Cyngor Bwrdeistref Sirol Pen-y-bont ar Ogwr
Bridgend County Borough Council

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

Rydym yn croesawu gohebiaeth yn Gymraeg. Rhowch wybod i ni os mai Cymraeg yw eich dewis iaith.
We welcome correspondence in Welsh. Please let us know if your language choice is Welsh.

Cyfarwyddiaeth y Prif Weithredwr / Chief Executive's Directorate
Deialu uniongyrchol / Direct line /: 01656 643148 / 643694 / 643513
Gofynnwch am / Ask for: Democratic Services/ Gwasanaethau Democrataidd

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

Dyddiad/Date: Dydd Gwener, 22 Tachwedd 2024

Annwyl Cynghorydd,

PWYLLGOR LLYWODRAETHU AC ARCHWILIO

Cynhelir Cyfarfod Pwyllgor Llywodraethu ac Archwilio Hybrid yn Siambr y Cyngor - Swyddfeydd Dinesig, Stryd yr Angel, Pen-y-bont ar Ogwr, CF31 4WB / O Bell Trwy Timau Microsoft ar **Dydd Iau, 28 Tachwedd 2024** am **10:00**.

AGENDA

1. Ymddiheuriadau am absenoldeb
   Derbyn ymddiheuriadau am absenoldeb gan Aelodau.

2. Datganiadau o fuddiant
   Derbyn datganiadau o ddiddordeb personol a rhagfarnol (os o gwbl) gan Aelodau / Swyddogion yn unol â darpariaethau'r Cod Ymddygiad Aelodau a fabwysiadwyd gan y Cyngor o 1 Medi 2008.

3. Cymeradwyaeth Cofnodion — 3 - 14
   I dderbyn am gymeradwyaeth y Cofnodion cyfarfod y 26/09/24.

4. Cofnod Gweithredu'r Pwyllgor Llywodraethu ac Archwilio — 15 - 20

5. Adroddiad Monitro - Cwynion Corfforaethol — 21 - 56

6. Adroddiadau Pwyllgor Llywodraethu ac Archwilio Cymru — 57 - 110

7. Datganiad Cyfrifon Archwiliedig 2023-24 — 111 - 260

8. Adolygiad Hanner Blwyddyn o'r Datganiad Llywodraethu Blynyddol — 261 - 292

9. Adroddiad Hanner Blwyddyn Rheoli'r Trysorlys — 293 - 316

10. Ffurflen Harbwr Porthcawl 2023-24 Llythyr Archwilio Blynyddol — 317 - 320

11. Cynnydd yn erbyn Cynllun Seiliedig ar Risg Archwilio Mewnol 2024-25 — 321 - 332

12.	Monitro Argymhellion Archwilio Mewnol	333 - 340
13.	Adroddiad Blynyddol y Pwyllgor Llywodraethu ac Archwilio 2023/24	341 - 360
14.	Blaenraglen Waith wedi'i Diweddaru	361 - 366

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

Nodyn: Bydd hwn yn gyfarfod Hybrid a bydd Aelodau a Swyddogion mynychu trwy Siambr y Cyngor, Swyddfeydd Dinesig, Stryd yr Angel, Pen-y-bont ar Ogwr / o bell Trwy Timau Microsoft. Bydd y cyfarfod cael ei recordio i'w drosglwyddo drwy wefan y Cyngor. Os oes gennych unrhyw gwestiwn am hyn, cysylltwch â cabinet_committee@bridgend.gov.uk neu ffoniwch 01656 643148 / 643694 / 643513 / 643159

Yn ddiffuant
K Watson
Prif Swyddog, Gwasanaethau Cyfreithiol a Rheoleiddio, AD a Pholisi Corfforaethol

Dosbarthiad:

Cynghorwyr:

M L Hughes	S J Griffiths
MJ Williams	N Clarke
RM Granville	R J Smith
S Easterbrook	C Davies

Aelodau Lleyg:

G Chapman
B Olorunnisola
A Bagley
D Austin

COFNODION CYFARFOD Y PWYLLGOR LLYWODRAETHU AC ARCHWILIO A GYNHALIWYD AR FFURF HYBRID YN SIAMBR Y CYNGOR - Y SWYDDFEYDD DINESIG, STRYD YR ANGEL, PEN-Y-BONT AR OGWR, CF31 4WB AR DDYDD IAU, 26 MEDI 2024 AM 10:00

Yn bresennol

G Chapman – Cadeirydd (aelod lleyg)

M L Hughes	R M Granville	N Clarke	C Davies
S Easterbrook	R J Smith		

Yn Bresennol yn Rhithiol

M J Williams	S J Griffiths

Aelodau Lleyg - yn Bresennol

B Olorunnisola

Aelodau Lleyg - yn Bresennol yn Rhithiol

Deb Austin

Ymddiheuriadau am Absenoldeb

A Bagley

Swyddogion:

Carys Lord	Prif Swyddog - Cyllid, Tai a Newid
Andrew Wathan	Pennaeth y Gwasanaeth Archwilio Mewnol Rhanbarthol
Joan Davies	Dirprwy Bennaeth y Gwasanaeth Archwilio Mewnol Rhanbarthol
Deborah Exton	Dirprwy Bennaeth Cyllid
Nigel Smith	Rheolwr Grŵp - Prif Gyfrifydd
Rachel Keepins	Rheolwr Gwasanaethau Democrataidd
Sara-Jane Byrne	Archwilio Cymru
David Williams	Archwilio Cymru
Charles Rigby	Archwilio Cymru
Simon Roberts	Uwch Ymchwilydd Twyll
Stephen Griffiths	Swyddog Gwasanaethau Democrataidd / Swyddog Craffu Dros Dro - Pwyllgorau
Oscar Roberts	Prentis Gweinyddu Busnes - Gwasanaethau Democrataidd

Datganiadau o Fuddiant

Dim

170. Cymeradwyo Cofnodion

Penderfyniad	Derbyniwyd cofnodion cyfarfod 19 Gorffennaf 2024 fel gwir gofnod manwl gywir.
Dyddiad y Penderfyniad	26 Medi 2024

171. Cofnod Gweithredu'r Pwyllgor Archwilio a Llywodraethu

Penderfyniad	Diben yr adroddiad hwn oedd darparu diweddariad i'r Aelodau ar Gofnod Gweithredu'r Pwyllgor Archwilio a Llywodraethu. Mae'n ceisio diweddaru Aelodau ar gamau gweithredu dilynol neu wybodaeth bellach y gwnaed cais amdani ar adroddiadau sydd wedi eu hystyried gan Aelodau a/neu y gwnaed cais gan y Pwyllgor, gan gynnwys unrhyw wybodaeth berthnasol arall mewn perthynas ag eitemau agenda blaenorol.

	Mewn ymateb i'r adroddiad, trafododd yr Aelodau nifer o faterion, gan gynnwys y canlynol: • Rôl y Pwyllgor Llywodraethu ac Archwilio wrth ystyried mater 'llywodraethu' ar draws y Cyngor, a ph'un a ddylai'r Pwyllgor fod yn fwy rhagweithiol wrth fynd i'r afael â materion gan alw cyfarwyddwyr a rheolwyr gwasanaeth i mewn i roi cyfrif am broblemau oedd wedi'u hadnabod gyda darparu'r gwasanaeth. • Y berthynas rhwng y Pwyllgor Llywodraethu ac Archwilio a'r pwyllgorau craffu a'r angen am broses fwy ffurfiol ar gyfer adrodd rhyngddynt. Mewn ymateb i'r pwyntiau a godwyd ynghylch y berthynas rhwng y Pwyllgor Llywodraethu ac Archwilio a'r pwyllgorau craffu, nododd y Rheolwr Gwasanaethau Democrataidd (DSM) y byddai cyfarfod yn cael ei gynnal rhwng y Cadeiryddion Craffu a Chadeirydd Llywodraethu ac Archwilio er mwyn cytuno ar broses ffurfiol ar gyfer adrodd rhwng y Pwyllgorau ac i ddatblygu perthynas waith rhyngddynt i sicrhau gweithio effeithiol ac osgoi dyblygu rhwng eitemau. • Bod mater Harbwr Porthcawl wedi cael ei ystyried yn rhan o'r gwaith yr ymgymerwyd ag ef gan y Panel Ymchwil a Gwerthuso'r Gyllideb (BREP) yn 2023-24. <u>PENDERFYNWYD</u>: Nododd y Pwyllgor y Pwynt Gweithredu gan ddarparu sylwadau arno, fel yr oedd yn briodol. Y byddai'r Rheolwr Gwasanaethau Democrataidd yn trefnu cyfarfod rhwng y Cadeiryddion Craffu a Chadeirydd Llywodraethu ac Archwilio fel y manylir uchod.
Dyddiad y Penderfyniad	26 Medi 2024

172. Adroddiadau Pwyllgor Archwilio a Llywodraethu Archwilio Cymru

Penderfyniad	Diben yr adroddiad hwn oedd cyflwyno adroddiad i'r Pwyllgor gan Archwilio Cymru. Roedd yr adroddiad hwn yn darparu manylion am yr Adolygiad Cynaliadwyedd Ariannol yr ymgymerwyd ag o gan Archwilio Cymru. Mewn ymateb i'r adroddiad, trafododd yr Aelodau nifer o faterion, gan gynnwys y canlynol:

	• P'un a oes gan y Cyngor y gallu i wneud penderfyniad i fynd i'r afael â'r sefyllfa gyllidebol bresennol a symud i ffwrdd oddi wrth dafellu pob gwasanaeth yn denau er mwyn gallu gwneud penderfyniadau strategol mawr i greu Cyngor mwy cynaliadwy. • Bod yr holl friffio ar gyfer y grŵp Aelodau wedi digwydd ar y sefyllfa'r gyllideb a bod proses y Panel Ymchwil a Gwerthuso'r Gyllideb ar waith. Bod yr holl Aelodau i dderbyn papur meincnodi allanol o Awst 2023, oedd yn cael ei ystyried yn rhan o'r broses BREP yn 2023-24. • Y gwerth posib o archwilio p'un a fyddai cydweithrediad a dull o weithio mwy cydweithredol gydag awdurdodau lleol eraill yn helpu'r Cyngor i feddwl yn ofalus am benderfyniadau. • Nad oedd yna, yn syml, ddigon o arian yn y system i gynnal gwasanaethau. PENDERFYNWYD: Nododd y Pwyllgor Adroddiadau Pwyllgor Archwilio a Llywodraethu Archwilio Cymru yn **Atodiad A** ynghyd â Ffurflen Rheoli Ymateb y Cyngor yn **Atodiad B**. Cytunwyd y byddai adroddiad Archwilio Cymru ar gymryd penderfyniadau yn y Cyngor yn cael ei gyflwyno fel rhan o'r agenda ar gyfer y Pwyllgor fyddai'n cyfarfod fis Tachwedd. Gofynnodd y Pwyllgor am i'r argymhellion o'r adroddiad cynaliadwyedd ariannol gael eu hychwanegu at yr olrheiniwr rheoleiddio.
Dyddiad y Penderfyniad	26 Medi 2024

173. Datganiad Drafft o Gyfrifon 2023-24

Penderfyniad	Pwrpas yr adroddiad hwn oedd cyflwyno'r Pwyllgor Llywodraethu ac Archwilio gyda'r Datganiad Cyfrifon oedd heb eu harchwilio ar gyfer 2023-24 oedd wedi'u hatodi yn Atodiad A. Roedd y Datganiad Drafft o Gyfrifon wedi'i gwblhau yn unol â Rheoliadau Cyfrifon ac Archwilio (Cymru) 2014. Mae'r Cyfrifon drafft yn awr yn cael eu harchwilio gan Archwilio Cymru a'u bwriad yw cyflwyno'r cyfrifon terfynol sydd wedi'u harchwilio i gael eu cymeradwyo gan Bwyllgor Llywodraeth ac Archwilio ym mis Tachwedd 2024. Mewn ymateb i'r adroddiad, trafododd yr Aelodau nifer o faterion, gan gynnwys y canlynol:

	• Mater rheidrwydd a'r angen i ychwanegu diffiniad ohono yn yr adroddiad. • Cynnydd yn y cyfraniadau i Ymddiriedolaeth Ddiwylliannol Awen a chyfansoddiad Bwrdd yr Ymddiriedolwyr. • Yr angen am wybodaeth bellach ynghylch statws rhwymiadau cynllun pensiwn sydd heb eu hariannu. • Cynaliadwyedd tymor byr a thymor canolig cronfeydd wrth gefn y Cyngor. • Y risgiau sy'n gysylltiedig gyda pheidio â darparu cyllideb gytbwys ac effaith hynny ar wasanaethau i ddinasyddion a chymunedau yn y tymor canolig. PENDERFYNWYD: Nododd y Pwyllgor Ddatganiad Cyfrifon 2023-24 nas archwiliwyd yn **Atodiad A:** Dynododd Rheolwr Grŵp - Prif Gyfrifydd y byddai gwybodaeth bellach am rwymedigaethau cynlluniau pensiwn oedd heb eu hariannu yn cael eu cylchredeg i Aelodau. Gwnaeth y Pwyllgor gais am i'r pwyllgor craffu ymgymryd ag adolygiad o berthynas ariannol y Cyngor gydag Ymddiriedolaeth Ddiwylliannol Awen.
Dyddiad y Penderfyniad	26 Medi 2024

174. Datganiad Llywodraethu Blynyddol 2023-24

Penderfyniad	Diben yr adroddiad oedd cyflwyno i'r Pwyllgor Archwilio a LlywodraethuDdatganiad o Gyfrifon Blynyddol 2023-24 (AGS) i'w gymeradwyo a'i gynnwys o fewn y Datganiad o Gyfrifon nas archwiliwyd ar gyfer 2023-24. Atodwyd y Datganiad o Gyfrifon Blynyddol yn **Atodiad A.** Mewn ymateb i'r adroddiad, trafododd yr Aelodau nifer o faterion, gan gynnwys y canlynol: • Y gwelliannau sydd wedi'u gwneud mewn llywodraethu oddi ar 2022-23. • Y problemau sylweddol gafodd eu hadnabod yn 2023-24 a fydd yn cael eu delio â hwy yn 2024-25.

