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Cyngor Bwrdeistref Sirol Pen-y-bont ar Ogwr

Bridgend County Borough Council



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Rhowch wybod i ni os mai Cymraeg yw eich
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Annwyl Cyngorydd,

PWYLLGOR LLYWODRAETHU AC ARCHWILIO

Cynhelir Cyfarfod Pwyllgor Llywodraethu ac Archwilio o bell trwy Timau Microsoft ar **Dydd Gwener, 28 Ionawr 2022** am **09:30**.

AGENDA

1. Ethol Is-Gadeirydd
2. Ymddiheuriadau am absenoldeb
Derbyn ymddiheuriadau am absenoldeb gan Aelodau.
3. 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.
4. Cymeradwyaeth Cofnodion 3 - 14
I dderbyn am gymeradwyaeth y Cofnodion cyfarfod y 11 11 2021
5. Cofnod Gweithredu'r Pwyllgor Archwilio a Llywodraethu 15 - 18
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10. Asesiad Risg Corfforaethol 2022-23 93 - 118
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12. Materion Brys

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

Nodyn: 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 a Rheoleiddio, AD a Pholisi Corfforaethol

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
MC Clarke

Aelod Lleyg:

Mrs J Williams

Presennol

Y Cyngorydd LM Walters – Cadeirydd

CA Green
AJ Williams

JE Lewis
PA Davies

MJ Kearn
TH Beedle

RM Granville
A Hussain

Ymddiheuriadau am Absenoldeb

E Venables

Swyddogion:

Deborah Exton	Dirprwy Bennaeth Cyllid dros dro
Mark Galvin	Rheolwr Gwasanaethau Democrataidd Dros dro
Gill Lewis	Pennaeth Cyllid a Swyddog 151 Dros Dro
Michael Pitman	Swyddog Gwasanaethau Democrataidd – Pwyllgorau
Nigel Smith	Rheolwr Cyllid
Lynne Berry	Rheolwr Grŵp Adfywio Tai a Chymuned
Martin Morgans	Pennaeth Gwasanaeth - Perfformiad a Gwasanaethau Partneriaeth
Joan Davies	Rheolwr Cleient Archwilio

Aelod Lleyg:

Mrs J Williams

278. DATGANIADAU O FUDDIANT

Dim

279. CADARNHAU COFNODION

PENDERFYNWYD: Cadarnhau cofnodion 09/09/2021 a'u bod yn wir a chywir

280. COFNOD GWEITHREDU'R PWYLLGOR LLYWODRAETHU AC ARCHWILIO

Cyflwynodd y Rheolwr Gwasanaethau Democrataidd Dros Dro adroddiad i'r Pwyllgor Llywodraethu ac Archwilio gyda manylion diweddaraf y Cofnod Gweithredu.

Cyngorodd fel a ganlyn: er mwyn cynorthwyo'r Pwyllgor Llywodraethu ac Archwilio i sicrhau bod penderfyniadau'r Pwyllgor yn cael eu gweithredu a'u cyflawni, ychwanegir y Cofnod Gweithredu at Atodiad A. Bydd y Cofnod Gweithredu yn cael ei gyflwyno ym mhob cyfarfod o'r Pwyllgor er mwyn iddo gael ei gymeradwyo.

Holodd un Aelod am y camau sy'n ymwneud â Grantiau Cyfleusterau i'r Anabl (GCA) a'r sylw ynghylch gwybodaeth am ddata 'os yw hyn ar gael'. Credai y dylai'r data fod wedi bod ar gael ar gyfer y blynyddoedd a restrwyd.

Nododd un Aelod fod yr eitem Cwynion Corfforaethol i fod i ymddangos yn y cyfarfod hwn ond nid oedd wedi ei gynnwys yn yr agenda.

Eglurodd y Prif Swyddog Dros Dro – Cyllid, Perfformiad a Newid fod y lòg gweithredu yn adrodd am y data ac anawsterau'r 18 mis diwethaf wrth ddarparu Grantiau Cyfleusterau i'r Anabl.

Gofynnodd y Cadeirydd i aelodaeth y gweithgor a drafodwyd yn y cyfarfod diwethaf gael ei gymeradwyo ar hyn o bryd, gyda'r Cynghorydd Amanda Williams, y Cynghorydd Cheryl Green a'r Cynghorydd Lyn Walters. Cynigiodd y cadeirydd y dylid darparu'r wybodaeth ddiweddaraf am y broses gwyno yng nghyfarfod mis Mawrth 2022, gan roi digon o amser i'r broses MTFs ddigwydd a hefyd gyfnod y Nadolig.

PENDERFYNWYD: Bod y Pwyllgor wedi talu sylw i'r Cofnod Gweithredu a gwneud sylwadau priodol.

281. NEWIDIADAU I AELODAETH Y PWYLLGOR LLYWODRAETHU AC ARCHWILIO

Cyflwynodd y Prif Swyddog Dros Dro – Cyllid, Perfformiad a Newid adroddiad yn gofyn i'r Aelodau sylwi ar y newidiadau yn aelodaeth y Pwyllgor Llywodraethu ac Archwilio a ddaw i rym yn dilyn Cyfarfod Blynyddol y Cyngor ar 18 Mai 2022.

Eglurodd fod aelodaeth bresennol y Pwyllgor Llywodraethu ac Archwilio yn cynnwys 12 Aelod o Gyngor Bwrdeistref Sirol Pen-y-bont ar Ogwr ac un Aelod Annibynnol (Lleyg). O ran Aelodaeth Leyg y Pwyllgor hwn, ailbenodwyd yr Aelod Lleyg presennol, Ms J Williams, am dymor pellach yng Nghyfarfod Blynyddol y Cyngor ar 17 Mai 2017 ac yn unol â'r Mesur, caniateir iddi fod yn y swydd hon ar y Pwyllgor am uchafswm o ddau dymor. Daw'r tymor hwn i ben ym mis Mai 2022.

Eglurodd y Prif Swyddog Dros Dro – Cyllid, Perfformiad a Newid y bydd hi'n ofynnol o 5 Mai 2022, o dan Ddeddf Llywodraeth Leol ac Etholiadau (Cymru) 2021, i draean aelodaeth y Pwyllgor fod yn Aelodau Lleyg ac i'r Cadeirydd fod yn Aelod Lleyg. Ar 20 Hydref 2021, cymeradwyodd y Cyngor newid i aelodaeth y Pwyllgor i 12 Aelod sy'n cynnwys 8 Aelod CBSP a 4 Aelod Lleyg a chymeradwywyd ymhellach benodiad Aelodau Lleyg ychwanegol i sicrhau eu bod yn cydymffurfio â'r deddfwriaeth o 5 Mai 2022 ymlaen. Bydd seddi'r Pwyllgor yn cael eu penodi yng Nghyfarfod Blynyddol y Cyngor ar 18 Mai 2022 yn unol â chyfansoddiad gwleidyddol y Cyngor bryd hynny. Cafwyd rhagor o wybodaeth am yr hyn a olyga i fod yn aelod lleyg yn 4.3 a 4.4 yn yr adroddiad.

Er mwyn cydymffurfio â deddfwriaeth, eglurodd y Prif Swyddog Dros Dro – Cyllid, Perfformiad a Newid, fod hysbysebion cenedlaethol wedi'u gosod ar y cyd â Chymdeithas Llywodraeth Leol Cymru, yn ogystal ag ar wefan y Cyngor, i hysbysebu'r swyddi. Bydd angen i ymgeiswyr lenwi ffurflen gais. Yna bydd yr holl geisiadau a dderbynnir yn cael eu cyflwyno i Banel Swyddogion sy'n cynnwys y Swyddog Monitro, y Prif Swyddog Cyllid a'r Pennaeth Archwilio Mewnol er mwyn llunio rhestr fer o ymgeiswyr i'w cyfweld. Roedd rhagor o wybodaeth yn 4.5 a 4.6 yn yr adroddiad.

Soniodd un Aelod am y pryderon oedd ganddi pan drafodwyd hyn mewn cyfarfod diweddar o'r Cyngor, sef beth fyddai'n digwydd pe na bai digon o ymgeiswyr ar gyfer swyddi'r Aelodau Lleyg. Gan fod y ceisiadau bellach wedi cau, a ydym yn fodlon bod digon o bobl wedi ymgeisio er mwyn llenwi'r swyddi gwag. Aeth â hyn ymhellach drwy ofyn, pe bai gennym 8 cais allan o 8, a fyddai'r ymgeiswyr yn cael y swyddi aelodau lleyg, neu a fyddai angen iddynt basio'r meini prawf o hyd.

Eglurodd y Prif Swyddog Dros Dro – Cyllid, Perfformiad a Newid fod 4 swydd aelod lleyg ar gael a bod ceisiadau wedi dod i law ond nad oeddent wedi cael eu hasesu eto.

Gofynnodd hefyd, petai 5 aelod o blaid wleidyddol, er enghraifft, yn gadael y blaid honno, a fyddai hynny'n cael ei ystyried fel buddiant anffafriol posibl petaent yn gwneud cais am swyddi'r Aelodau Lleyg.

Nid oedd y Prif Swyddog Dros Dro – Cyllid, Perfformiad a Newid yn gallu rhoi ateb pendant gan mai'r Swyddog Monitro fyddai'n ystyried hynny, ond credai y byddai'n cael ei ystyried petai'r sefyllfa'n codi.

Gofynnodd un Aelod ai Llywodraeth Cymru fyddai'n ariannu'r gost o bennu 3 aelod lleyg arall, gan ei bod yn ofynnol i CBSP wneud toriadau pellach i'r gyllideb a byddai hynny'n cyfrannu rhagor o gostau. Eglurodd y Prif Swyddog Dros Dro – Cyllid, Perfformiad a Newid y byddai hyn yn debygol o gael ei gynnwys yn setliad y gyllideb, ond na fyddai'n fawr o draul ar yr awdurdod.

Gofynnodd un Aelod a fyddai aelodau lleyg yn cael eu had-dalu am dreuliau yn ymwneud â darllen y pecyn agenda neu ai dim ond ad-daliad am fynychu cyfarfodydd fydden nhw'n ei gael. Eglurodd y Prif Swyddog Dros Dro – Cyllid, Perfformiad a Newid fod amser darllen wedi'i bennu a hwnnw'n gynnwysedig yn yr ad-daliad ar ôl iddynt fynychu'r cyfarfod.

PENDERFYNWYD:

bod y Pwyllgor wedi:

- rhoi sylw i'r newidiadau i aelodaeth y Pwyllgor Llywodraethu ac Archwilio fel yr amlinellir ym mharagraff 4.2 yr adroddiad, i ddod i rym yn dilyn Cyfarfod Blynyddol y Cyngor ar 18 Mai 2022;
- cytuno i dderbyn adroddiad pellach yn rhoi gwybod am benodiadau Aelodau Lleyg addas.

282. ADRODDIADAU PWYLLGOR LLYWODRAETHU AC ARCHWILIO, ARCHWILIO CYMRU

Cyflwynodd cynrychiolydd Archwilio Cymru adroddiad am yr wybodaeth ddiweddaraf am yr Archwiliad Ariannol a Pherfformiad a wnaed, ac sydd ar fin cael ei wneud, gan Archwilio Cymru. Cafwyd amlinelliad gan gynrychiolydd Archwilio Cymru o'r rhaglen waith a'r amserlen y mae'n ofynnol i'r Archwilydd Cyffredinol ei gynhyrchu yn unol â Mesur Llywodraeth Leol (Cymru) 2011.

Esboniodd fod Archwiliad datganiad cyfrifon 2020-21 y Cyngor ac Archwiliad Ffurflenni 2020-21 Awdurdod Harbwr Porthcawl wedi'u hardystio erbyn 31 Gorffennaf 2021, ac Amlogfa Llangrallo erbyn 30 Medi 2021

Amlinellodd Cynrychiolydd Archwilio Cymru waith yr Archwiliad Grantiau a Ffurflenni 2020-21 a oedd newydd ddechrau. Roedd disgwyl i'r gwaith gael ei gwblhau erbyn diwedd Rhagfyr 2021 ac roedd 5 cais yn gynnwysedig yn yr archwiliad.

Amlinellodd Cynrychiolydd Archwilio Cymru waith archwilio perfformiad 2020-2021 a dywedodd fod y gwaith ar fin cael ei orffen ac mai'r Crynodeb Archwilio Blynyddol oedd y gwaith olaf. Roedd i fod i gael ei gwblhau ym mis Rhagfyr 2021.

Tynnodd sylw at waith archwilio perfformiad 2021-2022 a dywedodd fod y gwaith Asesiad Risg a Sicrwydd bron wedi'i gwblhau. Roeddent wedi cysylltu â'r Cyngor er mwyn cael dyddiad i ddod â'r canfyddiadau gerbron y Bwrdd Rheoli Corfforaethol

rywbryd ym mis Chwefror 2022, gyda'r nod o ddarparu adroddiad i'r Pwyllgor Llywodraethu ac Archwilio yn ddiweddarach yn 2022.

Amlinellodd Cynrychiolydd Archwilio Cymru y gwaith datblygu a dywedodd fod y ffocws yn olrhain dau drywydd, sef asedau a'r gweithlu. Roedd hyn ar fin cael ei sefydlu gyda'r nod o ddechrau ym mis Rhagfyr 2021.

Ychwanegodd fod adolygiad y Grantiau Cyfleusterau i'r Anabl ar y gweill ac y byddai'r adroddiad ar yr agenda yn helpu gyda hyn. Roedd gwaith adolygu partneriaeth iechyd a gofal cymdeithasol Cwm Taf Morgannwg ar y gweill ac ar hyn o bryd yn gweithio gyda rheoleiddwyr allanol ar y broses adborth a drefnwyd ar gyfer mis Ionawr 2022 ar ôl i'r gwaith maes gael ei gwblhau.

Rhoddodd Cynrychiolydd Archwilio Cymru grynodedb o'r adran Cynaliadwyedd Ariannol a oedd yn rhoi cefndir gwaith cynaliadwyedd ariannol llywodraeth leol 2020-21, gan gynnwys y pwysau ariannol, strategaethau, sefyllfa'r cronfeydd wrth gefn a pherfformiad mewn perthynas â'r gyllideb. Tynnodd sylw at rif 4 a oedd yn amlinellu cymorth ariannol llywodraeth Cymru a fu o gymorth gyda'r costau ynghlwm â Covid-19. Fodd bynnag, roedd ansicrwydd ynghylch ariannu yn y dyfodol.

Yn ôl Cynrychiolydd Archwilio Cymru, ystyrir bod y sefyllfa ariannol yn well yng Nghymru nag yn Lloegr ond bod pryder o hyd o ganlyniad i ansicrwydd.

Esboniodd cynrychiolydd Archwilio Cymru mai canfyddiad y gwaith yn 2020-21 oedd bod Cynghorau wedi derbyn cyllid ychwanegol sylweddol i ddelio â'r pandemig, ond bod cynaliadwyedd y sector llywodraeth leol yn y dyfodol yn parhau i fod yn heriol, gyda phwysau ariannol eraill o hyd ar y gorwel. Ar ôl cyhoeddi'r adroddiad cenedlaethol cryno ym mis Hydref 2020, edrychodd Archwilio Cymru ar gynaliadwyedd ariannol pob prif Gyngor yng Nghymru cyn cynhyrchu adroddiad lleol ar gyfer pob un ohonynt. Oherwydd y cyllid ychwanegol a dderbyniodd y Cynghorau yn sgil y pandemig, mae sefyllfa ariannol pob un o'r 22 Cyngor wedi gwella eleni. Mae darlun cyffredinol cynaliadwyedd ariannol y Cynghorau yn parhau'n amrywiol; roedd rhai Cynghorau mewn gwell sefyllfa nag eraill i ymateb i heriau'r dyfodol.

Amlinellodd ymhellach sefyllfa'r cronfeydd wrth gefn fel ag a nodir yn rhif 5, a'r camau a luniwyd i helpu cynaliadwyedd ariannol Cynghorau. Nodwyd hyn yn rhif 6.

Cyfeiriodd yr Aelod Lleyg at y ffaith, o ran gwaith yn y dyfodol, nad oedd rhagor o sôn am effeithiau'r pandemig; gofynnodd am sylw ar hyn.

Esboniodd cynrychiolydd Archwilio Cymru eu bod yn edrych ar sefyllfa ariannol y Cyngor ac yn cysylltu â swyddogion allweddol ac archwiliadau mewnol fel rhan o'r asesiad risg a sicrwydd. Roedd y wybodaeth o bwys i Archwilio Cymru gydol yr amser ond yn anffodus ni allant wneud sylw ar y dyfodol na sut i fod o gymorth i liniaru'r ansicrwydd. Ychwanegodd y Prif Swyddog Dros Dro – Cyllid, Perfformiad a Newid, ei bod yn amhosibl cynllunio ar gyfer effeithiau hirdymor y pandemig ar y Cyngor a'i gadernid ariannol - hyd yn oed gyda'r holl adolygiadau cynaliadwyedd ariannol a thrafodaethau. Ychwanegodd fod adroddiadau rheolaidd yn cael eu cyflwyno i'r Cyngor a'r Cabinet fodd bynnag, yn nodi pa mor ddarbodus oedd y Cyngor wrth fonitro cyllidebau a chynllunio ariannol.

Dywedodd y Cadeirydd fod yr adroddiad yn trafod y materion cyfredol a chynllunio ar gyfer cynaliadwyedd ariannol, ond nad oedd unrhyw sôn fod Llywodraeth Cymru am helpu CBSP i gynllunio ymlaen yn dilyn y pandemig. Nid oedd Cynrychiolydd Archwilio Cymru yn ymwybodol fod Llywodraeth Cymru yn gweithio ar hyn ond addawodd ymchwilio a rhoi'r wybodaeth ddiweddaraf yng nghyfarfod nesaf y Pwyllgor Llywodraethu

ac Archwilio. Ychwanegodd yr Aelod Lleyg fod hyn yn bwysig er mwyn sicrhau bod y Cyngor yn medru ystyried y rhagolygon.

PENDERFYNWYD: Bod y Pwyllgor wedi rhoi sylw i Adroddiadau Pwyllgor Llywodraethu ac Archwilio, Archwilio Cymru yn Atodiad A ac Atodiad B.

283. ADOLYGIAD HANNER BLWYDDYN Y DATGANIAD LLYWODRAETHU BLYNYDDOL

Cyflwynodd y Prif Swyddog Dros Dro – Cyllid, Perfformiad a Newid, adroddiad i'r Pwyllgor gyda'r manylion diweddaraf am y Cynllun Gweithredu a oedd yn cyd-fynd â'r Datganiad Llywodraethu Blynyddol (DLIB) terfynol a gynhwyswyd yn Natganiad Cyfrifon 2020-21, a'r materion arwyddocaol sy'n ymddangos o ganlyniad i adolygiad 2021-22 y DLIB.

Amlinellodd y Prif Swyddog Dros Dro – Cyllid, Perfformiad a Newid ofynion llunio adolygiad llywodraethu blynyddol ac adrodd ar reolaeth fewnol. Cyflwynwyd Datganiad Llywodraethu Blynyddol 2020-21 i'r Pwyllgor Llywodraethu ac Archwilio ar 18 Mehefin 2021 ac fe'i cynhwyswyd wedyn yn Natganiad Cyfrifon terfynol 2020-21 a gymeradwywyd gan y Pwyllgor Llywodraethu ac Archwilio ar 22 Gorffennaf 2021.

Eglurodd y Prif Swyddog Dros Dro – Cyllid, Perfformiad a Newid fod cyfranogiad gweithredol Aelodau a Swyddogion yn allweddol wrth ddarparu llywodraethu corfforaethol da a bod y trefniadau hyn yn cael eu hadolygu'n flynyddol er mwyn sicrhau gwelliannau parhaus yn niwylliant llywodraethu corfforaethol y Cyngor. Roedd rhagor o wybodaeth yn adran 4 yr adroddiad, gyda'r Datganiad Llywodraethu Blynyddol terfynol yn Atodiad A yr adroddiad, a'r cynllun gweithredu sy'n tynnu sylw at y cynnydd mewn perthynas â phob mater llywodraethu sylweddol yn Atodiad B yr adroddiad.

Soniodd y Cadeirydd y byddai carfan newydd o Gynghorwyr yn etholiadau mis Mai 2022 ac fe holodd a oedd cynaliadwyedd ariannol yn rhan o'r rhaglen sefydlu.

Eglurodd y Prif Swyddog Dros Dro – Cyllid, Perfformiad a Newid y byddai'r rhaglen sefydlu yn cynnwys gwybodaeth am y drefn ariannol. Ychwanegodd y Rheolwr Gwasanaethau Democraidd Dros Dro fod rhaglen sefydlu aelodau gynhwysfawr a oedd yn cael ei datblygu'n barhaus cyn yr etholiadau. Byddai'r rhaglen ar gael yn fuan a dywedodd bod croeso i unrhyw Aelod ychwanegu ati.

PENDERFYNWYD: Bod y Pwyllgor yn ystyried Cynllun Gweithredu Datganiad Llywodraethu Blynyddol 2021-22 a'r cynnydd i'r camau gweithredu hyd at 30 Medi 2021.

284. GRANTIAU CYFLEUSTERAU I'R ANABL - ADRODDIAD CYNNYDD A DATGANIAD SEFYLLFA

Cyflwynodd y Prif Swyddog Dros Dro – Cyllid, Perfformiad a Newid adroddiad i'r Pwyllgor Llywodraethu ac Archwilio gyda'r manylion diweddaraf am y camau a gymerwyd i wella'r gwasanaeth Grant Cyfleusterau i'r Anabl (GCA) a rhoi gwybodaeth am y sefyllfa ar hyn o bryd.

Esboniodd fod nifer o adroddiadau wedi cael eu cyflwyno i'r Pwyllgor dros y 3 blynedd diwethaf yn tynnu sylw at yr heriau a'r diffygion o ran darparu Grantiau Cyfleusterau i'r Anabl. Cynhaliodd y Cydwasanaethau Archwilio Mewnol Rhanbarthol archwiliad hefyd a derbyniwyd eu hadroddiad ym mis Gorffennaf 2020 gydag argymhellion. Roedd cefndir pellach yn adran 3 yr adroddiad.

Eglurodd Rheolwr y Grŵp – Tai ac Adfywio Cymunedol fod y Cyngor, ar 1 Ebrill 2021, wedi rhoi'r gorau i'r model cyflenwi drwy asiantau a'u bod wedi cymryd rheolaeth lawn, o'r dechrau i'r diwedd, o'u Grantiau Cyfleusterau i'r Anabl. Fodd bynnag, gallai'r defnyddiwr ddewis gwasanaeth allanol o hyd, petai'n dymuno.

Ychwanegodd fod Adroddiad Archwilydd Cyffredinol Cymru: Addasiadau Tai 2018 wedi gwneud 9 argymhelliad (A1 – A9). Swyddfa Archwilio Cymru (SAC): Gwnaeth Persbectif Defnyddwyr Gwasanaeth Grantiau Cyfleusterau i'r Anabl 2018 10 argymhelliad (P1 – P10) a gwnaeth y Cydwasanaeth Archwilio Mewnol Rhanbarthol 2019/20 7 argymhelliad (SS1 – SS7). Roedd nifer o'r argymhellion yn debyg a chawsant eu grwpio yn adran 4 yr adroddiad, a'r canfyddiadau llawn wedi'u rhestru yn atodiadau 1-3 yr adroddiad.

Soniodd un Aelod fod un o'i etholwyr wedi colli aelod o'i chorff ac yn teithio mewn cadair anfecanyddol. Nid oes llawer o balmentydd gydag ymyl isel yn ei hardal ac mae hynny'n golygu nad yw'n gallu teithio i rai mannau penodol. Gofynnodd yr Aelod a ellid ystyried sicrhau bod y gwasanaeth GCA yn gweithio mewn partneriaeth â'r adran briffyrdd gan nad oedd y mater hwn, yn ogystal â llawer o faterion eraill, wedi'i gyfyngu i un maes gwasanaeth.

Nid oedd Pennaeth y Gwasanaethau Perfformiad a Phartneriaeth yn ymwybodol o'r achos penodol hwn ond byddai'n ystyried y mater ar ôl y cyfarfod ac yn cysylltu â'r Aelod. Ychwanegodd fod y gwasanaeth GCA wedi gwella'n sylweddol ers i'r Cyngor ddod yn gyfrifol amdano a bod modd cydweithio gyda gwasanaethau mewnol eraill i sicrhau bod gofynion trigolion lleol yn cael eu bodloni.

Tynnodd un Aelod sylw at bwynt a wnaed yn yr adroddiad ynghylch prinder contractwyr oherwydd bod llawer o ddatblygiadau tai yn yr ardal. Holodd a oedd Rheolwr y Grŵp – Tai ac Adfywio Cymunedol wedi cael cyfle i gyflwyno hyn gan ein bod wrthi'n datblygu sylfeini Cynllun Datblygu Lleol (CDLI) y 10 mlynedd nesaf ar hyn o bryd. Nid oedd Rheolwr y Grŵp – Tai ac Adfywio Cymunedol yn siŵr a oedd y materion hyn yn rhan o'r CDLI ond byddai'n holi'r adran gynllunio ynglŷn â'r peth. Ychwanegodd Pennaeth y Gwasanaethau Perfformiad a Phartneriaeth fod gwaith datblygu'r fframwaith yno hefyd er mwyn sicrhau cysylltiadau gwaith da ac ymrwymiad yr adeiladwyr a chontractwyr i wneud y gwaith angenrheidiol.

Gofynnodd un Aelod a oedd unrhyw gostau i'r awdurdod am weithredu'r cynllun hwn.

Eglurodd y Pennaeth Gwasanaethau Perfformiad a Phartneriaeth fod y gwasanaeth yn cael ei gyflwyno'n fewnol ac felly mae modd llogi'n fewnol, sy'n fanteisiol i'r awdurdod o ran costau ac yn dal gafael ar brofiad hefyd.

