2019/20		√			0
Housing Support Grant 2019/20		√			1
Purchasing Cards		√			6
External Funding		√			0
Risk Management		√			0
COVID - Remote Working		√			0
Income Collection & Cash Control	√				0
Creditors		√			1
Debtors		√			0
Payroll		√			3
Members Code of Conduct		√			2
Distribution of ICT Equipment		√			2
Homelessness		√			0
Coychurch Crematorium Annual Financial Return		√			1
Porthcawl Harbour Annual Financial Return		√			0
Ogmore Vale School Follow Up		√			0
School deficits		√			2
ALN - Out of County Charges			√		8
Care Home Contracts		√			2
C/F Council Tax Reduction Scheme	√				0
C/F MasterGov System		√			1
C/F Capital		√			0
BACS Follow Up		√			3

Annual Internal Audit Report 2020/20

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Audit	Opinion			Recommendations	
	Substantial	Reasonable	Limited	High	Medium
Effectiveness of Internal Audit		√			1
Supported Living Missing Money			√		5
Total Audits providing an overall assurance opinion (26)	2	22	2	0	38

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Bridgend County Borough Council - Activity Against Audit Plan 1st April 2020 to 31st March 2021

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Area	Audit Scope / Risk	Status	Opinion			Recommendations	
			Substantial	Reasonable	Limited	High	Medium
Good Governance	To provide assurance that key Corporate Governance processes are in place and operating effectively to enable them to discharge their responsibilities. Assist in the AGS preparation	completed					
Safeguarding	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.	completed		✓			0
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.						
	Education Improvement Grant 2019/20	completed		✓			0
	Housing Support Grant 2019/20	completed		✓			1
	Post 16 Grant 2019-20	completed					
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	completed		✓			6
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.	completed		✓			0
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	completed		✓			0
COVID - Remote Working	Increase in remote working due to COVID19 - impact on governance and internal control arrangements using a questionnaire	completed		✓			0
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.	not undertaken, assurance from work completed in previous year					
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.	not undertaken, aspects covered in various audits					
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.						
	Income Collection & Cash Control	completed	✓				0
	Creditors	completed		✓			1
	Debtors	completed		✓			0

Area	Audit Scope / Risk	Status	Opinion			Recommendations	
			Substantial	Reasonable	Limited	High	Medium
	Free School Meals	not undertaken - service pressure					
Payroll	Review starters and leavers, changing records / data	completed		√			3
Code of Conduct	To ensure that the internal processes in place in respect of the Members Code of Conduct are effective	completed		√			2
	To ensure that the internal processes in place in respect of the Officers Code of Conduct are effective	to be undertaken in 2021-22					
ICT Audit	In consultation with ICT, systems reviews will be undertaken across Directorates to ensure robust controls are evident and operating effectively and the ICT business continuity provision is effective						
	Review the control and distribution of ICT equipment since the increase of home working since the outbreak of COVID19	completed		√			2
Early Retirement / Redundancy	Provide ensure transparency and assurance that Council's policies are adhered to	to be undertaken in 2021-22					
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.	completed		√			0
Coychurch Crematorium	A compliance review to complete the Annual Accounting Statement	completed		√			1
Porthcawl Harbour	A compliance review to complete the Annual Accounting Statement	completed		√			0
Project management / Contract monitoring	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.	carried forward					
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.	see below					
	School Purchasing Cards	carried forward					
	Ogmore Vale School Follow Up	completed		√			0
School CRSA	To undertake the annual controlled risk self – assessment for schools 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.	to be undertaken in 2021-22					
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	completed		√			2
ALN - Out of County Charges	To provide assurance that monitoring of expenditure is adequate	completed			√		8