	• Y byddai'r adroddiad ar ei ennill o fod â naratif ar y camau gweithredu a gymerwyd er mwyn mynd i'r afael a'r chwe dewis sicrwydd cyfyngedig. • P'un a fyddai'n bosib defnyddio gwahanol liwiau ar gyfer y tablau. PENDERFYNWYD: Cymeradwyodd y Pwyllgor Llywodraethu ac Archwilio y Datganiad Llywodraethu Blynyddol drafft yn **Atodiad A** a chytuno i'w gynnwys yn y Datganiad Cyfrifon 2023-24 nas archwiliwyd.
Dyddiad y Penderfyniad	26 Medi 2024

175. Cynnydd yn Erbyn y Cynllun Archwilio Mewnol yn Seiliedig ar Risg 2024-25

Penderfyniad	Diben yr adroddiad hwn oedd darparu datganiad sefyllfa i aelodau'r Pwyllgor ar y cynnydd sy'n cael ei wneud yn erbyn y gwaith archwilio o fewn y Cynllun Archwilio Mewnol yn Seiliedig ar Risg 2024-25 a gymeradwywyd. Mae crynodeb o'r cynnydd a wnaed yn erbyn y cynllun archwilio mewnol fel ag o 31ain Gorffennaf 2024 wedi'i amlinellu yn Atodiad A. Mae'n dangos bod naw adolygiad archwilio a gynlluniwyd wedi eu cwblhau sy'n cyfateb i gyfradd gwblhau o 24%. Yn seiliedig ar asesiad o gryfderau a gwendidau'r meysydd a archwiliwyd drwy brofi effeithiolrwydd yr amgylchedd rheoli mewnol, rhoddwyd barn archwiliad i bob un o'r naw archwiliad: pob *Sicrwydd Sylweddol* neu *Resymol*, dim opsiynau *Sicrwydd Cyfyngedig*. Wedi'u cynnwys o fewn y cynllun 2024-25 mae chwe adroddiad nas ymgymerwyd â hwy ac na chafodd eu cwblhau yn 2023-24. Mae Atodiad B yn dangos statws yr archwiliadau hyn; mae pedwar wedi'u cwblhau ac mae'r ddau arall ar waith. Gwnaed cyfanswm o bump ar hugain o argymhellion hyd yn hyn i wella'r amgylchedd rheoli. Mae'r cynnydd sy'n cael ei wneud yn gweithredu'r rhain yn cael eu monitro'n gyson gan Archwilio Mewnol a'u hadrodd i'r Pwyllgor.

	Mewn ymateb i'r adroddiad, trafododd yr Aelodau nifer o faterion, gan gynnwys y canlynol: • Y gwaith o adolygu'r defnydd a wneir o staff asiantaeth ar draws y Cyngor, gan gynnwys caffael, taliadau a threfniadau presennol gan gynnwys yr awdurdod i ymestyn contractau. • Y gwaith i ddarparu sicrwydd bod y systemau i reoli ariannu o'r gronfa ffyniant gyffredin yn gadarn ac effeithiol, gan gynnwys y prosesau sydd yn eu lle ar gyfer derbyn ariannu, cymeradwyo ariannu a gwariant a llywodraethu gwneud penderfyniadau. • P'un ai a yw rhannu arfer da ac arfer gorau o adroddiadau yn cael ei ddosbarthu ar draws gweddill y gwasanaethau, a sut y gwneir hynny, er mwyn gyrru diwylliant o welliant parhaus. PENDERFYNWYD: Nododd y Pwyllgor Llywodraethu ac Archwilio gynnwys yr adroddiad a'r cynnydd a wnaed yn erbyn Cynllun Archwilio Mewnol yn Seiliedig ar Risg 2024-25.
Dyddiad y Penderfyniad	26 Medi 2024

176. Monitro Argymhellion Archwilio Mewnol

Penderfyniad	Diben yr adroddiad oedd darparu datganiad sefyllfa i aelodau'r Pwyllgor Llywodraethu ac Archwilio ar argymhellion archwilio mewnol sydd wedi eu gwneud i adnabod y rhai sydd wedi eu gweithredu a'r rhai sydd yn hwyr. Cafodd datganiad sefyllfa mewn perthynas ag argymhellion blaenoriaeth uchel a chanolig a wnaed, a gafodd ei rhoi ar waith ac a oedd yn hwyr ers 31 Gorffennaf 2024 eu manylu arnynt yn Atodiad A. Gwnaed argymhelliad i wella gwendid gafodd ei adnabod i liniaru'r risg a nodwyd, felly hyd nes y bydd yr argymhelliad yn cael ei weithredu, mae'r risg yn parhau. Gwnaed cyfanswm o ddeunaw argymhelliad blaenoriaeth canolig yn dilyn diwedd yr archwiliadau o gynllun blynyddol eleni. Mae'r cyfan wedi cael eu cytuno arnynt. Roedd un argymhelliad hwyr gyda blaenoriaeth uchel a wnaed cyn 2024-25 ac mae'r cynnydd yn parhau i gael ei fonitro. Ceir manylion amdanynt yn Atodiad B.

	Roedd yna hefyd bum argymhelliad a wnaed mewn archwiliadau a gwblhawyd yn ystod 2022-23 oedd yn parhau i fod â dyddiad cwblhau yn y dyfodol. Ceir manylion amdanynt yn Atodiad C. Ymgymerir â monitro'r argymhellion yn rheolaidd gan y tîm Archwilio ac mae unrhyw ohirio neu broblemau gormodol yn cael eu hamlygu i'r Uwch Dîm Rheoli a'r Pwyllgor Llywodraethu ac Archwilio. Mewn ymateb i'r adroddiad, trafododd yr Aelodau nifer o faterion, gan gynnwys y canlynol: • Yr argymhelliad blaenoriaeth uchel hwyr, yn ymwneud â gorfodi parcio, a wnaed cyn 2024-25. • Y broses o godi ar gyfer monitro argymhellion. • Pwysigrwydd diogelwch seibr a'r heriau'n gysylltiedig gyda recriwtio uwch swyddogion i swyddi mewn llywodraeth leol. PENDERFYNWYD: Nododd y Pwyllgor Llywodraethu ac Archwilio gynnwys yr adroddiad ac ystyriwyd y wybodaeth a ddarparwyd o ran statws yr argymhellion blaenoriaeth uchel a chanolig a wnaed gan y Gwasanaeth Archwilio Mewnol Rhanbarthol. Bod disgwyl i'r Cyfarwyddwr cyfrifol a/neu benaethiaid gwasanaeth gwblhau'r camau gweithredu y cytunwyd arnynt oedd eto i'w cyflawni erbyn y dyddiad cwblhau a nodwyd yn yr atodiadau, ac os na wneir hynny, bydd gofyn iddynt fynychu'r Pwyllgor Llywodraethu ac Archwilio nesaf, ynghyd â'r Aelod Cabinet perthnasol i egluro pam nad yw'r camau wedi eu gweithredu. I'r perwyl hwnnw, dylai'r Aelod Cabinet, y Cyfarwyddwr a/neu benaethiaid gwasanaeth sy'n gyfrifol am orfodaeth parcio fynychu'r cyfarfod nesaf o'r pwyllgor ar 28 Tachwedd 2024.
Dyddiad y Penderfyniad	26 Medi 2024

177. Hunanasesiad Gwybodaeth a Sgiliau'r Pwyllgor Archwilio a Llywodraethu

Penderfyniad	Pwrpas yr adroddiad hwn oedd cyflwyno i'r Pwyllgor Llywodraethu ac Archwilio yr wybodaeth adborth o'r

	holiadur hunanasesiad a ddarparwyd gan Aelodau o'r Pwyllgor Llywodraethu ac Archwilio oedd yn sail i ddatblygu rhaglen ddysgu a datblygu ar gyfer y Pwyllgor. Mae sefydlu rhaglen hyfforddiant a chefnogaeth barhaus i aelodau o'r Pwyllgor Llywodraethu ac Archwilio yn hanfodol er mwyn sicrhau eu bod yn gallu cyflawni eu cyfrifoldebau yn hyderus ac yn effeithiol. Cafodd holiadur hunanasesiad, yn seiliedig ar gyhoeddiad 'Audit Committees - Practical Guidance for Local Authorities & Police' CIPFA, ei gylchredeg ymysg aelodau o'r Pwyllgor hwn er mwyn asesu'r sgiliau, gwybodaeth a meysydd arbenigedd oedd yn bodoli eisoes ymysg yr aelodau ac i adnabod unrhyw fylchau neu ofynion o ran hyfforddiant. Cafodd pedwar holiadur oedd wedi'i gwblhau ei ddychwelyd. Dynododd ymateb wyth deg naw y cant o aelodau o'r Pwyllgor hwn bod lefel eu gwybodaeth a'u profiad ar draws y deg datganiad, a ddangosir yn Atodiad A, naill ai yn dda neu'n foddhaol. Mae'r canlyniadau'n dangos bod gan aelodau o'r Pwyllgor Llywodraethu ac Archwilio, at ei gilydd, sylfaen gref o wybodaeth a phrofiad ym meysydd cyfrifoldeb y Pwyllgor hwn. Roedd yr holiadur hefyd yn gofyn i aelodau o'r Pwyllgor Llywodraethu ac Archwilio ddangos pa wybodaeth a sgiliau oedd ganddynt a fydd yn ychwanegu gwerth at waith y Pwyllgor. Roedd yr wybodaeth a dderbyniwyd yn dangos bod yna brofiad a gwybodaeth ar lefelau amrywiol a hynny ar draws pob prif faes. Gellir defnyddio'r wybodaeth hon yn sail i ddwyn ynghyd raglen ddysgu a datblygu ar gyfer y Pwyllgor Llywodraethu ac Archwilio. Mewn ymateb i'r adroddiad, trafododd yr Aelodau nifer o faterion, gan gynnwys y canlynol: • Pwysigrwydd dwyn ynghyd Aelodau, Aelodau Lleyg, a swyddogion ynghyd ar gyfer digwyddiad hyfforddiant. <u>PENDERFYNWYD</u>: Adolygodd y Pwyllgor yr wybodaeth adborth o'r holiadur hunanasesiad a chadarnhaodd y meysydd dysgu a datblygu oedd yn ofynnol er mwyn bod yn sail i ddatblygu cynllun dysgu a datblygu ar gyfer y Pwyllgor.
Dyddiad y Penderfyniad	26 Medi 2024

178. Adroddiad Blynyddol y Pwyllgor Archwilio a Llywodraethu 2023/24 - Drafft

Penderfyniad	Pwrpas yr adroddiad hwn, yn ddibynnol ar sylwadau pellach gan Aelodau oedd am i'r Pwyllgor gymeradwyo Adroddiad Blynyddol y Pwyllgor Llywodraethu ac Archwilio a phenderfynu a oedd yn ffurfio crynodeb cytbwys o'r gwaith yr ymgymerwyd ag o gan y Pwyllgor yn ystod 2023/24 i'w gyflwyno i'r Cyngor llawn. Mewn ymateb i'r adroddiad, trafododd yr Aelodau nifer o faterion, gan gynnwys y canlynol: • Pwysigrwydd pwysleisio'r adnoddau oedd ar gael i'r Pwyllgor er mwyn gwella darpariaeth gwasanaeth, megis atgyfeiriadau at bwyllgorau craffu, a defnyddio barn sicrwydd cyfyngedig er mwyn gallu cyfarwyddwyr a phenaethiaid gwasanaeth i mewn i drafod cynlluniau gweithredu. <u>PENDERFYNWYD</u>: Yn ddibynnol ar sylwadau pellach gan yr Aelodau i'w cyflwyno erbyn 10 Hydref, bu i'r Pwyllgor gymeradwyo Adroddiad Blynyddol y Pwyllgor Llywodraethu ac Archwilio, gan benderfynu ei fod yn ffurfio crynodeb cytbwys o'r gwaith yr ymgymerwyd ag o gan y Pwyllgor yn ystod 2023/24 i'w gymeradwyo o flaen y Cyngor llawn. Cytunwyd yn ogystal: • Y dylid rhoi ystyriaeth i gynnwys disgrifiadau bras o'r aelodau lleyg yn yr Adroddiad Blynyddol. • Y dylai'r adroddiad, er ei fod yn bodoli'n bennaf ar gyfer y Cyngor, gael ei gyhoeddi a'i gylchredeg yn ehangach o fewn y gymuned. Dylai fersiwn derfynol o'r adroddiad gael ei gyflwyno yn y cyfarfod nesaf o'r Pwyllgor, cyn iddo gael ei gyflwyno i'r Cyngor.
Dyddiad y Penderfyniad	26 Medi 2024

179. Blaenraglen Waith 2024-25

Penderfyniad	Diben yr adroddiad oedd ceisio sicrhau cymeradwyaeth i'r Blaenraglen Waith ar gyfer 2024-25 a ddiweddarwyd. Mewn ymateb i'r adroddiad, trafododd yr Aelodau nifer o faterion, gan gynnwys y canlynol: • Bod angen rhoi ystyriaeth i hyd agendâu ac adroddiadau, a'r heriau oedd yn wynebu Aelodau wrth geisio gwneud cyfiawnder â hwy ar ran y gymuned. • Bod y gwaith archwilio yr ymgymerwyd ag o gan y Gwasanaeth Archwilio Mewnol Rhanbarthol yn 2023/24 ar Cyfrifo Cyfalaf a'r Gofrestr Asedau gydag Archwilio Cymru o safbwynt y rhaglen gyfalaf a chomisiynu i gael ei adolygu unwaith yr oedd wedi'i gwblhau a bod ystyriaeth yn cael ei roi i p'un a oedd angen gwaith pellach er mwyn mynd i'r afael â'r materion a godwyd gan yr aelod o'r pwyllgor. PENDERFYNWYD: Bod y Pwyllgor yn ystyried ac yn cymeradwyo'r Flaenraglen Waith ar gyfer 2024/25, yn ddibynnol ar ystyriaeth yn cael ei roi i rannu agenda cyfarfod mis Tachwedd ar draws dau gyfarfod cyn y Nadolig, ac y dylai'r Aelod Cabinet a'r swyddogion oedd yn gyfrifol am orfodi parcio fynychu'r cyfarfod nesaf. Cytunwyd yn ogystal: • Y dylai adroddiad Archwilio Cymru ar gymryd penderfyniadau yn y Cyngor gael ei gyflwyno i'r pwyllgor fis Tachwedd.
Dyddiad y Penderfyniad	26 Medi 2024

180. Eitemau Brys

Penderfyniad	Dim
Dyddiad y Penderfyniad	26 Medi 2024

Er mwyn edrych ar y drafodaeth bellach a gafwyd ar yr eitemau uchod, cliciwch y ddolen hon.

Daeth y cyfarfod i ben am 12:30.