Credai un Aelod fod angen gwneud mwy i sicrhau bod cartrefi'n addas cyn i bobl symud iddynt. Esboniodd fod llawer o'r Grantiau Cyfleusterau i'r Anabl yn esblygu o amgylch yr unigolyn ond y gallai gymryd misoedd i'w gweithredu a chredai y dylid adeiladu tai sy'n fwy addas. Eglurodd y Pennaeth Gwasanaethau Perfformiad a Phartneriaeth fod hyn yn fwy perthnasol i adeiladau newydd ond dywedodd fod pwysau'n cael ei roi ar Landlordiaid Cymdeithasol Cofrestredig (LCC) i weithio gyda Llywodraeth Cymru ac adeiladu cartrefi addas o safbwynt rampiau, mynediad at fannau gwefru ac ystafelloedd ymolchi addas i'r diben. Ychwanegodd Rheolwr y Grŵp – Tai ac Adfywio Cymunedol bod modd i Landlordiaid Cymdeithasol Cofrestredig wneud cais am Grantiau Addasiadau Ffisegol er mwyn gwneud addasiadau. Mae hyn ar wahân i'r Awdurdod Lleol; fe'i darperir gan Lywodraeth Cymru.

Soniodd un Aelod am waith sydd angen ei wneud y tu allan i eiddo hefyd, megis trwsio tyllau a phalmentydd wedi torri, gan fod hyn yn effeithio ar breswylwyr sy'n defnyddio cadeiriau olwyn a sgwteri symudedd.

Holodd y Cadeirydd sut yr oedd Gwybodaeth Rheoli (GRh) yn cael ei gynnwys yn y mater hwn, gan ei bod yn bwysig deall sut mae'r awdurdod yn cyrraedd ei dargedau a'i amserlenni i sicrhau ei fod yn gweithio'n effeithiol. Eglurodd y Pennaeth Gwasanaethau Perfformiad a Phartneriaeth ei fod yn wasanaeth mewnol newydd ac nad oedd y wybodaeth hon yn derfynol eto, yn enwedig gan fod y pandemig wedi achosi llawer o broblemau o ran cyflawni'r gwasanaeth. Ychwanegodd fod y diwrnodau dosbarthu presennol oddeutu 307; cyn hynny 330 diwrnod ar gyfartaledd. Y rhif targed cyn y pandemig oedd 240 diwrnod - gwelliant bach iawn efallai, ond gwelliant serch hynny o ystyried effaith y pandemig.

Gofynnodd y Cadeirydd i adroddiad diweddar arall gael ei gyflwyno i'r Pwyllgor tua mis Mehefin 2022 i weld sut yr oedd y gwasanaeth GCA yn cael ei ymgorffori, gan y byddai'n flwyddyn ers i'r gwasanaeth gael ei gyflwyno'n fewnol.

PENDERFYNWYD: Bod y Pwyllgor wedi rhoi sylw i ddatblygiadau diweddaraf gwella'r gwasanaeth Grant Cyfleusterau i'r Anabl.

285. **DATGANIAD CYFRIFON 2020-21: LLYTHYR MATERION SY'N CODI, ARCHWILIO CYMRU**

Cyflwynodd y Rheolwr Grŵp – Prif Gyfrifydd Dros Dro adroddiad a oedd yn rhoi llythyr ynghylch materion sy'n codi Archwilio Cymru i'r Pwyllgor mewn perthynas ag archwilio Datganiad Cyfrifon 2020-21 y Cyngor i'w nodi.

Esboniodd fod y Datganiad Cyfrifon 2020-21 archwiliedig wedi'i gyflwyno a'i gymeradwyo gan y Pwyllgor ar 22 Gorffennaf 2021, ac ar ôl hynny llofnodwyd y cyfrifon gan Archwilydd Cyffredinol Cymru a'u cyhoeddi ar wefan y Cyngor cyn y dyddiad cau statudol, sef 31 Gorffennaf 2021.

Yn unol â'r Safon Archwilio Ryngwladol (SAR) 260, roedd hi'n ofynnol i'r archwilydd allanol gyfleu materion perthnasol yn ymwneud ag archwilio'r datganiadau ariannol i'r sawl sy'n 'gyfrifol am lywodraethu'. Er mwyn llwyddo i gyhoeddi'r cyfrifon erbyn y dyddiad statudol, sef 31 Gorffennaf 2021, ni lwyddwyd i gyflwyno'r materion sy'n codi na'r meysydd i'w gwella gerbron y Pwyllgor yn y cyfarfod ym mis Gorffennaf 2021.

Eglurodd fod y llythyr Materion sy'n Codi a atodwyd yn Atodiad A yr adroddiad yn cadarnhau bod y datganiadau ariannol wedi derbyn barn ddiamod ac nad oedd gan Archwilio Cymru unrhyw bryderon am agweddau ansoddol arferion cadw cyfrifon ac adroddiadau ariannol y Cyngor. Cyfeiriodd yr archwiliad at dri maes posibl i'w gwella – fe'u hystyriwyd a daethpwyd i gytundeb, ac fe fyddwn yn rhoi sylw iddynt cyn proses cau cyfrifon 2021-22, fel y nodir yn Atodiad A.

PENDERFYNWYD: Bod y Pwyllgor wedi rhoi sylw i lythyr Materion sy'n Codi yr archwilydd penodedig yn Atodiad A.

286. **RHEOLI'R TRYSORLYS - ADRODDIAD HANNER BLWYDDYN 2021-22**

Cyflwynodd y Rheolwr Grŵp – Prif Gyfrifydd Dros Dro adroddiad a oedd yn rhoi diweddariad i'r Pwyllgor Llywodraethu ac Archwilio am yr adolygiad canol blwyddyn a sefyllfa hanner blwyddyn gweithgareddau rheoli'r trysorlys a dangosyddion rheoli'r trysorlys 2021-22, gan danlinellu cydymffurfio â pholisïau ac arferion y Cyngor a adroddwyd i'r Cabinet a'r Cyngor.

Eglurodd fod y Pwyllgor Llywodraethu ac Archwilio wedi'i enwebu i fod yn gyfrifol am archwiliad effeithiol o Strategaeth Rheoli'r Trysorlys (SRhT) a pholisïau. Hyd yn hyn yn ystod blwyddyn ariannol 2021-22, yn ogystal â'r adroddiadau rheoli'r trysorlys rheolaidd i'r Cabinet a'r Cyngor, derbyniodd y Pwyllgor Llywodraethu ac Archwilio Adroddiad Alldro Rheoli Blynyddol y Trysorlys 2020-21 ym mis Gorffennaf 2021. Roedd rhagor o gefndir yn adran 3 yr adroddiad.

Dywedodd y Rheolwr Grŵp – Prif Gyfrifydd Dros Dro fod y Cyngor wedi cydymffurfio â'i ofynion deddfwriaethol a rheoliadol yn ystod hanner cyntaf 2021-22. Cymeradwywyd SRhT 2021-22 gan y Cyngor ar 24 Chwefror 2021 gyda'r Adroddiad Hanner Blwyddyn wedi'i gyflwyno ar 20 Hydref 2021. Amgawyd Crynodeb o weithgareddau rheoli'r trysorlys ar gyfer hanner cyntaf 2021-22 yn nhabl 1 Atodiad A.

Eglurodd y Rheolwr Grŵp – Prif Gyfrifydd Dros Dro fod y Cyngor, ar ddechrau'r flwyddyn ariannol, wedi derbyn dau randaliad o gyllid craidd Llywodraeth Cymru (Grant Setliad Refeniw) yn ystod mis Ebrill, sef £12.6 miliwn y rhandaliad a'i fod yn gallu cario arian grant ychwanegol ymlaen o 2020-21. O ganlyniad, y balans ar fuddsoddiadau ar 30 Medi 2021 oedd £79.84 miliwn gyda chyfradd llog gyfartalog o 0.06%. Roedd hyn yn ostyngiad sylweddol o'i gymharu â'r un cyfnod y llynedd, pan oedd y gyfradd gyfartalog yn 0.24% ac yn dangos effaith gostyngiadau y cyfraddau llog o ganlyniad i'r pandemig.

Ychwanegodd nad oedd y Cyngor wedi cymryd benthyciadau hirdymor ers mis Mawrth 2012. Roedd SRhT 2021-22 yn rhagweld y byddai'n rhaid i'r Cyngor fenthycu £30.37 miliwn yn ystod y flwyddyn, fodd bynnag, gan gymryd yn ganiataol y byddai gan y Cyngor £43 miliwn mewn cronfeydd defnyddiadwy i'w defnyddio yn y tymor byr i ariannu gwariant. Ar 31 Mawrth 2021, roedd cronfeydd defnyddiadwy wrth gefn y Cyngor yn £114 miliwn, cynnydd o £83 miliwn i'r hyn oedd ar 31 Mawrth 2020; ni ragwelwyd hyn pan gymeradwywyd y SRhT. Derbyniodd y Cyngor £20.6 miliwn gan Gronfa Galedi Llywodraeth Cymru, a oedd yn fwy na'r disgwyl yn ystod y flwyddyn, yn ogystal â grantiau ychwanegol pellach o £8.9 miliwn gan Lywodraeth Cymru yn chwarter olaf 2020-21 a £2.9 miliwn o dderbyniadau cyfalaf yn ystod y flwyddyn, fel yr adroddwyd i'r Cyngor yn adroddiad Alldro'r Gyllideb Refeniw 2020-21 ar 23 Mehefin 2021. Roedd rhagor o wybodaeth yn adran 4 yr adroddiad.

Tynnodd Rheolwr y Grŵp – y Prif Gyfrifydd Dros Dro sylw at dabl 4 Atodiad A a oedd yn rhoi manylion symud y buddsoddiadau yn ôl mathau cyfatebol ac yn dangos y balansau cyfartalog, y llog a dderbyniwyd, hyd gwreiddiol a chyfraddau llog yn ystod hanner cyntaf 2021-22. Dangosir manylion amcangyfrifon 2021-22 sydd yn SRhT y Cyngor, mewn perthynas â'r rhagamcaniadau cyfredol, yn Atodiad A; dangosodd y rhain fod y Cyngor yn gweithredu o fewn y terfynau a gymeradwywyd. Tynnodd sylw'r Aelodau at dabl 2 Atodiad A a oedd yn dangos y meincnod atebolrwydd. Roedd hyn yn amlinellu faint y gallai'r Cyngor fod angen ei fenthycu i ariannu'r rhaglen gyfalaf.

Ychwanegodd fod y Cyngor yn diffinio ansawdd credyd uchel yr un fath â sefydliadau a gwarantau sydd â statws credyd o A- neu uwch ac mae Atodiad B yn dangos tabl cyfatebol sgoriau credyd Fitch, Moody's and Standard & Poor's gan egluro'r gwahanol raddau buddsoddi.

Gofynnodd yr Aelod Lleyg beth oedd y cynnydd mewn perthynas â chronfeydd wrth gefn y Cyngor. Roedd geiriad yr adroddiad wedi awgrymu iddi hi bod cynnydd o tua £70 miliwn, ond dim ond £30 miliwn a ddangoswyd.

Dywedodd y Dirprwy Bennaeth Cyllid Dros Dro fod y geiriad wedi achosi dryswch ac mai tua £30 miliwn oedd y cynnydd ers y flwyddyn flaenorol mewn gwirionedd.

Holodd y Cadeirydd am y dyddiad yn yr adroddiad ar dudalen 117, rhif 3. A ellid diweddarau'r dyddiad o 30 Medi 2020 i 30 Medi 2021.

PENDERFYNWYD: bod y Pwyllgor wedi rhoi sylw i'r adroddiad.

287. ASESIAD RISG CORFFORAETHOL 2021-22

Cyflwynodd y Prif Swyddog Dros Dro – Cyllid, Perfformiad a Newid adroddiad i'r Pwyllgor a oedd yn rhoi'r manylion diweddaraf am y newidiadau i'r Asesiad Risg Corfforaethol, yn unol â llinell amser rheoli risg y Cyngor a gynhwysir ym Mholisi Rheoli Risg y Cyngor.

Eglurodd fod yr Asesiad Risg Corfforaethol yn Atodiad 1 wedi'i adolygu mewn ymgynghoriad â CMB, a'r Bwrdd Rheoli Corfforaethol a'r Cabinet (CCMB). Nododd y prif risgiau sy'n wynebu'r Cyngor, eu cysylltiad â'r amcanion llesiant corfforaethol o dan Ddeddf Llesiant Cenedlaethau'r Dyfodol (Cymru) 2015, effaith debygol y risgiau hynny ar wasanaethau'r Cyngor a'r Fwrdeistref Sirol ehangach, gan nodi'r hyn sy'n cael ei wneud i reoli'r risgiau a phwy sy'n gyfrifol am ymateb y Cyngor.

Hysbysodd fod Tabl 1 yr adroddiad yn amlinellu'r diwygiadau i'r Asesiad Risg Corfforaethol a oedd yn nodi manylion risgiau 1 i 16. Bydd y risgiau sydd wedi'u hysgafnhau yn cael eu dileu o'r Asesiad Risg Corfforaethol. Bydd 3 o'r risgiau'n cael eu hysgafnhau i gofrestrau priodol y gyfarwyddiaeth a dau risg yn uno yn ôl yr awgrym ar ôl i'r Pwyllgor Llywodraethu ac Archwilio ei gymeradwyo. Yna bydd gan yr Asesiad Risg Corfforaethol 11 o risgiau..

Ychwanegodd bod 7 o'r risgiau yn rhai uchel, 3 yn ganolig, ac 1 yn risg isel o ran eu dosbarthiad.

Cwestiynodd yr Aelod Lleyg resymeg symud Risg 3 i lefel gyfarwyddiaeth, a oedd yn seiliedig ar gydymffurfio â deddfwriaeth. Credai fod hyn yn dal i fod yn risg gorfforaethol, yn enwedig gan fod y Ddeddf Llywodraeth Leol ac Etholiadau (Cymru) 2021 newydd, yn ei barn hi, yn bryder corfforaethol.

Nododd y Prif Swyddog Dros Dro – Cyllid, Perfformiad a Newid mai'r rhesymeg y tu ôl i'w symud i risg cyfarwyddiaeth oedd bod y Cyngor yn cydymffurfio â'r ddeddf newydd. Nid oedd yn credu bod y Cyngor mewn perygl o beidio â chydymffurfio gan nad oedd unrhyw dystiolaeth yn awgrymu hyn. O ystyried Deddf Llywodraeth Leol ac Etholiadau (Cymru) 2021, yr oedd hyn yn fater corfforaethol gwirioneddol, ond rhoddwyd manylion rhoi'r cynlluniau ar waith gerbron bwrdd y cyfarwyddwyr i'w datrys.

Holodd y Cadeirydd a oedd sgôr risg 3 wedi gostwng cyn i'r risg gael ei hysgafnhau i lefel gyfarwyddiaeth. Eglurodd y Dirprwy Bennaeth Cyllid fod archwiliad mewnol wedi'i gynnal yn ystod haf 2021 ac mai un o'r argymhellion oedd ceisio sicrhau bod cofrestrau risg y gyfarwyddiaeth yn cyd-fynd â'r gofrestr risg gorfforaethol. Mae canllawiau rheoli risg wedi cael eu datblygu er mwyn ceisio symleiddio'r broses o ysgafnhau a dwysáu risgiau.

Soniodd yr Aelod Lleyg ei bod wedi sylwi bod 3 o'r risgiau wedi cael adolygiadau archwilio mewnol i gofnodi'r rheolaeth risg. Gofynnodd am sylw penodol i hyn wrth gofnodi'r risgiau a'r camau a gymerwyd.

O ran risg 12, gofynnodd yr Aelod Lleyg a oedd cyllid ychwanegol ar gael ar gyfer hyn, ac os felly, a ellid cofnodi hynny gyda'r risg.

Eglurodd y Prif Swyddog Dros Dro – Cyllid, Perfformiad a Newid fod rhywfaint o arian ychwanegol ar gael ar gyfer rhai o'r materion a godwyd yn risg 12 a chadarnhaodd y byddai'r risg yn cael ei diweddarau er mwyn rhoi darlun mwy cyflawn.

Soniodd un Aelod am anawsterau canfod contractwyr, fel y soniwyd yn adroddiad Grantiau Cyfleusterau i'r Anabl, a'r ffaith nad oedd y mater hwn yn cyd-fynd ag unrhyw un o'r risgiau ond credai ei fod yn risg gorfforaethol. Eglurodd y Prif Swyddog Dros Dro – Cyllid, Perfformiad a Newid fod hyn yn risg wirioneddol ond nad oedd wedi dod i'r amlwg tan yn ddiweddar. Llwyddwyd i reoli trafferthion blaenorol ac felly byddwn am y tro yn cadw llygad ar y mater.

PENDERFYNWYD:

Bod y Pwyllgor wedi ystyried diweddariad yr Asesiad Risg Corfforaethol 2021-22 (Atodiad 1) gan gytuno i dderbyn adroddiad pellach ym mis Ionawr 2022 fel rhan o adolygiad yr Asesiad Risg Corfforaethol 2022-23 a'r Polisi Rheoli Risg Corfforaethol.

288. **DATBLYGIADAU MEWN PERTHYNAS Â'R CYNLLUN ARCHWILIO MEWNOL YN SEILIEDIG AR RISG 2021-22**

Cyflwynodd y Rheolwr Archwilio adroddiad i'r Pwyllgor a oedd yn rhoi'r manylion diweddaraf am y datblygiadau mewn perthynas â'r gwaith archwilio a gynhwyswyd ac a gymeradwywyd yn y Cynllun Archwilio Mewnol yn Seiliedig ar Risg 2021-22.

Esboniodd fod manylion y Datblygiadau a wnaed mewn perthynas â'r cynllun a gymeradwywyd ar gyfer y cyfnod rhwng 1 Ebrill a 31 Hydref 2021 yn Atodiad A. Roedd hyn yn cynnwys manylion am statws pob adolygiad arfaethedig, y farn archwilio a nifer yr argymhellion blaenoriaeth uchel, canolig neu isel a wnaed i wella'r amgylchedd rheoli. Roedd rhagor o wybodaeth yn adran 4 yr adroddiad.

Esboniodd y Rheolwr Archwilio - yn dilyn sylwadau'r Aelodau mewn cyfarfod blaenorol o'r Pwyllgor Llywodraethu ac Archwilio ynghylch yr archwiliadau gyda themâu tebyg yn cael eu rhestru gyda'i gilydd - fod colofn ychwanegol wedi'i hychwanegu i ddangos sut yr oedd yr archwiliadau yn cael eu cyfarwyddo.

Dywedodd y Rheolwr Archwilio fod 8 archwiliad wedi'u cwblhau erbyn 31 Hydref 2021, gyda barn yn cael ei rhoi hefyd. Mae 3 archwiliad arall wedi'u cwblhau a chyhoeddwyd adroddiadau drafft gan ddisgwyl am adborth yr Adrannau Gwasanaeth. Mae cyfanswm o 10 archwiliad ar y gweill ar hyn o bryd ac 8 arall wedi'u rhannu i archwilwyr a ddylai fod yn dechrau'r gwaith cyn bo hir.

Yn seiliedig ar asesu cryfderau a gwendidau'r meysydd a archwiliwyd drwy brofi effeithiolrwydd amgylchedd y rheolaeth fewnol, rhoddwyd barn archwilio o sicrwydd sylweddol i 2 adolygiad a gwblhawyd, a barn o sicrwydd rhesymol i'r 6 adolygiad arall a gwblhawyd. Roedd rhagor o wybodaeth yn adran 4 yr adroddiad.

Gofynnodd y Cadeirydd a oedd unrhyw un yn poeni am allu'r tîm a datblygiad y cynllun wrth iddo fynd yn ei flaen weddill y flwyddyn ariannol.

Eglurodd y Rheolwr Archwilio fod y gwasanaeth ar ganol cael ei ailstrwythuro ac felly nid oes unrhyw staff ychwanegol wedi cael eu cyflogi hyd yma. Fodd bynnag, pan luniwyd y cynllun archwilio fe roddwyd ystyriaeth i hynny ac felly, wrth gynllunio lefel y gwaith, dim ond y staff presennol a gafodd eu cynnwys.

PWYLLGOR LLYWODRAETHU AC ARCHWILIO - DYDD IAU, 11 TACHWEDD 2021

Ychwanegodd y Pennaeth Archwilio Mewnol Rhanbarthol fod y broses ailstrwythuro ar fin dod i ben. Roedd swyddi wedi cael eu pennu i'r holl staff, gyda 3 apêl gan staff a oedd yn teimlo nad oeddent wedi cael swyddi addas. Amcangyfrifwyd y byddent yn dod i gytundeb o fewn yr wythnosau nesaf. Yna byddai'r Gwasanaeth yn dechrau ar broses recriwtio er mwyn llenwi'r swyddi gwag.

PENDERFYNWYD: Bod y Pwyllgor wedi rhoi sylw i gynnwys yr adroddiad a'r datblygiadau mewn perthynas â'r Cynllun Archwilio Mewnol Blynyddol yn Seiliedig ar Risg 2021-22

289. RHAGLEN GWAITH I'R DYFODOL WEDI'I DIWEDDARU 2021-22

Cyflwynodd y Dirprwy Bennaeth Cyllid Dros Dro adroddiad a oedd yn disgwyl am sêl bendith ar gyfer y Rhaglen Gwaith i'r Dyfodol wedi'i diweddarau ar gyfer 2021-2022

Eglurodd fod y Rhaglen a ddiweddarwyd wedi'i chynnwys yn Atodiad A yr adroddiad a gofynnodd i unrhyw eitemau arfaethedig eraill gael eu cymeradwyo.

Tynnodd y Dirprwy Bennaeth Cyllid Dros Dro sylw at y tabl ym mhwynt 4.2 yr adroddiad, sef yr eitemau arfaethedig ar agenda'r Pwyllgor Llywodraethu ac Archwilio nesaf ar 27 Ionawr 2022. Eglurodd efallai y byddai eitemau ychwanegol 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 hunanasesu ac y byddai'r rhain yn cael eu hychwanegu yn ôl yr angen.

Tynnodd y Dirprwy Bennaeth Cyllid Dros Dro sylw at wall teipio lle gwelir "Crynodeb Archwilio Blynyddol" ar res 1 eitemau arfaethedig yr agenda ar hyn o bryd ond fe ddylai fod ar res 2.

Holodd y Cadeirydd a ellid cyflwyno adroddiad cwynion gerbron y cyfarfod ym mis Mawrth 2022. Gofynnodd hefyd am adroddiad ar Grantiau Cyfleusterau i'r Anabl yng nghyfarfod cyntaf neu ail gyfarfod y Pwyllgor Llywodraethu ac Archwilio ar ôl etholiadau mis Mai 2022, pa un bynnag fydd fwyaf addas.

PENDERFYNWYD: Bod y Pwyllgor wedi ystyried a chymeradwyo'r Rhaglen Gwaith i'r Dyfodol wedi'i diweddarau ar gyfer 2021-22.

290. EITEMAU BRYD

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BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO THE GOVERNANCE AND AUDIT COMMITTEE

28 JANUARY 2022

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

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 primarily 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 & Regulatory Services, HR and Corporate Policy

January 2021

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Background Documents:

None

Governance and Audit Committee Action Record

Date of Committee	Agreed Action	Lead	Target Date	Progress	Date for action to be brought to Committee	Completed Date
22 April 2021	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, if for the latter this was actually collated (due to the Covid-19 pandemic), as part of a wider update report.	November 2021	November 2021
18 June 2021	Audit Wales Governance and Audit Committee Reports	Chief Officer – Finance, Performance and Change / Head of Partnership Services	Autumn 2021	That a progress report on Digital Transformation be provided.	January 2022	
22 July 2021	Governance and Audit Committee Action Record	Audit Wales	September 2021	Local and National financial sustainability reports to be presented to Committee, or alternatively, for Members to receive further updates on the progress of these reports. National report is due to be published by the end of September and will be available for the next committee.	November 2021	November 2021
22 July 2021	Corporate Risk Register	Chief Officer – Finance, Performance and Change	September / November 2021 September / November 2021	<ol style="list-style-type: none"> That in relation to the Risk Register Members be updated on any risks involving BCBC and partners (other than Cwm Taff Health Board previously discussed at the last meeting). That Members be provided with an update on mitigation being taken with regards to risks 14 and 15 relating to schools due to these risks being classed as high. 	September / November 2021 September / November 2021	September / November 2021 September / November 2021
22 July 2021	Updated Forward Work Programme	Chief Officer – Finance, Performance and Change	TBC	A further report be presented to committee in due course on work both proposed and undertaken to date with regards to the Local Government and Elections (Wales) Act 2021.	June 2022	
9 September 2021	Corporate Complaints	Chief Officer Legal, HR & Regulatory Services	November 2021	<ol style="list-style-type: none"> A Working Party to ensure all complaints are monitored and recorded accurately as the Committee considered there is an under recording of complaints. The Chief Officer Legal and Regulatory Services, HR & Corporate Policy meet with Members to discuss the handling of complaints. An information report on Corporate Complaints be presented to Council. 	March 2022	

Date of Committee	Agreed Action	Lead	Target Date	Progress	Date for action to be brought to Committee	Completed Date
				4. Information as to the shortfall of 10 cases be provided to the Committee.		
9 September 2021	Updated Forward Work Programme 2021-22	Chief Officer Legal, HR & Regulatory Services	November 2021	The structure and membership of the Governance and Audit Committee be reported to the November meeting of the Committee	November 2021	November 2021
11 November 2021	Audit Wales Governance and Audit Committee Reports	Audit Wales	January 2022	An update from Audit Wales on any discussions they have had with Welsh Government on providing more financial certainty to local authorities to enable them to improve their forward planning, particularly after the Covid-19 Pandemic.	January 2022	
11 November 2021	Disabled Facilities Grants	Chief Officer – Finance, Performance and Change	June 2022	A further report be presented to the Committee on the progress of Disabled Facilities Grants to see how the service was being embedded	June 2022	

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO THE GOVERNANCE AND AUDIT COMMITTEE

28 JANUARY 2022

REPORT OF THE 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.