Area	Audit Scope / Risk	Status	Opinion			Recommendations	
			Substantial	Reasonable	Limited	High	Medium
Looked After Children	Review the monitoring arrangements in place to provide assurance that the Council's interests are protected and agreed rates are paid.	not undertaken - service pressure					
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	completed		✓			2
Carry Forward from 2019/20	Provision for those assignments which are still ongoing at the end of 2019/20.						
	C/F Council Tax Reduction Scheme	completed	✓				0
	C/F MasterGov System	completed		✓			1
	C/F Capital	completed		✓			0
Closure of Reports from 2019/20	To finalise all draft reports outstanding at the end of 2019/20.	completed					
Follow up Limited Assurance Reports	To ensure that improvements have been made to the control environment since the previous limited assurance review.						
	BACS Follow Up	completed		✓			3
Recommendation Monitoring	Monitoring the implementation of Internal Audit recommendations in consultation with service areas which have received these recommendations.	completed					
Annual Opinion Report 2019/20	To prepare and issue the Head of Audit's Annual Opinion Report for 2019/20.	completed					
Annual Opinion Report 2020/21	Preparation for the production of the 2020/21 Annual Opinion Report.	completed					
Audit Planning	To prepare and present the annual risk based audit plan for 2020/21.	completed					
	Preparation for the production of the annual risk based plan 2021/22.	completed					
Governance & Audit Committee /Members and CMB Reporting	This allocation covers Member reporting procedures, mainly to the Governance & Audit Committee. Regular reporting to, and meeting with, the Section 151 Officer, Corporate Management Board and the IASS Board.						
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.						
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	used to inform the contract audit work.					
Quality Assurance / Effectiveness of Internal Audit	To review / ensure compliance with the Accounts and Audit (Wales) Regulations 2014 / Public Sector Internal Audit Standards (PSIAS).	completed		✓			1
External Audit Liaison	To ensure that a "managed audit" approach is followed in relation to the provision of internal and external audit services.						
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	completed					

Area	Audit Scope / Risk	Status	Opinion			Recommendations	
			Substantial	Reasonable	Limited	High	Medium
Fraud / Error / Irregularity	Irregularity Investigations - Reactive work where suspected irregularity has been detected.						
	Supported Living Missing Money	completed			v		5
	Security Breach	completed					
Fraud / Error / Irregularity	Anti-Fraud & Corruption – Proactive - Proactive counter-fraud work that includes targeted testing of processes with inherent risk of fraud.	completed					
Emerging Risks / unplanned	To enable Audit Services to respond to provide assurance activity as required.						
	OVERALL TOTALS		2	22	2	0	38

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO THE GOVERNANCE AND AUDIT COMMITTEE

18 JUNE 2021

REPORT OF THE HEAD OF THE REGIONAL INTERNAL AUDIT SERVICE

ANNUAL INTERNAL AUDIT STRATEGY & RISK BASED PLAN 2021-22

1. Purpose of report

- 1.1 The purpose of this report is to provide members of the Governance and Audit Committee with the Annual Internal Audit Strategy and Risk Based Plan for 2021-22.

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** – 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 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 (PSIAS) 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 to obtain 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 the Governance and Audit Committee to monitor the adequacy of the risk management framework and the associated control environment of the Council for 2021-22 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 Regard to the changes to the way the Council is operating since Covid-19, including any new risks as a result of remote working have been considered and included within the draft audit plan for 2021-22.

4. Current situation/proposal

- 4.1 Attached at **Appendix A** is the draft Internal Audit Strategy document for 2021-22. It demonstrates how the Internal Audit Service will be delivered and developed in accordance with our Terms of Reference. The Strategy will be reviewed and updated annually in consultation with stakeholders namely the Governance and Audit Committee, Corporate Management Board, External Auditors and Senior Management.
- 4.2 The 2021-22 draft Annual Risk Based Plan of work has been formulated in compliance with the PSIAS. The draft detailed plan is attached at **Appendix B**.
- 4.3 The proposed plan continues to recognise particular risks arising from COVID-19, availability of audit and service staff and challenges arising from the remote ways of working. The plan is also flexible to allow for changing circumstances and events that may occur, such as requests to respond to new issues that may emerge.
- 4.4 Internal Audit work will be undertaken remotely using video conferencing (e.g. Microsoft Teams) and digital solutions as a basis for meetings and sharing documents and data.
- 4.5 The proposed plan at **Appendix B** will offer sufficient coverage to be able to provide an opinion at the end of 2021-22.
- 4.6 The Governance and Audit Committee will receive updates on how the plan is being delivered and any changes that may be required.

5. Effect upon policy framework and procedure rules

- 5.1 There is no effect upon the policy framework and procedure rules.