Meeting of:	**GOVERNANCE AND AUDIT COMMITTEE**
Date of Meeting:	**28 NOVEMBER 2024**
Report Title:	**GOVERNANCE AND AUDIT COMMITTEE ACTION RECORD**
Report Owner / Corporate Director:	**CHIEF OFFICER – LEGAL AND REGULATORY SERVICES, HR AND CORPORATE POLICY**
Responsible Officer:	**STEPHEN GRIFFITHS** **DEMOCRATIC SERVICES OFFICER – COMMITTEES/ INTERIM SCRUTINY OFFICER**
Policy Framework and Procedure Rules:	**There is no impact on the policy framework and procedure rules.**
Executive Summary:	**This report seeks to update Members of the Governance and Audit Committee on follow-up actions or further information requested on reports considered by Members and/or requested by Committee, including any other related information in relation to previous agenda items.**

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. Background

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

3. Current situation / proposal

3.1 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.

4. Equality implications (including Socio-economic Duty and Welsh Language)

4.1 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.

5. Well-being of Future Generations implications and connection to Corporate Well-being Objectives

5.1 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.

6. Climate Change Implications

6.1 There are no climate change implications arising from this report.

7. Safeguarding and Corporate Parent Implications

7.1 There are no safeguarding or corporate parent implications arising from 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 comments, as appropriate.

Background documents

None.

APPENDIX A

Number	Date of Committee	Item	Lead	Target Date	Action	Date for action to be brought to GAC.	Response
1.	**9 Nov 23**	**Local Transport Strategy**	**Chief Officer - Finance, Housing & Change/ Corporate Director - Communities**	N/A	A Member requested an update on progress against the 2015 plan.	Nov 24	**ACTIONED** - The Local Transport Plan (LTP) will be updated now that BCBC has adopted the Local Development Plan. The Corporate Joint Committee are currently preparing the first iteration of the Regional Transport Strategy (RTS) which is anticipated next year. To ensure alignment between the two documents, it is proposed to wait until the RTS is published before starting work on the BCBC LTP update. There is a link below to the update report to Cabinet in October 2023: https://shorturl.at/lq8uT
2.	**6 Jun 24**	**Regional Internal Audit Service Charter 2024-25**	**Head of RIAS/ Chief Officer - Finance, Housing & Change**	Jul 24	Members requested a training event to include, if possible, representatives from Audit Wales.	Nov 24	**ACTIONED -** The training event will be scheduled before Christmas 2024.
3.	**19 Jul 24**	**Self-Assessment 2023/24**	**Chief Officer - Finance, Housing & Change/ Head of RIAS/ Corporate Policy & Performance Manager**	Sept 24	Members requested that consideration be given to the organisation of a training event on the current process for self-assessment and a workshop to go through the draft of the self-assessment for 2024-25 before its submission to the Committee next year.	Nov 24	**ACTIONED –** The role and involvement of GAC in the self-assessment process to be included in the review of the process for 2024/25 in the Spring of 2025.
4.	**19 Jul 24**	**Self-Assessment 2023/24**	**Corporate Policy & Performance Manager**	Nov 24	Members requested that they receive feedback from the Corporate Policy & Performance Manager about the discussion on this report at COSC on 25 July.	Nov 24	**ACTIONED** – An update was sent to members on 24 October 2024.
5.	**19 Jul 24**	**Governance and Audit Committee Action Record**	**Chief Officer - Finance, Housing & Change/ Chief Officer - Legal & Regulatory Services, HR & Corporate Policy/ Democratic Services Manager**	Sept 24	Members requested that a meeting be arranged between the Chair and the Scrutiny Chairs to discuss the relationship between the work of the Committee and Scrutiny.	Nov 24	**ACTIONED** – Scrutiny liaising with the Chair of GAC regarding availability for a meeting with Scrutiny Chairs.
6.	**19 Jul 24**	**Corporate Fraud Report 2023-24**	**Chief Officer - Legal & Regulatory Services, HR & Corporate Policy/**	Sept 24	Members requested that the Corporate Overview and Scrutiny Committee look at corporate fraud.	Nov 24	**ACTIONED –** To be discussed at the meeting in 5. above.

Number	Date of Committee	Item	Lead	Target Date	Action	Date for action to be brought to GAC.	Response
			Democratic Services Manager				
7.	**19 Jul 24**	**Porthcawl Harbour Return**	**Chief Officer - Legal & Regulatory Services, HR & Corporate Policy/ Democratic Services Manager**	Sept 24	Members requested that Subject Overview and Scrutiny Committee 3 look at the operation and performance, especially in respect to the Council's commitments and liabilities, of Porthcawl Harbour.	Nov 24	**ACTIONED –** To be discussed at the meeting in 5. above.
8.	**19 Jul 24**	**Corporate Fraud Report 2023-24**	**Chief Officer - Finance, Housing & Change/ Corporate Policy & Performance Manager**	Sept 24	Members requested that a letter be prepared by the Chief Officer - Finance, Housing & Change for the Chairperson to sign, and copying in local MPs, inviting a representative of the DWP Fraud Team to attend a meeting of the Committee.	Nov 24	**ACTIONED** - The DWP are reviewing their working arrangements with Local Authorities and are holding workshops in November to outline and discuss the proposals. This action will be reviewed following that workshop.
9.	**19 Jul 24**	**Forward Work Programme 2024-25**	**Chief Officer - Finance, Housing & Change**	N/A	Members requested an update on the review of the Capital Programme when further information is available.	Nov 24	**ACTIONED** - A report was presented to Council on 20 November 2024 outlining the work of the Capital Programme Board and the reviews they had undertaken of the capital programme, and their recommended changes to the programme as a result.
10.	**26 Sep 24**	**Audit Wales Governance and Audit Committee Reports**	**Chief Officer - Finance, Housing & Change**	Nov 24	Members requested that an Audit Wales report on decision-making in the Council be submitted as part of the agenda for the Committee meeting in November.	Nov 24	**ACTIONED –** The Audit Wales report, Review of Decision-Making Arrangements – Bridgend County Borough Council, will be presented to Members at their meeting on 28 November 2024.
11.	**26 Sep 24**	**Audit Wales Governance and Audit Committee Reports**	**Chief Officer - Finance, Housing & Change/ Corporate Policy & Performance Manager**	Nov 24	Members requested that the recommendations from the financial sustainability report be added to the regulatory tracker.	Nov 24	**ACTIONED -** Agreed and will be in place for the next report to GAC.
12.	**26 Sep 24**	**Draft Statement of Accounts 2023-24**	**Chief Officer - Finance, Housing & Change**	Nov 24	The Group Manager - Chief Accountant indicated that further information on unfunded pension scheme liabilities would be circulated to Members.	Nov 24	**ACTIONED –** Further information will be shared with Members in advance of the Committee meeting on 28 November 2024.
13.	**26 Sep 24**	**Draft Statement of Accounts 2023-24**	**Chief Officer - Finance, Housing & Change/ Chief Officer - Legal & Regulatory Services, HR & Corporate Policy/ Democratic Services Manager**	Nov 24	Members requested that a scrutiny committee undertake a review of the Council's financial relationship with the Awen Cultural Trust.	Nov 24	**ACTIONED –** The Subject Overview and Scrutiny Committee 2 is scheduled to consider current arrangements and the future of library and cultural services at its meeting on 13 March 2025.

Number	Date of Committee	Item	Lead	Target Date	Action	Date for action to be brought to GAC.	Response
14.	**26 Sep 24**	**Internal Audit Recommendation Monitoring**	**Chief Officer - Finance, Housing & Change/ Chief Officer - Legal & Regulatory Services, HR & Corporate Policy/ Corporate Director - Communities**	Nov 24	Members requested that where a responsible Director and/or heads of service have not completed outstanding actions by the due date, they should attend the next Governance and Audit Committee to explain the reasons why. In that regard, the officers responsible for parking enforcement should attend the next meeting of the committee on 28 November 2024.	28 Nov 24	**ACTIONED -** The Corporate Director – Communities will attend the meeting of the Committee on 28 November 2024.

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Meeting of:	**GOVERNANCE AND AUDIT COMMITTEE**
Date of Meeting:	**28 NOVEMBER 2024**
Report Title:	**MONITORING REPORT – CORPORATE COMPLAINTS**
Report Owner / Corporate Director:	**CHIEF OFFICER – LEGAL AND REGULATORY, HR AND CORPORATE POLICY**
Responsible Officer:	**CHARLOTTE BRANFORD INFORMATION AND DATA PROTECTION OFFICER**
Policy Framework and Procedure Rules:	**There is no effect upon the policy framework and procedure rules.**
Executive Summary:	**The purpose of this report is to note the Authority's corporate complaints process and determine whether the Committee wishes to make any recommendations in relation to the Authority's ability to handle complaints effectively.** **The report also provides the Public Services Ombudsman for Wales Annual Letter for the Authority for 2023/24 which must be presented to the Committee.**

1. Purpose of Report

1.1 The purpose of this report is to note the Authority's corporate complaints process and the Public Services Ombudsman for Wales Annual Letter and determine whether the Committee wishes to make any recommendations in relation to the Authority's ability to handle corporate complaints effectively**.**

2. Background

2.1 The Authority's Concerns and Complaints Policy is designed to deal with corporate complaints. There are separate processes for dealing with social services complaints, Elected Member conduct concerns and school based complaints. The Social Services Complaints Procedure (Wales) Regulations 2014 outlines the procedure for handling complaints from persons receiving a service from social services. School based complaints are dealt with separately by the relevant school and Governing Body. Complaints from members of the public about Elected Members are within the remit of the Public Services Ombudsman for Wales (PSOW). In addition, Freedom of Information Act, Environmental Information Regulations appeals and complaints about data protection are within the remit of the Information Commissioner's Office (ICO).

2.2 In 2019 the PSOW gained new powers under the Public Services Ombudsman (Wales) Act 2019 in relation to complaints handling procedures. The Ombudsman published a Statement of Principles concerning complaints handling procedures and a model complaints handling policy together with associated guidance on the implementation of a new model Concerns and Complaints Policy.

2.3 The PSOW wrote to all 22 local authorities in September 2020 explaining how the Ombudsman's Complaints Standards Authority created within the PSOW had engaged with representatives from all local authorities to put in place a raft of measures designed to support and enhance complaint handling. These measures included bespoke training and support which has been taken up by officers at Bridgend County Borough Council (BCBC) and a process for all local authorities to report complaints statistics to the PSOW on a quarterly basis. The Ombudsman encouraged all local authorities to reflect on how their current practices and procedures comply with the Statement of Principles, model complaint handling process and guidance published on the PSOW website.

2.4 The Concerns and Complaints Policy attached as **Appendix 1** was reviewed and revised in line with the PSOW model policy and subsequently approved by Cabinet on 17 November 2020. The Policy incorporates the PSOW Statement of Principles namely that the complaints process should be: (1) complainant focussed (2) fair and objective (3) simple (4) timely and effective (5) accountable (6) committed to continuous improvement. There is no change to the current approach (informal and formal stage) which will remain with the right to then escalate a complaint to the PSOW should the complainant be dissatisfied with the Authority's response. The current policy was reviewed in July 2024 and is published on the Council's website and internally on the intranet.

2.5 The Authority also has a separate Unreasonable Behaviour and Vexatious Policy which is rarely utilised but provides officers with support and advice on managing situations when someone's actions are considered unreasonable. Most of the contact that the Authority has with customers is positive. However, there may be occasions when customers act in an unreasonable or unacceptable manner. In some cases the frequency and the nature of their contact with the Authority can hinder the consideration of their own or other people's enquiries. In some instances the sheer number or nature of their inquiries lead them to be considered as 'persistent' or 'vexatious' in their dealings with staff. There are currently 4 individuals classed as vexatious. A copy of the policy is attached as **Appendix 2** and sits alongside the Concerns and Complaints Policy.

3. Current situation / proposal

3.1 The Information Team is responsible for the management of the Authority's corporate complaints process. **Appendix 3** sets out performance data in relation to corporate complaints for the period 1 April 2024 to 1 April 2024.

3.2 The PSOW also reports annually on the number of complaints against public bodies received by its office. The Ombudsman's Annual Letter for BCBC for 2023/24 is attached at **Appendix 4** and must be presented to the Governance and Audit Committee and Cabinet for noting.

3.3 As outlined in the Annual Letter, the number of complaints **against** the Authority for the period 2023–2024 was 59 compared with 55 in 2021-2022. The figure for 2023-24 represents 0.41 complaints received per 1000 residents. Children's Social Services (13 cases) and Planning/Building Control (11 cases) attracted the largest number of complaints. 10 cases were out of jurisdiction, 23 were premature, 18 were closed after initial consideration, 8 were settled by working with the Ombudsman for early resolution.

3.4 15 Code of Conduct complaints against the Authority's Councillors were received by the Ombudsman's Office in this period, 14 of which were not investigated, 1 of which was deemed 'no action necessary'.

3.5 The Complaints Standards Authority publishes datasets on complaints handled by local authorities. These datasets are published on the Ombudsman's website and on the Council's website. This data shows that in 2023/2024 the Ombudsman intervened in 14% of BCBC's complaints.

3.6 In terms of complaints handling roles, Section 115 of the Local Government and Elections (Wales) Act 2021 sets out a provision that came into force in April 2021 for the Governance and Audit Committee to *"review and assess the authority's ability to handle complaints effectively and to make reports and recommendations in relation to the authority's ability to handle complaints effectively*". It is proposed that the Committee receives an Annual Report on complaints under its Terms of Reference. Cabinet will also consider responses to complaints at least twice a year in addition to its current Corporate Complaints Annual Report and the Corporate Management Board (CMB) will receive quarterly updates on complaints and outcomes to establish any wider lessons and to improve processes and procedures. Anonymised data will also be shared quarterly with the PSOW Complaints Standards Authority as part of the Authority's commitment to accountability and learning from complaints.

3.7 The Authority takes complaints and concerns seriously and will try to learn from any mistakes made. The Information Team has developed a process to monitor both the effectiveness of the complaints process and how complaints data is being used to improve services and delivery of care. It is proposed that Services then consider any emerging themes and identify any service improvements required as a result of concerns raised. The information identified will then be used to contribute to service development which could include additional training, changes to internal procedures, increased monitoring etc.

3.8 The Complaints Team is currently exploring in conjunction with the Customer Services Team and our external provider, Granicus, the possibility of developing a central system for logging and processing complaints. This is still in the planning stages.

4. Equality implications (including Socio-economic Duty and Welsh Language)

4.1 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.

5. Well-being of Future Generations implications and connection to Corporate Well-being Objectives

5.1 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 wellbeing goals/objectives as a result of this report.

6. Climate Change Implications

6.1 There are no climate change implications arising from this report.

7. Safeguarding and Corporate Parent Implications

7.1 There are no safeguarding or corporate parent implications arising from this report.

8. Financial Implications

8.1 There are no financial implications arising out of this report.

8.2 The PSOW has the legal power to require authorities to make payments to complainants where they have suffered financial loss or in compensation for distress and inconvenience. The PSOW has not required the Authority to make any payments within this reporting period.