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 Work Programme and Timetable - (Appendix A)** - under the Local Government and Elections (Wales) Act 2021, the Auditor General is required to produce a work programme update for each financial year for each principal council covering both his functions and those of 'relevant regulators' (Care Inspectorate Wales and Estyn). As reported at the meeting in July 2021, Audit Wales will provide an updated version of this report to the Council on a quarterly basis. **Appendix A** is an updated position as at 31st December 2021.
- **Annual Audit Summary 2021 - (Appendix B)** – this report shows the work completed since the last Annual Audit Summary, which was issued in March 2021. The audit summary forms part of the Auditor General for Wales' duties.

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**.

Carys Lord
Chief Officer – Finance, Performance and Change
January 2022

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Background Documents: None

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Audit Wales Work Programme and Timetable – Bridgend County Borough Council

Quarterly Update: 31 December 2021

Annual Audit Summary

Description	Timetable	Status
A report summarising completed audit work since the last Annual Audit Summary, which was issued in January 2021.	January 2022	Final report issued January 2022

Financial Audit work

Description	Scope	Timetable	Status
Audit of the Council's 2020-21 statement of accounts	To confirm whether the statement of accounts provide a true and fair view.	Audit Opinion by 31 July 2021	Audit work complete. Audit Opinion provided 23rd July 2021.
Audit of the 2020-21 Returns for Porthcawl Harbour Authority and Coychurch Crematorium Joint Committee	To confirm that the returns have been completed correctly.	Audit Opinion by 31 July 2021	Audit work complete. Audit Opinion provided 23rd July 2021 for Porthcawl Harbour Authority. Audit Opinion provided 27th

			September 2021 for Coychurch Crematorium Joint Committee
Audit of the Council's 2020-21 Grants and Returns	Audit of 5 claims as required by the terms and conditions of the grants.	In line with the individual deadlines for each grant claim.	Audit work ongoing between Oct and Jan 2022

Performance Audit work

2021-22 Performance audit work	Scope	Timetable	Status
Well-being of Future Generations Act (Wales) 2015 (WFG Act) examinations	We will seek to integrate the delivery of our WFG examinations of steps to deliver wellbeing objectives with our other audit work. We will discuss this with the council as we scope and deliver the audit projects listed in this plan.	N/A	N/A
Improvement reporting audit	Audit of discharge of duty to publish an assessment of performance.	Issued 2nd November 2021	Complete
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. •	Presentation to CMB 16th February 2022	Underway

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.	Fieldwork December 2021 and January 2022	Underway
Follow-up review – Disabled Facilities Grants	Follow up the Council's progress to address the findings from our disabled facilities grants (DFG) review.	July- November 2021	Drafting
Review relating to the Cwm Taf Morgannwg health partnership following the Council's transition to the partnership in 2019.	A review (covering RCT, Bridgend and Merthyr Tydfil councils and Cwm Taf Morgannwg University Health Board) to gain assurance that the health board and the three councils are working together effectively through the aegis of the Transformation Leadership Programme Board to support regional integrated working across the Cwm Taf Morgannwg region.	October 2021-January 2022	Drafting

Local government national studies planned / in progress

Study	Scope	Timetable	Status	Fieldwork planned at Bridgend County Borough Council
Direct Payments	Review of how local authorities manage and promote the use of Direct payments	Publication Winter 2021-22	Drawing conclusions mid October, drafting and publication early 2022	No – work being delivered via Direct Payment Forum and a selection of follow up interviews

Emergency Services	Review of how well emergency services (blue light) collaborate	Publication winter 2021-22	Clearance with publication end of January 2022	N / A
Follow up on People Sleeping Rough	Review of how local authorities responded to the needs of people sleeping rough during the pandemic following up on the AGWs report of July 2020	N/A	N/A	This work is not progressing in 2021-22
Poverty	Understanding how local authorities ensure they deliver their services to minimise or reduce poverty.	Autumn 2021 - Autumn 2022	Fieldwork	Yes - interview with nominated officer at the council
Social Enterprises	Review of how local authorities are supporting and utilising social enterprises to deliver services	Autumn 2021 - Autumn 2022	Fieldwork	Yes - interview with nominated officer at the council
Community Resilience	Review of how local authorities can build greater resilience in communities	Autumn 2021 - Autumn 2022	Fieldwork	Yes - interview with nominated officer at the council

Estyn

Estyn planned work 2021-22	Scope	Timetable	Status
Local Government Education Services Inspections	Estyn have worked closely with Directors of Education to review their inspection guidance for local government education services to reflect the experiences of the pandemic. The updated guidance (published on 1 July) will be piloted on the first inspection and feedback will be sought on whether any further refinements need to be made.	LGES inspections to resume from late Autumn term	N/A
Curriculum Reform thematic review	Regional consortia and local authority support for curriculum reform.	Evidence collecting in Sept/Oct - publish in early February	N/A

Care Inspectorate Wales (CIW)

CIW planned work 2021-22	Scope	Timetable	Status
National Assurance Check 2020-21	CIW has now published all assurance check letters CIW has published its national assurance check report highlighting key findings and recommendations	Published	Complete
Programme 2022-23	CIW will run an annual programme of assurance checks, performance evaluation inspections and risk based inspections	April 2022- March 2023	Planning

National review	Support for disabled children and their families.	Published	Complete
Follow-up	CIW will be following up on areas for improvement identified in the Assurance Checks or through risk based inspection activity with individual local authorities where necessary.	ongoing	One follow up risk based inspection has occurred and due to be published. Two further follow up assurance checks have occurred and due to be published in due course
Inspection	Risk based inspection activity will continue where required.	As required	No inspections are scheduled at this time (up until April 2022)
Development	CIW will continue to develop its approach to inspection and review of local authorities	April 2022	In progress
Deprivation of Liberty Safeguards Annual Monitoring Report for Health and Social Care 2020-21	Annual monitoring report in draft format currently – this is a joint report with Health Inspectorate Wales	December 2021	In progress
Annual meeting with Statutory Directors of Social Services	CIW will meet with all Directors of Social Services	Dec 2021 and Jan 2022	In progress

Audit Wales national reports and other outputs published since 1 April 2021

Report title	Publication date and link to report
Care Home Commissioning for Older People	December 2021
The Welsh Government's Warm Homes Programme	November 2021
Taking Care of the Carers? How NHS bodies supported staff wellbeing during the COVID-19 pandemic	October 2021
Financial Sustainability of Local Government	September 2021
NHS summarised accounts infographic	September 2021
Picture of Public Services ¹	September 2021
Town Centre Regeneration	September 2021
Student finances	August 2021
NHS finances data-tool 2020-21	June 2021
Rollout of the COVID-19 vaccination programme in Wales	June 2021
Quality governance arrangements at Cwm Taf UHB – follow up	May 2021

¹ Main report published 15 September. Over the following six weeks we published five short sector commentaries: [A picture of local government](#), [A picture of healthcare](#), [A picture of social care](#), [A picture of schools](#), [A picture of higher and further education](#).

Welsh Health Specialised Services Committee governance arrangements	<u>May 2021</u>
At your Discretion - Local Government Discretionary Services	<u>April 2021</u>
Procuring and Supplying PPE for the COVID-19 Pandemic	<u>April 2021</u>

Audit Wales national reports and other outputs due to be published during 2021-22 (and other work in progress/planned)²

Title	Anticipated publication date
Welsh Government accounts commentary	February 2022
Welsh Government setting of well-being objectives	February 2022
Unscheduled care – data tool and commentary	February/March 2022
Collaborative arrangements for managing local public health resources	February 2022
COVID response & recovery / Welsh Government grants management – third sector support	February 2022
NHS waiting times data-tool and planned care commentary	March 2022
Welsh Government workforce	February/March 2022

² We will continue to keep our plans under constant review, taking account of the evolving external environment, our audit priorities, the context of our own resourcing and the capacity of audited bodies to engage with us. This includes maintaining some flexibility so that we can respond to developments in Welsh Government policy and areas of possible interest for the new Public Accounts and Public Administration Committee.

Orthopaedic services	March 2022
Curriculum reform	Spring 2022
Equality impact assessment	Spring 2022
Climate change – baseline review	Spring/summer 2022
COVID response & recovery / Welsh Government grants management - other	TBC
Affordable housing	TBC
Broadband infrastructure	TBC
Flood risk management	TBC

Forthcoming Good Practice Exchange events and publications

Title	Anticipated publication/event date
Post event resources including session recordings for the Springing Forward event on organisational resilience held on 9/12/21	Late January 2022
Direct Payments Event (title TBC)	March 30 2022

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Bridgend County Borough Council

Annual Audit Summary 2021

This is our audit summary for Bridgend County Borough Council. It shows the work completed since the last Annual Audit Summary, which was issued in March 2021. Our audit summary forms part of the Auditor General for Wales' duties.



More information about these duties can be found on our [website](#).

About the Council

Some of the services the Council provides



Key facts

The Council is made up of 54 councillors who represent the following political parties:

- Labour 24;
- Independent Alliance 12;
- Conservative 7;
- Independent 5;
- Llynfi Independents 4;
- Plaid Cymru 2.

The Council spent £306.7 million on providing services¹ during 2020-21, the 11th-highest spending of the 22 unitary councils in Wales.

¹ We define spending on services as the cost of services charged to the general fund from the Expenditure Funding Analysis, less any Housing Revenue Account cost of services, plus precepts, levies and debt interest.

Key facts

At 31 March 2021, the Council had £92.6 million of useable financial reserves². This is equivalent to 30.2% of the Council's annual spending on services, the eighth-highest percentage of the 22 unitary councils in Wales³.

The County Borough has six (7% out of its 88 areas) deemed the most deprived 10% of areas in Wales. This figure makes the borough the tenth highest of the 22 unitary councils in Wales⁴.

The County Borough's population is projected to increase by 7.5% between 2020 and 2040, from a population of 146,417 to 157,328. This projected increase includes a 2% decrease in the number of children, a 1.2% increase in the number of the working-age population, and a 34.4% increase in the number of people aged 65 and over⁵.

The Auditor General's duties

We completed work during 2020-21 to meet the following duties

- **Continuous improvement**

The Council put in place arrangements to make continuous improvements, including related plans and reports, and the Auditor General had to assess whether the Council met these requirements during 2020-21.
- **Audit of Accounts**

Each year the Auditor General audits the Council's financial statements to make sure that public money is being properly accounted for.
- **Value for money**

The Auditor General examines whether the Council has put in place arrangements to get value for money for the resources it uses, and he has to be satisfied that it has done this.
- **Sustainable development principle**

Public bodies need to comply with the sustainable development principle when setting and taking steps to meet their well-being objectives. The Auditor General must assess the extent to which they are doing this.

² We define useable financial reserves as reserves usable for revenue costs, where the purpose is not protected by law. This is the total of the general fund, earmarked reserves and schools' balances. It excludes Housing Revenue Account reserves, capital receipts and capital grants unapplied.

³ Source: 2020-21 Statement of Accounts

⁴ An area in this context is defined as a 'Lower Super Output Area'. Source: Stats Wales

⁵ Source: Stats Wales



We continue to recognise the huge strain on public services and to work in a way that seeks to reduce the impact on public bodies' response to COVID-19, while still meeting our statutory duties.



To meet the Auditor General's duties we complete specific projects, but we also rely on other audit work, and the work of regulators such as Care Inspectorate Wales and Estyn (the education inspectorate). We take the findings of our audit work into account when assessing whether the Council has put in place arrangements to secure value for money. Our findings and conclusions are summarised below.

What we found

Audit of Bridgend County Borough Council's 2020-21 Accounts

Each year we audit the Council's financial statements.

For 2020-21:

- the Auditor General gave an unqualified true and fair opinion on the Council's financial statements on 23 July 2021.
- the Council's Annual Governance Statement and Narrative Report were prepared in line with the CIPFA Code and relevant guidance. They were also consistent with the financial statements prepared by the Council and with our knowledge of the Council.
- the quality of the draft statements presented for audit on 7 June 2021 was generally good.
- changes were made to the Council's financial statements arising from our audit work, which were reported to the Audit Committee in our Audit of Financial Statements Report in July 2021.
- in addition to the Auditor General's responsibilities for auditing the Council's financial statements, he also has responsibility for the certification of several grant claims and returns. Our work to date has not identified any significant issues.
- the Auditor General issued the certificate confirming that the audit of accounts for 2020-21 has been completed.

Our work in response to the COVID-19 pandemic

In response to the COVID-19 pandemic, we changed the approach and focus of our performance audit work in local government and other bodies. Below is a summary of some of the work we have undertaken in response to the pandemic across a number of sectors, much of which is of relevance to local government.

We undertook a project to support public sector efforts by sharing learning through the pandemic. The project aims to help prompt some thinking, and practise exchange. [Further information is available on our website.](#)

In March 2021, we published a [national report](#) setting out an overview of progress to date on Test, Trace, Protect in Wales. In December 2020, we also published some [observations](#) of the Auditor General on the procurement and supply of PPE during the COVID-19 pandemic, followed by a [report](#) in April 2021. In June 2021, we also published our [report](#) on the rollout of the COVID-19 vaccination programme in Wales.

Continuous improvement

The Auditor General certified that the Council had met its remaining Local Government (Wales) Measure 2009 duties for the financial year 2020-21, as saved by an order made under the Local Government and Elections (Wales) Act 2021.

As part of our examination of councils' performance assessments covering the 2020-21 financial year we noted a reduced reference to comparative performance information, although we recognise that the pandemic led to the suspension of some national data collection. The ability to compare data and performance with other organisations will continue to be an important element of arrangements to secure value for money, and will be a challenge for councils to consider, particularly as they continue to implement the requirements relating to self-assessment set out in the Local Government and Elections Act (Wales) 2021.

Financial sustainability

During 2020-21, we examined the financial sustainability of each council in Wales. In Bridgend County Borough Council, we concluded in August 2021 that the Council has maintained a strong financial position during the pandemic and has strengthened its Medium Term Financial Strategy.

We also published two national summary reports: the [first report](#) in October 2020 and the [second report](#) in September 2021.

Recovery planning

During 2020-21, we reviewed the arrangements that each council in Wales was putting in place to support recovery planning. We undertook this work on an ongoing basis, providing real-time and ongoing feedback where appropriate. Our key findings were that the Council quickly and effectively resumed remote digital democratic and governance arrangements, agreed its recovery principles and provided ICT and office equipment to staff at great speed to enable greater home working while focussing on supporting their wellbeing and mental health.

Review of the Council's Arrangements to Become a 'Digital Council' (June 2021)

We wanted to understand if the Council has effective arrangements to support its ambitions of becoming a digital council. This included exploring how the Council has learned from its shift to more digital working as a result of the pandemic. Overall, we found that the Council has begun to put arrangements in place to support its digital ambitions but needs to strengthen its plans for delivering them.

Other inspectorates

We also took into account Assurance Check findings undertaken by Care Inspectorate Wales (CIW) and Estyn reports as well as any subsequent actions taken by the Council in response. CIW and Healthcare Inspectorate Wales published their joint National review of the use of Deprivation of Liberty Safeguards (DoLS) in Wales. They identified a number of key findings and recommendations in their [full report](#). In November 2021, CIW also published its [national overview report of assurance checks in Wales](#) and [Let me flourish](#), a national review of early help, care and support and transition for disabled children in Wales.

Estyn did not undertake an inspection of Local Government Education Services in Bridgend during 2020-21.

Local government studies

As well as local work at each council, each year we also carry out studies across the local government sector to make recommendations for improving value for money. Since the last annual improvement report, we have published the following reports:

Discretionary services (April 2021)

Financial pressures have led to councils reducing spending and cutting services, but the pandemic has shown local government services are essential to keeping people safe and healthy. We focussed on how councils define services, the systems and processes they have used to review services and how robust these are. Demand for some essential services is continuing to increase and councils are not confident that they can continue to deliver these services in the face of this rising and complex demand. 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. Our [report](#) was published in April 2021.

Regenerating town centres in Wales (September 2021)

Between 1950 and 1980, local authorities prioritised regeneration of town centres creating new and greater retail space. However, past policy choices, changing consumer expectations and technological advances are now adversely affecting many Welsh town centres. And the pandemic has created challenges for local government and central government, with one in seven shops on Welsh high streets now empty, despite the Welsh Government investing and leveraging in £892.6 million in the last seven years. Local authorities do not have the capacity to respond to this situation and are not always using the powers they have to help regenerate towns. To deliver the best local outcomes, policies and joint working need to be aligned and

integrated, and resources prioritised on town centres. Our [report](#) was published in September 2021.

Planned work for 2021-22

We also looked at the key challenges and opportunities facing the Council which could have an effect on the Council's ability to meet its legal obligations in relation to the sustainable development principle and the use of its resources.

The most significant risk and issue facing councils and the wider public sector during 2021-22 continues to be the COVID-19 pandemic. We have shaped our work to provide assurance and challenge in a way which helps to support the Council through this period. Our planned work for 2021-22 includes:

- Assurance and risk assessment including a focus on:
 - The Local Government and Elections Act (Wales) 2021
 - Recovery planning
 - Carbon reduction plans
 - Self-assessment arrangements
 - Financial position
 - Statutory building compliance
- Springing Forward – as the world moves forward, learning from the 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.
- Improvement reporting audit – issued a certificate of compliance on 2 November 2021 to confirm discharge of duty to publish an assessment of performance.
- Follow-up review – Disabled Facilities Grants – a follow up the Council's progress to address the findings from our disabled facilities grants (DFG) review.
- Review relating to the Cwm Taf Morgannwg health partnership following the Council's transition to the partnership in 2019 – A review (covering RCT, Bridgend and Merthyr Tydfil councils and Cwm Taf Morgannwg University Health Board) to gain assurance that the health board and the three councils are working together effectively through the aegis of the Transformation Leadership Programme Board to support regional integrated working across the Cwm Taf Morgannwg region.

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

This document is also available in Welsh.

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BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO THE GOVERNANCE AND AUDIT COMMITTEE

28 JANUARY 2022

REPORT OF THE HEAD OF THE REGIONAL INTERNAL AUDIT SERVICE

PROGRESS AGAINST THE INTERNAL AUDIT RISK BASED PLAN 2021-22

1. Purpose of report

- 1.1 The purpose of the report is to provide members of the Committee with a position statement on progress being made against the audit work included and approved within the Internal Audit Risk Based Plan 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** – 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 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.
- 3.2 The Internal Audit Plan for 2021-22 was submitted to the Governance and Audit Committee for consideration and approval on 18th June 2021. The Plan outlined the assignments to be carried out which will provide sufficient coverage to provide an opinion at the end of 2021-22. 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. Current situation/proposal

- 4.1 Progress made against the approved plan for the period 1st April to 31st December 2021 is attached at **Appendix A**. This details the status of each planned review, the audit opinion and the number of any high, medium or low priority recommendations

made to improve the control environment. It should be noted that some reviews listed have no audit opinion, for example advice and guidance and Governance and Audit Committee / Corporate Management Board (CMB) reporting. This is because the audit work carried out in respect of these items is planned but the nature of the work does not lead to testing and the formation of an audit opinion.

- 4.2 **Appendix A** illustrates that as at the 31st December 2021, 14 audits have been completed with an opinion being provided. A further audit has been completed, the draft report issued and feedback is being awaited from the Service Department. A total of 12 audits are currently on-going with another 13 having been allocated to auditors and should be commencing shortly.
- 4.3 Based on the assessment of the strengths and weaknesses of the areas examined through testing of the effectiveness of the internal control environment an audit opinion of substantial assurance has been given to 3 completed reviews and an opinion of reasonable assurance to the other 11 completed reviews.
- 4.4 As illustrated in **Appendix A** there are some items included on the audit plan which have yet to be allocated. Some of these areas such as Project Management and General Data Protection Regulations (GDPR) will be covered within the scope of other audits to allow some assurance to be given. In addition service areas are under pressure and two planned audits, employee code of conduct and performance management, have been deferred. Any audits that remain unallocated by the year end will be included within the risk assessment process for the 2022/23 audit plan.
- 4.5 Despite the fact that some audit areas may not be covered by the year end, it is felt that there will be enough coverage for the Head of Internal Audit to provide an audit opinion on the adequacy and effectiveness of the Council's framework of governance, risk management and internal control for 2021-22.
- 4.6 **Appendix A** identifies that a total of 25 medium priority recommendations have been made to improve the control environment of the areas reviewed and 32 low priority recommendations. The implementation of these recommendations is being monitored to ensure that the identified and agreed improvements are being made and progress will be reported to Committee in due course.

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 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 Committee note the content of the report and the progress made against the 2021-22 Internal Audit Annual Risk Based Plan.

Mark Thomas
HEAD OF THE REGIONAL INTERNAL AUDIT SERVICE
January 2022

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Background Documents :
None

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

Directorate	Area	Audit Scope / Risk	Status	Opinion			Recommendations			
				Substantial	Reasonable	Limited	High	Medium	Low	
Page 45	Communities	Carry Forward from 2020/21 Project & Contract Management	complete		√		0	1	4	
	Cross - Cutting	Follow up Limited Assurance Reports Additional Learning Needs	allocated							
	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	allocated							
	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.	allocated							
	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.							
			Bus Service Support Grant 2020/21	complete		√		0	2	0
			Education Improvement Grant 2020/21	complete		√		0	2	1
			Housing Support Grant 2020/21	complete		√		0	1	1
	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	allocated							
	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	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	allocated							
	Chief Executive	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							
			Revenues & Benefits - Complaints, Appeals & Performance	complete		√		0	1	5
			Creditors - change of supplier details	on-going						
Chief Executive	Payroll & Expenses Review process in respect of expense claims to ensure controls are effective. Review processes in place for claiming overtime, honorarium, enhancements etc	on-going								
Chief Executive	DBS To provide assurance that DBS checks are in place for all posts that have been identified as requiring one	complete			√		0	1	4	
Chief Executive	Code of Conduct Review of compliance of Officers to the Council's Code of Conduct	deferred								
Chief Executive	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								
		i-Trent system review	complete		√		0	4	0	

Directorate	Area	Audit Scope / Risk	Status	Opinion			Recommendations		
				Substantial	Reasonable	Limited	High	Medium	Low
		Citizens Access System	draft issued						
Chief Executive	Early Retirement / Redundancy	Provide ensure transparency and assurance that Council's policies are adhered to	on-going						
Chief Executive	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.	complete	√			0	0	1
Chief Executive	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.	allocated						
Chief Executive	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	complete		√		0	3	2
Chief Executive	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	Performance Management	To review the performance management arrangements paying particular attention to the accuracy of the PI information collected and reported	deferred						
Chief Executive	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.	allocated						
Chief Executive	Cyber Security	To provide assurance of the measures in place to mitigate the risk of cyber fraud	on-going						
Communities	Coychurch Crematorium	A compliance review to complete the Annual Accounting Statement	complete	√			0	0	0
Communities	Porthcawl Harbour	A compliance review to complete the Annual Accounting Statement	complete	√			0	0	0
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	on-going						
Communities	Fleet Management	To ensure that the service is efficient and effective and compliant to Council's policies and procedures	allocated						
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	complete		√		0	4	3
Communities	Planning	To provide assurance on the control environment in respect of processes, decision making and fees and charges	complete		√		0	3	9
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.							
		School Purchasing Cards	complete		√		0	3	2
		Inventories	allocated						
		Private Funds	allocated						
Education & Family Support	School CRSA	To undertake the annual controlled risk self assessment. The aim is to enable Head Teachers to review their internal controls and ensure they undertake and comply with the requirements of current legislation and the Financial Procedure Rules.	on-going						

Directorate	Area	Audit Scope / Risk	Status	Opinion			Recommendations			
				Substantial	Reasonable	Limited	High	Medium	Low	
Page 47	Education & Family Support	Learner Travel	To provide assurance that procurement and budgeting is in adherence to Council policies and procedures	allocated						
	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.	on-going						
	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	allocated						
	Social Services & Wellbeing	Support for Carers	Carers' Assessments & Payments	allocated						
	Cross - Cutting	Annual Opinion Report 2020/21	Preparation for the production of the 2020/21 Annual Opinion Report.	complete						
	Cross - Cutting	Annual Opinion Report 2021/22	Preparation for the production of the 2021/22 Annual Opinion Report.							
	Cross - Cutting	Audit Planning	To prepare and present the annual risk based plan 2021/22.	complete						
			Preparation for the production of the annual risk based plan 2022/23.							
	Cross Cutting	Data Analytics	To align with this objective, Internal Audit is developing a data analytics strategy as it is proving to be a useful internal audit tool as councils become more reliant on electronic data. 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).	on-going						
	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	Closure of Reports from 2020/21	To finalise all draft reports outstanding at the end of 2020/21.	complete						
	Cross - Cutting	Recommendation Monitoring	Monitoring the implementation of Internal Audit recommendations in consultation with service areas which have received these recommendations.	on-going						
	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.	on-going						
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.	on-going							
Cross - Cutting	Emerging Risks / unplanned	To enable Audit Services to respond to provide assurance activity as required.								
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.	on-going							

Directorate	Area	Audit Scope / Risk	Status	Opinion			Recommendations		
				Substantial	Reasonable	Limited	High	Medium	Low
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.							
		OVERALL TOTALS		3	11	0	0	25	32

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO THE GOVERNANCE AND AUDIT COMMITTEE

28 JANUARY 2022

REPORT OF THE CHIEF OFFICER – FINANCE, PERFORMANCE AND CHANGE

DIGITAL TRANSFORMATION

1. Purpose of report

1.1 The purpose of this report is to provide an update to the Governance and Audit Committee on the Council's Digital Transformation Programme.

1.2 In particular, the report highlights key activities and actions following the Audit Wales "Review of the Council's Arrangements to Become a 'Digital Council' – Bridgend County Borough Council".

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

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

- **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.
- **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.
- **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 During 2016, the Council embarked on a Digital Transformation Programme that had a citizen-centric focus. The aim of this programme was to introduce a single digital platform (My Account) to allow citizens to interact online with key Council services.