6. Equality Act 2010 implications

- 6.1 The protected characteristics identified within the Equality Act, Socio-economic Duty and the impact on the use of the Welsh Language have been considered in the preparation of this report. As a public body in Wales the Council must consider the impact of strategic decisions, such as the development or the review of policies, strategies, services and functions. An initial Equality Impact Assessment (EIA) screening has identified that there would be no negative impact on those with one or more of the protected characteristics, on socio-economic disadvantage or the use of the Welsh Language. It is therefore not necessary to carry out a full EIA on this policy or proposal.

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. Recommendations

- 9.1 The Committee is recommended to consider and approve the draft Internal Audit Strategy (Appendix A) and draft Annual Risk Based Audit Plan for 2021-22 (Appendix B).

Mark Thomas
Head of Internal Audit
June 2021

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Background documents: none

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DRAFT

STRATEGY

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ANNUAL RISK BASED

INTERNAL AUDIT PLAN

2021/2022



1. Introduction

- 1.1 Internal Audit objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources. This opinion forms part of the framework of assurances that the Council receives and should be used to help inform the Annual Governance Statement. The purpose of this document is to provide a detailed Internal Audit Risk Based Plan for 2021/2022.
- 1.2 The audit plan ensures that the risks facing the Council are adequately addressed and internal audit resources are effectively utilised. The standards for “proper practice” in relation to internal audit are laid down in the Public Sector Internal Audit Standards (PSIAS).
- 1.3 The Internal Audit Service is delivered through the expanded shared service that came into existence on 1st April 2019. The service is hosted by the Vale of Glamorgan Council and provides internal audit services to the Vale, Bridgend, Merthyr Tydfil & Rhondda Cynon Taf Councils. The arrangement is underpinned by a detailed legal agreement between the four Councils which sets out a range of obligations (the core service is the same for each Council but there are differences in what is provided outside of the core service). The service reports to the four Governance & Audit Committees and is overseen at a strategic level by the Board which consists of the Chief Finance Officers of the four Councils.

2. Definition of Internal Audit

- 2.1 The Public Sector Internal Audit Standards (PSIAS) defines Internal Audit as follows:

“Internal audit is an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes”.

3. Requirement for Internal Audit

- 3.1 Internal Audit is a statutory service. Part 3 of The Accounts and Audit (Wales) Regulations 2018 concerns financial management and internal control. Regulation 5 (responsibility for internal control and financial management) of Part 3 directs that:

‘The relevant body must ensure that there is a sound system of internal control which facilitates the effective exercise of that body’s functions and which includes:

- (a) Arrangements for the management of risk, and*
- (b) Adequate and effective financial management.’*

3.2 Regulation 7 (Internal Audit) of Part 3 directs that:

‘A relevant body must maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control.’

3.3 PSIAS state:

“The chief audit executive must establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation’s goals. The risk based plan must take into account the requirement to produce an annual internal audit opinion”

3.4 The overall opinion issued each year by the Head of Internal Audit on the adequacy and effectiveness of the control environment is used as a key source of assurance to support the Annual Governance Statement.

4. Section 151 Officer Responsibility

4.1 Internal Audit also has an important role to support the Council’s Section 151 Officer in discharging their statutory responsibilities, which include: -

- S151 Local Government Act 1972 – to ensure the proper administration of financial affairs.
- S114 Local Government Act 1988 – to ensure the Council’s expenditure is lawful.

5. Development of the Internal Audit Plan

5.1 The annual internal audit plan has been prepared after considering the risk registers and the views of Corporate Directors and Senior Management as to where audit resource is most needed. In line with the PSIAS, this plan should enable Internal Audit to maximise the value and assurance it provides to the Council, whilst ensuring it fulfils its statutory obligation to review and report on the Council’s internal control environment, governance and risk management arrangements. As was the case for the 2020-21 plan, risks arising from the ongoing Covid-19 pandemic have also been considered when formulating the 2021-22 plan