9. Recommendation

9.1 The Committee is recommended to note the report and determine whether it wishes to make any recommendations in relation to the Authority's ability to handle complaints effectively**.**

Background documents

None

Bridgend County Borough Council Concerns and Complaints Policy

Bridgend County Borough Council is committed to dealing effectively with any concerns or complaints you may have about our services. We aim to clarify any issues you may be unsure about. If possible, we'll put right any mistakes we may have made. We will provide any service you're entitled to which we have failed to deliver. If we did something wrong, we'll apologise and, where possible, try to put things right for you. We aim to learn from our mistakes and use the information we gain from complaints to improve our services.

When to use this policy

When you express your concerns or complain to us, we will usually respond in the way we explain below. However, sometimes you may have a statutory right of appeal e.g. against a refusal to grant you planning permission or the decision not to give your child a place in a particular school so, rather than investigate your concern, we will explain to you how you can appeal. Sometimes, you might be concerned about matters that are not covered by this policy e.g. when a legal framework applies and we will then advise you about how to make your concerns known.

This policy does not apply to 'Freedom of Information' or data access issues. Please contact the Data Protection Officer, Legal and Regulatory Services, Bridgend County Borough Council, Civic Offices, Angel Street, Bridgend CF31 4WB, tel: 01656 643565 or foi@bridgend.gov.uk

Complaints Officers can advise on the type and scope of complaints they can consider.

We have a separate policy for Social Services complaints.

Welsh Language Standards

Bridgend County Borough Council embraces the Service Delivery, Policy Making and Operational Welsh Language Standards with which it is expected to comply positively and will strive to ensure that the use of the Welsh language in Bridgend is developed and promoted.

How we will deal with complaints relating to our compliance with the Welsh Language Standards

The public is able to raise complaints with the Council's compliance with the Welsh Language Standards under this Complaints Procedure using the process described. All complaints related to the standards (or any other service provided in Welsh) will be taken seriously and will be fully investigated to establish the validity of the complaint. If the Council has failed in its compliance with the Welsh Language Standards, it will apologise to the complainant and will consider any shortfall in compliance when reviewing any relevant internal processes or practices.

Staff training and awareness raising

We will raise awareness amongst all relevant Council employees of the requirement to deal with any complaints regarding the Council's compliance with the Welsh Language Standards to ensure that such complaints are investigated fully and impartially. Employees will also be made aware of the need for records of all written complaints, investigations and outcomes, against the council's compliance with the Welsh Language Standards to be retained and to be included and published in the Council's Annual Welsh Language Reporting process. This will be provided for each financial year.

This policy is also available in Welsh at our public buildings and on our website.

Asking us to provide a service?

If you are approaching us to request a service, e.g. reporting a faulty street light, or requesting an appointment this policy doesn't apply. If you make a request for a service and then are not happy with our response, you will be able to make your concern known as we describe below.

Informal resolution

If possible, we believe it's best to deal with things straight away. If you have a concern, please raise it with the person you're dealing with. They will try to resolve it for you there and then. If there are any lessons to learn from addressing your concern, the member of staff will draw them to our attention.

If the member of staff can't help, they will explain why and you can then ask for a formal investigation.

How to express concern or complain formally

You can express your concern in any of the following ways:

• Ask for a copy of our form from the person with whom you are already in contact. Tell them that you want us to deal with your concern formally.

• Get in touch with our central complaint contact point on 01656 643565 if you want to make your complaint over the phone.

• Use the form on our website at https://www.bridgend.gov.uk/my-council/customer-services/formal-complaints/

• Email us at complaints@bridgend.gov.uk

• Write to us at: Complaints, Bridgend County Borough Council, Civic Offices, Angel Street, Bridgend, CF31 4WB

Dealing with your concern

• We will formally acknowledge your concern within 5 working days and let you know how we intend to deal with it.

• We will ask you to tell us how you would like us to communicate with you and establish whether you have any particular requirements – for example, if you need documents in large type.

• We will deal with your concern in an open and honest way.

• We will make sure that your dealings with us in the future do not suffer just because you have expressed a concern or made a complaint.

Normally, we will only be able to look at your concerns if you tell us about them within six months. This is because it's better to look into your concerns while the issues are still fresh in everyone's mind. We may exceptionally be able to look at concerns which are brought to our attention later than this. However, you will have to explain why you have not been able to bring it to our attention earlier and we will need to have sufficient information about the

issue to allow us to consider it properly. In any event, we will not consider any concerns about matters that took place more than three years ago.

If you're expressing a concern on behalf of somebody else, we'll need their agreement to you acting on their behalf.

What if there is more than one body involved?

If your complaint covers more than one body e.g. Housing Association or NHS we will usually work with them to decide who should take the lead in dealing with your concerns. You will then be given the name of the person responsible for communicating with you while we consider your complaint.

If the complaint is about a body working on our behalf e.g. specialist health providers you may wish to raise the matter informally with them first. However, if you want to express your concern or complaint formally, we will look into this ourselves and respond to you.

Investigation

We will tell you who we have asked to look into your concern or complaint. If your concern is straightforward, we'll usually ask somebody from the relevant service area to look into it and respond to you. If it is more serious, we may use someone from elsewhere in the Council or, in certain cases including those concerning social services where a statutory procedure applies, we may appoint an independent investigator.

We will set out our understanding of your concerns and ask you to confirm that we are right. We'll also ask you to tell us what outcome you're hoping for.

The person looking at your complaint will usually need to see the files we hold relevant to your complaint. If you don't want this to happen, it's important that you tell us.

If there is a simple solution to your problem, we may ask you if you're happy to accept this. For example, where you asked for a service and we see straight away that you should have had it, we will offer to provide the service rather than investigate and produce a report.

We will aim to resolve concerns as quickly as possible and expect to deal with the vast majority within 20 working days. If your complaint is more complex, we will:

• Let you know within this time why we think it may take longer to investigate.

• Tell you how long we expect it to take.

• Let you know where we have reached with the investigation, and

• Give you regular updates, including telling you whether any developments might change our original estimate.

The person who is investigating your concerns will firstly aim to establish the facts. The extent of the investigation will depend upon how complex and how serious the issues you have raised are. In complex cases, we will draw up an investigation plan.

In some instances, we may ask to meet with you to discuss your concerns. Occasionally, we might suggest mediation or another method to try to resolve disputes.

We'll look at relevant evidence. This could include information you have provided, our case files, notes of conversations, letters, emails or whatever may be relevant to your particular concern. If necessary, we'll talk to the staff or others involved and look at our policies, any legal entitlement and guidance.

Outcome

If we formally investigate your complaint, we will let you know what we find. If necessary, we will produce a report. We'll explain how and why we came to our conclusions.

If we find that we made a mistake, we'll tell you what happened and why.

If we find there is a fault in our systems or the way we do things, we'll tell you what it is and how we plan to change things to stop it happening again.

If we make a mistake, we will always apologise for it.

Putting Things Right

If we didn't provide you with a service you should have had, we'll aim to provide it now, if that's possible. If we didn't do something well, we'll aim to put it right. If you have lost out as a result of a mistake on our part, we'll try to put you back in the position you would have been in if we'd done things properly.

If you had to pay for a service yourself, when we should have provided it for you, or if you were entitled to funding you did not receive we will try to refund the cost.

The Ombudsman

If we do not succeed in resolving your complaint, you may complain to the Public Services Ombudsman for Wales. The Ombudsman is independent of all government bodies and can look into your complaint if you believe that you personally, or the person on whose behalf you are complaining:

• Have been treated unfairly or received a bad service through some failure on the part of the service provider.

• Have been disadvantaged personally by a service failure or have been treated unfairly.

The Ombudsman normally expects you to bring your concerns to our attention first and to give us a chance to put things right. You can contact the Ombudsman by:

• Phone: 0300 790 0203

• Email: ask@ombudsman.wales

• The website: www.ombudsman.wales

• Writing to: Public Services Ombudsman for Wales

1 Ffordd yr Hen Gae, Pencoed CF35 5LJ

There are also other organisations that consider complaints. For example, the Welsh Language Commissioner's Office deals with complaints about services in Welsh. We can advise you about such organisations.

Learning lessons

We take your concerns and complaints seriously and try to learn from any mistakes we've made. Our Senior Management Team considers a summary of all complaints quarterly and is made aware of all serious complaints. Our Cabinet also considers our response to complaints at least twice a year. We share summary (anonymised) information on complaints received and complaints outcomes with the Ombudsman as part of our commitment to accountability and learning from complaints.

Where there is a need for significant change, we will develop an action plan setting out what we will do, who will do it and when we plan to do it. We will let you know when changes we've promised have been made.

What if you need help?

Our staff will aim to help you make your concerns known to us. If you need extra assistance, we will try to put you in touch with someone who can help. You may wish to contact e.g. advocacy services, Age Cymru, Shelter etc. who may be able to assist you.

You can also use this concerns and complaints policy if you are under the age of 18. If you need help, you can speak to someone on the Meic Helpline:

• Phone 0808 802 3456

• Website www.meiccymru.org

or contact the Children's Commissioner for Wales. Contact details are:

• Phone 0808 801 1000

• Email post@childcomwales.org.uk

• Website www.childcom.org.uk

What we expect from you

In times of trouble or distress, some people may act out of character. There may have been upsetting or distressing circumstances leading up to a concern or a

complaint. We do not view behaviour as unacceptable just because someone is forceful or determined.

We believe that all complainants have the right to be heard, understood and respected. However, we also consider that our staff have the same rights. We therefore expect you to be polite and courteous in your dealings with us. We will not tolerate aggressive or abusive behaviour, unreasonable demands or unreasonable persistence. We have a separate policy to manage situations when we find that someone's actions are unacceptable.

Date:	July 2024
Author/s:	Information and Data Protection Officer
Consultee/s:	
Approved by:	Cabinet
Review frequency:	Every 2 years
Next review date:	July 2026

Bridgend County Borough Council

Unreasonable Behaviour or Vexatious Complainant Policy

Unreasonable Behaviour or Vexatious Complainant Policy

1. Policy objective

1.1 This policy and procedure sets out an agreed understanding of what is considered unacceptable customer complaint behaviour or vexatious complainants when dealing with officers and Elected Members of Bridgend County Borough Council. It applies to all members of the public (customers) in their interaction with the Council.

1.2 The Council is committed to dealing with all complaints fairly and impartially, and to making our services of a high quality and as accessible as possible.

1.3 Most of the contact that the Council has with customers is positive. However, there may be occasions when customers act in an unreasonable or unacceptable manner. In some cases the frequency and the nature of their contact with the Council can hinder the consideration of their own or other people's enquiries. In some instances the sheer number or nature of their inquiries lead them to be considered as 'persistent' or 'vexatious' in their dealings with staff.

1.4 This policy explains the Councils:

- Definition of unreasonable customer behaviour
- Definition of vexatious request
- Process for dealing with customers who behave in an unreasonable way
- Process for dealing with vexatious requests

1.5 This policy should only be used in exceptional circumstances after all reasonable measures have been taken to try to resolve the complaints under the council's corporate complaints procedures.

2. Definitions

Unreasonable Customer Conduct

2.1 It is difficult to produce a comprehensive list of the actions that would be deemed unreasonable customer conduct. Ultimately it will be a matter for the Council's Complaints Officer and Monitoring Officer to decide whether a particular customer's actions or behaviour are inappropriate, having regard to the circumstances of each case. Examples of conduct which may be considered unreasonable are listed below but the list is not exhaustive:

- Acts or threats of violence or aggression by an individual toward staff, Elected Members or any third party. Where the behaviour is so extreme that it threatens the immediate safety and welfare of staff the Council may report the matter to the police or consider taking legal action. In such cases, the Council may not give the complainant prior warning;
- Persistent failure to show respect in dealings with staff or Elected Members, or acting in a threatening or abusive way. Examples of such behaviour include

shouting, verbal abuse, unsubstantiated allegations, derogatory remarks, inflammatory statements;

- Malicious, unwarranted or defamatory comments or making remarks which are related to any protected characteristics as defined by the Equality Act 2010;
- Hindering objective consideration of an enquiry or operation of a service by the nature or frequency of contact with the Authority;
- Attempting to pursue any matter, having exhausted all stages of the corporate or other statutory complaints procedure. This will include where the substance of a complaint is the same as that originally made;
- Contacting the Council through different routes about the same issue in a persistent manner. This may include other parties, such as Elected Members or the Ombudsman;
- Excessive demands on the time and resources of officers with the expectation of an immediate response;
- Being unable to identify the precise issue a customer wants the Council to deal with or investigate despite the Council having taken reasonable steps to assist the Customer with this task;
- Focusing on a trivial matter to an extent which is out of proportion to its significance and continue to focus on this point. It is recognised that determining what is 'trivial' can be subjective and careful judgments will be used in applying this criteria;
- Changing the substance of a complaint or continually raising new issues or seeking to prolong contact;

Vexatious requests

2.2 The Council defines this as any request which is likely to cause distress or disruption, without any proper or justified cause. Examples would include:

- High volume of correspondence, or combining requests with accusations and complaints;
- Requests for information that has already been provided, or to reconsider issues that have already been dealt with;
- When compliance with the request would impose significant burden on the Council in terms of expense and negatively impact on the Council's ability to provide service to others.

3. Strategy for dealing with Unreasonable behaviour or vexatious requests

3.1 If an officer of the Council is of the opinion that a customer's actions or behaviour are unreasonable or to classify a request as vexatious, they shall, in the first instance discuss this with their line manager in order to consider any informal steps that can be followed to resolve the concerns. Every effort will be made to satisfy the request or resolve the issue that has been made. For complaints, this will include exhausting both stages of the Council's complaints procedure.

3.2 In the event that no informal steps are appropriate or informal attempts to resolve the concerns do not work, the Directorate will note the comments, and a decision to

classify a customer's behaviour as unreasonable or a request as vexatious, will be considered by an Appropriate Officer (as defined in 3.3 below) on an individual basis in consultation with the Monitoring Officer. Each case will be viewed individually and decided on its merits. However, a customer may be deemed to have unreasonable behaviour or be vexatious if previous or current contact with them shows that they meet the criteria, dependent upon degree.

3.3 The "Appropriate Officer" to determine the action to be taken will depend upon the circumstances of each case provided that no officer may undertake the role of "Authorising Officer" if he/she has had an involvement in the complaint. This may be a Group Manager, Head of Service or Complaints Officer acting on behalf of the Chief Executive.