3.2 To further strengthen its digital focus the Council published its Digital Strategy in September 2020. The strategy is a four year plan that sets out how the Council will adopt new approaches to modernise service delivery to its residents and partners.

There are 3 key themes within the strategy:

- Digital Citizen
- Digital Council
- Digital Place

3.3 To provide governance for the Digital Transformation Programme and ensure that the aims and principles of the Digital Strategy are delivered, a Digital Transformation Board was established, with the first meeting being held in October 2020.

3.3.1 The Digital Transformation Board works to an agreed Terms of Reference which defines its membership, overall objectives, outputs, context/purpose, reporting arrangements and timescales.

3.3.2 The purpose of the Board is to develop, coordinate and manage digital transformation activity across the Council ensuring service improvements and savings are delivered in line with the associated Business Case, Digital Strategy, Corporate Plan and Medium Term Financial Strategy.

3.3.3 All Directorates currently have representation on the Digital Transformation Board which is chaired by the Chief Officer – Finance, Performance and Change ensuring a direct link with Corporate Management Board (CMB). Directorates are represented by a Group or Business Manager with other key attendees being:

- Head of Partnership Services
- Deputy Head of Finance
- Group Manager - Transformation and Customer Services
- Group Manager - ICT
- Senior Project and Programme Officer
- Project Leads

3.4 As noted in paragraph 1.2, the Digital Transformation Board was subject to an external review by Audit Wales who undertook a “Review of the Council’s Arrangements to Become a ‘Digital Council’”.

3.4.1 The field work for the review was completed between November 2020 and January 2021 with the final report being published in June 2021. The report is for internal use only but can be circulated to members of the Governance and Audit Committee if required.

4. Current situation/proposal

4.1 Since the Digital Transformation Programme was established in 2016, it has grown significantly and currently has 15 projects within its remit. A list of these projects can be found in **Appendix 1**.

4.1.1 All Directorates have at least one project aligned to the Digital Transformation Programme which evidences its support not just for the Digital Citizen but for the Digital Place and Digital Council.

4.2 As noted in paragraphs 1.2 and 3.4, the Digital Transformation Programme was subject to an external review by Audit Wales with its report being published in June 2021.

4.2.1 The Audit Wales report made 3 proposals for improvement. The headlines of which are:

P1 - Improving the Digital Strategy.

P2 - Strengthening governance arrangements to deliver the Digital Strategy.

P3 - Improving communication to evoke the culture to embrace change.

The Digital Transformation Board responded by developing an action plan aligned to the proposed areas for improvement.

4.2.2 Since Audit Wales completed their fieldwork in January 2021 a number of key activities have been completed across the programme:

System Developments

- The Digital Access Platform (My Account) went live on 29th March 2021.
- The Northgate Citizen Access Platform (Council Tax and Housing Benefits) went live on 7th April 2021.
- The rollout of iTrent People Manager with absence entry continued and was expanded across the Education and Family Support Directorate in June 2021.
- The ALB Legal Case Management System went live on 20th September 2021.
- Phase 1 of the Councillor Portal was launched in October 2021.
- Initial workshops have been held with staff from several service areas to explore potential automation opportunities.

Promotion and Support of Digital Activities

- Monthly digital proposal meetings to explore and agree potential digital developments chaired by the Group Manager - ICT began in June 2021.
- 16 Digital Champions were appointed across the Authority in September 2021. All Digital Champions have completed an initial training programme and are currently developing their terms of reference.
- The Digital Transformation Board agreed funding for two fixed term Customer Experience and Improvement Officers in August 2021 with staff appointed in September 2021. The Customer Experience and Improvement Officers have been instrumental in developing and testing online forms and will be encouraging residents in 2022 to get involved to help develop and shape our online services.
- The Digital Programme is a standard agenda item at the monthly Trade Union meetings.
- In December 2021, representation from Trade Unions at the Digital Transformation Board was confirmed.

Review of the Digital Transformation Governance Arrangements

- As the Digital Transformation Board is now well established, it was agreed that from December 2021 meetings be held bi-monthly with the caveat that ad-hoc meetings be called when required.

- From October 2021, it was agreed that CMB receive an update on the Digital Transformation Programme bi-monthly.
- From December 2021 the Digital Transformation Board will report to Cabinet and Corporate Management Board (CCMB) quarterly.

The review of the Digital Transformation Board governance arrangements supports a robust quality assurance mechanism to:

- ensure Cabinet and key local authority officers are kept informed of the progress of the programme;
- provide an escalation process for those issues or risks that cannot be resolved at Board level or require high level decisions to be made.

4.2.3 Further plans have been agreed and are underway to ensure the following key priorities are completed in preparation for the next Digital Transformation Board meeting in February 2022:

- Review the Digital Strategy.
- Review the Digital Strategy Action Plan.
- Review the ICT Action Plan.
- Review the Board's Terms of Reference including membership.

4.3 As well as being the subject of an external review, the Digital Transformation Programme was also included within the Council's Internal Audit Services review of project and contract management with the final report published in October 2021.

4.3.1 Although the focus of the review was not directly related to Digital Transformation, the report did highlight an action for the Corporate Transformation Team which, in turn, supports the Digital Transformation Programme:

"We recommend the Corporate Transformation Team ensure the corporate project management guidance is up to date and communicated to all staff responsible for overseeing and/or delivering projects."

4.3.2 To address this action the Corporate Transformation Team has:

- reviewed the project documentation and published updated documentation to its page on the Council's intranet;
- liaised with the internal Communications team and arranged for a message to be included in the weekly Bridgenders bulletin on 30th September 2021, to remind staff who are involved in project management, to use the updated project toolkit, templates and supporting information.

5. Effect upon policy framework and procedure rules

5.1 There is no effect on 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 table below details how this report aligns to one or more of the 5 ways of working of the Well-being of Future Generations (Wales) 2015 Act:

Long Term	The Digital Transformation Programme supports projects that enable improved, consistent and sustainable services and ways of working to enhance residents and partners experience.
Preventative	Developing digital solutions for staff, residents and partners provides sustainable services which promote self-service and independence to prevent reliance on resources.
Integration	The Digital Transformation Programme supports the integration of systems across the Authority providing a seamless journey for residents and partners.
Collaboration	Collaboration across Directorates and Service Areas to share resources, skills and knowledge.
Involvement	Consultation exercises underpin the Digital Strategy and, where appropriate, individual projects within the programme.

8. Financial implications

- 8.1 The Digital Transformation Programme has allocated capital and revenue budgets, funded from one-off earmarked reserves. At the start of 2021-22 these totalled £1.297 million, but there are currently commitments of £0.930 million against these budgets. Requests for funding to support digital projects are assessed and ratified by the Digital Transformation Board on a case by case basis, to determine whether or not funding is committed to these schemes.
- 8.2 The financial position, including commitments and spend against these budgets, is a standing agenda item at the Digital Transformation Board meetings.

9. Recommendations

- 9.1 It is recommended that the Governance and Audit Committee consider this report, acknowledge the work completed to date and note the planned actions to continue to support and deliver Digital Transformation across the Council.

CARYS LORD
CHIEF OFFICER – FINANCE, PERFORMANCE AND CHANGE
10 JANUARY 2022

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Background documents: None

Digital Transformation Programme

List of Projects - January 2022

Project	Description	Directorate / Service Area	Digital Strategy Theme
Assistive Technology Pilot	To enable a small group of residents with a disability, supported by the council, to pilot the use of digital technology within their home.	Social Services and Wellbeing	Digital Citizen
CCTV Upgrade	Upgrading the existing CCTV provision ensuring compliance with the Information Commissioner's Office Code of Practice and the General Data Protection Regulation (GDPR) Act	Chief Executive's – Partnerships	Digital Place
Communication / Engagement	The re-development of internal staff communications.	Chief Executive's – Legal Services	Digital Council
Corporate Front Door	Development of the corporate front door to create a single point of entry to the Council for all front line services enabling an enhanced and consistent customer experience for the residents of Bridgend.	Council Wide	Digital Citizen
Councillor Portal	Re-engineer the current process of Councillors referrals (on behalf of the public) to develop a stringent and efficient end to end resolution.	Chief Executive's – Democratic Services	Digital Council
Digital Access Platform (My Account)	Procure and implement a new digital access platform incorporating customer management and enhancing self-service.	Council Wide	Digital Citizen
Digital Champions	Introduce digital experts across the council to promote digital based activity and support colleagues with their digital needs.	Council Wide	Digital Place
Education and Family Support Data Management System	The procurement of a central local authority management information system, to manage key school information.	Education and Family Support	Digital Council
Integrated Work Management System	The procurement of an Integrated Workplace Management System to manage corporate assets in one central place	Communities – Corporate Landlord	Digital Council

Project	Description	Directorate / Service Area	Digital Strategy Theme
iTrent	Further development and rollout of the iTrent system.	Chief Executive's – Human Resources / Organisation Development	Digital Council
Legal Case management System	Support and development of a fit for purpose legal case management system that supports a centralised, automated and auditable system of each individual case.	Chief Executive's – Legal Services	Digital Council
Local Land Charges Register	To centralise the Local Land Charges register with HM Land Registry.	Chief Executive's – Legal Services	Digital Council
Northgate Citizen Access Platform (Council Tax and Housing Benefits)	Procure and implement a platform for council tax and housing benefit functionality to streamline processes and support further automation of routine tasks.	Chief Executive's – Finance	Digital Citizen
Robotic Process Automation	Explore opportunities to automate high volume, low level and non-complex tasks and processes through Intelligent automation enabling greater staff capacity to focus on high level and complex tasks.	Council Wide	Digital Council
Telecare	To support current and future users of Telecare in the transition from an analogue to digital service.	Social Services and Wellbeing	Digital Citizen

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO THE GOVERNANCE AND AUDIT COMMITTEE

28 JANUARY 2022

REPORT OF THE CHIEF OFFICER – FINANCE, PERFORMANCE AND CHANGE

TREASURY MANAGEMENT STRATEGY 2022-23

1. Purpose of report

1.1 The purpose of this report is to present to the Governance and Audit Committee the draft Treasury Management Strategy 2022-23, which includes the:-

- Borrowing Strategy 2022-23
- Investment Strategy 2022-23
- Treasury Management Indicators for the period 2022-23 to 2024-25.

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 deliver the Council's well-being objectives.

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

3. Background

3.1 To ensure effective scrutiny of treasury management in accordance with the Treasury Management Strategy (TMS), the Governance and Audit Committee has been nominated to be responsible for ensuring effective scrutiny of the TMS and policies in accordance with the Treasury Policy Statement and Treasury Management Prudential Indicators.

3.2 The Council's treasury management activities are regulated by the Local Government Act 2003 which provides the powers to borrow and invest as well

as providing controls and limits on this activity. The Local Authorities (Capital Finance and Accounting) (Wales) Regulations 2003 as amended, develops the controls and powers within the Act. This requires the Council to undertake any borrowing activity with regard to the Chartered Institute of Public Finance and Accountancy's (CIPFA) Prudential Code for Capital Finance in Local Authorities (2017) and to operate the overall treasury function with regard to the CIPFA Code of Practice for Treasury Management in the Public Services (2017) (TM Code). This includes a requirement for the Council to approve a TMS before the start of each financial year which sets out the Council's and Chief Financial Officer's responsibilities, delegation, and reporting arrangements (**Appendix A**).

- 3.3 In addition Welsh Government (WG) issued revised Guidance on Local Authority Investments in November 2019, which requires the Council to approve an Investment Strategy prior to the start of each financial year.
- 3.4 Treasury investments covers all of the financial assets of the Council as well as other non-financial assets which the Council holds primarily for financial return. In December 2021 CIPFA published a new edition of the Prudential Code for Capital Finance in Local Authorities (the Prudential Code). The Prudential Code includes a requirement for local authorities to provide a Capital Strategy, which is a summary document approved by full Council covering capital expenditure and financing, treasury management and non-treasury investments. The Council's Capital Strategy and TMS will be presented for approval by Council in February 2022. The Capital Strategy and TMS are interlinked as borrowing and investments are directly impacted by capital plans.

4. Current situation/proposal

- 4.1 The draft TMS 2022-23 at **Appendix A** confirms the Council's compliance with the CIPFA Code, which requires that formal and comprehensive objectives, policies and practices, strategies and reporting arrangements are in place for the effective management and control of treasury management activities, and that the effective management and control of risk are the prime objectives of these activities.
- 4.2 The draft TMS has been updated to reflect the current economic context, including the ongoing impact from coronavirus together with higher inflation and higher interest rates following the Bank of England's increase in the interest rate to 0.25% in December 2021.
- 4.3 The maturity of long term debt has been included, and the forecast is that the Council may need to borrow over the next 3 years to support the Capital Programme. To date the Council has been able to use reserves to support its capital expenditure, known as internal borrowing. However this position is a short-term one and, as reserves are used and balances reduced, it will be necessary to borrow. This will be closely monitored during the year as changes to the Capital Programme will influence this.

- 4.4 In December 2021 CIPFA published a new edition of the Prudential Code for Capital Finance in Local Authorities (the Prudential Code). This update includes a significant change in the Code, which is that in order to comply with the Code, an authority must not borrow to invest primarily for financial return. The Code does not require existing commercial investments, including property, to be sold. However, it does set out that authorities who have a need to borrow should review options for exiting their financial investments for commercial purposes. Given the investment and borrowing requirement to support the Capital Programme, the Council does not intend to invest purely for financial return.
- 4.5 The approved investment counterparties and limits (Table 6 in the strategy) are in line with the latest advice from the Council's Treasury Advisors, Arlingclose. There have been no changes to these for 2022-23.
- 4.6 The TMS 2022-23 will be presented to Council for approval in February 2022 and whilst the main body will remain unchanged, there may be variations to some of the figures if there are any changes (such as to the capital programme) to reflect the most up to date information.

5. Effect upon policy framework and procedure rules

- 5.1 Paragraph 22.3 of the Financial Procedure Rules (FPRs) within the Council's Constitution requires that all investments and borrowing transactions shall be undertaken in accordance with the Council's Treasury Management Strategy as approved by Council.
- 5.2 Paragraph 22.8 of the FPRs sets the Governance and Audit Committee's responsibility to ensure effective scrutiny of the Treasury Management policies and practices.

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. The well-being objectives are designed to complement each other and are part of an integrated way of working to improve well-being for the people of Bridgend. In developing the TMS, officers have considered the importance of balancing short term needs for cash flow management and

minimising the revenue costs of debt, with longer-term objectives of managing the Council's long term debt maturity profile.

8. Financial implications

8.1 The financial implications are reflected within the report.

9. Recommendations

9.1 It is recommended that the Committee:

- Give due consideration to the draft Treasury Management Strategy for 2022-23 (**Appendix A**); and
- Recommend that it is presented to Council for approval in February 2022.

Carys Lord
Chief Officer – Finance, Performance and Change
28 January 2022

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Background documents:

CIPFA Code of Practice on Treasury Management in Local Authorities (2017)
CIPFA Prudential Code for Capital Finance in Local Authorities (2017)
Welsh Government Statutory Guidance on Local Government Investments (2019)



Draft Treasury Management Strategy

2022-23

1.0 INTRODUCTION

The Council carries out its treasury management activities in accordance with the Chartered Institute of Public Finance and Accountancy's (CIPFA) *Treasury Management in the Public Services: Code of Practice (2017) (the 'Code')*. In December 2021 CIPFA launched a new addition to the code with full implementation from 2023-24. These require the Council to set out the policies and objectives of its treasury management activities and to manage its treasury risks in accordance with the Code.

CIPFA has adopted the following as its definition of treasury management activities:

'The management of the organisation's borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.'

The definition of 'Investments' above includes:

- Treasury Management investments (held for the prudent management of financial affairs), and
- Non-Treasury Investments, undertaken as part of a Capital Strategy either in the course of provision of services; or made for commercial reasons purely to make a financial gain. These are managed outside of normal treasury management activity

In addition, the Welsh Government (WG) issued revised *Guidance on Local Authority Investments* in November 2019 that requires the Authority to approve an investment strategy before the start of each financial year. This Strategy fulfils the Authority's legal obligation under the Local Government Act 2003 to have regard to both the CIPFA Code and the WG Guidance. In accordance with the WG Guidance Council would be asked to approve a revised Treasury Management Strategy (TMS) should the assumptions on which it is based change significantly. This might be for example a large unexpected change in interest rates, in the Council's Capital Programme, or in the level of its investment balance, or a material loss in the fair value of a non-financial investment identified as part of the year end accounts preparation and audit process, or a change in Accounting Standards.

Local authorities are required to separately approve a Capital Strategy for capital expenditure and financing, treasury management and non-treasury investments. The Council's Capital Strategy includes the Prudential Indicators along with details regarding the Council's non-treasury investments. The CIPFA Code requires the Council to set a number of Treasury Management Indicators, which are forward looking parameters and enable the Council to measure and manage its exposure to treasury management risks, which are integral to the TMS. The Capital Strategy and TMS should be read in conjunction with each other as borrowing and investments are directly impacted upon by capital plans.

The Council has an integrated TMS where borrowing and investments are managed in accordance with best professional practice, which is assessed either from internal expertise or consultation with our external advisers. The Council borrows money either to meet short term cash flow needs or to fund capital schemes approved within the capital programme. Therefore any actual loans taken are not generally associated with particular items of expenditure or assets. The Council is exposed to financial risks including the potential loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk are therefore central to the Council's TMS. Should these change significantly, a revised TMS will be presented to Council for approval. A half year review of treasury management performance will also be presented to Council for approval as will an annual report for the financial year.

The Council delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to Cabinet, and for the execution and administration of treasury management decisions to the Section 151 Officer, who will act in accordance with the organisation's strategy, Treasury Management Practices (TMP) and CIPFA's *Standard of Professional Practice on Treasury Management*. Quarterly reports will be presented to Cabinet. The Council nominates the Governance and Audit Committee to be responsible for ensuring effective scrutiny of the Treasury Management Strategy and policies and regular reports will be presented to the committee for their consideration.

2.0 ECONOMIC CONTEXT

Economic background: The ongoing impact on the UK from coronavirus, together with higher inflation, higher interest rates, and the country's trade position post-Brexit, will be major influences on the Council's treasury management strategy for 2022-23.

The Bank of England increased the Bank Rate to 0.25% in December 2021 while maintaining its Quantitative Easing programme at £895 billion. The Monetary Policy Committee (MPC) voted 8-1 in favour of raising rates, and unanimously to maintain the asset purchase programme.

Within the announcement the MPC noted that the pace of the global recovery was broadly in line with its November Monetary Policy Report. Prior to the emergence of the Omicron coronavirus variant, the Bank also considered the UK economy to be evolving in line with expectations, however with the increased uncertainty and risk to activity the new variant presents, the Bank revised down its estimates for Q4 GDP growth to 0.6% from 1.0%. Inflation was projected to be higher than previously forecast, with CPI likely to remain above 5% throughout the winter and peak at 6% in April 2022. The labour market was generally performing better than previously forecast and the Bank of England now expects the unemployment rate to fall to 4% compared to 4.5% forecast previously but notes that Omicron could weaken the demand for labour.

Credit outlook: Since the start of 2021, relatively benign credit conditions have led to credit default swap (CDS) prices for the larger UK banks to remain low and had

steadily edged down throughout the year up until mid-November when the emergence of Omicron has caused them to rise modestly. However, the generally improved economic outlook during 2021 helped bank profitability and reduced the level of impairments many had made as provisions for bad loans. However, the relatively recent removal of coronavirus-related business support measures by the government means the full impact on bank balance sheets may not be known for some time.

The improved economic picture during 2021 led the credit rating agencies to reflect this in their assessment of the outlook for the UK sovereign as well as several financial institutions, revising them from negative to stable and even making a handful of rating upgrades.

Looking ahead, while there is still the chance of bank losses from bad loans as government and central bank support is removed, the institutions on the Council's counterparty list are well-capitalised and general credit conditions across the sector are expected to remain benign. Duration limits for counterparties on the Authority's lending list are under regular review and will continue to reflect economic conditions and the credit outlook.

Interest rate forecast: The Council's treasury management adviser Arlingclose is forecasting that the Bank Rate will continue to rise in the first quarter of 2022 to subdue inflationary pressures and the perceived desire by the Bank of England to move away from emergency levels of interest rates.

Investors continue to price in multiple rises in Bank Rate over the next forecast horizon, and Arlingclose believes that although interest rates will rise again, the increases will not be to the extent predicted by financial markets. In the near-term, the risks around Arlingclose's central case are to the upside while over the medium-term the risks become more balanced.

Yields are expected to remain broadly at current levels over the medium-term, with the 5, 10 and 20 year gilt yields expected to average around 0.65%, 0.90%, and 1.15% respectively. The risks around for short and medium-term yields are initially to the upside but shifts lower later, while for long-term yields the risk is to the upside. However, as ever, there will almost certainly be short-term volatility due to economic and political uncertainty and events.

A more detailed economic and interest rate forecast provided by Arlingclose is attached at Appendix A.

3.0 EXTERNAL DEBT AND INVESTMENT POSITION

As at 31 December 2021, the Council held £96.87 million of borrowing and £77.50 million of investments. The external debt and investment position is shown in Table 1 below and more detail is provided in sections 4.0 Borrowing Strategy and 5.0 Investment Strategy.

Table 1: Council's external debt and investment position as at 31 December 2021

	Principal as at 31/12/2021 £m	Average Rate 31/12/2021 %
External Long Term Borrowing		
Public Works Loan Board	(77.62)	4.70
Lender's Option Borrower's Option	(19.25)	4.65
Total External Long Term Borrowing	(96.87)	4.69
Other Long Term Liabilities		
Private Finance Initiative*	(14.96)	
Other Long Term Liabilities	(2.37)	
Total Other Long Term Liabilities	(17.33)	
Total Gross Debt	(114.20)	
Treasury Investments		
Debt Management Office	10.30	0.01
Local Authorities	41.50	0.15
Banks	12.40	0.10
Money Market Funds**	13.30	0.10
Total Treasury Investments	77.50	0.11
Net Debt	(36.70)	

* (PFI) arrangement for the provision of a Secondary School in Maesteg 12 years remaining term

**the funds provide instant access

The current profile of repayment of the Council's long term debt is set out in the chart below. This assumes that all loans will run to their final maturity. However the Council holds £19.25 million of Lender's Option Borrower's Option loans that may be rescheduled ahead of their maturity of 22 January 2054.

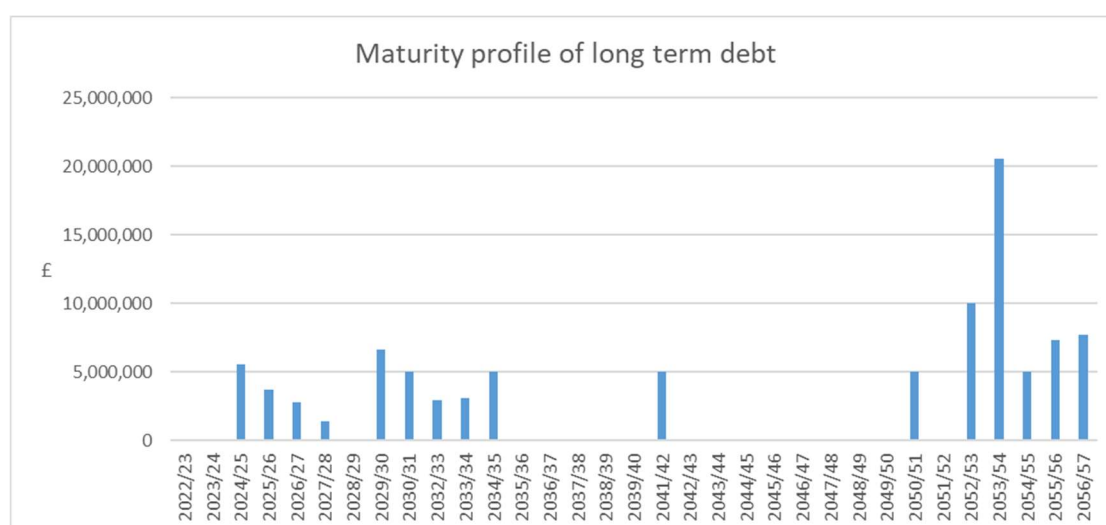


Table 2 below shows forecast changes in borrowing and investments and has been produced using estimates of capital spend and forecasts on usable reserves for the current financial year and the next three years. The Table shows that the Loans Capital Financing Requirement (CFR), which is the Council's need to borrow to fund capital expenditure, is anticipated to increase from current levels moving forward, which is due to additional prudential borrowing needed to support the Capital Programme.

Table 2: Balance sheet summary and forecast

	31 March 21 Actual £m	31 March 22 Estimate £m	31 March 23 Estimate £m	31 March 24 Estimate £m	31 March 25 Estimate £m
Capital Financing Requirement	172.97	181.49	191.92	189.74	187.46
Less: Other Debt Liabilities	(15.57)	(14.77)	(13.90)	(12.97)	(11.97)
Loans Capital Financing Requirement	157.40	166.73	178.02	176.77	175.48
Less: External Borrowing *	(96.87)	(96.87)	(102.91)	(107.75)	(111.82)
Internal Borrowing	60.53	69.86	75.11	69.02	63.67
Less: Usable Reserves	(114.43)	(103.70)	(78.81)	(73.51)	(66.50)
Plus: Working Capital	8.55	8.55	8.55	8.55	8.55
New Borrowing Requirement **	0.00	0.00	4.84	4.06	5.72

*The accounting practice followed by the Council requires financial instruments in the accounts (debt and investments) to be measured in a method compliant with International Financial Reporting Standards (IFRS) so these figures will differ from other figures in the TMS which are based on the actual amounts borrowed and invested

** Any surplus borrowing requirement will be invested in line with the investment strategy

Where a Council finances capital expenditure by borrowing it must put aside revenue resources to repay that debt in later years, known as 'Minimum Revenue Provision' or MRP. The *Local Authority (Capital Finance and Accounting) (Amendment) (Wales) Regulations 2008* requires the Council to produce and approve an Annual Minimum Revenue Provision (MRP) Statement before the start of the financial year that details the methodology for the charge as detailed in the Council's Capital Strategy. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. The Council's current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing. This strategy is prudent as investment returns are low and counterparty risk is relatively high. The Council is forecasting an increased CFR due to the increased level of prudential borrowing in the capital programme. Also there is a change to the accounting for leases under International Financial Reporting Standard (IFRS) 16 due to be implemented from April 2022. This new standard will require that operating leases are brought onto the balance sheet as a 'right of use' asset and a lease liability created. Whilst the asset and liability values will be equal, the impact of this is that it will increase the Council's liabilities and therefore its borrowing requirement. The current estimate is that the borrowing requirement will increase by approximately £14 million from 2022-23 to 2024-25. A further impact of this change will be that interest charges will be recognised as a financing cost in the comprehensive income and expenditure statement rather than as lease payments within directorate budgets. The overall interest charge will not change, only its presentation within the financial statements.