6. Risk Based Approach

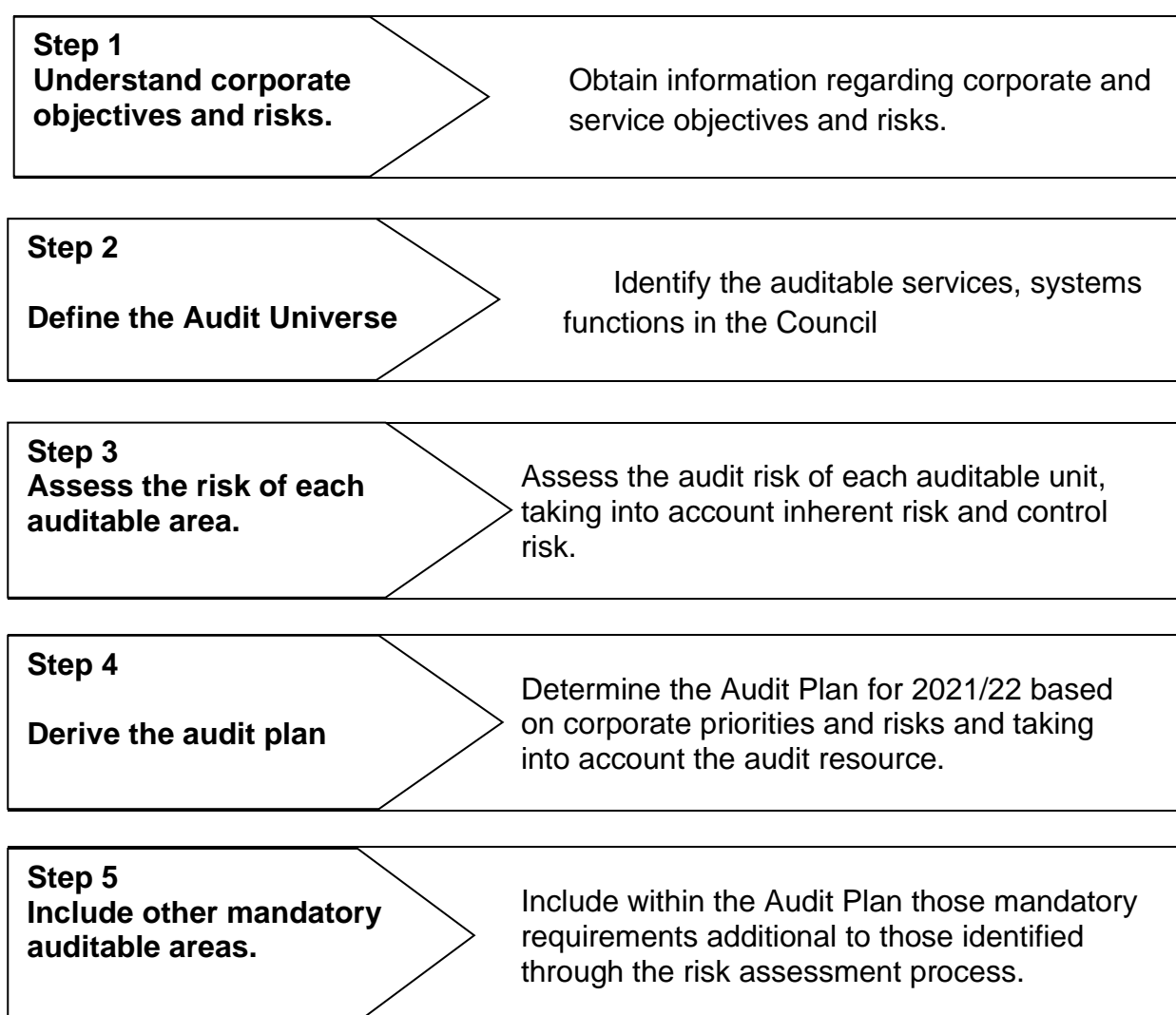
6.1 The internal audit function will be delivered in accordance with the Internal Audit Charter 2021-22, as presented to the Governance & Audit Committee in April 2021. The Charter defines the role, scope, independence, authority and responsibility of the internal audit service and audits will be delivered in accordance with the Charter.

6.2 Risk based work is critical to the Council, as it seeks to improve the risk awareness of staff and improve overall control. The internal audit work programme is designed to provide assurance that identified significant risks are being managed effectively. As part of this process Internal Audit will also examine the risk management and governance arrangements.

- 6.3 By adopting a risk-based audit approach there is a clear linkage between the significant risks identified in the Council's Corporate Risk Register and the work undertaken by Internal Audit in providing assurance against these. As a result, the starting point for the audit plan approach is an understanding of the Council's objectives and risks.