3.4 The Appropriate Officer in consultation with the Monitoring Officer will determine what action to take including:

(a) Restricting the manner in which the customer may contact the Council;
(b) The times at which the customer may contact the Council;
(c) Restrict contact through a designated officer;
(d) Notify the customer that the Council has responded fully to the points raised and has tried to resolve the complaint but there is nothing more to add and continuing contact will serve no useful purpose and advise them to contact the Ombudsman;
(e) Withdraw contact with the customer either in person, by telephone, by email or any combination of these, provided at least one form of contact is maintained. The Council shall not, without the consent of the Monitoring Officer, withdraw or not provide any services to which the customer or his/her family are entitled to receive;
(f) Inform the customer that the Council reserves the right to pass the matter to the Council's legal services which may result in legal action against the customer;
(g) Removal from the Council offices by a senior manager or the police if the behaviour is considered to be a public nuisance offence; and
(h) Other suitable options will be considered in light of the customer's circumstances.

3.5 The Appropriate Officer will write to the customer to:

(a) Detail the action that will be taken and why as outlined at paragraph 3.4;
(b) Explain what this means in terms of contact with the Council;
(c) Advise how long any restrictions will be in place and when they will be reviewed; (d) Enclose a copy of this policy.

3.6 The Monitoring Officer shall maintain a central register of decisions relating to the above.

4. Review

4.1 Any restriction imposed shall be subject to a regular review and the timing of such reviews will be notified to the customer. Reviews will be based on the individual circumstances of the case but could typically be for a period of 6 months, dependent on the severity of the situation.

5. Social Media

5.1 The Council will remove, without notice, offensive or abusive posts from its social media channels. Additionally, the Council reserves the right to take any action it considers necessary where derogatory comments are made about officers of the Council.

6. New complaints

6.1 New complaints from individuals whose behaviour has previously been deemed unreasonable or their complaints vexatious will be treated on their merits. Restrictions imposed in respect of an earlier complaint will not automatically apply to a new matter. An Appropriate Officer will decide if any restrictions which have been applied before are still appropriate and if necessary in relation to the new complaint or request.

6.2 However, persistent unreasonable behaviour, or exceptionally unreasonable behaviour may result in a refusal of future contact on any matter.

7. Monitoring Arrangements

7.1 Information will be presented quarterly to the Cabinet and Corporate Management Board with details of customers who have been categorised as vexatious or have unreasonable behaviour.

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1. Background

The Information Team based in Legal, & Regulatory Services, HR & Corporate Policy is responsible for processing all formal complaints in line with the Authority's Corporate Complaints Procedure.

Complaints

The Complaints and Concerns Policy was approved by the Cabinet at its meeting held on 17 November 2020, to take effect from 23 November 2020.

The Policy sets out a two stage process as follows:

- **Informal Complaint Stage**
- **Formal Complaint Stage**

The policy is a national policy required by the Public Services Ombudsman for Wales. The Policy was reviewed in July 2024.

2. Informal Complaints (Stage 1)

2.1 The Policy recognises that complaints should be dealt with as quickly as possible and where possible informally as part of the normal working of the Authority. It advises customers to contact the office or officer responsible for the service to provide an opportunity to solve the problem. All informal complaints should be logged in the Corporate Complaints office as the Council is now required to report these every quarter to the Public Services Ombudsman.

2.2 The Public Services Ombudsman now sets criteria for complaint types to be logged. For the period from 1 April 2023 to 1 April 2024, the number of informal complaints received against each category together with the numbers of those complaints closed against each outcome was as follows:

	Total number of informal complaints received	**Number resolved by frontline staff/not upheld**	**Number Upheld**	**Number where investigation discontinued /investigation not merited/complaint about a service not provided by the Council/withdrawn**	**Still Ongoing**
Adult Social Care	0	0	0	0	0
Benefits Administration	6	5	0	1	0
Children's Social Services	1	0	1	0	0
Community Facilities (including Recreation & Leisure)	15	13	0	2	0
Complaints handling	3	2	1	0	0
Education	23	20	0	3	0
Environment & Environmental Health	0	0	0	0	0
Finance & Council Tax	33	29	4	0	0
Housing	22	22	0	0	0
Planning & Building Control	16	16	0	0	0
Roads & Transport	48	41	3	4	0
Various/Other	48	36	7	5	0
Waste & Refuse	60	56	3	1	0

2.3 The Corporate Complaints team have only recently commenced the collation of Bridgend County borough Council Ward for informal complaints. It is therefore intended to provide this to the Governance & Audit Committee going forward.

3. Formal Complaints (Stage 2)

3.1 Formal complaints are received by email, telephone, letter or online complaint form. All formal corporate complaints with the exception of schools and social services (which have their own statutory procedures) are received, logged and acknowledged centrally by the Information Team within 5 working days. These complaints are sent to the relevant Head of Service who appoints a senior officer within the service to investigate the complaint and respond directly within 20 working days. The Information Team is provided with a copy of the response. If an investigation is more complex and more time may be needed, the complainant is advised of the likely timescale and kept informed of progress.

3.2 The Information Team has received, logged, acknowledged and referred a total of 67 formal complaints for the period from 1 April 2023 to 1 April 2024. The breakdown for the period is as follows:

	1 April 2024 to 30 September 2024
No. of Complaints Received	67
No. acknowledged in 5 working days	50
No. acknowledged outside 5 working days	17

3.3 The table below sets out the number of formal complaints the Council has received the financial half year 1 April 2023 to 1 April 2024 and the previous two financial half years:

Financial Half Year	Number of Complaints Received
1 April 2021 to 1 April 2022	57
1 April 2022 to 1 April 2023	53
1 April 2023 to 1 April 2024	67

3.4 The Information Team endeavour to ensure that all complaints (both informal and formal) are acknowledged within 5 working days. However in some circumstances and for a variety of reasons this is not always possible. The reason for the delay in the these cases was as follows:

i) there was a delay in the Corporate Complaints team of 10 acknowledgements being sent due to a large backlog of complaints

ii) In 1 instance, the request for a Stage 2 was received directly by the responsible department who notified Corporate Complaints of the Stage 2 at the time of their response. Therefore, no acknowlegement had been sent for those complaints.

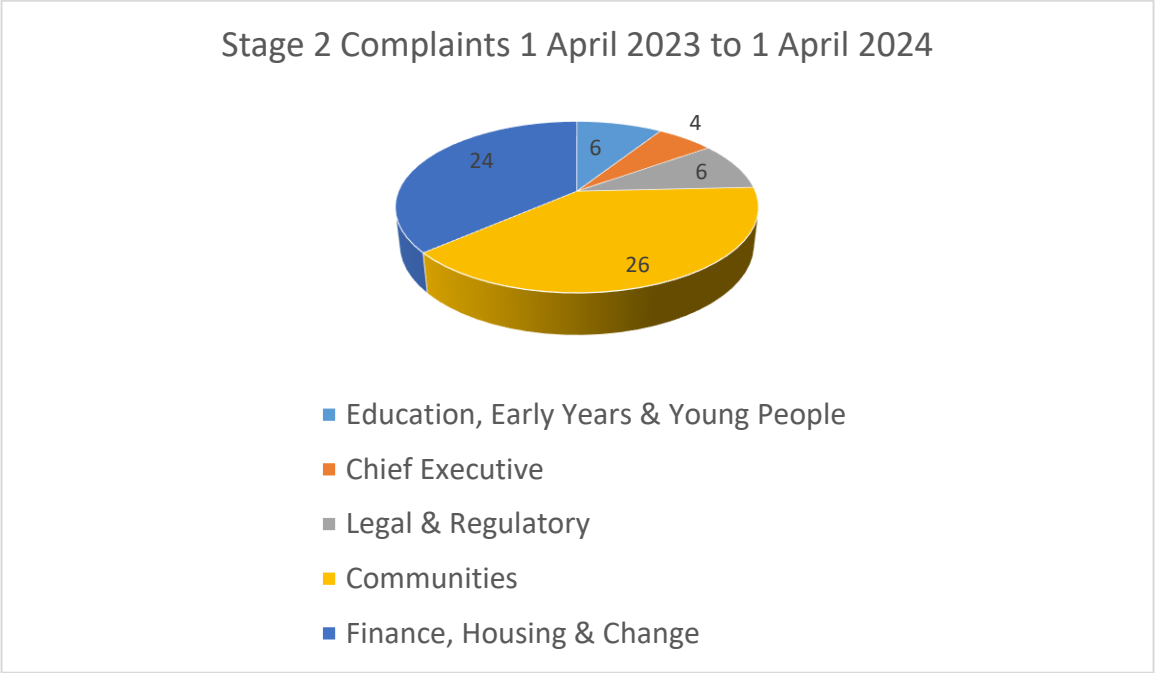
3.5 For the period from 1 April 2023 to 1 April 2024, the number of formal complaints received against each of the Public Services Ombudman criteria together with the numbers of those complaints closed against each outcome was as follows:

	Total number of formal complaints received	**Number resolved by frontline staff/not upheld**	**Number Upheld**	**Number where investigation discontinued/investigation not merited/complaint about a service not provided by the Council/withdrawn**	**Still ongoing**
Adult Social Care	0	0	0	0	0
Benefits Administration	1	1	0	0	0
Children's Social Services	1	0	1	0	0
Community Facilities (including Recreation & Leisure)	4	2	2	0	0
Complaints Handling	0	0	0	0	0
Education	8	5	3	0	0
Environment & Environmental Health	0	0	0	0	0
Finance & Council Tax	6	6	0	0	0
Housing	14	13	0	1	0
Planning & Building Control	11	11	0	0	0
Roads & Transport	8	8	0	0	0
Various/Other	10	6	3	1	0
Waste & Refuse	4	3	0	1	0

3.6 The following information sets out the breakdown of formal complaints received by County Borough Council Ward:

Ward	No. of complaints
Brackla East & Coychurch Lower	1
Brackla West Central	2
Bridgend Central	3
Bryntirion, Laleston & Merthyr Mawr	2
Cornelly	1
Garw Valley	2
Llangynwyd	1
Maesteg East	2
Maesteg West	3
Newton	1
Ogmore Vale	1
Pencoed & Penprysg	3
Porthcawl East Central	1
Porthcawl West Central	1
Pyle, Kenfig Hill & Cefn Cribbwr	1
St Brides Minor & Ynysawdre	2
Unknown/By e-mail	40

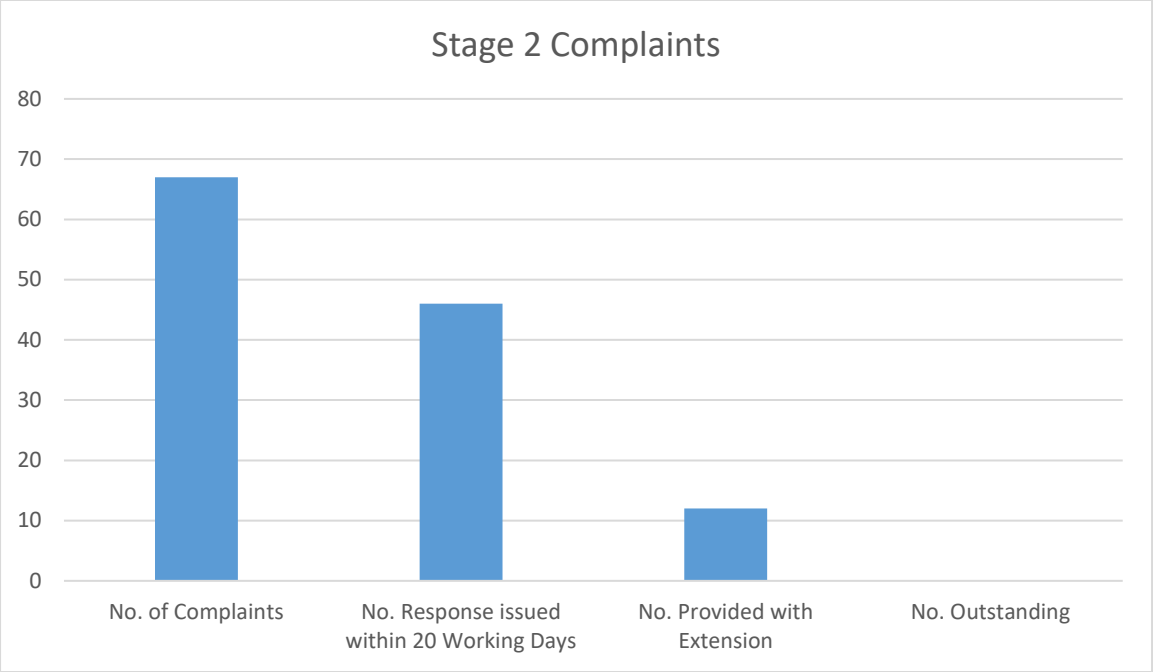
3.7 For the period from 1 April 2023 to 1 April 2024, the number of formal complaints received by each Directorate was as follows:



3.8 For the period 1 April 2023 to 1 April 2024 one complaint was received from the Welsh Language Commissioner about a service provided by the Authority; the complaint related to the Council Tax section on the My Account website only being available in English and not in Welsh. This has since been amended.

3.9 As required by the Equalities Strategy, a voluntary equalities monitoring questionnaire has been developed to accompany the Corporate Complaints Form. The information collected informs the Strategic Equality Plan.

3.10 The chart below provides a breakdown of the number of Formal Complaints received, those responded to within 20 working days, those for which it was necessary to request an extension to the response deadline, those that remain outstanding and those complaints currently under investigation within the respective 20 working days.



3.11 In order that the Committee can be provided with a Lessons Learned Section the Corporate Complaints team request departments to provide them with a note of any system or process changes the service has made as a result of a complaint.

At the time of reporting the Team have received 3 feedback notes: 1 in relation to the ongoing delay in Social Services Subject Access Requests which has resulted in the development of an action plan to tackle the backlog. The second is from the Education team, as a complaint was upheld due to the incorrect distance being recorded when assessing the 2 mile rule for School Transport for a household. The team advised that they will now be performing further checks during this process. The last note was from the Taxation team following a Council Tax complaint that had been ongoing for some time and further letters had been sent to the complainant whilst their complaint was being investigated. As a result, staff were reminded to update Taxation records as soon as they are notified of any such errors.

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Ask for: Communications
01656 641150
Caseinfo@ombudsman.wales

Date: 9 September 2024

Councillor John Spanswick
Bridgend County Borough Council

By email only
cllr.john.spanswick@bridgend.gov.uk
mark.shephard@bridgend.gov.uk

Annual Letter 2023/24

Dear Councillor Spanswick

Role of PSOW

As you know, the role of the Public Services Ombudsman for Wales is to consider complaints about public services, to investigate alleged breaches of the councillor Code of Conduct, to set standards for complaints handling by public bodies and to drive improvement in complaints handling and learning from complaints. I also undertake investigations into public services on my own initiative.

Purpose of letter

This letter is intended to provide an update on the work of my office, to share key issues for local government in Wales and to highlight any particular issues for your organisation, together with actions I would like your organisation to take.