Liability benchmark: To compare the Council's actual borrowing against an alternative strategy, a liability benchmark has been calculated. A liability benchmark is a tool which helps to assess the lowest borrowing options available to an authority, by looking at debt levels in relation to future liquidity to plan for financing. This assumes the same forecasts as Table 2 above, but that cash and investment balances are kept at a minimum level of £10 million at each year-end to maintain sufficient liquidity but minimise credit risk. CIPFA's *Prudential Code for Capital Finance in Local Authorities* recommends that the Council's total debt should be lower than its highest forecast CFR over the next three years. Table 3 below shows that the Council anticipates its borrowing will be below the liability benchmark as a result of using reserves in the short-term to fund capital expenditure, known as internal borrowing. It should be noted that this is a short-term position and as reserves are used for the purpose they were set aside, the need to borrow will become necessary. More detail is provided in the Capital Strategy.

Table 3: Liability benchmark

	31 March 21 Actual £m	31 March 22 Estimate £m	31 March 23 Estimate £m	31 March 24 Estimate £m	31 March 25 Estimate £m
Loans Capital Financing Requirement	157.40	166.73	178.02	176.77	175.48
Less: Usable Reserves	(114.43)	(103.70)	(78.81)	(73.51)	(66.50)
Less: Working Capital Deficit	8.55	8.55	8.55	8.55	8.55
Less: Minimum Investments	(10.00)	(10.00)	(10.00)	(10.00)	(10.00)
Liability Benchmark	41.52	61.58	97.75	101.81	107.53

4.0 BORROWING STRATEGY

The Council currently holds £96.87 million of loans as part of its strategy for funding previous years' capital programmes. The balance sheet forecast in Table 2 above shows that the Council will have a new borrowing need over the next three years as detailed in Table 4 below:

Table 4: New Borrowing

	31 March 21 Actual £m	31 March 22 Estimate £m	31 March 23 Estimate £m	31 March 24 Estimate £m	31 March 25 Estimate £m
New Borrowing	0.00	0.00	4.84	4.06	5.72

This borrowing need will be monitored on an on-going basis and any new borrowing will be considered alongside any changes in the Capital Programme that may affect the level of borrowing required.

The Section 151 Officer will monitor and update the liability benchmark assumptions on an on-going basis and report any significant changes within the treasury management monitoring reports to Cabinet, Governance and Audit Committee and

Council as appropriate. This could be as a result of changes in the level of usable reserves at year end, slippage within the Capital Programme or changes within the working capital assumptions.

The Council's **primary objective** when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving certainty of those costs over the period for which funds are required. The flexibility to renegotiate loans, should the Council's long-term plans change, is a secondary objective.

Therefore the major **objectives** to be followed in 2022-23 are:

- to minimise the revenue costs of debt
- to manage the Council's debt maturity profile i.e. to leave no one future year with a high level of repayments that could cause problems in re-borrowing
- to secure funding in any one year at the cheapest cost commensurate with future risk
- to monitor and review the level of variable interest rate loans in order to take greater advantage of interest rate movement
- to reschedule debt if appropriate, in order to take advantage of potential savings as interest rates change
- to optimise the use of all capital resources including borrowing, both supported and unsupported, usable capital receipts, revenue contributions to capital and grants and contributions

Given the significant cuts to public expenditure in recent years and in particular to local government funding, the Council's **borrowing strategy** continues to address the key issue of affordability, without compromising the longer-term stability of the debt portfolio. The uncertainty over future interest rates increases the risks associated with treasury activity. As a result the Council will take a cautious approach to its Treasury Strategy. With short term interest rates currently much lower than long term rates, it is likely to be more cost effective in the short term to either use internal resources or borrow short term instead.

The Section 151 Officer will take the most appropriate form of borrowing depending on the prevailing interest rates at the time. However, with long term rates forecast to rise modestly in future years, any such short term savings will need to be balanced against the potential longer term costs. The Council's treasury management advisers will assist the Council with this 'cost of carry' and breakeven analysis. The last time the Council took long term borrowing was £5 million from the Public Works Loan Board (PWLB) in March 2012. However the Council will consider long term loans from other sources including banks, pension funds and other local authorities. The Council will also investigate the possibility of issuing bonds and similar instruments, in order to lower interest costs and reduce over-reliance on one source of funding in line with the CIPFA Code. As detailed above, it is anticipated that there will be a requirement for new long term borrowing in 2022-23 and for the subsequent two years. It is anticipated that this would be from the PWLB and for estimate purposes it has been assumed that this will be over 30 years.

HM Treasury issued revised lending terms for PWLB borrowing by local authorities in November 2020. As a condition of accessing the PWLB, local authorities will be asked to confirm that there is no intention to buy investment assets primarily for yield in the current **or next two** financial years. Local authorities' Section 151 Officers, or equivalent, will be required to confirm that capital expenditure plans are current and that the plans are within acceptable use of the PWLB. In December 2021 CIPFA published a new edition of the Prudential Code for Capital Finance in Local Authorities (the Prudential Code). This update includes a significant change in the Code, which is that in order to comply with the Code, an authority must not borrow to invest primarily for financial return. The Code does not require existing commercial investments, including property, to be sold. However, it does set out that authorities who have a need to borrow should review options for exiting their financial investments for commercial purposes. Given the investment and borrowing requirement to support the Capital Programme, the Council does not intend to invest purely for financial return.

Alternatively, the Council could arrange forward starting loans during 2022-23 where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period. In addition, the Council may borrow short term (normally for up to one month) to cover unexpected cash flow shortages.

Sources of borrowing: The approved sources of long term and short term borrowing are:

- PWLB and any successor body
- any institution approved for investments (see Investment Strategy below)
- any other bank or building society authorised to operate in the UK
- any other UK public sector body
- UK public and private sector pension funds (except the Council's Pension Fund)
- capital market bond investors
- special purpose companies created to enable local authority bond issues

Other sources of debt finance: In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:

- leasing
- hire purchase
- Private Finance Initiative
- Mutual Investment Models (for the development of public infrastructure in Wales)
- sale and leaseback

The Council has previously raised the majority of its long-term borrowing from the PWLB, but will consider long-term loans from other sources such as Welsh Government and local authority loans and bank loans, which may be available at more favourable rates. The PWLB lending rates increased by 1% in October 2019, but this rate rise was reversed from 26 November 2020 following the outcome of the Comprehensive Spending Review on 25 November 2020.

LOBOs: The £19.25 million shown in Table 1 above, relates to Lender's Option Borrower's Option (LOBO) loans which have a maturity date of 2054, however these may be re-scheduled in advance of this maturity date. The LOBO rate and term may vary in the future depending upon the prevailing market rates, the lender exercising their option to increase rates at one of the bi-annual trigger points and therefore the Council being given the option to accept the increase or to repay the loan without incurring a penalty. There are two trigger points in 2022-23 and although the Council understands that the lender is unlikely to exercise this option in the current low interest rate environment, an element of refinancing risk remains and the Council would take the option to repay these loans at no cost if it has the opportunity to do so in the future.

Short term and variable rate loans: These loans expose the Council to the risk of short term interest rate rises should interest rates change.

Debt rescheduling: The PWLB allows authorities to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. Other lenders may also be prepared to negotiate premature redemption terms. The Council may take advantage of this and replace some higher rate loans with new loans at lower interest rates, or repay loans without replacement, where this is expected to lead to an overall saving or reduction in risk.

Treasury Management Indicators:

The local authority measures and manages its exposures to treasury management risks using the following indicators;

- Maturity Structure of Borrowing (Table 5)
- Principal sums invested for periods longer than a year (Table 8)
- Interest Rate exposures (Table 10)

Maturity structure of borrowing indicator: This indicator is set for the forthcoming financial year to control the Council's exposure to refinancing risk with respect to the maturity of the Council's external borrowing and has been set to allow for the possible restructuring of long term debt where this is expected to lead to an overall saving or reduction in risk. It is the amount of projected borrowing maturing in each period as a percentage of total projected borrowing. The upper and lower limits on the maturity structure of borrowing will be:

Table 5: Treasury Management Indicator Maturity Structure of Borrowing 2022-23

Refinancing rate risk indicator Maturity structure of borrowing 2022-23	Upper limit	lower limit
Under 12 months	50%	0%
12 months and within 24 months	25%	0%
24 months and within 5 years	25%	0%
5 years and within 10 years	40%	0%
10 years and within 20 years	50%	0%
20 years and above	60%	25%

5.0 INVESTMENT STRATEGY

The preparation each year of an Investment Strategy is central to the Welsh Government Statutory Guidance on Local Authority Investments. It encourages the formulation of policies for the prudent investment of the surplus funds that authorities hold on behalf of their communities. In addition, the need for the Strategy to be approved by full Council ensures that these policies are subject to the scrutiny of elected Members: this is particularly important as, since 2004, central government no longer closely regulates local government investment.

The Council holds surplus funds representing income received in advance of expenditure plus balances and reserves and, as shown in Table 1 in Section 3 above, the balance at 31 December 2021 was £77.50 million. Investments are estimated to drop to between £30 and £40 million by 31 March 2022. This is on the assumption of the contribution of Earmarked Reserves and Capital Receipts to the Capital Programme in the final quarter of 2021-22. The estimated figure for investments above does not make any provision for any additional funding received from WG e.g. Business grants or hardship funds during the last quarter of 2021-22. Based on its cash flow forecasts, the Council anticipates its investment balances in 2022-23 to range between £40 million to £80 million with an average investment rate of between 0.1% to 1.00% depending on the Bank Rate and investment types, which will be reviewed at the half year stage and reported to Council. However, should the Council need to invest in the Debt Management Office (DMO), interest rates may be negative meaning the Council will get back less than it invested. However, the Council will only seek to invest in investments with negative interest rates if the maximum investment limit is already reached for all other investment types and is therefore a last resort. The actual balance varies because of the cash flow during the year in respect of when income is received (such as specific grant income, housing benefits subsidy and Revenue Support Grant) and payments are made (such as salaries and wages, major capital expenditure and loan repayments).

The Council holds investment properties with a view to securing a financial return, such as rental income. Given recent changes to the rules for accessing PWLB borrowing, the Council is unlikely to consider any further investment opportunities. As at 31 December 2021, the Council owned £5.090 million of investment properties with an expected return of £0.452 million for 2021-22. This includes rental discounts as a result of Covid-19. Income excluding discounts would normally be £0.459 million and this is what we would anticipate for 2022-23, representing a rate of return of 9.01%. The lessees are responsible for maintenance of these assets.

Both the CIPFA Code and the Welsh Government Guidance require the Council to invest its funds prudently, and to have regard to the security and liquidity of its investments while seeking the highest rate of return, or yield. The Council's main objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. Where balances are expected to be invested for more than one year, the Council will aim to achieve a total return that is equal to or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested. However, this may not always be possible.

The major **objectives** are:

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

Negative interest rates: The COVID-19 pandemic increased the risk that the Bank of England would set its Bank Rate at, or below, zero. Whilst this has not yet happened, very short term interest rates with the DMO have recently been negative at times. Since investments cannot pay negative income, negative rates will be applied by reducing the value of investments. In this event, security will be measured as receiving the contractually agreed amount at maturity, even though this may be less than the amount originally invested.

Strategy: The Council's investments have historically been placed in mainly short term bank and building society unsecured deposits and local and central government. However, investments may be made with any public or private sector organisations that meet the credit criteria detailed below. Given the increasing risk and very low returns from short-term unsecured bank investments, the Council will consider further diversifying into more secure and/or higher yielding asset classes during 2022-23, as appropriate, in consultation with the Council's treasury management advisers. The majority of the Council's surplus cash is currently invested in Money Market Funds (MMF) and with other local authorities but the Council will continue to look at investment options in line with the limits detailed below.

With short term interest rates currently much lower than long-term rates, due consideration will also be given to using surplus funds to make early repayments of long term borrowing if appropriate opportunities become available as referred to in section 4.0 Borrowing Strategy.

Business Models: Under IFRS 9 (Financial Instruments), the accounting for certain investments depends on the Council's "business model" for managing them. The Council aims to achieve value from its internally managed treasury investments by a business model of collecting the contractual cash flows and therefore these investments will continue to be accounted for at amortised cost.

Approved counterparties: The Council may invest its surplus funds with any of the counterparty types shown in Table 6 below, subject to the cash limits and the time limits shown. **These cash/time limits are per counterparty and relate to principal only and exclude any accrued interest.**

Table 6: Approved investment counterparties and limits

These limits must be read in conjunction with the notes immediately below the Table. The combined secured and unsecured investments in any one bank must not exceed the cash limit for secured investments:

Sector	Time limit	Counterparty limit	Sector limit
The UK Government	50 years	Unlimited	n/a
Local authorities & other government entities	25 years	£12,000,000	Unlimited
Secured investments *	25 years	£6,000,000	Unlimited
Banks (unsecured) *	13 months	£3,000,000	Unlimited
Building societies (unsecured) *	13 months	£3,000,000	£6,000,000
Registered providers (unsecured) *	5 years	£5,000,000	£5,000,000
Money market funds *	n/a	£6,000,000	Unlimited
Strategic pooled funds	n/a	£6,000,000	£6,000,000
Real estate investment trusts	n/a	£3,000,000	£6,000,000
Other investments *	5 years	£3,000,000	£6,000,000

***Minimum Credit rating:** Treasury investments in the sectors marked with an asterisk will only be made with entities whose lowest published long-term credit rating is no lower than (A-). Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account. **Schedule A** shows the equivalence Table for credit ratings for three of the main rating agencies Fitch, Moody's and Standard & Poor's and explains the different investment grades.

For entities without published credit ratings, investments may be made where external advice indicates the entity to be of similar credit quality.

Banks and building societies unsecured: Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. Where additional amounts received into our accounts with our own bankers are received too late in the day to make an investment the same day, the limit in Table 6 will not apply as this does not count as an investment.

Banks and building societies secured: Covered bonds, reverse repurchase agreements and other collateralised arrangements with banks and building societies. These investments are secured on the bank's assets, which limits the potential losses in the unlikely event of insolvency, and means that they are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the highest of the collateral credit rating and the counterparty credit rating will be used to determine cash and time limits.

Government: Loans, bonds and bills issued or guaranteed by national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is generally a lower risk of insolvency, although they are not zero risk. Investments with the UK Central Government are deemed to be zero credit risk due to its ability to create additional currency and therefore may be made in unlimited amounts for up to 50 years.

Corporates: Loans, bonds and commercial paper issued by companies other than banks and registered providers. These investments are not subject to bail-in, but are exposed to the risk of the company going insolvent. Loans to unrated companies will only be made following an external credit assessment and consultation with the Council's treasury management advisers.

Registered providers: Loans and bonds issued by, guaranteed by, or secured on the assets of registered providers of social housing and registered social landlords, formerly known as housing associations. These bodies are tightly regulated by the Welsh Government and as providers of public services, they retain the likelihood of receiving government support if needed.

Pooled funds: Shares or units in diversified investment vehicles consisting of any of the above investment types, plus equity shares and property. These funds have the advantage of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a fee. Short-term Money Market Funds, that offer same-day liquidity and very low or no volatility, will be used as an alternative to instant access bank accounts, while pooled funds whose value changes with market prices and/or have a notice period can be used for longer investment periods. Although no sector limit applies to money market funds, the Authority will take care to diversify its liquid investments over a variety of providers to ensure access to cash at all times.

Bond, equity and property funds offer enhanced returns over the longer term, but are more volatile in the short term. These allow the Council to diversify into asset classes other than cash without the need to own and manage the underlying investments. As these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Council's investment objectives will be monitored regularly.

Operational bank accounts: The Council may incur operational exposures, for example through current accounts, collection accounts and merchant acquiring services, to any UK bank with credit ratings no lower than BBB- and with assets greater than £25 billion. These are not classed as investments, but are still subject to the risk

of a bank bail-in, and balances will therefore be kept to a minimum. The Bank of England has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be bailed-in than made insolvent, increasing the chance of the Council maintaining operational continuity.

Risk assessment and credit ratings: Credit ratings are obtained and monitored by the Council's treasury advisers, who will notify the Council of changes as they occur.

Long-term ratings are expressed on a scale from AAA (the highest quality) through to D (indicating default). Ratings of BBB- and above are described as investment grade, while ratings of BB+ and below are described as speculative grade. The Council's credit rating criteria are set to ensure that it is very unlikely the Council will hold speculative grade investments, despite the possibility of repeated downgrades.

Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:

- no new investments will be made
- any existing investments that can be recalled or sold at no cost will be
- full consideration will be given to the recall or sale of all other existing investments with the affected counterparty

Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as "rating watch negative" or "credit watch negative") so that it may fall below the approved rating criteria, then only investments that can be withdrawn will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

Other information on the security of investments: The Council understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support, reports in the quality financial press and analysis and advice from the Council's treasury management adviser. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may otherwise meet the above criteria.

When deteriorating financial market conditions affect the creditworthiness of all organisations as happened in 2008 and 2020, it is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Council will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Council's cash balances, then the surplus will be deposited with the UK Government via the Debt Management Office or invested in government treasury bills for example, or with other local authorities. This will cause a

reduction in the level of investment income earned, but will protect the principal sum invested.

Specified investments: The *Welsh Government Statutory Guidance on Local Government Investments* defines specified investments as those:

- denominated in pound sterling
- due to be repaid within 12 months of arrangement
- not defined as capital expenditure by legislation, and
- invested with one of:
 - the UK Government
 - a UK local authority
 - a town or community council or
 - body or investment scheme of “high credit quality”

The Council defines “**high credit quality**” organisations and securities as those having a credit rating of A- or higher that are domiciled in the UK or a foreign country with a sovereign rating of AA+ or higher. For money market funds and other pooled funds “high credit quality” is defined as those having a credit rating of A- or higher.

Non-specified investments: Any investment that does not fall into the criteria detailed above under the Specified investments definition. The Council does not intend to make any investments denominated in foreign currencies nor any defined as capital expenditure. Non-specified investments will therefore be limited to:

- long-term investments, i.e. those that are due to mature 12 months or longer from the date of arrangement
- investments with bodies and schemes not meeting the definition on high credit quality

The *Welsh Government Statutory Guidance on Local Government Investments* requires the Council’s Investment Strategy to set an overall limit for non-specified investments which is currently set at £20 million. Table 7 below shows the non-specified categories and the relevant limits and although the total of the individual limits exceed £20 million, at any one point in time a **maximum of £20 million** could be invested in these non-specified investments.

Table 7: Non-specified investment limits

	Category Cash limit
Total long-term investments	£15m
Total investments without credit ratings or rated below the Council’s definition of “high credit quality” (A-) (except the UK Government and UK local authorities)	£10m
Total investments (except pooled funds)with institutions domiciled in foreign countries with a sovereign rating below AA+	£3m
Total Non-Specified Investments Outstanding	£20m

Principal sums invested for periods longer than a year: All investments longer than 365 days (non-specified) will be made with a cautious approach to cash flow requirements and advice from the Council's treasury management advisers will be sought as necessary.

Where the Council invests, or plans to invest, for periods longer than a year, an upper limit is set for each forward financial year period for the maturing of such investments. The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of long term investments. The limits on the long term principal sum invested to final maturities beyond the period end will be as shown in Table 8 below.

Table 8: Treasury Management Indicator Principal sums invested for periods longer than a year

Price risk indicator	2022-23 £m	2023-24 £m	2024-25 £m
Limit on principal invested beyond financial year end	15	10	10

Investment Limits: In addition to the above limits, the combined values of specified and non-specified investments with any one organisation are subject to the approved investment limits detailed in Table 9 below.

Table 9: Investments limits

	Category Cash limit
Any single organisation, except the UK Central and Local Government	£6m
UK Central Government	unlimited
UK Local Authorities (per Authority)	£12m
Any group of organisations under the same ownership	£6m per group
Any group of pooled funds under the same management	£6m per manager
Negotiable instruments held in a broker's nominee account	£10m per broker
Foreign countries	£6m per country
Registered providers and registered social landlords	£5m in total
Unsecured investments with Building Societies	£6m in total
Money market funds (MMF)	Unlimited

A group of banks under the same ownership will be treated as a single organisation for limit purposes. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country, since the risk is diversified over many countries.

The combined secured and unsecured investments in any one bank must not exceed the cash limit for secured investments.

Liquidity Management: The Council forecasts on a prudent basis the maximum period for which funds may be committed therefore minimising the risk of the Council being forced to borrow on unfavourable terms to meet its financial commitments. A limit of £15 million (Table 8 above) has been set for 2022-23 for long term investments and this has been set with reference to the Medium Term Financial Strategy and cash flow forecast as shown in the principal sums invested for periods longer than a year indicator in Table 7 above. This represents just under 18.75% of the maximum amount of investments that the Council anticipates to have at any one point in time in 2022-23.

The Council will seek to spread its liquid cash over at least four providers (e.g. bank accounts and money market funds) to ensure that access to cash is maintained in the event of operational difficulties at any one provider.

6.0 INTEREST RATE EXPOSURES BORROWING AND INVESTMENTS

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

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

An indicator has been set in Table 10 below to measure the net impact over one year on the revenue account of both a 1% rise and a 1% fall in all interest rates for borrowing net of treasury investments. This is calculated on the assumption that maturing loans and investments will be replaced at rates 1% higher or lower than they would otherwise have been on their maturity dates and that the treasury investment and borrowing portfolios remain unchanged over the coming year. Interest rates can move by more than 1% over the course of a year, although such instances are rare.

Table 10: Treasury Management Indicator Interest Rate Exposures

The following Table is based on investments as at 31 December 2021.

Interest rate risk indicator	£'000
One year revenue impact of a 1% rise in interest rates	(537)
One year revenue impact of a 1% fall in interest rates	726

The figure for the 1% fall in interest rates indicator is not the same figure as the 1% increase (but reversed) as the borrowing relates to variable LOBO loans where it is assumed that the lender would only exercise their option if there was an increase in interest rates. All other borrowing does not have a rate reset in the next year and is with the PWLB at fixed rates.

7.0 NON-TREASURY INVESTMENTS

The Council recognises that investment in other financial assets and property primarily for financial return, taken for non-treasury management purposes, requires careful investment management. Such activities include investments in subsidiaries and investments in property.

A schedule of the Council's existing non-treasury investments (currently limited to owned property) is set out in Table 11 below:

Table 11: Non-treasury investments

Non-treasury investments	Fair Value £'000
Bridgend Science Park - Units 1 & 2	3,670
Waterton Cross Land	600
Brynmenyn Industrial Estate Plot 53	250
Village Farm Plots 32,119 & 120	370
Tyrewise Bridgend	200
Total	5,090

The Council considers that the scale of its investment properties is proportionate to the resources of the Council, since such investment represents less than 1% of its total long term assets.

In accordance with Welsh Government Investment Guidance, these will be classified as non-treasury investments.

8.0 LOANS TO THIRD PARTIES

The Council may borrow to make grants or loans to third parties for the purpose of capital expenditure. Welsh Government Guidance defines a loan as a written or oral agreement where the Council temporarily transfers cash to a third party, joint venture, subsidiary or associate who agrees a return according to the terms and conditions of receiving the loan, except where the third party is another local authority. Loans are only made after the Council's formal decision making process has been followed. This includes formal approval by Council following advice from the Chief Finance Officer. As part of the formal decision to make the loan, the security for the loan will be assessed as to its adequacy in the event of the third party defaulting on repayment.

The Council can demonstrate that its financial exposure to loans is proportionate by setting the limit as set out in Table 12 below.

Table 12: Loan Limits

Loan limit	£'000
Limit on loans to third parties	2,000

9.0 IFRS9 – LOCAL AUTHORITY OVERRIDE

The Welsh Government legislated in the Local Authorities (Capital Finance and Accounting) (Wales) (Amendment) Regulations 2020 for a statutory override for fair value gains and losses on most pooled investment funds not to be taken to revenue until 2023-24. The statutory override took effect from the 2019-20 financial year. This has the effect of allowing any unrealised capital gains or losses arising from qualifying investments to be held on the balance sheet until 31 March 2023. This will enable Councils to initiate an orderly withdrawal of funds if required.

10.0 REPORTING ARRANGEMENTS

Council will receive the following reports for 2022-23 as standard in line with the requirements of the Code of Practice:

- Annual Treasury Management Strategy
- Mid-Year Treasury Monitoring Report
- Annual Treasury Outturn Report

The Chief Officer – Finance, Performance and Change (the Council's s151 Officer) will inform the Cabinet Member for Finance of any long-term borrowing or repayment undertaken or any significant events that may affect the Council's treasury management activities. They will maintain a list of staff authorised to undertake treasury management transactions on behalf of the Council.

The Chief Officer – Finance, Performance and Change is authorised to approve any movement between borrowing and other long-term liabilities within the Authorised Limit. Any such change will be reported to the next meeting of the Council.

11.0 OTHER ITEMS

In line with the CIPFA Code and Welsh Government guidance the following also forms part of the Council's TMS.