7. Methodology

- 7.1 A summary of our approach to the development of the Audit Plan for 2021/22 is set out below. The Plan is driven by the Council's organisational objectives and priorities as set out in the Corporate Plan and the risks that may prevent the Council from meeting these objectives.



8. The Risk Assessment Process

- 8.1 The information which has been used to prepare the risk assessment and proposed internal audit plan has been collected and collated from several different sources. The starting point for a risk-based audit approach is an understanding of the Council's priorities and risks. This has been achieved by meeting with all the Corporate Directors to understand what they perceive to be the main risks within their individual areas and where they feel internal audit could provide assurance that such risks are being effectively mitigated and managed, by reviewing the Corporate Plan, the Directorate's Service Plans and the Corporate Risk Register. This information is used to inform and design the audit plan.
- 8.2 The plan is based on an underlying risk assessment. The risks existing within each area are identified for audit as part of the audit planning process. The audits which make up the plan have been assessed by priority. Internal Audit will ensure that all reviews classified as "high" risk, will be completed by the end of the year, "medium" risk reviews are the next level down, but still require a scheduled review. Although "low" risk reviews still carry a degree of risk, these have not been included in the plan but continue to be risk assessed annually to take account of any changes in their status.

9. The Annual Internal Audit Plan

- 9.1 In accordance with the PSIAS, the Head of Audit is responsible for developing a risk-based annual audit plan which considers the Council's risk management framework. Within the Standards there is also a requirement for the Head of Audit to review and adjust the plan, as necessary, in response to changes in the Council's business, risks, operations, programs, systems, controls and resources. The Head of Audit must also ensure that Internal Audit resources are appropriate, sufficient and effectively deployed to achieve the approved plan.
- 9.2 An annual plan is derived following the audit risk assessment, whereby audits will be selected based on the greatest perceived risk. The Internal Audit Service will ensure that most effort is focused on high risk areas while, at the same time, not ignoring the potential for problems that may materialise in other areas.
- 9.3 Whilst the Internal Audit Service will adopt a risk-based approach to determine relative risk, there will remain areas where a purely cyclical approach may still be required i.e. programme of school audits, financial systems, and grant verifications.
- 9.4 Consideration is also given to planned external audit work to minimise duplication and to maximise audit coverage.
- 9.5 **Appendix B** is the detailed schedule of audits planned to be completed during 2021-2022 for each of the Council's Directorates including Cross Cutting.
- 9.6 The Head of Internal Audit will monitor progress against the audit plan. Where there is a need for material changes to the plan; a revised plan will be re-submitted to the Governance & Audit Committee for endorsement. The Governance & Audit

Committee will also be advised of performance against the audit plan and be kept informed of the results undertaken.

- 9.7 The COVID 19 pandemic has meant that most Council staff have worked remotely since March 2020 and this is likely to continue to a large extent during 2021-22. Therefore, systems & processes have been adjusted to cater for the new ways of working. Similarly, the Internal Audit team will continue to work remotely, conducting audits and obtaining evidence digitally. Each audit will consider the potential impact of COVID 19 and remote working to ensure adequate controls and governance arrangements remained in place.

10. Resource Requirement

- 10.1 Resource requirements are reviewed each year as part of the audit planning process and are discussed and agreed with the Regional Internal Audit Service (RIAS) Board.

11. Contingencies

- 11.1 The internal audit plan needs to be flexible enough to enable the internal audit service to be able respond, as required, to situations arising during the period covered by the plan. A contingency reserve element has been built in to assist in dealing with any such matters arising.

12. Audit Approach

- 12.1 The primary purpose of an audit review is to provide an independent and objective opinion to the Council on the framework of internal control, risk management and governance in operation and to stimulate improvement.

- 12.2 The approach will be :

- Fieldwork will take place following agreement of the audit objectives.
- A draft report will be prepared and provided to Management for review and comment with an opportunity given for discussion or clarification.
- The final report will incorporate Management comments together with a Management Action Plan for the implementation of recommendations.
- The Governance and Audit Committee will be advised of the outcome of the audit and may receive a copy of the Final Report.
- Any serious issues arising during the audit review will be promptly reported to the Head of Internal Audit to determine the impact on the scope of the review. Serious issues will also be brought to management's attention to enable

appropriate remedial action to be taken prior to being formally published in the audit report.