Overview of 2023/24

This letter, as always, coincides with my Annual Report – "A New Chapter Unfolds" – and comes at a time when public services continue to be in the spotlight, and under considerable pressures. My office has seen another increase in the number of people asking for our help – a 17% increase in overall contacts compared to the previous year, with nearly 10,000 enquiries and complaints received. Our caseload has increased substantially - by 37% - since 2019.

During 2023/24 we considered and closed more enquiries and complaints than we ever have done before, and we reduced the average cost for each case and investigation. We started the year with a focus on reducing our aging cases, those over 12 months old, by 50% by the end of the year. These cases are often the most complex and distressing for the people making the complaint. I am extremely pleased to say we exceeded this target, reducing our aged investigations by over 70%. We are now well on track to meeting our objective to complete investigation of complaints within 12 months.

Public Services Complaints and compliance with recommendations

In total 1,108 complaints about local authorities were made to us last year – broadly the same number as the previous year. During this period, we intervened in (upheld, settled or resolved at an early stage) 14% of local authority complaints – a similar proportion to recent years.

We received 59 complaints about Bridgend County Borough Council in 2023/24 and closed 59. Bridgend County Borough Council's intervention rate was 14%. Further information on complaints about your organisation can be found in the appendices.

We made 18 recommendations to your council during the year. To ensure that our investigations and reports drive improvement, we follow up compliance with the recommendations agreed with your organisation. In 2023/24, 20 recommendations were due (some recommendations were made in the previous year) and 35% were complied with in the timescale agreed. The remainder were complied with, but outside the timescales agreed, or remained outstanding as at 9 April 2024.

Recommendations and timescales for complying with recommendations are always agreed with the public body concerned before being finalised, and we therefore expect organisations to comply within the timescales agreed.

Our Code of Conduct work

My role is to investigate allegations that councillors have breached their Code of Conduct. Where an investigation finds evidence to support the complaint on a matter which is serious enough to require a referral in the public interest, these cases are referred either to the local Standards Committee or to the Adjudication Panel for Wales for consideration.

In 2023/24, we received 16% more Code of Conduct complaints than the previous year, relating to both Principal Councils and Town and Community Councils. My office made 21 referrals – to Standards Committees or the Adjudication Panel for Wales, an increase from 12 the previous year.

I am grateful to your Monitoring Officer for their positive engagement with my office over the last year. We will continue to engage with them on matters relating to the ethical standards framework, including Local Resolution Procedures this year.

Independent Review

As you will be aware, I became aware of inappropriate comments, of a political nature, made by a member of my staff via social media. These comments were widely reported in the media. The member of staff in question was suspended and subsequently resigned. However, the comments prompted questions about my office's work on councillor Code of Conduct cases.

In view of the seriousness of the matter, I commissioned Dr Melissa McCullough to conduct an independent review of our Code of Conduct work, and I have published the full Terms of Reference for that review. I and my staff are engaging closely with the Monitoring Officer Group and the National Forum for Standards Committee Chairs in relation to this matter. I will be publishing Dr McCullough's final report on completion of the review and sharing it with the Senedd's Finance Committee this Autumn.

Supporting improvement of public services

We continued our work on supporting improvement in public services last year and worked on our second wider Own Initiative investigation. The investigation includes four local authorities and considers carers' needs assessments. I am grateful to the investigated authorities for their co-operation and candour throughout the year, and we look forward to sharing our finalised report this Autumn. This will make recommendations to the investigated authorities and will ask all local authorities across Wales to make similar improvements.

We have continued our work on complaints handling standards for public bodies in Wales and now have 56 public bodies following our model complaints handling policy. These public bodies account for around 85% of the complaints we receive. We have continued our work to publish complaints statistics, gathered from public bodies, with data published twice a year.

We continued our work to publish complaints statistics into a third year, with data now published twice a year. This data allows us to see information with greater context – for example, last year 17% of complaints made to Bridgend County Borough Council's went on to be referred to PSOW.

Action we would like your organisation to take

Further to this letter can I ask that your Council takes the following actions:

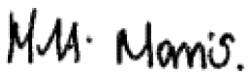
- Present my Annual Letter to the Cabinet and to the Governance and Audit Committee at the next available opportunity and notify me of when these meetings will take place.

- Consider the data in this letter, alongside your own data, to understand more about your performance on complaints, including any patterns or trends and your organisation's compliance with recommendations made by my office.

- Inform me of the outcome of the Council's considerations and proposed actions on the above matters at the earliest opportunity.

I would like to thank you, and your officers, for your continued openness and engagement with my office. Our information shows that local authorities are looking into more complaints than ever before and are using information from complaints to deliver better outcomes for the people of Wales.

Yours sincerely,



Michelle Morris
Public Services Ombudsman

Cc. Mark Shephard, Chief Executive, Bridgend County Borough Council

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Factsheet

Appendix A - Complaints Received

Local Authority	Complaints Received	Received per 1,000 residents
Blaenau Gwent County Borough Council	15	0.22
Bridgend County Borough Council	59	0.41
Caerphilly County Borough Council	56	0.32
Cardiff Council*	149	0.41
Carmarthenshire County Council	69	0.37
Ceredigion County Council	32	0.45
Conwy County Borough Council	36	0.31
Denbighshire County Council**	31	0.32
Flintshire County Council	51	0.33
Cyngor Gwynedd	38	0.32
Isle of Anglesey County Council	38	0.55
Merthyr Tydfil County Borough Council	12	0.20
Monmouthshire County Council	29	0.31
Neath Port Talbot Council	35	0.25
Newport City Council	52	0.33
Pembrokeshire County Council	40	0.32
Powys County Council	54	0.41
Rhondda Cynon Taf County Borough Council	64	0.27
Swansea Council	81	0.34
Torfaen County Borough Council	14	0.15
Vale of Glamorgan Council	77	0.58
Wrexham County Borough Council	76	0.56
Total	**1108**	**0.36**
* inc 2 Rent Smart Wales		
** inc 1 Wales Penalty Processing Partnership		

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Appendix B - Received by Subject

Bridgend County Borough Council	Complaints Received	% share
Adult Social Services	4	7%
Benefits Administration	1	2%
Children's Social Services	13	22%
Community Facilities, Recreation and Leisure	0	0%
Complaints Handling	11	19%
Covid-19	0	0%
Education	3	5%
Environment and Environmental Health	3	5%
Finance and Taxation	2	3%
Housing	6	10%
Licensing	0	0%
Planning and Building Control	11	19%
Roads and Transport	3	5%
Various Other	2	3%
Total	**59**	

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Appendix C - Complaint Outcomes
(* denotes intervention)

Bridgend County Borough Council		% Share
Out of Jurisdiction	10	17%
Premature	23	39%
Other cases closed after initial consideration	18	31%
Early Resolution/ voluntary settlement*	8	14%
Discontinued	0	0%
Other Reports - Not Upheld	0	0%
Other Reports Upheld*	0	0%
Public Interest Reports*	0	0%
Special Interest Reports*	0	0%
Total	**59**	

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Appendix D - Cases with PSOW Intervention

	No. of interventions	No. of closures	% of interventions
Blaenau Gwent County Borough Council	1	16	6%
Bridgend County Borough Council	8	59	14%
Caerphilly County Borough Council	3	48	6%
Cardiff Council	28	144	19%
Cardiff Council - Rent Smart Wales	0	3	0%
Carmarthenshire County Council	8	60	13%
Ceredigion County Council	7	32	22%
Conwy County Borough Council	0	37	0%
Denbighshire County Council	2	32	6%
Denbighshire County Council - Wales Penalty Processing Partnership	0	1	0%
Flintshire County Council	8	57	14%
Cyngor Gwynedd	6	39	15%
Isle of Anglesey County Council	10	41	24%
Merthyr Tydfil County Borough Council	3	14	21%
Monmouthshire County Council	3	32	9%
Neath Port Talbot Council	5	34	15%
Newport City Council	5	51	10%
Pembrokeshire County Council	7	38	18%
Powys County Council	7	53	13%
Rhondda Cynon Taf County Borough Council	11	63	17%
Swansea Council	12	77	16%
Torfaen County Borough Council	2	14	14%
Vale of Glamorgan Council	15	71	21%
Wrexham County Borough Council	7	79	9%
Total	**158**	**1095**	**14%**

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Appendix E – Compliance performance comparison

Local Authority	Number of recommendations made in 2023-24	Number of recommendations falling due in 2023-24	% of recommendations, complied with on time
Blaenau Gwent County Borough Council	1	1	100%
Bridgend County Borough Council	18	20	35%
Caerphilly County Borough Council	9	9	11%
Cardiff Council	74	75	92%
Carmarthenshire County Council	25	25	52%
Ceredigion County Council	23	23	78%
Swansea Council	29	32	63%
Conwy County Borough Council	0	1	0%
Denbighshire County Council	5	6	67%
Flintshire County Council	17	17	59%
Cyngor Gwynedd	12	19	74%
Isle of Anglesey County Council	26	24	92%
Merthyr Tydfil County Borough Council	11	9	56%
Monmouthshire County Council	4	4	25%
Neath Port Talbot Council	14	14	29%
Newport City Council	10	7	43%
Pembrokeshire County Council	24	23	96%
Powys County Council	18	16	31%
Rhondda Cynon Taf County Borough Council	26	26	77%
Torfaen County Borough Council	3	3	67%
Vale of Glamorgan Council	50	48	92%
Wrexham County Borough Council	16	19	42%

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Appendix F - Code of Conduct Complaints

Investigations

	Bridgend County Borough Council
Decision not to investigate	14
Discontinued	0
No evidence of breach	0
No action necessary	1
Refer to Adjudication Panel	0
Refer to Standards Committee	0
Total	**15**

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Appendix G - Town/Community Council Code of Complaints

		Investigations					
Town/Community Council	**Decision not to investigate**	**Discontinued**	**No evidence of breach**	**No action necessary**	**Refer to Adjudication Panel**	**Refer to Standards Committee**	**Total**
Brackla Community Council	2	0	0	0	0	0	2
Bridgend Town Council	3	0	0	1	0	2	6
Coity Higher Community Council	0	0	0	0	0	0	0
Laleston Community Council	1	0	0	0	0	0	1
Llangynwyd Middle Community Council	0	0	0	0	0	0	0
Maesteg Town Council	1	0	0	0	0	0	1
Newcastle Higher Community Council	0	0	0	0	0	0	0
Pencoed Town Council	1	0	0	0	0	0	1
Porthcawl Town Council	4	0	0	0	0	2	6
Ynysawdre Community Council	1	0	0	0	0	0	1

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Information Sheet

Appendix A shows the number of complaints received by PSOW for all Local Authorities in 2023/24. These complaints are contextualised by the population of each authority.

Appendix B shows the categorisation of each complaint received, and what proportion of received complaints represents for the Local Authority.

Appendix C shows outcomes of the complaints which PSOW closed for the Local Authority in 2023/24. This table shows both the volume, and the proportion that each outcome represents for the Local Authority.

Appendix D shows Intervention Rates for all Local Authorities in 2023/24. An intervention is categorised by either an upheld complaint (either public interest or non-public interest), an early resolution, or a voluntary settlement.

Appendix E shows the compliance performance of each Local Authority.

Appendix F shows the outcomes of Code of Conduct complaints closed by PSOW related to Local Authority in 2023/24.This table shows both the number, and the proportion that each outcome represents for the Local Authority.

Appendix G shows the outcomes of Code of Conduct complaints closed by PSOW related to Town and Community Councils in the Local Authority's area in 2023/24. This table shows both the number, and the proportion that each outcome represents for each Town or Community Council.

Meeting of:	**GOVERNANCE AND AUDIT COMMITTEE**
Date of Meeting:	**28 NOVEMBER 2024**
Report Title:	**AUDIT WALES GOVERNANCE AND AUDIT COMMITTEE REPORTS**
Report Owner / Corporate Director:	**CHIEF OFFICER – FINANCE, HOUSING AND CHANGE**
Responsible Officer:	**DEBORAH EXTON DEPUTY HEAD OF FINANCE**
Policy Framework and Procedure Rules:	**There is no impact on the policy framework and procedure rules.**
Executive Summary:	• **The Council's external auditors, Audit Wales, undertake a range of financial and performance audit work during the financial year.** • **They publish a number of reports in respect of the audit work undertaken. Some of the reports are national across all local authorities and others are local and specific to Bridgend.** • **Audit Wales also present a quarterly work programme and timetable to the Governance and Audit Committee to outline work completed, audits in progress and those still due to be undertaken.** • **This report provides details of the quarterly update on the Work Programme to the end of September 2024, along with the Review of Decision Making Arrangements and the Setting of Wellbeing Objectives reports.**

1. Purpose of Report

1.1 The purpose of this report is to submit to the Committee three reports from Audit Wales.

2. Background

2.1 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.

2.2 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.

2.3 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.

3. Current situation / proposal

3.1 Audit Wales has produced three reports for the Governance and Audit Committee to consider:-

- **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). At the meeting of the Governance and Audit Committee in July 2021, Audit Wales reported that they will provide an updated version of this report to the Council on a quarterly basis. **Appendix A** is an updated position as at 30th September 2024.

- **Review of Decision Making Arrangements – Bridgend County Borough Council - (Appendix B)** - the purpose of this report was to gain assurance that the Council has proper decision-making arrangements to secure value for money in the use of its resources. The Council's Management Response Form is attached at **Appendix C**.

- **Setting of Wellbeing Objectives – Bridgend County Borough Council - (Appendix D)** - the purpose of this report was to assess the extent to which Bridgend County Borough Council has acted in accordance with the sustainable development principle when setting its well-being objectives. The Council's Management Response Form is attached at **Appendix E**.

4. Equality implications (including Socio-economic Duty and Welsh Language)

4.1 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.

5. Well-being of Future Generations implications and connection to Corporate Well-being Objectives

5.1 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.

6. Climate Change Implications

6.1 There are no climate change implications arising from this report.

7. Safeguarding and Corporate Parent Implications

7.1 There are no safeguarding or corporate parent implications arising from 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, Appendix B** and **Appendix D,** along with the Council's Management Response Forms to the reports at **Appendix C** and **Appendix E**.