Financial Derivatives: In the absence of any explicit legal power to do so, the Council will not use standalone financial derivatives such as swaps, forwards, futures and

options. Derivatives embedded into loans and investments including pooled funds and forward starting transactions may be used and the risks they present will be managed in line with the overall treasury risk management strategy.

Markets in Financial Instruments Directive II (MIFID II): From January 2018, MIFID II changed the classification of local authority investors. It reclassified local and public authorities as retail investors. The Council has opted up to professional client status with its providers of financial services, including treasury management advisers, banks, building societies and brokers, allowing it access to a greater range of services but without the greater regulatory protection afforded to individuals and small companies. Given the size and range of the Council's treasury management activities, the Chief Officer – Finance, Performance and Change believes this to be the most appropriate status.

Investment training: The needs of the Council's treasury management staff for training in investment management are assessed every six months as part of the staff appraisal process and also if the responsibilities of individual members of staff change.

Training is received from the Council's treasury management advisers, CIPFA and other bodies in the form of training courses and seminars. The Council also supports personal development so individuals enhance their own knowledge through reading CIPFA guidance, publications and research on the internet.

Investment advisers: Following a re-tender exercise in August 2020 Arlingclose Ltd. were re-appointed as the Council's treasury management advisers. They were awarded a four year contract, to provide advice and information relating to its borrowing and investment activities and capital finance issues. The contract will be reviewed annually and either party may at any time terminate this agreement on 3 months prior written notice. The quality of this service is controlled by having regular meetings with the advisers and regularly reviewing the service provided.

Investment of money borrowed in advance of need: CIPFA's Prudential Code sets out that authorities should never borrow for the explicit purpose of making an investment return. Therefore borrowing in advance of need purely to profit from the investment of the extra sums borrowed is against the principles, however, the Council could potentially borrow in advance of need where this is expected to provide the best long term value for money. Since amounts borrowed will be invested until spent, the Council is aware that it will be exposed to the risk of loss of the borrowed sums, and the risk that investment and borrowing interest rates may change in the intervening period. These risks will be managed as part of the Council's overall management of its treasury risks.

As the Council has an integrated TMS, borrowing is not linked to the financing of specific items of expenditure. The Council's forecast Capital Financing Requirement (CFR) as at 31 March 2022 is in excess of the actual debt of the Council as shown in Table 2 above indicating there is no borrowing in advance of need. More detail is provided in the Prudential Indicators in the Council's Capital Strategy.

Schedule A

Credit Rating Equivalence Table

	Description	Fitch		Moody's		Standard & Poor's	
		Long	Short	Long	Short	Long	Short
INVESTMENT GRADE	Extremely strong	AAA		Aaa		AAA	
	Very strong	AA+	F1+	Aa1	P-1	AA+	A-1+
		AA		Aa2		AA	
		AA-		Aa3		AA-	
	Strong	A+	F1	A1	P-2	A+	A-1
		A		A2		A	
		A-		A3		A-	
	Adequate	BBB+	F2	Baa1	P-3	BBB+	A-2
		BBB		Baa2		BBB	
BBB-		Baa3		BBB-			
SPECULATIVE GRADE	Speculative	B	Ba1	Not Prime (NP)	BB+	B	
			BB		BB		
			BB-		BB-		
	Very speculative	B+	B1		B+		
		B	B2		B		
		B-	B3		B-		
	Vulnerable	C	Caa1		C	CCC+	C
			CCC			CCC	
			CCC-			CCC-	
CC			CC				
	C			C			
Defaulting	D	D	C		D	D	

GLOSSARY

Amortised Cost	Amortised cost is the amount at which some financial assets or liabilities are measured and consists of: initial recognition amount, subsequent recognition of interest income/expense using the effective interest method, repayments and credit losses
Annuity	A method of repaying a loan where the cash payment remains constant over the life of the loan, but the proportion of interest reduces and the proportion of principal repayment increases over time. Repayment mortgages and personal loans tend to be repaid by the annuity method.
Asset Management	The stewardship of capital assets, including decisions around on-going maintenance and eventual disposal
Authorised limit	The maximum amount of debt that a local authority may legally hold, set annually in advance by the Council itself. One of the <i>Prudential Indicators</i> .
BACS	Bankers' automated payment system. UK bulk payments system allowing transfers between bank accounts with two days' notice, for a small charge.
Bail-in	A method of rescuing a failing <i>financial institution</i> by cancelling some of its <i>deposits</i> and <i>bonds</i> . Investors may suffer a reduction in their investment, but may be given shares in the bank as part compensation.
Bail-out	A method of rescuing a failing <i>financial institution</i> by the injection of public money. This protects investors at the expense of taxpayers.
Bank	Regulated firm that provides financial services to customers.
Bank of England	The <i>central bank</i> of the UK, based in London, sometimes just called 'the bank'.
Bank Rate	The official interest rate set by the <i>Monetary Policy Committee</i> , and the rate of interest paid by the <i>Bank of England</i> on commercial bank deposits. Colloquially termed the 'base rate'.
Bond	A certificate of <i>long-term</i> debt issued by a company, government, or other institution, which is tradable on financial markets
Borrowing	Usually refers to the stock of outstanding loans owned and <i>bonds</i> issued.
Broker	Regulated firm that matches either borrowers and lenders (a money broker) or buyers and sellers of <i>securities</i> (a stockbroker) with each other in order to facilitate transactions
Brokerage	Fee charged by a <i>broker</i> , normally paid by the borrower

Building Society	A mutual organisation that performs similar functions to a <i>retail bank</i> but is owned by its customers
Capital	(1) Long-term, as in <i>capital expenditure</i> and <i>capital receipts</i> (2) <i>Principal</i> , as in <i>capital gain</i> and <i>capital value</i> (3) <i>Investments in financial institutions that will absorb losses before senior unsecured creditors</i>
Capital Expenditure	Expenditure on the acquisition, creation or enhancement of fixed asset that are expected to provide value for longer than one year, such as property and equipment, plus expenditure defined as capital in legislation such as the purchase of certain investments
Capital Finance	Arranging and managing the cash required to finance <i>capital expenditure</i> , and the associated accounting.
Capital Financing Requirement (CFR)	A local authority's underlying need to hold debt for capital purposes, representing the cumulative capital expenditure that has been incurred but not yet financed. The CFR increases with <i>capital expenditure</i> and decreases with <i>capital finance</i> and <i>MRP</i> .
Capital Receipt	Cash obtained from the sale of an item whose purchase would be <i>capital expenditure</i> . The law only allows local authorities to spend capital receipts on certain items, such as new capital expenditure. They are therefore held in a capital receipts reserve until spent.
Capital strategy	An annual policy document required by the <i>Prudential Code</i> that sets out a local authorities' high-level plans for capital expenditure, debt and investments and its <i>Prudential Indicators</i> for the forthcoming financial year.
CIPFA	The Chartered Institute of Public Finance and Accountancy – the professional body for accountants working in the public sector. CIPFA also sets various standards for local government – e.g. Treasury Management Code and Prudential Code
Cost of Carry	When a loan is borrowed in advance of need, the difference between the interest payable on the loan and the income earned from investing the cash in the interim
Counterparty	The other party to a loan, investment or other contract
Counterparty limit	The maximum amount an investor is willing to lend to a <i>counterparty</i> , in order to manage <i>credit risk</i> .
Credit Default Swap	A credit default swap (CDS) is a financial derivative or contract that allows an investor to "swap" or offset his or her credit risk with that of another investor.

Credit rating	Formal opinion by a <i>credit rating agency</i> of a <i>counterparty's</i> future ability to meet its financial obligations. As it is only an opinion, there is no guarantee that a highly rated organisation will not default.
Credit rating agency	An organisation that publishes <i>credit ratings</i> . The three largest agencies are Fitch, Moody's and Standard & Poor's but there are many smaller ones.
Credit risk	The risk that a <i>counterparty</i> will <i>default</i> on its financial obligations.
Debt	(1) A contract where one party owes money to another party, such as a <i>loan</i> , <i>deposit</i> , or <i>bond</i> . (2) In the Prudential Code, the total outstanding borrowing plus other long-term liabilities
Default	Failure to meet an obligation under a debt contract, including the repayment of cash, usually as a result of being in financial difficulty
Deposit	A regulated placing of cash with a <i>financial institution</i> . Deposits are not tradable on financial markets.
DMO	Debt Management Office – an executive agency of HM Treasury that deals with central government's debt and investments.
Fair value	<i>IFRS</i> term for the price that would be obtained by selling an investment, or paid to transfer debt, in a market transaction.
FCA	Financial Conduct Authority – UK agency responsible for regulating financial markets and the conduct of <i>financial institutions</i> , <i>brokers</i> , <i>custodians</i> , <i>fund managers</i> and <i>treasury management advisors</i> .
Financial institution	A <i>bank</i> , <i>building society</i> or <i>credit union</i> . Sometimes the term also includes insurance companies.
Financial instrument	<i>IFRS</i> term for investments, borrowing and other cash payable and receivable.
Financing costs	In the <i>Prudential Code</i> , interest payable on <i>debt</i> less investment income plus <i>premiums</i> less <i>discounts</i> plus <i>MRP</i> .
Forward deal	An arrangement where a loan or deposit is arranged in advance of the cash being transferred, with the advance period being longer than the standard period (if any) for such a transaction.
GDP	Gross domestic product – the value of the national aggregate production of goods and services in the economy. Increasing GDP is known as economic growth.
General Fund	A local authority reserve that holds the accumulated surplus or deficit on revenue income and expenditure, except on council housing.

Gilt	Bond issued by the UK Government, taking its name from the gilt-edged paper they were originally printed on.
IFRS	International Financial Reporting Standards, the set of accounting rules in use by UK local authorities since 2010.
Impairment	A reduction in the value of an investment caused by the counterparty being in financial difficulty.
Inflation risk	The risk that unexpected changes in inflation rates cause an unplanned loss, for example by costs rising faster than income.
Interest	Compensation for the use of cash paid by borrowers to lenders on debt instruments.
Interest rate risk	The risk that unexpected changes in interest rates cause an unplanned loss, for example by increased payments on borrowing or lower income on investments.
Internal borrowing	A local government term for when actual “external” debt is below the capital financing requirement, indicating that difference has been borrowed from internal resources instead; in reality this is not a form of borrowing.
Investment property	Land and buildings that are held purely for rental income and/or capital growth. Investment properties are not owner-occupied and provide no direct service benefit.
Investment strategy	A document required by investment guidance that sets out a local authority’s investment plans and parameters for the coming year. Sometimes forms part of the authority’s treasury management strategy.
Lease	A contract where one party permits another to make use of an asset in return for a series of payments. It is economically similar to buying the asset and borrowing a loan, and therefore leases are often counted as a type of debt.
Lessee	Party to a lease contract that uses an asset owned by the lessor.
Lessor	Party to a lease contract that own an asset but permits another (the lessee) to use it.
Liability benchmark	Term in CIPFA’s Risk Management Toolkit which refers to the minimum amount of borrowing required to keep investments at a minimum liquidity level. Used to compare against the actual and forecast level of borrowing.
LIBOR	London interbank offer rate - the benchmark interest rate at which banks offer to lend cash to other banks. Published every London working day at 11am for various currencies and terms. Due to be phased out by 2022.
Liquidity risk	The risk that cash will not be available to meet financial obligations, for example when investments cannot be recalled and new loans cannot be borrowed.

Loan	Contract where the lender provides a sum of money (the principal) to a borrower, who agrees to repay it in the future together with interest. Loans are not normally tradable on financial markets. There are specific definitions in government investment guidance.
Loans CFR	The capital financing requirement less the amount met by other long-term liabilities, i.e. the amount to be met by borrowing.
LOBO	Lender's option borrower's option – a long-term loan where the lender has the option to propose an increase in the interest rate on pre-determined dates. The borrower then has the option to either accept the new rate or repay the loan without penalty. LOBOs increase the borrower's interest rate risk and the loan should therefore attract a lower rate of interest initially.
Long-term	Usually means longer than one year.
Market risk	The risk that movements in market variables will have an unexpected impact. Usually split into interest rate risk, price risk and foreign exchange risk.
Maturity	(1) The date when an investment or borrowing is scheduled to be repaid. (2) A type of loan where the principal is only repaid on the maturity date.
MiFID II	The second Markets in Financial Instruments Directive - a legislative framework instituted by the European Union to regulate financial markets in the bloc and improve protections for investors.
Monetary policy	Measures taken by central banks to boost or slow the economy, usually via changes in interest rates. Monetary easing refers to cuts in interest rates, making it cheaper for households and businesses to borrow and hence spend more, boosting the economy, while monetary tightening refers to the opposite. See also fiscal policy and quantitative easing.
Monetary Policy Committee (MPC)	Committee of the Bank of England responsible for implementing monetary policy in the UK by changing Bank Rate and quantitative easing with the aim of keeping CPI inflation at around 2%.
Money market fund (MMF)	A collective investment scheme which invests in a range of short-term assets providing high credit quality and high liquidity. Usually refers to CNAV and LVNAV funds with a WAM under 60 days which offer instant access, but the European Union definition extends to include cash plus funds.

Money markets	The markets for short-term finance, including deposits and T-bills. See also capital markets.
MRP	Minimum revenue provision - an annual amount that local authorities are required to set aside and charge to revenue for the repayment of debt associated with capital expenditure. Local authorities are required by law to have regard to government guidance on MRP.
Net borrowing	Borrowing minus treasury investments.
Net revenue stream	In the Prudential Code, income from general government grants, Council Tax and rates.
Non-specified investments	Government term for investments not meeting the definition of a specified investment or a loan upon which limits must be set. Since 2018, the term does not apply to treasury investments in England. Not applicable in Scotland.
Other long-term liabilities	Prudential Code term for credit arrangements.
Operational boundary	A prudential indicator showing the most likely, prudent, estimated level of external debt, but not the worst-case scenario. Regular breaches of the operational boundary should prompt management action.
Operational risk	The risk that fraud, error or system failure leads to an unexpected loss.
Pension Fund	Ringfenced account for the income, expenditure and investments of the local government pension scheme. Pension fund investments are not considered to be part of treasury management.
Private Finance Initiative (PFI)	A government scheme where a private company designs, builds, finances and operates assets on behalf of the public sector, in exchange for a series of payments, typically over 30 years. Counts as a credit arrangement and debt.
Property fund	A collective investment scheme that mainly invests in property. Due to the costs of buying and selling property, including stamp duty land tax, there is usually a significant fee charged on initial investment, or a significant difference between the bid and offer price.
Prudential borrowing	Another term for unsupported borrowing.
Prudential Code	Developed by CIPFA and introduced in April 2004 as a professional code of practice to support local authority capital investment planning within a clear, affordable, prudent and sustainable framework and in accordance with good professional practice. Local authorities are required by law to have regard to the Prudential Code.

Prudential indicators	Indicators required by the Prudential Code and determined by the local authority to define its capital expenditure and asset management framework. They are designed to support and record local decision making in a manner that is publicly accountable.
PWLB	Public Works Loans Board - a statutory body operating within the DMO that lends money from the National Loans Fund to local authorities and other prescribed bodies and collects the repayments.
Refinancing risk	The risk that maturing loans cannot, be refinanced, or only at higher than expected interest rates leading to an unplanned loss. Managed by maintaining a smooth maturity profile.
Supported borrowing	Borrowing for which the repayment costs are supported by government grant.
T-bill	Treasury bill - a bill issued by a government.
TMS	(1) Treasury management strategy. (2) Treasury management system.
Treasury bill	See T-bill.
Treasury investments	Investments made for treasury management purposes, as opposed to commercial investments and service investments.
Treasury management	The management of an organisation's cash flows, investment and borrowing, with a particular focus on the identification, control and management of risk. Specifically excludes the management of pension fund investments.
Treasury management advisor	Regulated firm providing advice on treasury management, capital finance and related issues.
Treasury Management Code (TM Code)	CIPFA's Code of Practice for Treasury Management in the Public Services and Cross-Sectoral Guidance Notes, to which local authorities are required by law to have regard.
Treasury management indicators	Indicators required by the Treasury Management Code to assist in the management of credit risk, interest rate risk, refinancing risk and price risk.
Treasury management policy statement	Document required by the Treasury Management Code setting out a local authority's definition of and objectives for treasury management.
Treasury management practices (TMPs)	Document required by the Treasury Management Code setting out a local authority's detailed processes and procedures for treasury management.

Treasury management strategy	Annual report required by the Treasury Management Code covering the local authority's treasury management plans for the forthcoming year.
Unsupported borrowing	Borrowing where the cost is self-financed by the local authority. Sometimes called prudential borrowing since it was not permitted until the introduction of the Prudential Code in 2004. See also supported borrowing.
Working capital	The cash surplus or deficit arising from the timing differences between income/expenditure in accounting terms and receipts/payments in cash terms.

Appendix A – Arlingclose Economic & Interest Rate Forecast – December 2021

- The global recovery from the pandemic has entered a more challenging phase. The resurgence in demand has led to the expected rise in inflationary pressure, but disrupted factors of supply are amplifying the effects, increasing the likelihood of lower growth rates ahead. The advent of the Omicron variant of coronavirus is affecting activity and is also a reminder of the potential downside risks.
- Despite relatively buoyant activity survey data, official GDP data indicates that growth was weakening into Quarter 4 of 2021. Other data, however, suggested continued momentum, particularly for November. Retail sales volumes rose 1.4% and the labour market continued to strengthen. The end of furlough did not appear to have had a significant impact on unemployment. Wage growth is elevated.
- The CPI inflation rate rose to 5.1% for November and will rise higher in the near term. While the transitory factors affecting inflation are expected to unwind over time, policymakers' concern is persistent medium term price pressure.
- These factors prompted the Monetary Policy Committee to raise Bank Rate to 0.25% at the December meeting. Short term interest rate expectations remain elevated.
- The outlook, however, appears weaker. Household spending faces pressures from a combination of higher prices and tax rises. In the immediate term, the Omicron variant has already affected growth – Quarter 4 2021 and Quarter 1 2022 activity could be weak at best.
- Longer-term government bond yields remain relatively low despite the more hawkish signals from the Bank of England and the Federal Reserve. Investors are concerned that significant policy tightening in the near term will slow growth and prompt the need for looser policy later. Geo-political and coronavirus risks are also driving safe haven buying. The result is a much flatter yield curve, as short-term yields rise even as long-term yields fall.
- The rise in Bank Rate despite the Omicron variant signals that the Monetary Policy Committee will act to bring inflation down whatever the environment. It has also made clear its intentions to tighten policy further. While the economic outlook will be challenging, the signals from policymakers suggest their preference is to tighten policy unless data indicates a more severe slowdown.

Forecast:

- The Monetary Policy Committee will want to build on the strong message it delivered this month by tightening policy despite Omicron uncertainty.
- Arlingclose therefore expects Bank Rate to rise to 0.50% in Quarter 1 2022, but then remain there. Risks to the forecast are initially weighted to the upside, but becoming more balanced over time. The Arlingclose central forecast remains below the market forward curve.
- Gilt yields will remain broadly flat from current levels. Yields have fallen sharply at the longer end of the yield curve, but expectations of a rise in Bank Rate have maintained short term gilt yields at higher levels.
- Easing expectations for Bank Rate over time could prompt the yield curve to steepen, as investors build in higher inflation expectations.

- The risks around the gilt yield forecasts vary. The risk for short and medium term yields is initially on the upside but shifts lower later. The risk for long-term yields is weighted to the upside.

	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24
Official Bank Rate													
Upside risk	0.00	0.00	0.25	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Arlingclose Central Case	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Downside risk	0.00	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25
3-month money market rate													
Upside risk	0.05	0.05	0.25	0.35	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Arlingclose Central Case	0.25	0.55	0.55	0.60	0.60	0.60	0.60	0.65	0.65	0.65	0.65	0.65	0.65
Downside risk	0.00	-0.25	-0.25	-0.30	-0.30	-0.30	-0.30	-0.35	-0.35	-0.35	-0.35	-0.35	-0.35
5yr gilt yield													
Upside risk	0.00	0.35	0.45	0.55	0.55	0.55	0.55	0.55	0.55	0.50	0.50	0.45	0.45
Arlingclose Central Case	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.65	0.70	0.75	0.75
Downside risk	-0.10	-0.20	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.30	-0.35	-0.40	-0.40
10yr gilt yield													
Upside risk	0.10	0.25	0.35	0.40	0.45	0.50	0.50	0.50	0.50	0.50	0.55	0.55	0.55
Arlingclose Central Case	0.80	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.90	0.90	0.95	0.95
Downside risk	-0.10	-0.25	-0.30	-0.35	-0.35	-0.35	-0.35	-0.35	-0.35	-0.40	-0.40	-0.40	-0.40
20yr gilt yield													
Upside risk	0.30	0.40	0.45	0.45	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Arlingclose Central Case	1.00	1.05	1.10	1.10	1.10	1.10	1.15	1.15	1.15	1.20	1.20	1.20	1.20
Downside risk	-0.15	-0.30	-0.35	-0.40	-0.40	-0.40	-0.40	-0.40	-0.40	-0.45	-0.45	-0.45	-0.45
50yr gilt yield													
Upside risk	0.25	0.30	0.40	0.45	0.45	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Arlingclose Central Case	0.70	0.75	0.80	0.85	0.90	0.95	1.00	1.05	1.05	1.10	1.10	1.15	1.15
Downside risk	-0.15	-0.30	-0.35	-0.40	-0.40	-0.40	-0.40	-0.40	-0.40	-0.45	-0.45	-0.45	-0.45

PWLB Standard Rate (Maturity Loans) = Gilt yield + 1.00%
 PWLB Certainty Rate (Maturity Loans) = Gilt yield + 0.80%
 PWLB Infrastructure Rate (Maturity Loans) = Gilt yield + 0.60%

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO THE GOVERNANCE AND AUDIT COMMITTEE

28 JANUARY 2022

REPORT OF THE CHIEF OFFICER – FINANCE, PERFORMANCE AND CHANGE

CORPORATE RISK ASSESSMENT 2022-23

1. Purpose of report

- 1.1 The purpose of this report is to provide the Governance and Audit Committee with an updated Corporate Risk Assessment 2022-23 and updated Corporate Risk Management Policy, and to provide an update on Incident and Near Miss occurrences.

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

- 2.1 This report assists in the achievement of the following corporate well-being objective under the **Well-being of Future Generations (Wales) Act 2015**:
1. **Smarter use of resources** – 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 Good governance requires the Council to develop effective risk management processes, including an assessment of corporate risks.
- 3.2 The Governance and Audit Committee's Terms of Reference require the Committee to review, scrutinise and issue reports and recommendations on the appropriateness of the Council's risk management, internal control and corporate governance arrangements.
- 3.3 The Corporate Risk Assessment is considered and reviewed by the Corporate Management Board (CMB), Senior Management Team, and Governance and Audit Committee, as part of the Council's quarterly Corporate Performance Assessment framework, and is used to inform the Overview and Scrutiny Committees' Forward Work Programme and the budget process.
- 3.4 The 2022-23 Corporate Risk Assessment is aligned with the Council's Medium Term Financial Strategy and Corporate Plan.

4. Current situation/proposal

- 4.1 The Corporate Risk Assessment attached at **Appendix A** has been reviewed in consultation with the Corporate Management Board. It identifies the main risks facing the Council, their link to the corporate well-being objectives under the Well-being of Future Generations (Wales) Act 2015, the likely impact of these risks on Council

services and the wider County Borough and identifies what is being done to manage the risks and who is responsible for the Council's response. The risk assessment is aligned with the Medium-Term Financial Strategy. There are currently 12 Risks on the Corporate Risk Register, of these risks, 7 risks are scored as high, 4 risks are scored as medium, and 1 is scored as low.

The Corporate Risk Assessment has been amended as follows:

- No new Risks have been added since the last Governance and Audit Committee review
- The Risks have been re-numbered in line with the recommendation from this year's South West Audit Partnership (SWAP) Internal Audit report to recognise the department, the year the risk was identified, and the risk number. This numbering will be used by all departments going forward.
- Risk COR-2019-02 has been updated to include reference to the Climate Emergency.
- Risk SS-2019-01 has been updated to reflect the ongoing safeguarding actions.
- Risk reference 'COR-2020-03'-'Public Health/Protecting the Public' (formerly risk 12) has been amended to reflect that Welsh Government funding is available to support the ongoing actions.

- 4.2 The Corporate Risk Management Policy attached as **Appendix B** has been amended to make reference to the new internal Risk Management guidance document which has been approved by CMB. The Risk Management guidance has been developed in response to the demand for a simple 'how to' guide to risk management which includes information on the Council's Risk Management Strategy, provides guidance on the specific risk management responsibility of staff and links with the Project Management Toolkit, including how risks should be recorded and reviewed within the Council. The Corporate Risk Management Policy has been updated to reflect the roles and responsibilities as set out in the Risk Management guidance document. The Corporate Risk Management Policy timeline has also been amended for 2022-23.
- 4.3 The Insurance team maintains a log of near misses in line with the current Near Miss Reporting procedure. Annually, the Governance and Audit Committee are asked to consider a report of incidents and near misses which have been reported in the year to ensure that it is satisfied with the action taken to prevent reoccurrence. There were no incidents reported during the period January 2021 to December 2021.
- 4.4 A recent internal audit of risk management services has identified that there is a general lack of understanding of the expectations of the Incidents and Near Miss Policy related to non-Health and Safety risks in the authority and that the number of non-injury near misses or incidents being reported suggests that the policy is not being applied (only 2 incidents reported in 2020-21). In response to this a Near Miss Reporting E-learning module has been developed to promote awareness of the policy and procedure that needs to be followed. Officers are currently in the process

of identifying the key staff that will need training and e-learning roll-out will follow in the coming months. The E-Learning module which has been developed should improve awareness of the need to report this type of incident.