- The audit report will provide an overall assurance opinion, based on the auditor's professional judgement of the effectiveness of the framework of internal control, risk management and governance.

12.3 The audit assurance categories are :

AUDIT ASSURANCE CATEGORY CODE	
Substantial	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
Reasonable	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Limited	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
No Assurance	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

12.4 A Management Action Plan will form an integral part of the report and will be used to record:

- Those risks considered to be inadequately controlled;
- A prioritisation of audit recommendations and the actions management propose to bring the risks within acceptable parameters, the officer(s) responsible for those actions and the dates for completion.

12.5 Audit recommendations will be prioritised as follows :

RECOMMENDATION CATEGORISATION	
Risk may be viewed as the chance, or probability, of one or more of the organisation's objectives not being met. It refers both to unwanted outcomes which might arise, and to the potential failure to realise desired results. The criticality of each recommendation is as follows:	
High Priority	Action that is considered imperative to ensure that the organisation is not exposed to high risks.
Medium Priority	Action that is considered necessary to avoid exposure to significant risks.
Low Priority	Action that is considered desirable and should result in enhanced control.

12.6 The implementation of the agreed recommendations will be monitored. Management will be contacted and asked to provide feedback on the status of each agreed recommendation once the target date for implementation has been reached.

12.7 Any audits concluded with a no assurance or limited assurance opinion will be subject to a follow up audit.

13. Follow Up Reviews

13.1 Where significant gaps in the control environment have been identified and where either limited or no assurance has been given; then these audits will be subject to a follow up. The timing of the follow up is very much dependent on available resources, but Internal Audit's aim will always be to complete the follow up within three to six months of completion of the audit (depending on the assurance level).

14. Reports to the Governance & Audit Committee

14.1 A status report on internal audit work will be present to the Governance & Audit Committee on a quarterly basis (approximately). The purpose of these reports is to provide an update on the progress made against the delivery of the Internal Audit Plan. The report will provide details of audits completed to date, the assurance opinions given and the number and type of recommendations made.

15. Annual Assurance Report.

15.1 A formal annual report to the Governance & Audit Committee presenting the Head of Internal Audit's opinion on the overall adequacy and effectiveness of the framework of governance, risk management and internal control, will be published to enable it to be taken into account when preparing the Council's Annual Corporate Governance Statement. The format of the Head of Internal Audit's report will follow that set out in the Public Sector Internal Audit Standards (PSIAS) and will include:

- An opinion on the overall adequacy and effectiveness of the Council's framework of internal control, risk management and governance,
- Disclose any qualifications to that opinion, together with the reasons for qualification;

- Present a summary of the audit work from which the opinion is derived, including reliance placed on work by other assurance bodies;
- Any issues considered by the Head of Audit to be particularly relevant to the Corporate Governance Statement;
- A comparison of work undertaken with that planned, with a summary of internal audit performance for the year; and comment on compliance with the Public Sector Internal Audit Standards and Internal Audit's Quality Assurance and Improvement Programme.

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BCBC - DRAFT INTERNAL AUDIT RISK BASED PLAN 2021/22

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Directorate	Area	Audit Objective, Scope and Risk
Cross - Cutting	Carry Forward from 2020/21	Provision for those assignments which are still ongoing at the end of 2020/21.
Cross - Cutting	Closure of Reports from 2020/21	To finalise all draft reports outstanding at the end of 2020/21.
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	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
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	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	Remote Working	Remote working impact on governance and internal control arrangements using the feedback from the 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	Review current processes and practices to ensure that they are reasonable, effective and efficient in the current economic landscape identifying any best practice across the other Authorities within the Regional Service
Chief Executive / Resources	Material Systems – Key Financial Systems	A rolling programme of audits is adopted for material systems whereby the work programme for each year may differ, with each audit having varying amounts of system review, testing or a combination of the two. This approach enables us to deliver a more cost-effective service, whilst providing sufficient assurance as to the adequacy of the Council's material system control environment.
Chief Executive / Resources	Payroll & Expenses	Review process in respect of expense claims to ensure controls are effective. Review processes in place for claiming overtime, honorarium, enhancements etc
Chief Executive / Resources	DBS	To provide assurance that DBS checks are in place for all posts that have been identified as requiring one
Chief Executive /	Code of Conduct	Review of compliance of Officers to the Council's Code of Conduct