Background documents

None

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Archwilio Cymru
Audit Wales

Audit Wales Work Programme and Timetable – Bridgend County Borough Council

Quarterly Update: 30 September 2024

Annual Audit Summary

Description	Timetable	Status
A report summarising completed audit work since the last Annual Audit Summary, which was issued in July 2024	June 2025	Not yet started

Financial Audit work

Description	Scope	Timetable	Status
Audit of the Council's 2023-24 statement of accounts	We are required to issue a certificate and report on your financial statements which includes an opinion on their 'truth and fairness'. and an assessment as to whether the Narrative Report and Annual Governance Statement is prepared in line with the CIPFA Code and relevant guidance and is consistent with your financial statements and my knowledge of the Authority.	30 November 2024	In progress (on track for 30 November)

Description	Scope	Timetable	Status
The limited assurance audits of Coychurch Crematorium and Porthcawl Harbour 2023-24 accounts	Per the Accounts and Audit (Wales) Regulations 2014 both bodies are classed as smaller bodies, and a limited set of audit procedures is required. Neither body is subject therefore to a full audit.	30 November 2024	Complete
Certification of the Council's 2023-24 grant claims and returns	We are required to certify three grant claims administered by the Council. • Housing Benefit Subsidy • National Non-Domestic Rates • Teachers' Pension Return	Various – November 2024 onwards	In progress

Performance Audit work

2023-24 Performance Audit work	Scope	Timetable	Status
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 and acting in accordance with the sustainable development principle.	Ongoing	Complete
Thematic review – commissioning	A review focusing on how councils' arrangements for commissioning, apply value for money considerations and the sustainable development principle.	March 2024– March 2025	Underway

2023-24 Performance Audit work	Scope	Timetable	Status
Thematic review – Financial Sustainability	A review of councils' financial sustainability including a focus on the actions, plans and arrangements to bridge funding gaps and address financial pressures over the medium term. National Summary Report indicative publication date:	March – July 2024	Final report issued 11th September 2024 November 2024
Setting of Wellbeing Objectives	A review to assess the extent to which Bridgend County Borough Council has acted in accordance with the sustainable development principle when setting its well-being objectives	April – September 2024	Final report issued 1st October 2024
Local project	Review of Decision-Making Arrangements to establish whether the Council has put in place proper decision-making arrangements to secure value for money in the use of its resources.	May- October	Final report issued 17th September 2024

2024-25 Performance Audit work	Scope	Timetable	Status
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 and acting in accordance with the sustainable development principle.	On-going	Underway

2024-25 Performance Audit work	Scope	Timetable	Status
Local project - Review of Decision-Making Arrangements (contd.)	Review of Decision-Making Arrangements to establish whether the Council has put in place proper decision-making arrangements to secure value for money in the use of its resources.	May- October	Final report issued 17th September 2024
Local project - Review of Risk Management Arrangements	A review to assess the Council's Risk Management Arrangements.	March 2025	Scoping

Local government national studies planned/in progress

Study	Scope	Timetable	Status	Fieldwork planned at Bridgend County Borough Council
Temporary Accommodation	Examining the costs, demand and how services are working together to progress the response to temporary accommodation.	Report publication planned for early 2025	Fieldwork underway	Fieldwork interviews being undertaken at : • Conwy County Council • Pembrokeshire County Council • Cardiff City Council • Wrexham County Borough Council • Newport City Council Surveys will also be issued to Heads of Housing and Section 151 Officers at each principal council.
Capital Planning in Local Government	Examining whether capital investment in the asset base in local government is able to keep pace with demand	Tbc	Scoping	Tbc

Study	Scope	Timetable	Status	Fieldwork planned at Bridgend County Borough Council
Financial constraints / discretionary local government services	Examining the potential impacts and councils' decision making processes in the context of the sustainable development principle.	Tbc	Not started	Tbc

Estyn

We inspected Caerphilly and Ceredigion local government education services (LGES) during the summer term. The reports were published in early September. We identified strong practice in both local authorities.

During the autumn term we will be inspecting Newport LGES. We have also scheduled a standalone inspection of the local authority's youth work a few weeks prior to the LGES inspection. Although these are two separate pieces of work, the findings of the youth inspection will inform the LGES inspection. We piloted this arrangement in the Vale of Glamorgan last spring, and our evaluation of this arrangement indicates that stream-lining the inspection process works well and adds value to our work overall.

Our link inspectors are continuing to work with Torfaen as part of our follow-up process for an authority causing significant concern. We will be carrying out a monitoring visit in Torfaen in October to consider their progress against the recommendations from their core inspection.

We will also carry out an enhanced link visit to Denbighshire in October, with the focus being on specific aspects of attendance and additional learning needs. The outcome letter from this visit will be published on our website.

We will be carrying out field work in a sample of local authorities to support two thematic reports. We will be visiting 10 LAs to learn about their approaches to promoting positive behaviour in secondary schools; and another five LAs to evaluate their support for mathematics and numeracy AOLE in their schools.

In early September, we trained a new cohort of peer inspectors who will be deployed on our inspection teams as well as running an update session for our current peer inspectors.

Care Inspectorate Wales (CIW)

CIW planned work 2023-25	Scope	Timetable	Status
Thematic reviews **Community Learning Disability Team (CLDT)**	Working jointly with HIW we completed an assurance check inspection in Rhondda Cynon Taff focusing on Community Learning Disability Teams (CLDT).RCT CLDT Joint inspection	2024-25	Published April 2024

CIW planned work 2023-25	Scope	Timetable	Status
	A second single agency assurance check inspection in Blaenau Gwent	March 2024	Published
	We will continue an annual programme of joint work focusing on CLDT and Community Mental Health Team (CMHT)		
Joint Inspection Child Protection Arrangements (JICPA)	Overview report for Joint Inspections of Child Protection Arrangements (JICPA) 2019 – 2024 Overview report for Joint Inspections of Child Protection Arrangements (JICPA) 2019 – 2024 | Healthcare Inspectorate Wales (hiw.org.uk).	September 2024	Published
	The findings from Bridgend County Borough Council - Joint Inspectorate Review of Child Protection Arrangements (JICPA): Bridgend 2023 | Care Inspectorate Wales	June 2024	Published
	Our findings from the Cardiff County Council Cardiff Joint Inspection Report	7 May 2024	Published
	The findings from Denbighshire County Council Joint Inspectorate Review of Child Protection Arrangements (JICPA): Denbighshire 2023 | Care Inspectorate Wales	Feb 2024	Published
	The findings from Powys County Council - Joint Inspectorate Review of Child Protection Arrangements (JICPA): Powys 2023 | Care Inspectorate Wales	October 2023	Published

CIW planned work 2023-25	Scope	Timetable	Status
Performance review of Local Authorities	We continue to inspect Local Authorities in line with our updated Code of Practice for our local authority inspection activity | Care Inspectorate Wales How we inspect local authority services and CAFCASS Cymru		
	We are currently reviewing our Code of Practice and will be publishing shortly.	October 2024	Due to be published
	Inspection of Flintshire County Council children and adult services in February 2024 - Inspection report for Flintshire County Council's adults and children's services published | Care Inspectorate Wales	22 Feb 2024	Published
	We published Monmouthshire County Council children's services Inspection report PEI | Care Inspectorate Wales	2 May 2024	Published
	We published Pembrokeshire - Improvement check inspection Improvement-check Pembrokeshire-county-council-adult services	13 June 2024	Published
	We published Swansea adult service PEI 240711-swansea-pei-report-en.pdf (careinspectorate.wales)	May 2024	Published
Her Majesty's Inspectorate of Probation – Youth Offending Inspection	We supported the delivery of HMIP's Youth Offending Services Inspection in Denbighshire and Conwy. A joint inspection of youth justice services in Conwy & Denbighshire (justiceinspectorates.gov.uk)	8 May 2024	Published

Audit Wales national reports and other outputs published since September 2023

Report title	Publication date and link to report
Active travel (report and data tool)	September 2024
Governance of Fire and Rescue Authorities	September 2024
Affordable housing	September 2024
NHS finances – and data tool update to 31 March 2024	August 2024
Digital by design? - Lessons from our digital strategy review across councils in Wales	August 2024
Councils use of performance information: service user perspective and outcomes - A summary of findings from our review at Welsh councils	July 2024
The Welsh Government's support for TVR Automotive Ltd	July 2024
A465 Section 2 – update	June 2024
Community Pharmacy data matching pilot	May 2024
Governance of National Park Authorities	April 2024
Supporting Ukrainians in Wales	March 2024
From firefighting to future-proofing – the challenge for Welsh public services	February 2024

Report title	Publication date and link to report
Betsi Cadwaladr University Health Board – board effectiveness follow up	February 2024
Local Government Financial Sustainability Data tool update uses data from the draft 2022-23 accounts	January 2024
Planning for sustainable development – Brownfield regeneration	January 2024
Corporate Joint Committees – commentary on their progress	November 2023
Governance arrangements relating to an employment dispute at Amgueddfa Cymru – National Museum Wales	November 2023
Failures in financial management and governance and losses incurred – Harlech Community Council	November 2023
Putting out the false alarms: Fire and Rescue Authorities' responses to Unwanted Fire Signals	October 2023
Covering teachers' absence – follow-up (letter to the Public Accounts and Public Administration Committee)	October 2023

Audit Wales national reports and other outputs (work in progress / planned)[1, 2]

[1] 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. Follow up work could also lead to other outputs, as may other local audit work where we consider there is merit in a national summary output of some kind.

[2] Our Annual Plan 2024-25 also lists work in progress, some of which has since been published, or work planned to start during 2024-25. Our work programme for 2023-2026 –

Title	Indicative publication date
National Fraud Initiative – bi-ennial report	October 2024
Cancer services	November 2024
Local Government Financial Sustainability Data tool update uses data from the draft 2023-24 accounts	November 2024
Findings from GP registration data matching pilot	November / December 2024
Unscheduled care (national messages – patient flow in hospital and delayed discharge)	November / December 2024
Financial management and governance in town and community councils	November / December 2024
NHS workforce planning (national messages)	November / December 2024
Addressing biodiversity decline (pan-public sector and at Natural Resources Wales)	Pan-public sector review – November / December 2024 NRW to be confirmed (scoping)
Welsh Government capital and infrastructure investment	December 2024 / January 2025
Challenges for the cultural sector	By end of 2024 (for most local reporting – any national messaging in early 2025)

also provides some additional detail about certain topics and will continue to inform our work programme planning for 2025-26.

Title	Indicative publication date
New Velindre Cancer Centre	Early 2025
Further and higher education funding and oversight – Commission for Tertiary Education and Research	By March 2025 (for initial phase of work on setting of well-being objectives)
Findings from sustainable development examinations (statutory report under the WFG Act)	By early May 2025
The senior public service	Scoping underway, delivery planned early summer
Rebalancing care and support	To be confirmed (scoping)
Tackling NHS waiting lists (local audit work at health boards)	To be confirmed (local work at each Health Board started in May 2024)
Access to education for children with Additional Learning Needs	To be confirmed (scoping)
Support for business	To be confirmed (starting in 2024-25)
Support for bus and rail services	To be confirmed (starting in 2024-25)
Progress with investment in school and college buildings through the Sustainable Communities for Learning Programme	To be confirmed (starting in 2024-25)
NHS bodies' approaches to digital transformation (local audit work)	To be confirmed (local audit work rolling out from October 2024)

Title	Indicative publication date
NHS bodies' cost savings arrangements	To be confirmed (local audit reporting nearing completion)

Good Practice Exchange events and resources

Title	Link to resource
Audit Committees: Effective practices and a positive impact Good governance arrangements are a critical part of how public service organisations function effectively and deliver value for money services for the citizens and communities of Wales. Audit Committees are one of the foundation stones that support good governance. With significant current and future pressures on public sector finances, there is an increasing need for effective practices and a positive impact. Audit Committees play a vital role in this. This event provides an opportunity to share experiences, learn, and network with peers across the public sector in Wales.	9th October 2024, 10:30 – 15:30 Conwy Business Centre The resources from our event in Cardiff on 22 May are available here.
GPX Blog: 100 Stories Project	https://www.audit.wales/blog/gpx/2024/7/11/good-practice-exchange-100-stories-project
GPX Blog: A multiagency approach to falls	https://www.audit.wales/blog/gpx/2024/8/19/good-practice-exchange-multi-agency-approach-falls
GPX Blog: The councillors and care research project	https://www.audit.wales/blog/gpx/2024/9/11/good-practice-exchange-councillors-and-care-research-project

APPENDIX B

Archwilio Cymru
Audit Wales

Review of Decision-Making Arrangements – Bridgend County Borough Council

Audit year: 2023-24

Date issued: September 2024

Document reference: 4481A2024

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

In the event of receiving a request for information to which this document may be relevant, attention is drawn to the Code of Practice issued under section 45 of the Freedom of Information Act 2000. The section 45 code sets out the practice in the handling of requests that is expected of public authorities, including consultation with relevant third parties. In relation to this document, the Auditor General for Wales and Audit Wales are relevant third parties. Any enquiries regarding disclosure or re-use of this document should be sent to Audit Wales at infoofficer@audit.wales.

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

Mae'r ddogfen hon hefyd ar gael yn Gymraeg. This document is also available in Welsh.

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Appendix 1

Why we did this audit

Our audit duties

1 We carried out this audit under the duties contained within:

- section 17 of the Public Audit (Wales) Act 2004 (the 2004 Act) to help enable the Auditor General to be satisfied (or not) that the Council has put in place proper arrangements to secure value for money in the use of its resources; and
- section 15 of the Well-being of Future Generations (Wales) Act 2015 to help enable the Auditor General to assess the extent to which the Council is acting in accordance with the sustainable development principle in taking steps to meet its well-being objectives.

Our objectives for this audit

2 Our objective for this audit was to gain assurance that the Council has proper decision-making arrangements to secure value for money in the use of its resources. By proper, we mean appropriate arrangements as defined by the audit criteria included in **Appendix 1**.

What we looked at and what does good look like[1]

3 We reviewed the Council's arrangements for decision-making. This audit did not cover individual policy decisions nor undertake an in-depth review of scrutiny or regulatory committees.

4 The audit sought to answer the overall question: **Has the Council put in place proper decision-making arrangements to secure value for money in the use of its resources?**

5 We used the audit criteria set out in **Appendix 1**, which also shows how the criteria relate to the audit questions.

[1] Defined as 'what should be' according to laws or regulations, 'what is expected' according to best practice, or 'what could be', given better conditions.

Our audit methods and when we undertook the audit

6 The audit methods included; a review of a sample of committee papers, minutes, and decisions notices, observing a range of committee meetings via webcasts, interviews with some Chief Officers and Elected Members, and document reviews. The evidence we have used to inform our findings is limited to these sources.

7 We undertook this work during June 2024 – July 2024.

What we found

8 Overall, we found that the **Council generally has proper decision-making arrangements in place but weaknesses in forward planning and pre-decision scrutiny are undermining their effectiveness.** We set out below why we reached this conclusion.