5. Effect upon policy framework and procedure rules

5.1 There is no impact upon policy framework and procedural rules.

6. Equality Act 2010 implications

6.1 Equality issues in relation to protected characteristics as identified in the Equality Act permeate many of the risks identified and, where appropriate, Equality Impact Assessments (EIA) are completed within the process of approving the mitigating actions.

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 directly associated with the Corporate Risk Assessment. Implementation actions will be progressed within approved budgets.

9. Recommendations

9.1 It is recommended that the Committee:-

- consider the Corporate Risk Assessment 2022-23 (**Appendix A**) and approve the updated Corporate Risk Management Policy (**Appendix B**), including the timeline at **Appendix 2** within **Appendix B**.

Carys Lord
Chief Officer – Finance, Performance and Change
28 January 2022

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Background documents:

None

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Appendix A - Corporate Risk Assessment (January 2022)

No.	IDENTIFIED RISK		ACTION PLAN									Residual risk score	Well-Being Objective				
	There is a risk that	Consequences of risk	Raw risk score			Control method	Date Risk score assigned	How is the Council addressing this risk	Key actions to be established - NB business as usual activity not reflected here	who	Last Reviewed			Next Review	Action completed by		
			Li	Im	Total											Li	Im
COR-2019-01	The Council is unable to make robust medium to long term decisions requiring service change	It is harder each year to make ongoing budget reductions as easier decisions have already been made. If more difficult decisions about cutting or reducing service levels against a background of declining budgets are not made, then the Council will not deliver the changes necessary to achieve a balanced budget which will result in it being in breach of its legal responsibilities. The true impact of COVID remains unclear in terms of the Council's financial sustainability. Careful planning and difficult choices will be key to ensuring that a balanced financial position is able to be maintained.	4	5	20	Treat	Jan-19	The Council manages this risk through existing budget and business planning processes which include early identification of savings targets and development of options for cabinet, challenge from BREP, Scrutiny and formal and informal briefings of members and political groupings. The impact of COVID has been significant in terms of both timetable and the focus on achieving savings. Due to the more generous WG settlement for 20/21 the savings targets were lower than usual and so most of those will be met. Work to deliver a balanced budget for 2021/22 and beyond is underway, but many aspects remain uncertain.	Continuously review the assumptions built into the MTFs and update as additional information becomes available. Keep elected members and BREP informed of updated position and re-align MTFs as appropriate. Earlier discussion with members on possible scenarios to get early buy in to the direction of travel. Review scope and direction of BREP to ensure they play a key part in shaping the MTFs. For MTFs 2022-26, more focus on potential areas of saving, even if not currently proposed, rather than just proposed savings. Focus to be more deep dives into targeted areas. MTFs to consider longer term pressures and ensure these are fully considered beyond the life of the 4 year MTFs.	CMB	Jan-2022	Apr-2022	Feb-2021 then ongoing quarterly review	3	5	15	Smarter use of resources
COR-2019-02	The Council is unable to deliver transformation including projects and agreed financial savings	If the Council is unable to change the way that staff work, including new roles, collaborations and the acquisition of new skills, it will be unsuccessful in delivering service transformation and capital projects, which will lead to it not meeting its commitments within available budgets. Of particular importance here is the actions required to tackle the Climate Emergency, the consequences of which will have a detrimental impact on all areas of the Borough.	4	4	16	Treat	Jan-19	The Council has a number of programmes and strategies in place that either directly support specific proposals for service improvement, deliver large scale capital regeneration projects, provide wider transformation opportunities and /or financial savings. Further transformation opportunities have been identified that are intended to support a 'One Council' culture and support staff and managers through transformation. It also has a well documented decarbonisation programme to tackle the Climate Emergency and will submit its Bridgend 2030 Decarbonisation Strategy and Action Plan to Cabinet and Council for approval in March 2022.	Further development of a 'One Council' culture and transformational change has progressed in recent years and has been accelerated as a response to the Covid-19 pandemic. A much more corporate approach to service provision and transformation has been driven by CMB. Our response to the pandemic has challenged the way that we work across all services, and we will need to quickly adapt and learn any lessons from this that can be embedded into 'new normal' and recovery. The Council has agreed a Digital Strategy and under the Digital Programme Board will progress a number of projects using digital solutions that are designed around the people that use them, to deliver seamless connectivity, and support the vulnerable in our communities. This is complemented by a more digital staff, as a result of the pandemic and the need to work differently and in a more agile way. A review of Council processes over recent months has meant that some deemed unnecessary and bureaucratic have ceased but full compliance with those that remain is required. In addition a corporate review of resource requirements and the prioritisation of projects has meant that resources can be directed where required, to ensure successful delivery. The 2030 Programme Board, projects boards and working with The Carbon Trust, will ensure that a robust 2030 Decarbonisation Strategy is prepared and that projects within it are delivered effectively in order to reach an ambitious net zero carbon position in the Council by 2030. Examples of processes which have stopped without impacting on compliance include the cessation of wet ink signing and printing of documents as documentation is now electronically signed, physical attendance to open tenders replaced with opening on-line, a move to electronic authorisation of invoices on the Electronic Documents Record Management system and the replacement of in attendance training events with on-line remote training. The Organisational Development team are constantly reviewing the type of methods of training and development that staff have available to them to meet current challenges, whilst ensuring an appropriate balance is retained in also promoting and enhancing the wellbeing of those staff in work. Staff are able to access more on-line learning opportunities than previously, and there has been a move away from physical attendance at training courses, which used to be prohibitive. This has widened the range of opportunities, enabled more staff to participate and consequently increased skill sets. The Council is also pushing forward on its apprenticeship programme and has introduced a Graduate Programme to enable it to develop more in-house skills to enable us to take forward alternative, less traditional, delivery models, thus reducing the need to buy in expertise. Not only will this deliver future financial savings, but will also build a more resilient workforce.	CMB	Jan-2022	Apr-2022	Ongoing	2	4	8	All Well-Being Objectives
CEX-2019-01	The Council is unable to identify and deliver infrastructure required in the medium to longer term	If the Council does not raise sufficient capital to maintain its infrastructure, including roads, street lights, buildings and technology then it may deteriorate bringing financial and safety risks which could lead to adverse incidents, reports, publicity, fines and ultimately prosecution.	4	5	20	Treat	Jan-19	The Council has a ten year capital programme. The development of this programme and arrangements for its review and updating are well established. However the Council has identified scope to improve upon this to ensure that these needs are balanced with other demands for capital (such as new schools).	The Council will consider and seek external and match funding for projects where possible, in order to maximise its capital programme spending capability. Where feasible the capital earmarked reserve will be replenished on an annual basis to mitigate the decline in available and potential new capital receipts. The Council will continue to operate a strategy where capital receipts are not ring-fenced, to ensure that maximum flexibility is available. All capital bids will be fully considered by CMB and CCMB in line with the Capital Strategy, before inclusion in the capital programme. Schemes must have been subject to a full feasibility assessment. This should inform more accurate costings and profiling of spend to avoid potential overspends or delays in schemes. The procurement process will also be considered and qualification criteria updated to try and avoid supplier issues.	CMB	Jan-2022	Apr-2022	Complete with ongoing review	3	5	15	Supporting a successful sustainable economy and smarter use of resources
SS-2019-01	The Council fails to safeguard vulnerable individuals e.g. children, adults in need of social care, homeless etc.	Risks to the safety and wellbeing of children and adults at risk are significant and require an effective, highly skilled response from multi-agency safeguarding partnership with leadership from the local authorities. There is a risk that without adequate budgets and as the decline of a sufficient experienced workforce there is a risk that the Council's safeguarding arrangements will not be effective, and that children and adults at risk will not be kept safe and will experience harm.	5	5	25	Treat	Jan-19	The Council works with key partners in Bridgend and within the Cwm Taf Morgannwg Regional Safeguarding Board to safeguard children and adults at risk. There are well established governance arrangements and culture and practice of transparency and learning to ensure that safeguarding is continuously improving and the safeguarding workforce is supported in their development. The Cwm Taf Morgannwg Regional Safeguarding Board has recently received an independent rapid review of safeguarding arrangements in Bridgend to identify areas where further assurance and improvements should be progressed. In addition, the Council is prioritising investment in the children's services workforce in order to strengthen safeguarding capability and capacity. Safeguarding is a standard agenda item for Cabinet/Corporate Management Board and a safeguarding dashboard has been developed is reported on a monthly basis, supported by the Corporate Safeguarding Group which is chaired by the Statutory Director of Social Services and Wellbeing. Regular reports on safeguarding are brought forward to Scrutiny committees and Cabinet.	Bridgend Council is working with safeguarding partners to progress independent audits to provide in-depth quality assurance in key areas identified by the independent rapid review. In addition a Children's Services Strategic Plan will be considered by Cabinet to set out key actions to strengthen children's services workforce, practice, provision and partnerships. Internal audit will undertake a follow up review of corporate safeguarding in Q4 of 2021/22 and any actions will be addressed by the Council wide Corporate Safeguarding Group	CMB	Jan-2022	Sep-2022	Ongoing	3	5	15	Helping people and communities to be more healthy and resilient and smarter use of resources

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IDENTIFIED RISK			ACTION PLAN										Well-Being Objective				
No.	There is a risk that	Consequences of risk	Raw risk score			Control method	Date Risk score assigned	How is the Council addressing this risk	Key actions to be established - NB business as usual activity not reflected here	who	Last Reviewed	Next Review		Action completed by	Residual risk score		
			Li	Im	Total										Li	Im	Total
COR - 2019-03 Page 98	The Council is unable to plan for and recover from major threats to service continuity such as civil emergencies, school failure, cyber attack and discontinuation of funding streams and major contracts	If the Council does not have the capacity and expertise to plan for and protect itself against major threats such as cyber-attack, civil emergencies and significant financial variations there is a risk that there may be a failure to deliver services and a balanced financial position which could harm citizens who rely on Council services.	4	4	16	Treat		The Council has anti virus installed which is regularly updated. All critical data is backed up and located offsite. Software update processes exist that includes the installation of patches. Security awareness training is provided to all employees.	Cyber resilience training continues to be rolled out. The situation is constantly being monitored on an ongoing basis, ICT are reviewing options to mitigate potential cyber attacks as the attack landscape is continually changing.	CMB	Jan-2022	Apr-2022	Ongoing	3	4	12	All Well-Being Objectives
							Jan-19	The Council has established emergency planning arrangements including a Major Incident Plan and contributes to the South Wales Local Resilience Forum (SWLRF) and South Wales Resilience Team (SWRT). Contract conditions are included in relevant contracts. The terms of these conditions will vary depending on the nature of the contract, but will cover compliance with General Data Protection Regulation (GDPR), security of personal information and general cyber security. Where contracts are awarded via a framework the necessary conditions will be imposed by the contracting agency for the framework. This has been an increased risk throughout the COVID period with significantly increased risk of attack and many more sophisticated attempts to disrupt the Council's network.						The Council has responded swiftly and appropriately to the increased risk posed by increased reliance on ICT and the network. A number of changes - some significant - were made during this period that has helped to mitigate the increased risk. Throughout the period the Council has stayed connected and resilient with many services being delivered remotely.	The situation is being monitored on an ongoing basis.		
COR-2019-04	The Council is unable to attract, develop or retain a workforce with the necessary skills to meet the demands placed upon the authority and its services	If there is a continual decreasing number of suitably skilled and experienced staff then there may not be the expertise required to deliver services and protect the interests of the Council. This could lead to the wellbeing of citizens suffering and a loss of morale amongst the remaining staff if they feel unsupported and are seeking to work elsewhere.	4	4	16	Treat	Jan-19	In areas where there are recruitment challenges, a variety of approaches are being taken. The marketing of vacancies to reach as wide an audience as possible, promoting specific careers and maximising the use of social media in recruitment advertising, are some examples. Opportunities are being taken to increase capacity and develop skills through trainee type roles, enabling the Council to "grow our own", including Apprenticeships; a new Graduate programme and a new Secondment scheme to train staff to become Qualified Social Workers. A market supplement policy has been approved by Council(20 October 2021). The Market Supplement Policy will enable the Council, in exceptional circumstances to respond to any established recruitment and retention issues by temporarily increasing the pay awarded to a post, without altering the determined job evaluation grade. Dedicated projects are being established in Social Services and Wellbeing to focus specifically on recruitment and retention in domiciliary care and children's social work.	There is a need to continue to seek alternative approaches to recruit to service areas, acknowledging that one size does not fit all. The benefits of working for the Council will be promoted alongside different ways of attracting staff. Consideration will also be given to how the Council's agency provider can support this agenda. Different recruitment, advertising and selection methods are being introduced for recruiting Apprentices, to improve the level and quality of applicants and with the aim of developing a pool of Apprentices. The Market Supplement policy will be considered where appropriate to address market issues affecting recruitment. Action plans are in place and being developed to address challenges in the Social Services and Wellbeing Directorate.	CMB	Jan-2022	Apr-2022	Ongoing	4	4	16	All Well-Being Objectives
COR-2019-05	Important Council services are compromised due to the failure of a key supplier	If the suppliers of Council services are not resilient there is a risk that they may fail to deliver those services leading to disruption for citizens and the Council, which will be impacted as it seeks to restore provision and suffers a loss of reputation.	4	4	16	Treat or Transfer	Jan-19	The Council's strongest defence against this is through its procurement strategy and procurement processes. When tendering for services the Council requires contingency arrangements to be in place to allow for the eventuality of supplier failure (for example in the case of refuse and recycling collection contracts). The Council also seeks to shape the market where possible to avoid over reliance on single suppliers (for example in social care). Where appropriate contract conditions are included to ensure the contractor has the appropriate level of security required for the service they provide. This will differ depending on the nature of the service and the legal requirements applicable.	Social Services have quarterly forum meetings with providers where risks, issues and pressures are identified. There are regular contract monitoring visits to monitor performance and quality. This has continued throughout the pandemic. Directorates to monitor the financial performance and stability of contractors on an ongoing basis. Dialogue with some major suppliers is required and contingency planning has been progressed. This has become increasingly important due to the fragility of the market and the economic situation as a result of COVID. Many suppliers are going through difficult times and we will need to monitor closely to ensure that critical services do not collapse.	CMB	Jan-2022	Apr-2022	Ongoing	4	3	12	Helping people and communities to be more healthy and resilient and smarter use of resources
COR - 2020 - 01	The Council is in breach of the GDPR because Directorates do not take ownership of, or properly resource, their responsibilities under the Regulation (GDPR).	If Directorates do not comply with the GDPR action may be taken by the regulator which could result in fines and in a loss of reputation for the Council, including with citizens. Properly complied with, GDPR will increase public trust and citizens confidence in how their data is handled by the Council.	4	4	16	Treat	Jun-20	Prior to GDPR an implementation group was established with representation from each Directorate and each Directorate undertook an audit of the data it holds. The Information Governance Board meets quarterly. A Data Protection Officer has been appointed and the Council has undertaken a review of its data protection and privacy policies and procedures, established an E-Learning model for staff and also provided training to Members. There is a data breach reporting procedure in place.	Directorates to ensure that staff have access to all the data protection policies and undertake the mandatory e-learning training. There is a risk of GDPR not being reflected by staff when performing certain activities leading to non compliance and penalties imposed by the ICO. The information Governance Board is continuing to meet. Following the move to remote working, staff have been reminded of compliance via Bridgenders messages and another message is due imminently.	CMB	Jan-2022	Apr-2022	Ongoing	3	2	6	Smarter use of resources

No.	IDENTIFIED RISK There is a risk that	Consequences of risk	Raw risk score			ACTION PLAN			Key actions to be established - NB business as usual activity not reflected here	who	Last Reviewed	Next Review	Action completed by	Residual risk score			Well-Being Objective
			Li	Im	Total	Control method	Date Risk score assigned	How is the Council addressing this risk						Li	Im	Total	
COR-2020-02	Recovery/restoration of services - the restoration of some Council services will require new ways of working to be established and implemented to ensure Covid safe environments for staff and the public .	Additional measures will need to be considered, with revised protocols with potentially additional costs, and increased operational burdens, to meet relevant guidance and provide safe service and working environments. Specific measures at a Directorate level will need to be assessed for the reopening of schools, including school transport and catering arrangements and assessing the needs of pupils with additional learning needs. Assessing the additional social care implications from having to work more remotely including the impact of remote assessments and less direct face to face contact for things like day services, the additional service requirement to meet the enhanced expectation that all homeless people will be provided with housing options and wrap around services, and the safe distancing, cleansing and hygiene and enhanced ICT provision required to allow effective reopening of the Council's core office portfolio on a gradual basis as well as better supporting agile working and working from home on an ongoing and more permanent basis, ensuring all health and safety requirements are understood and addressed. There is also a general risk that some members of the public, some staff and some elected members will not necessarily understand why new and different ways of working are necessary and may not be supportive, for example increased working away from the office and services offered on a predominantly 'digital' basis. These issues may result in decreased capacity and therefore an inability to meet service demands, potential for claims against the Council based on health and safety, an increased likelihood that some residents will be unable or unwilling to take up provision of services, an increased financial burden on the Council on a recurring basis.	5	4	20	Treat	Sep-20	Full risk assessments at a service level provide evidence of where interventions are required and new ways of working need to be implemented. A risk tool for individual members of staff and elected members has been distributed for self assessment to determine if special measures are required to be implemented to protect those individuals. Revised protocols have been developed to advise staff on good practice and business cases are prepared where additional investment is required to meet new operating procedures. Enhanced communication with staff, elected members and the public (including parents and pupils) will be necessary to mitigate some concerns and fears and ensure a better understanding of the Council's position. Coronavirus measures are continually updated as and when the advice from Welsh Government is received.	Comprehensive service risk assessment, implement key actions from the service recovery plans completed by Directorates, identify and action the lessons learnt from the experiences of service provision during the pandemic and lockdown, identify and consider service business cases for additional investment (as well as where there might be some savings from stopping areas of service or closing previous provision), ensuring ongoing and comprehensive communication and engagement as necessary. The Council continues to move to a 'recovery' position whereby as well as continuing to deliver some Covid related services and respond to some of the Covid legacy issues such as significantly increased demand for social care, early help and homelessness services, there is an expectation from the public that other Council services will have returned to 'normal'. Based on business cases some Council services have now partially returned to working in an office environment but the return is still being managed in a cautious and prudent way with employee safety at the forefront of considerations. A report was presented to Cabinet in September and to Overview and Scrutiny in October setting out the direction of travel with regard to a new operating model for the Council, embracing the best of the practices of the last 18 months but also recognising the need to ensure working methods moving forward properly reflect wellbeing concerns and the need for face to face interaction on occasion based most likely on a hybrid working model of some home/remotely working and some office based working where appropriate. This was supported by the preferences in the recently completed staff survey.	CMB	Jan-2022	Apr-2022	Ongoing recovery once second wave of virus eases & subject to future peaks.	5	3	15	Smarter use of resources
COR-2020-03	Public Health/Protecting the Public - the Council will need to take an enhanced public health leadership role for a sustained period of time and that this will need to be prioritised and resourced at the expense of other services that are normally provided, and that without proper and comprehensive planning to carry out the additional functions of test, trace and protect, a potential mass vaccination programme and continued and ongoing protection of the vulnerable (including mental health services) and previously shielded individuals to ensure they have the services and support they require, as well as an advisory and enforcement role to ensure compliance with Covid regulations, Covid 19 virus infections will potentially rise locally with a significant overall impact on public health and consequential impact on the local economy.	A need to divert resource to ensure adequate planning, together with our partners in the Health Board and the third sector, of programmes of work to address these matters which if they are not dealt with properly or the measures are ineffective will lead to increased local infection and potentially increased fatalities, increased sickness levels including for the Council, significantly increased demand for services and in a worst case scenario further local lockdowns.	3	5	15	Treat	Sep-20	Planning effectively with our partners a joint Cwm Taf Morgannwg TTP team has been established across the Bridgend, RCT and Merthyr area. There will be ongoing recruitment to this team to deal with peaks and troughs in demand. BCBC officers have assisted in planning and staffing of mass vaccination centres and continue to support regional arrangements. There is enhanced wellbeing support available for staff.	Ongoing monitoring of the performance of the regional TTP team and additional recruitment undertaken when necessary. Continued support to the vaccination programme. SRS continue to advise businesses to promote good Covid practices and ensure relevant risk assessments are in place.	CMB	Jan-2022	Apr-2022	Ongoing during the remainder of the financial year and into 2021-22, particularly in view of the enhanced risk of the prevalence of the virus increasing during winter months, although some of these activities are likely to stay with us long term and will in due course need to become business as usual	3	5	15	Smarter use of resources

IDENTIFIED RISK			ACTION PLAN										Well-Being Objective				
No.	There is a risk that	Consequences of risk	Raw risk score			Control method	Date Risk score assigned	How is the Council addressing this risk	Key actions to be established - NB business as usual activity not reflected here	who	Last Reviewed	Next Review		Action completed by	Residual risk score		
			Li	Im	Total										Li	Im	Total
COM - 2020 - 01	Invigorating the economy and economic recovery - there will be a prolonged and deep economic recession following the Covid pandemic and the uncertainties of the impact of the UKs withdrawal from the European Union, compounded by local issues such as the impending closure of the Ford engine plant.	There will be an increase in unemployment and the number of local benefit claimants. This impact may increase further at the end of the UK government's 'furlough' scheme which has been extended to the end of March 2021, with the potential for further business failure at that point. In addition there is likely to be a consequential impact on town centre footfall and increased empty retail properties, as potentially there will be less disposable spending locally. Increased financial hardship may also lead to an increase in demand for some Council services including those of the economic development, Council tax, employability, mental health, domestic abuse and homelessness services.	5	3	15	Treat	Sep-20	By seeking to support local businesses and individuals by signposting them to appropriate financial support, skills training and support services, and progressing schemes to develop opportunities to set up and establish new businesses. Local coronavirus restrictions were replaced when at the end of December 2020 higher-level restrictions came into force in all of Wales to control the spread of the virus which was accelerating and present in all local communities, these restrictions would protect the public health for people living in the country. Please refer to Risk COR-2020-02 for details of the restrictions in place.	Support the aims set out by local economic recovery taskforce and identify and implement the recommended actions through the development of a new Economic Strategy. Liaise closely with colleagues in the Cardiff Capital Region and Welsh Government to identify and target opportunities for investment to add to investment provided by BCBC to stimulate and invigorate the economy. Seek to signpost opportunities for training, support and new jobs by targeting the work of the Council's Employability teams. Administer and target financial grant schemes and provide support to local businesses to adapt to new circumstances. Progress existing economic development schemes to provide more opportunities for businesses 'start up' by developing enterprise hubs throughout the County Borough. Agreeing direct intervention initiatives where the Council controls the cost of some relevant services, for example free car parking / car parking offers in town centres, rental holidays/reductions for businesses where the Council is the landlord. Develop proposals for the UK Government's Levelling Up Fund as well as other external funding sources as considered appropriate.	CMB / Economic Recovery Panel	Jan-2022	Apr-2022	Ongoing	5	2	10	Supporting a successful sustainable economy
SS-2021-01	The WCCIS (Welsh Community Care Information System) Social care system (national system) will fail to operate. This is an ICT system which holds all BCBC social care records and is supported by an external contractor.	As all of Bridgend social care records and services are held on this system when it fails social work practitioners are unable to check records of individuals known to the service, this could cause safeguarding issues as understanding previous referrals and interactions and undertaking lateral checks are critical to safeguarding decision making. On one occasion when the system failed for 2 days, the Authority was not able to provide advice to other agencies on a Safeguarding issue in a time crucial way - causing a high risk to children and adults at risk. System down time potentially leaves the authority people vulnerable in its safeguarding role. Practitioners would also be unable to update care and service plans and there is therefore a risk to front line care services. Processing of documentation which commences services to vulnerable citizens could cause potential delays to care packages. In addition, services being unable to share social care records to service providers, and partners. The foster care payments system is operated from this system so internal foster carers will not be paid this could potentially result in us losing foster carers if the payments fail regularly. There is also a risk to the ability to in a timely way provide reports and management information for key social care services to WG. The system is currently failing on a daily basis and /or running so slow that makes it unable to function. On one occasion the system has failed for more than a day sometimes these drop outs are planned but often the system fails without warning and the support from the supplier in overcoming issues experienced has not been robust. The performance of the system is causing extreme frustration for practitioners and presents a risk to retention and recruitment as workers may chose to leave and work in LAs with other systems which perform better. This risk will affect the reputation of the Council as well as affecting partnership working as the NHS and other partners (police and probation working in the Multi Agency Safeguarding Hub [MASH]) will not deploy a system which performs so poorly. This presents further safeguarding risks in respect of poor information sharing. There are also risks to non compliance and the overarching risk is failure to maintain effective and safe services to vulnerable residents of Bridgend. Undertaking contract enforcement action is itself a high risk strategy as a new system would need to be procured. Implementation of a new system would move away from a single integrated system for Wales, would present risks in terms of transfer of records and would incur significant additional costs	5	3	15	Treat	Jun-21	BCBC Social Services & Wellbeing (SSWB) together with the support of BCBC ICT and legal services will develop a local approach to working with the Supplier/Provider to overcome the local WCCIS issues being experienced and are also exploring all possible actions in terms of contract compliance and exit. A review of the local issues facing practitioners and users of the system will be collated jointly by the service and ICT so a full understanding can be presented to senior managers within the supplier in meetings with them to review the ongoing BCBC issues. In addition a review of the contractual obligations will be undertaken by colleagues in legal in order that BCBC can challenge any non contract compliance with the supplier. Action is also being undertaken as part of the all-Wales arrangements with regular links with the programme SRO and exploring co-ordinated action on a national basis, recognising that managing and mitigating risks and issues on a national is important when dealing with such a well resourced supplier.	There is an improvement in the current functionality and operation of the WCCIS system which resulted in the interventions put in place by Advanced in June/July, this was in turn the result of national involvement by Corporate Directors of Social Services expressing grave concerns about the significant issues at that time with the operation of the system day to day. The plan to upgrade the system remains on track at the moment - with Advanced the National Programme Team and local authorities working together to deliver actions which include final testing bug fixes defect resolution functionality testing online e learning for end users on the new system and support to ensure operational readiness for the planned downtime of the system when the transfer onto the new CRM Platform takes place	CMB	Jan-2022	Apr-2022	Ongoing - Residual Risk to be reviewed	5	3	15	All Well-Being Objectives

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

Risk Scores
1-6 - Green - Low
8-12 - Amber - Medium
15-25 - Red - High

Risk ID number follows the sequence Directorate - year identified - risk number
Directorate codes mentioned above are:
SS - Social Service
COR - Corporate
COM - Communities
CEX - Chief Executives

APPENDIX B

Bridgend County Borough Council

Corporate Risk Management Policy

Final

January 2022

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Bridgend County Borough Council **Corporate Risk Management Policy**

Introduction

Good corporate governance structures are essential if the Council is to achieve its vision of being “One Council working together to improve lives” within the County Borough. An essential part of governance is the mechanisms for the control and management of risk. There must be a clear focus on the significant risks that could prevent the Council achieving its corporate improvement priorities and this policy seeks to address those risks.