Directorate	Area	Audit Objective, Scope and Risk
Page 270 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 in order to minimise the threat of cyber crime
Chief Executive / Resources	Early Retirement / Redundancy	Provide ensure transparency and assurance that Council's policies are adhered to
Chief Executive / Resources	Deputyships & Appointeeships	To ensure that the systems and controls surrounding the management of Appointeeship and Deputyships accounts are robust and that they are operated in line with regulations/guidance/policy in order to protect the individual and Council.
Chief Executive / Resources	Tender Evaluation & Award	To undertake a review to compliance to the Council's Rules and Regulations and Project Management Methodology associated with high risk contracts. Focus will be on tender and award.
Chief Executive / Resources	Registrars	Review the new policies and procedures in place for registering a death since the pandemic to provide assurance that adequate controls are in place
Chief Executive / Resources	Project management	To undertake a review of the governance and decision making around Major Projects. Particular emphasis will be placed on compliance to the Council's Rules and Regulations and Project Management Methodology associated with high risk contracts.
Chief Executive / Resources	Performance Management	To review the performance management arrangements paying particular attention to the accuracy of the PI information collected and reported
Chief Executive / Resources	Capital Programme	A review of this area will be undertaken to provide assurance that the Capital Programme remains on track and that slippage is accounted for, reported and regularly monitored.
Chief Executive / Resources	Cyber Security	To provide assurance of the measures in place to mitigate the risk of cyber fraud
Communities	Coychurch Crematorium	A compliance review to complete the Annual Accounting Statement
Communities	Porthcawl Harbour	A compliance review to complete the Annual Accounting Statement
Communities	Pothole Repairs	To ensure that the controls surrounding the pot holes repair processes are operating satisfactorily and are in compliance with the Council's Financial & Contract Procedure Rules. Review the effectiveness and efficiency of the contracts to ensure the Council is achieving value for money
Communities	Fleet Management	To ensure that the service is efficient and effective and compliant to Council's policies and procedures
Communities	Highways Inspections	Compliance to Council's policies and procedures
Communities	Building Control	To provide assurance on the control environment in respect of processes, decision making and fees and charges
Communities	Planning	To provide assurance on the control environment in respect of processes, decision making and fees and charges
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.

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Directorate	Area	Audit Objective, Scope and Risk
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	Learner Travel	To provide assurance that procurement and budgeting is in adherence to Council policies and procedures
Social Services & Wellbeing	Placements	Review the contracts and monitoring arrangements in place to provide assurance that the Council's interests are protected and agreed rates are paid. Include Adults Learning Disabilities and Mental Health as well as LAC
Social Services & Wellbeing	Prevention & Wellbeing	Review the arrangements in place for Halo and Arwen to provide assurance that the Council getting VFM
Social Services & Wellbeing	Direct Payments	Provide assurance that processes and procedures within the inhouse provision are effective.
Social Services & Wellbeing	WCCIS	Ensure robust controls are in place and operating effectively
Social Services & Wellbeing	Occupational Therapists	Provide assurance in respect of the efficiency and effectiveness of the processes in place in respect of assessment of need
Social Services & Wellbeing	Support for Carers	Carers' Assessments & Payments
Cross - Cutting	Annual Opinion Report 2020/21	Preparation for the production of the 2020/21 Annual Opinion Report.
Cross - Cutting	Annual Opinion Report 2021/22	Preparation for the production of the 2021/22 Annual Opinion Report.
Cross - Cutting	Audit Planning	Preparation for the production of the annual risk based plan 2021/22.
		Preparation for the production of the annual risk based plan 2022/23.
Cross - Cutting	Governance & Audit Committee /Members and CMB Reporting	This allocation covers Member reporting procedures, mainly to the Governance & Audit Committee. Regular reporting to, and meeting with, the Section 151 Officer, Corporate Management Board and the RIAS 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 & Improvement Programme	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.

Directorate	Area	Audit Objective, Scope and Risk
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.
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 THE GOVERNANCE AND AUDIT COMMITTEE

18 JUNE 2021

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

UPDATED FORWARD WORK PROGRAMME 2021-22

1. Purpose of report

- 1.1 The purpose of this report is to seek approval for the updated Forward Work Programme for 2021-22.