Good governance requires that risk management is embedded into the culture of the Council with Members, managers and staff at all levels recognising that risk management is part of their job. It is important that the changing nature of how we deliver services is acknowledged. In particular, the increasing use of partnerships, shared services and business transformation programmes provide fresh risks to manage.

This policy facilitates the management of corporate risk within the Council; it focuses attention on key areas and its outcomes will inform the budget process and the Medium-Term Financial Strategy.

Definition of Risk

The definition of risk the Council uses is:

Any potential development or occurrence which, if it came to fruition, would jeopardise the Council’s ability to:

- achieve its corporate improvement priorities
- provide services as planned
- fulfil its statutory duties, including the duty to make arrangements to secure continuous improvement.

Aims and Objectives

The aim of the policy is to facilitate effective corporate risk management throughout the Council so that risks are identified, evaluated, managed and monitored to enable the Council to achieve its corporate improvement priorities.

This will be done by:

- Managing corporate risk via a process that is integrated into usual business planning and is aligned to budget setting and the Medium-Term Financial Strategy.
- Monitoring key corporate risks at the highest level within the Council, including:
 - Cabinet
 - Senior Management Team
 - Corporate Performance Assessment (CPA) meetings, which are part of the 'informal' management arrangements involving Corporate Management Board (CMB)/Heads of Service/Cabinet and Scrutiny
 - Overview and Scrutiny Committees
 - Governance and Audit Committee
- Working closely with partner organisations and other bodies such as the Wales Audit Office and external auditors.
- Managing corporate risk via a process that is compatible with any guidance provided by regulatory bodies.

Strategy

Risk will be managed by:

- Providing for risk identification within the business planning process
- Assessing risks against a common understanding of the Council's risk appetite set by Cabinet and Senior Management Team
- Establishing appropriate control measures or other actions to manage risks to appropriate levels
- Maintaining a register of corporate risks which enables them to be recorded and regularly reviewed
- Establishing clear accountabilities and roles
- Ensuring that the risk assessment is considered within the budget setting process and the Medium-Term Financial Strategy
- Making the link to corporate improvement priorities
- Learning from incidents and near misses

- Having arrangements to monitor risks involving elected Members and senior management. (Corporate Performance Assessment Meetings and Corporate Working Groups are examples of these)

Accountabilities and Roles

A key part of the strategy is to establish clear roles, responsibilities and reporting lines within the Council.

Governance and Audit Committee	The Governance and Audit Committee will monitor the effective development and operation of risk management and corporate governance within the Council. The Committee will consider the report on the annual risk assessment in January and a further interim report detailing changes in the year.
Overview and Scrutiny Committees	Overview and Scrutiny Committees develop a forward work programme having regard to the Council's corporate priorities and risk management framework. They review and scrutinise the decisions made by and the performance of Cabinet and Council officers. They scrutinise the performance of the Council in relation to its policy objectives and performance targets. They make recommendations to the Cabinet and Council arising from the outcome of the scrutiny process. They consider a report of incidents and near misses on an annual basis and ensure that they are satisfied with the actions taken to prevent a reoccurrence.
Cabinet	Together with the Corporate Management Board the Cabinet will set the Council's risk appetite. They will also work with the Corporate Management Board to provide oversight and information on the management of risk and opportunities arising from the various options facing the Council.
Cabinet Members	Cabinet Members provide risk management oversight of service provision in the Directorates aligned with their portfolio. They must be made aware of the key risks within their portfolio of services and within any projects or partnerships related to these.
Corporate Management Board	Together with the Cabinet the Corporate Management Board will set the Council's risk appetite. They will also "scan the horizon" for new risks to the Council and the County Borough. They will provide a view of the medium to long term impacts of Government policy, financing, business transformation and partnership working. Corporate Management Board will work with Cabinet to produce an annual risk assessment. They will review the effectiveness of actions put in place by Corporate

	Directors and Heads of Service to mitigate risk at other meetings though out the year. The Corporate Management Board will endeavour to ensure that the resources of the Council are utilised efficiently so that the objectives of the Council are delivered.
Chief Executive	The Chief Executive leads the Corporate Management Board and the wider corporate governance agenda of which risk management is a part. A position summary statement of the Corporate Risk Register including a review of the direction of travel of risk and the identification of emerging risks is included in the Annual Governance Statement. The Chief Executive will review the Annual Governance Statement and, together with the Leader, consider this and sign it off as appropriate.
Section 151 Officer	The Section 151 Officer is responsible for the proper administration of the Council's financial affairs and oversees the production of the risk register prior to its consideration by Corporate Management Board. They must ensure that risks are fully considered and aligned with the Council's Medium-Term Financial Strategy.
Corporate Directors	Together with the Chief Executive, Corporate Directors are integral to the risk management process, providing leadership to achieve cultural and organisational change. They are involved in the management of risks arising from corporate initiatives, business transformation, major projects, external environment, partnership working and assessing the wider implications of risk assessments and incidents and near misses associated with service provision. They also need to make arrangements to embed risk management within the services that they have responsibility for, in order to provide assurance to the Chief Executive. They have responsibility for the delivery of Directorate plans, including service improvements and efficiencies and the delivery of corporate priorities.
Corporate Performance Assessment Meetings	Led by the Chief Executive, Cabinet, Corporate Management Board and Overview and Scrutiny Chairs will consider the extent to which business plans are being delivered and challenge senior officers about progress towards the achievement of improvement priorities. This will include review of the risks which are relevant to each directorate.
Heads of Service	Heads of Service develop and implement service plans to deliver agreed objectives. They should ensure that risks and the management of those risks has been explicitly considered in framing these plans.

	They must also receive reports of incidents and near misses and manage the response for those where they have responsibility
Directorate and Service Management Teams	Managers and management teams have responsibility for delivering services. For successful delivery, many factors such as objectives, people, budget etc must be considered. Risk management is just one aspect of the overall management task. Risks which threaten the successful delivery of services must be identified through the business planning process. Managers will put in place actions to reduce the risks. These will be monitored and reviewed to ascertain the effectiveness of actions taken
Internal Audit	Internal Audit is an assurance function that primarily provides an independent opinion on the control environment comprising risk management, internal control and governance by evaluating its effectiveness in achieving the Council's improvement priorities. It examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper economic and effective use of resources.
Members	Members collectively are the ultimate policy makers. They will represent their communities and bring their views into the Council decision making process being advocates of and for their communities. They contribute to the continual improvement of Council services and directly to risk management via membership of the Governance and Audit and Overview and Scrutiny Committees.
Insurance and Risk Officer	The Insurance and Risk Officer will co-ordinate work on the annual risk assessment and subsequent reviews and act as a point of reference and support. The Insurance and Risk Officer will also maintain a database of the incidents and near misses and a report will be provided on an annual basis to the Governance and Audit Committee.
Staff	All staff have responsibility for identifying opportunities as well as risks in performing their day-to-day duties, and for taking appropriate action to take advantage of opportunities or limit the likelihood and impact of risks. They also have a responsibility to report incidents and near misses to their line manager and contribute to any subsequent investigation

Risk Management Methodology

The risk management methodology describes the way in which risks are managed within the Council. For Further information please refer to the Risk Management Guidance document available on the Council's intranet site.

Part 1 – Setting the Council's Risk Appetite

Risks must be assessed against the Council's risk appetite. Risk appetite can be defined as the amount of risk that an organisation is prepared to accept, tolerate or be exposed to before it takes protective action. Setting a risk appetite helps the Council to view risks in a consistent way across all service areas.

Part 2 - Identifying Risk

Risk identification is not a standalone activity which is completed in isolation from the management of service delivery. It is part of the strategic business planning and performance management processes.

It is concerned with identifying events and their consequences which could impact on the Council's corporate improvement priorities. Consequently, the starting point is understanding what these are; they are set out within the Corporate Plan.

It can help to use prompts which identify different sources of risk. These include:

- Customer/citizens: Failure to deliver services of a required standard or misunderstanding their needs
- Strategic: doing the wrong things as an organisation; missing opportunities
- Finance: losing monetary resources or incurring unacceptable liabilities
- Reputation: the Council's image, loss of public confidence
- Legal and regulatory: claims against the Council, non-compliance, new regulations resulting in new or more severe risks
- Information: loss or inaccuracy of data, systems or reported information
- Environmental: things outside of our control; environmental impact
- People: risks associated with employees, management and Members
- Political: political embarrassment, not delivering local or national policies
- Partnerships: the risks the Council is exposed to as a result of partnerships

These categories can be used in discussion to identify events that could prevent or hinder the council from achieving its objectives.

The ideas from these discussions need to be grouped into common themes and developed into the actual risk.

The risk description should have an event which leads to a consequence which then has an impact. Eg. A loss of xxxxxx, will lead to xxxxxx, resulting in xxxxxx.

When will risks be identified?

Risk identification is not a standalone activity. It forms part of good governance, business planning, decision making and performance management. A key opportunity to identify risk is during the budget process, when the Medium-Term

Financial Strategy is being agreed and when Directorate business plans are considered.

Part 3 - Assessing the raw risk

Once the risks that threaten the achievement of the Council's corporate improvement priorities have been identified, the next step is to assess them in terms of the likelihood that they will occur and the impact if they do. This information will then be used as a tool to inform professional judgements as to the significance of the risks to the Council.

The Council has agreed criteria for the levels of likelihood and impact. These are shown in Tables 1 and 2 below. The definitions for likelihood of occurrence are quite short. However, because the impact of the risk, should it occur, can be much wider, there is a more comprehensive set of definitions.

When considering likelihood and impact you should not take into consideration any existing controls that are in place. The risk score you have will be a raw, inherent or uncontrolled score.

When both the likelihood and impact have been considered, multiply the likelihood by the impact to get the overall risk score. This should be mapped on to the matrix in Table 3. The colours of the matrix are a traffic light system. Those which exceed the Council's risk appetite are in the high-risk **red zone** and the **amber zone medium zone**. Low risks are the **green zone**.

The risk score should be used to inform your judgement, rather than dictate how risks compare and what the priorities should be. The scores help you to identify the most serious threats and to make decisions about the significance of those risks to the Council and how, or whether, they should be treated.

Table 1: Description and definitions of LIKELIHOOD of the RISK occurring

Score	Description
5	Highly likely to happen - More than an 80% chance
4	Likely to happen – 60% to 79% chance
3	Will possibly happen – 40% to 59%
2	Unlikely to happen – 20% to 39%
1	Highly unlikely to happen – Less than 20%

Table 2: Description and definitions of IMPACT of the RISK

Impact	Example Detail Description
5	Long term loss of service capability Long term negative perception of council Litigation is certain and impossible to defend Significant corporate budget realignment Breaches of law punishable by imprisonment
4	Medium term loss of service capability Adverse UK wide publicity Litigation almost certain and difficult to defend Some corporate budget realignment Breaches of law punishable by fines
3	Short term loss of service capability Adverse Wales wide publicity Litigation to be expected Budget adjusted across service areas Breaches of major statutory duty
2	Short term disruption to service capability Adverse local publicity High potential for complaint, litigation possible Financial implications contained within the Directorate Breaches of statutory regulations/standards
1	No significant disruption to service capability Unlikely to cause any adverse publicity Unlikely to cause complaint or litigation Financial implications contained within service area Breaches of local procedures or standards.

Now that the raw risk score has been calculated, you can plot the risks on to the risk prioritisation matrix in Table 3. This will be a guide of their relative significance to the Council, and how they will be managed.

Table 3: Risk Prioritisation Matrix

	Impact				
Likelihood	5	10	15	20	25
	4	8	12	16	20
	3	6	9	12	15
	2	4	6	8	10
	1	2	3	4	5

Part 4 - Managing and controlling risks

Having considered how corporate risks should be identified and assessed for likelihood and impact, it is necessary to consider how risks can be managed and controlled. The risk score should not dictate the level of management required; however it should be taken into consideration as it does point to matters that will require managing.

This involves:

Assessing the raw risk against the Council's risk appetite

The degree to which a raw risk is tolerable should be considered against the Council's risk appetite score of 10. Table 3 identifies which risks are high (**red zone**), medium (**amber zone**) or low (**green zone**).

Assigning ownership to manage the raw risk to specific officers

The following is a guide to the correct level of ownership.

Red Risks – These are high risks that exceed the Council's risk appetite. They require active management by senior officers. The risk owner will be a member of and report to the Corporate Management Board

Amber Risks – These are medium risks that exceed the Council's risk appetite. These should be closely monitored by the risk owner who will be a Director or Head of Service

Green Risks – These risks are within the Council's risk appetite and will be managed and monitored within the service.

Assessing the method of control

The Council could tolerate the risk, treat it, terminate it or transfer it to a third party.

The cost and effectiveness of controls is a key consideration and needs to be balanced against the potential consequences (reputational, financial or otherwise) if the event occurred. The cost of implementing and operating the control should not normally exceed the maximum potential benefit.

Depending on the circumstances controls will probably fall under one of four basic approaches

- **Tolerate the risk.** The risks arising from an activity will be scored as part of a risk assessment process. If the score is low, the correct response might be to recognise that the activity brings risk, but still continue with it. You would typically take this approach when it is not cost effective to take action, because the likely impact of the risk, should it occur, is minimal. When a decision is made to tolerate a risk, the reason should be documented. In addition, you should continue to monitor the risk so that you can ensure that your decision remains sound.

- **Treat the risk.** This is the most widely used approach. The purpose of treating a risk is to continue with the activity, but at the same time take action to bring the risk to an acceptable level. This is done through either:

containment actions. These lessen the likelihood or consequences and are applied before the risk materialises

or

contingent actions. These are pre planned responses that will reduce the impact after the risk has happened.

- **Terminate the risk.** This involves stopping an activity altogether, or doing things differently so that the risk is removed.
- **Transfer some aspects of the risk to a third party.** The transfer of risk to another organisation can be used to reduce the financial exposure of the Council and/or pass the risk to another organisation which is more capable of effectively managing it. An example would be the transfer of a risk through the terms of a legal contract, such as an insurance policy. The Council has an Insurance Strategy which is shown in Appendix 1.

The cost of management and control should be understood and be proportionate to the risk being addressed. Resources should be expended on the higher-level risks that need active management.

The reasons why a particular course of action has been taken should be documented and the decision implemented by the risk owner.

Part 5 – Assessing the residual risk

By this stage the risks have been identified and analysed and each has a raw or uncontrolled risk score. In addition, you have assessed the available controls and made decisions about which are appropriate and will be put in place. These controls will either make the likelihood that the risk will come to fruition less or they will reduce the impact of the risk in the event that it takes place.

As the likelihood or impact of the risk has changed you now need to rescore the risk, taking these changes into consideration. The resulting number is the residual risk score.

The mapping of the score on to the matrix in Table 3 should be repeated to record the residual risk. This will show what influence the controls have had. The residual risk score should be lower than the raw risk score. If it isn't, the mitigation measures are just having the effect of stopping the risk from deteriorating. The residual risk score needs to be at an acceptable level when considered against the Council's risk appetite. If the score does not reduce the risk to an acceptable level you should consider the effectiveness and adequacy of the controls.

Part 6 - Recording and Reviewing Risks

It is necessary to monitor action plans to regularly report on the progress being made in managing risk. Alternative action will be needed if those actions initially taken prove ineffective.

All the information relating to the identified risks should be recorded in a risk register. This information should, as a minimum, include: the link to the corporate improvement priorities, a description of the risk; its impact; the raw risk score, the controls in place or being put in place; the residual risk score and the risk owner. This document needs to be formally approved by the Council and this will be done by the Governance and Audit Committee in January each year following prior review by Senior Management Team and Cabinet in December.

Circumstances and business priorities can change, and therefore risks need to be regularly reviewed. The higher the risk, the more frequent the review. The corporate risk register will be reviewed quarterly by Senior Management Team and at Corporate Performance Assessment meetings. This is required because:

- Previously identified risks will change over time.
- New risks arising will need to be added.
- It might be appropriate to delete risks. However, when this is done a record of the reasons for this should be kept.

Prior to review at Senior Management Team, the Insurance & Risk Officer will contact the Directorate Business Managers and ascertain what changes to the risk assessment are proposed by the Directorate. These proposals will be included within the report to Senior Management Team for their consideration.

A timeline for the review process is shown as Appendix 2.

Whilst there is no prescribed process for review, the following is an example of how it could be approached.

Go through the risks listed in the register to consider:

- Are the risks still relevant?
- Have circumstances surrounding the risks changed?
- What progress has been made in managing the risk?
- Given the progress made, do the risk scores need revising?
- Are any further controls needed? If so, what should these be?
- Have any new risks arisen. Perhaps arising out of an adverse event or a new partnership or legislation.

The risk register should then be updated to reflect these changes. A report will be made to the Governance and Audit Committee each September.

Appendix 1 - Insurance Strategy

What is Insurance?

All activities involve a certain degree of risk, for example of fire or accident. If these risks come to fruition they will have a financial impact. Insurance is a risk mitigation measure whereby one organisation can transfer the financial impact of the risk to another.

This transfer is achieved when a business which provides insurance agrees to take on some of the risks of another organisation in exchange for a fee, known as a premium. It does this by providing an insurance policy, which is a legally binding contract. The premium, and the terms and conditions of the policy are based on the likelihood of the risk happening and its value. The insurer collects premiums on a number of policies and pools these funds, which it then invests to increase the amount of money held. Should the insured make a claim on a policy; the insurer will meet the claim from the pool of funds. The insurer will seek to make a profit and will be planning for the total premiums it receives in any one year, together with any money it can make through investments, to exceed the total claims it has to pay out.

The benefits of Insurance to Bridgend County Borough Council

Insurance provides the council with many benefits:

- 1) It protects it against the financial consequences of unexpected incidents.
- 2) It encourages the council to undertake activities, and invest with confidence, knowing that losses will be shared with the Insurer. This will benefit the local economy and the community.
- 3) Insurance companies provide expert advice about how the council can prevent or control losses.
- 4) The council does not need to maintain such significant sums of money in reserve to fund future possible losses. Funds can be released for more productive use.
- 5) There are social benefits. If someone is injured and it is as a result of the council's negligence, insurance provides them with compensation for their injuries.
- 6) We have access to external claims handling expertise.

However, Insurance does not provide a panacea to all issues around risk of loss. This is because it rarely provides full financial compensation for the loss, it may be considered uneconomic, there are exclusions and there will be some delays in the restoration of assets to full use.

What risks can be insured?

Not all risks are insurable. To be insurable, the risk must have certain characteristics:

- 1) The loss must be fortuitous. It can't be inevitable and must be unexpected.
- 2) It must be possible to allocate a financial value against the results of the incident.
- 3) The council must have an "insurable interest". This exists if the council would suffer financially if an event happened. Typically, insurable interest is established by ownership, possession, or a direct relationship.
- 4) The only possible result of the event happening must be a loss rather than a profit.
- 5) The loss must be tied in to a specific identifiable event having happened.

What risks will the council insure?

The Council's activities result in a certain amount of predictable financial loss. There is no point in insuring these losses because the Insurance Company will want a pound in premium for each pound it anticipates it will pay in claims. In addition it will charge a further amount for its administrative expenses, profit and insurance premium tax. In these circumstances the purchase of insurance is uneconomic.

The Council will insure losses which would have a significant impact on budgets and the provision of services. This is generally achieved by purchasing insurance with a deductible. The overall exposure to financial loss is controlled by an aggregate deductible. This caps losses incurred in any one year to a certain amount.

The Council will also buy insurance when it has to by law or where the provision of the insurance provides additional benefits which enable the activity to take place.

What information should be provided to Insurers?

The Insurance Act 2015 puts a duty on policy holders to make a "fair presentation" of the risk. This means that it must disclose to its Insurers all information, facts and circumstances which are, or ought to be, known to it, which are material to the risk. This is an ongoing duty and so if anything changes during the term of the Insurance this should be disclosed during the policy period. A "material" circumstance is one which would influence the judgement of a prudent underwriter in considering whether to provide insurance and, if so, on what basis and cost. This means that the Council is required to ascertain and disclose every material circumstance which is known by its "senior management" and by the individuals who are responsible for arranging its insurance.

The Council is also required to conduct a "reasonable search" for material information it ought to know that is available to it, which includes material information held by others outside the organisation, and by those to be covered by the insurance.

How will the council maintain the insurance arrangements?

The Council will seek to keep its insurance arrangements in order so that if a loss occurs they respond in the way intended. In particular the Council will:

- 1) Undertake a quinquennial review of its buildings sums insured. Between reviews sums insured will be amended in line with indices provided by the Royal Institute of Chartered Surveyors.
- 2) Be aware of the policy wordings and understand what they mean.
- 3) Keep insurers apprised of changing risk features which will have a material impact on the way Insurers perceive risk.
- 4) Maintain comprehensive records of insurance including Insurance Policy documentation.
- 5) Employ the services of a professional insurance broking company who can provide expert advice
- 6) Only transfer risks to Insurance Companies which are financially strong.

Appendix 2 - Risk Management Timeline 2022-23 (Subject to agreement of Audit Committee dates)

Timeline	Responsibility	Action
January 2022	Governance and Audit Committee	Considers the 2022-23 risk assessment and agree proposed changes to the Risk Management Policy
February 2022	Cabinet/Council	Considers the 2022-23 risk assessment in conjunction with the Medium-Term Financial Strategy
February 2022	CPA	Risk assessment considered at quarter 3 2021-22 CPA
April 2022	CMB	Review of the 2022-23 risk assessment
June 2022	CPA	Risk assessment considered at quarter 4 2021-22 CPA
July 2022	CMB	Review of the 2022-23 risk assessment
July 2022	Governance and Audit Committee	Audit Committee considers the changes made to the 2022-23 risk assessment
October 2022	CMB	Review of the 2022-23 risk assessment
November 2022	Governance and Audit Committee	Review of the 2022-23 risk assessment
November 2022	CPA	Risk assessment considered at quarter 2 2022-23 CPA
December 2022	Cabinet CMB (CCMB)	Consider draft 2023-24 risk assessment
January 2023	CMB	Consider draft 2023-24 risk assessment and agree proposed changes to the Risk Management Policy
January 2023	Governance and Audit Committee	Considers the 2023-24 risk assessment
February 2023	Cabinet/Council	Considers the 2023-24 risk assessment in conjunction with the Medium-Term Financial Strategy
February 2023	CPA	Risk assessment considered at quarter 3 2022-23 CPA

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BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO THE GOVERNANCE AND AUDIT COMMITTEE

28 JANUARY 2022

REPORT OF THE 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 next meeting on 31st March 2022.

Proposed Agenda Items – 31 March 2022	
1	Governance and Audit Committee Action Record
2	Audit Wales Governance and Audit Committee Reports
3	Complaints Process
4	Regional Internal Audit Service Charter 2022-23
5	Fraud Risk Assessment
6	Internal Audit Progress Reports
7	Forward Work Programme 2022-23

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 self-assessment, and these will be added to the Forward Work Programme as necessary.

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. 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.

Carys Lord
Chief Officer – Finance, Performance and Change
January 2022

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Background Documents: None

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GOVERNANCE AND AUDIT COMMITTEE FORWARD WORK PROGRAMME 2021-22	Frequency	31 March 2022
Standing Items		
Governance and Audit Committee Action Record	Each meeting	✓
Audit Wales Governance and Audit Committee Reports	Each meeting	✓
Updated Forward Work Programme	Each meeting	✓
Annual Accounts		
Statement of Accounts 2020-21 (unaudited)	Annually	
Porthcawl Harbour Return 2020-21 (unaudited)	Annually	
Audited Statement of Accounts and Annual Governance Statement	Annually	
Audited Harbour Return <i>(if amended)</i>	Annually	
Internal Audit Reports		
Internal Audit Annual Strategy and Audit Plan 2021-22	Annually	
Internal Audit Shared Service Charter 2022-23	Annually	✓
Annual Internal Audit Report 2020-21	Annually	
Internal Audit Progress Reports	Quarterly	✓
Governance		
Annual Governance Statement 2020-21	Annually	
Review of the Annual Governance Statement	Annually	
Audit Wales Annual Audit Plan <i>(included in Audit Wales Governance and Audit Committee Reports item)</i>	Annually	✓
Annual Audit Summary <i>(included in Audit Wales Governance and Audit Committee Reports item)</i>	Annually	
Treasury Management		
Treasury Management Outturn 2020-21	Annually	
Treasury Management Half Year Report 2021-22	Annually	
Treasury Management Strategy 2022-23	Annually	
Risk Assurance		
Corporate Risk Assessment 2021-22		
Corporate Risk Assessment, Corporate Risk Management Policy And Incident And Near Miss Reporting Procedure	Annually	
Counter Fraud		
Corporate Fraud Report 2020-21	Annually	
Fraud Risk Assessment	Annually	✓
Anti Tax Evasion Policy (2021 then 2023)	Biennially	
Others		
Complaints Process		✓
Digital Transformation		
Disabled Facilities Grants		
Annual Self Evaluation Report (to be determined)		

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