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 to deliver the Council's well-being objectives.

3. Background

- 3.1 The core functions of an effective Governance and Audit Committee include the responsibility to:
- consider the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting, governance processes, performance assessment and complaints arrangements.
 - seek assurances that action is being taken on risk-related issues identified by auditors and inspectors.
 - consider the effectiveness of the Council's anti-fraud and corruption arrangements.
 - 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 Governance and Audit Committees help to raise the profile of governance, 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 Committee in ensuring that due consideration is given to all aspects of their core functions the proposed Updated Forward Work Programme for 2021-22 is attached at Appendix A. 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.

4.2 Shown below are the items scheduled to be presented at the Committee's next meeting on 22nd July 2021.

	Proposed Agenda Items – 22nd July 2021
1	Governance and Audit Committee Action Record
2	Audit Wales Governance and Audit Committee Reports
3	Audited Statement of Accounts 2020-21 and Annual Governance Statement
4	Audited Harbour Return (if amended)
5	Internal Audit Progress Reports
6	Corporate Fraud Report 2020-21
7	Treasury Management Outturn 2020-21
8	Updated Forward Work Programme 2021-22

4.3 There may be additional agenda items presented to the Committee as the Local Government and Elections (Wales) Act 2021 comes into effect, particularly in respect of the Committee's new responsibilities in relation to performance and complaints, and these will be added to the Forward Work Programme as necessary.

4.4 In addition, due to the local elections taking place in May 2022, and the pre-election period, the meeting originally scheduled in April will now take place on 31st March 2022.

5. Effect upon policy framework and procedure rules

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

6. Equality Act 2010 implications

6.1 The protected characteristics identified within the Equality Act, Socio-economic Duty and the impact on the use of the Welsh Language have been considered in the preparation of this report. As a public body in Wales the Council must consider the impact of strategic decisions, such as the development or the review of policies, strategies, services and functions. This is an information report, therefore it is not necessary to carry out an Equality Impact assessment in the production of this report.

It is considered that there will be no significant or unacceptable equality impacts as a result of 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 Committee considers and approves the proposed Updated Forward Work Programme for 2021-22.

Gill Lewis
Interim Chief Officer – Finance, Performance and Change
June 2021

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Background Documents: None

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GOVERNANCE AND AUDIT COMMITTEE FORWARD WORK PROGRAMME 2021-22	22 July 2021	11 November 2021	27 January 2022	31 March 2022
Standing Items				
Governance and Audit Committee Action Record	✓	✓	✓	✓
Audit Wales Governance and Audit Committee Reports	✓	✓	✓	✓
Updated Forward Work Programme	✓	✓	✓	✓
Annual Accounts				
Statement of Accounts 2020-21 (unaudited)				
Porthcawl Harbour Return 2020-21 (unaudited)				
Audited Statement of Accounts and Annual Governance Statement	✓			
Audited Harbour Return (<i>if amended</i>)	✓			
Internal Audit Reports				
Internal Audit Annual Strategy and Audit Plan 2021-22				
Internal Audit Shared Service Charter 2021-22				✓
Annual Internal Audit Report 2020-21				
Internal Audit Progress Reports	✓	✓	✓	✓
Governance				
Annual Governance Statement 2020-21				
Review of the Annual Governance Statement		✓		
Audit Wales Annual Audit Plan (<i>included in Audit Wales Governance and Audit Committee Reports item</i>)				✓
Annual Audit Summary (<i>included in Audit Wales Governance and Audit Committee Reports item</i>)		✓		
Treasury Management				
Treasury Management Outturn 2020-21	✓			
Treasury Management Half Year Report 2021-22		✓		
Treasury Management Strategy 2022-23			✓	
Risk Assurance				
Corporate Risk Assessment 2021-22		✓		
Corporate Risk Assessment, Corporate Risk Management Policy And Incident And Near Miss Reporting Procedure				✓
Counter Fraud				
Corporate Fraud Report 2020-21	✓			
Fraud Risk Assessment				✓
Anti Tax Evasion Policy				✓
Others				
Complaints Process (to be determined)				
Annual Self Evaluation Report (to be determined)				

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