9 **The Council has clearly set out its decision-making arrangements but there are shortcomings in forward work programming and pre-decision scrutiny.**

- The Council is in the process of developing oversight arrangements for its policy framework to ensure key documents and policies have an owner and set review date. The Council has a scheme of delegation, which was last updated April 2024, but this does not reflect the new Cabinet Member portfolios agreed in May 2024. The impact of operating with a scheme of delegation which is not up to date could result in decisions being taken without the proper authority in place and being subject to challenge.
- The Council has an agreed format for its reports to Cabinet and Council and agreed procedures for the sign off of these reports. The Council has an agreed format for hybrid meetings which was followed in the meetings we observed.
- The Council has recently undertaken a review of the effectiveness of its scrutiny arrangements. The Council acknowledges that it needs to strengthen these arrangements, including pre-decision scrutiny.
- The Council has a process for updating its forward work programme for committees (FWP), but the FWP is not comprehensive. It does not cover all the reports that are going through to committees and only spans a 4-month period. The FWP is not readily accessible via the Council's website. Sufficient planning ahead for reports also helps mitigate the need for using the urgent delegated decision process unnecessarily. The impact of not having a published, up to date, comprehensive, longer-term FWP hampers opportunities for robust pre-decision scrutiny. It also limits transparency around the decision-making process for both Members and the public.

10 **The information provided to Members in committees was clear, but the role and remit of the Council's scrutiny committees is unclear hindering the effectiveness and transparency of the Council's decision-making arrangements.**

- The information provided to Members in the committees we observed was of sufficient quality to enable them to take well-informed decisions. Committee agendas, reports and minutes are published and available on the Council's website. Webcasts of meetings are available after the meeting has been held via You Tube.
- The quality and format of minutes from meetings was variable. The recording of decisions was not always clear. The Council has recognised this issue and has agreed a new format for minutes. Democratic Services staff are currently being trained in the use of the new style minutes for all committee meetings.
- Through our fieldwork we did not find any significant issues in officer/Member relationships and the statutory officers' advice in committees was listened to.
- There is lack of clarity and transparency regarding the terms of reference of the O&S committees. The naming of the committees 1,2 and 3 does not help with transparency on the remit of the committees, particularly from a public perspective. The Constitution is also not clear on the exact remit of the committees. The impact of the lack of clarity and transparency on the remit of the O&S committees is that their ability to contribute fully and effectively to decision making in the Council is limited. It is also a barrier to encouraging public involvement in the scrutiny process.[2]
- Greater clarity on the role O&S committees have in the Council's decision-making process would be beneficial. A better assessment of the impact the committees are having in terms of their positive contribution to shaping and improving decision-making to help achieve corporate objectives would help ensure that committees are using their time effectively and providing greater value in the decision-making process.
- As part of its budget setting process, the Council has established a working group of its Corporate O&S Committee (COSC) to help develop the budget. We heard from both officers and Members that this working group did not work as effectively as it had in previous years in building consensus around the budget proposals for 2024-25. The Council recognise this and is reviewing the process, looking to make improvements for the 2025-26 budget setting round.

[2] The Auditor General for Wales has produced a Discussion Paper: Six themes to help make scrutiny 'Fit for the Future (February 2019), which is available on the Audit Wales website publications page

- The Council has reasonable arrangements in place to support Members in their decision-making, but Member completion rates for training is poor (only 6 of the 51 Members had undertaken their core training modules as of June 2024). The Council should ensure that the Member training programme offer is comprehensive and that it works with Members to explore ways to improve their engagement with training. The impact of Members not receiving/undertaking a relevant training programme is that there is a risk that they are not well equipped to understand and undertake their role. This could potentially limit their effectiveness.

11 **The Council is proactively looking at ways to improve its decision-making processes but has not engaged with all Members to help it better understand the effectiveness of its arrangements.**

- The Council is looking at ways to improve its decision-making processes. The Council has actively engaged with the Welsh Local Government Association for its support to help make improvements. Examples of this are the work it is undertaking on corporate leadership development and the review of scrutiny. The Council has also committed to reviewing its arrangements for budget setting, to look at how it can better engage with Members in this process.
- Members of the Standards Committee have observed their own and other councils' committee meetings to inform good practice. The feedback from these observations were that they were satisfied with what they observed and had no major issues or concerns to feedback to the committee.
- Members have not been asked for their views on the Council's decision-making arrangements in general but have been asked for their views recently on the effectiveness of the scrutiny process and on their training requirements. Involving all Members in reviewing the effectiveness of its decision-making arrangements would help the Council gain a comprehensive understanding of their views. It may also provide further opportunities for the Council to improve its processes.

Our recommendations for the Council

Exhibit 1: our recommendations for the Council

Recommendations
• **R1** –The Council should ensure that its published **forward work programme** for committees is accessible, comprehensive, and covers a longer time frame than the current 4-month period to give more opportunity for robust pre-decision scrutiny and provide greater transparency around the decision-making process for both Members and the public.
• **R2** – The Council should ensure that its **scheme of delegation is updated**, to mitigate the risk of decisions being taken without the proper authority.
• **R3** – The Council should ensure that there is clarity on **the role of scrutiny** in the decision-making process. The lack of clarity on the role of the O&S committees, particularly in relation to pre-decision scrutiny is limiting O&S committees' ability to contribute fully and effectively to the decision-making process.
• **R4** – The Council should ensure that it provides greater **transparency regarding the remit of the different O&S committees**. Naming the O&S committees 1, 2 and 3 does not help with transparency of the remit of the committees, particularly from a public perspective. It is also a potential barrier to encouraging public involvement in the scrutiny process.
• **R5** – The Council should ensure that Members receive, and are encouraged to access, a relevant **training programme** to ensure they are well equipped to understand and undertake their role. This should include focussed training for specific roles, e.g. chairing skills.

Appendix 1

Audit questions and criteria

Main (level 1) audit question: Has the Council put in place proper decision-making arrangements to secure value for money in the use of its resources?

Level 2 questions	Criteria
Does the Council have clear decision-making arrangements?	• The Council has clearly set out the parameters for decision-making and the types of decisions that are delegated and those taken by Full Council, Cabinet and other committees. • The Council has a Scheme of Delegation which clearly sets out the process for taking and recording delegated decisions. • The Council has clearly set out the roles and responsibilities of Members and officers in decision-making. • Cabinet and Scrutiny committees have up to date and published forward work programmes, and these are easily accessible to Members and the public. • The Council has clearly set out its process for Call-ins of decisions. • The Council has arrangements to facilitate pre-decision scrutiny. • There are clear arrangements for declaring and managing conflicts of interests. • Roles of statutory officers are clear.

	• The Council has clear rules and procedures governing meetings (physical, hybrid and on-line only meetings) and these rules are set out at the start of meetings, including arrangements for any loss of connectivity. • There are clear arrangements for voting on decisions.
Are the Council's arrangements working effectively to ensure there is transparency and accountability in its decision-making?	• Members and officers demonstrate clear understanding of their roles and responsibilities in decision-making including their role in specific committees and/or agenda items. • Meetings are held in public unless there are good reasons for confidentiality (reasons are published). The Council is following appropriate legal requirements for exempt items / items held in private session. • The agendas/reports for committees are published in line with legal requirements. • Meetings are quorate in line with Council's constitution. Meetings are not regularly cancelled because they are inquorate. • Scrutiny is welcomed as making a positive contribution to shape and improve decision-making, helps achieve corporate objectives. Scrutiny is given the opportunity to influence decision-making. • Call-ins are infrequent and not seen as the standard way of challenging decision-making. • The Council is taking decisions on items in line with the published forward work programmes. Items are not being consistently delayed. • There is clear reasoning for decisions in public records. • Relationships amongst and between Members and officers are constructive. • There is constructive debate and challenge when decisions are being considered.

	• In reaching decisions, members have regard to the advice given by officers, particularly that given by statutory officers. • There is active consideration of the sustainable development principle and other relevant impacts such as equalities in decision-making. • All participants are able to contribute to meetings, including when joining remotely. • All public meetings are webcast. Webcasts of meetings are available live and to inspect following meetings and there is an agreed policy for how long webcasts are available for in the Council's archive. • Attendees are able to participate through the medium of both Welsh and English, according to their preference, and translation is provided. • The chair ensures committee meetings follow procedures, that committees consider items in line with their terms of reference. • Members' and officers' behaviours in committee are in line with Council standards of behaviour. The Council effectively addresses/manages issues of poor behaviour in committee. • Committees are being used effectively to do something active rather than just receiving items to note.
Does the information provided to Members enable them to take well informed decisions?	• Agenda items are accompanied by a written report that clearly sets out the role the committee is being asked to undertake and that is in line with the committee's terms of reference. • Reports are clear and balanced, and easy to understand and appropriate to the intended audience. • Reports include, where appropriate, objective and rigorous analysis of a variety of options including impact on service users, financial and value for money implications, service performance and risk. • Reports set out relevant implications common to most or all decisions such as: • The application of the sustainable development principle;

	• Equalities; • Welsh Language; • Biodiversity; and • Socio-economic duty • The reports identify whether consultation/engagement has been undertaken and if so, contain the results of that consultation.
Does the Council have arrangements to support officers and members in their decision-making?	• The Council communicates the values and standards of behaviour that are expected from its Members, senior officers, and staff. • Members have received appropriate training to enable them to participate appropriately in Council's decision-making arrangements (e.g. declarations of interest, code of conduct, committee specific training such as planning, standards, GDPR, equalities, WFG etc) • Committee chairs are provided with effective support from Council officers to support them in their role. Chairs have received training to help them understand and fulfil their role. • The Council promotes and supports the role and responsibilities of its statutory officers. Statutory officers have capacity to review and contribute to reports as necessary in order to fulfil their roles. • Members have access to appropriate advice both outside and during committee meetings on decision making procedures and rules.
Does the Council review the effectiveness of its decision-making arrangements?	• Members have been asked their views of the Council's decision-making arrangements and the support they receive. This is used to shape training and inform changes to the Council's arrangements.

	• The Council's Annual Governance Statement provides a fair and balanced assessment of the effectiveness of the Council's decision-making arrangements and includes actions to strengthen arrangements where necessary. Previous actions identified are monitored and addressed. • Constitution, Scheme of delegation and financial procedures are reviewed regularly.



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Management response form

Archwilio Cymru
Audit Wales

Report title: Review of Decision-Making Arrangements. Bridgend County Borough Council

Completion date:

Document reference:

Ref	Recommendation	Management response Please set out here relevant commentary on the planned actions in response to the recommendations	Completion date Please set out by when the planned actions will be complete	Responsible officer (title)
R1	The Council should ensure that its published **forward work programme** for committees is accessible, comprehensive, and covers a longer time frame than the current 4-month period to give more opportunity for robust pre-decision scrutiny and provide greater transparency around the decision-making process for both Members and the public.	The forward work programme will be extended to 6 months. Corporate Management Board will be encouraged to forward plan items for consideration over a longer period. The FWP for Cabinet, Council and Scrutiny will be published and updated.	December 2024	Kelly Watson

Ref	Recommendation	Management response Please set out here relevant commentary on the planned actions in response to the recommendations	Completion date Please set out by when the planned actions will be complete	Responsible officer (title)
R2	The Council should ensure that its **scheme of delegation is updated**, to mitigate the risk of decisions being taken without the proper authority.	The scheme is reviewed and updated regularly. Changes will be made to reflect changes to Cabinet portfolios and will be reported to Cabinet on 24th September 2024 for approval. Should Cabinet approve the amendments, the Scheme will be published on the Council's website.	October 2024	Kelly Watson
R3	The Council should ensure that there is clarity on **the role of scrutiny** in the decision-making process. The lack of clarity on the role of the O&S committees, particularly in relation to pre-decision scrutiny is limiting O&S committees' ability to contribute fully and effectively to the decision-making process.	Further work will be undertaken with elected Members and senior officers to explain the importance of pre decision scrutiny. Training will be provided on the role and remit of the committees. A scrutiny protocol has been drafted and will be presented to Corporate Overview and Scrutiny for approval.	December 2024	Kelly Watson

Ref	Recommendation	Management response Please set out here relevant commentary on the planned actions in response to the recommendations	Completion date Please set out by when the planned actions will be complete	Responsible officer (title)
R4	The Council should ensure that it provides greater **transparency regarding the remit of the different O&S committees**. Naming the O&S committees 1, 2 and 3 does not help with transparency of the remit of the committees, particularly from a public perspective. It is also a potential barrier to encouraging public involvement in the scrutiny process.	There is cross party support for changing the names of the committees. Proposals will be shared with Members prior to formal approval at Council and Corporate Overview and Scrutiny Committee. The terms of reference will be updated if necessary and this will align with the training being proposed for recommendation R3	December 2024	Kelly Watson
R5	The Council should ensure that Members receive, and are encouraged to access, a relevant **training programme** to ensure they are well equipped to understand and undertake their role. This should include focussed training for specific roles, e.g. chairing skills.	The Council has an Elected Member Learning and Development Strategy and the Democratic Services Committee receive regular reports and will review the current programme to ensure it remains relevant. Members will continue to be canvassed on training requirements and where appropriate these will be incorporated into the training programme. They have recently been sent an online training survey. Standards	December 2024	Kelly Watson

Ref	Recommendation	Management response Please set out here relevant commentary on the planned actions in response to the recommendations	Completion date Please set out by when the planned actions will be complete	Responsible officer (title)
		Committee will monitor training completion and where appropriate will link in with Group Leaders to promote completion.		

Archwilio Cymru
Audit Wales

APPENDIX D

Setting of Well-being Objectives – Bridgend County Borough Council

Audit year: 2023-24.

Date issued: September 2024

Document reference: 4502A2024

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

In the event of receiving a request for information to which this document may be relevant, attention is drawn to the Code of Practice issued under section 45 of the Freedom of Information Act 2000. The section 45 code sets out the practice in the handling of requests that is expected of public authorities, including consultation with relevant third parties. In relation to this document, the Auditor General for Wales and the Wales Audit Office are relevant third parties. Any enquiries regarding disclosure or re-use of this document should be sent to Audit Wales at infoofficer@audit.wales.

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

This document is also available in Welsh.

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Background: our examinations of the setting of well-being objectives

1 Under section 15 of the Well-being of Future Generations (Wales) Act 2015, the Auditor General has a duty to examine the extent to which the public bodies covered by the Act, have acted in accordance with the sustainable development principle when setting their well-being objectives and taking steps to meet them[1].

2 The Well-being of Future Generations (Wales) Act 2015 (the Act) places a 'well-being duty' on 48 public bodies. The duty requires those bodies to set and publish 'well-being objectives' that are designed to maximise their contribution to achieving each of the Act's seven national well-being goals.[2] They must also take all reasonable steps, in exercising their functions, to meet those objectives.

3 To do something in accordance with the sustainable development principle means acting 'in a manner which seeks to ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs'. To achieve this, a public body must take account of the five ways of working: long term, integration, involvement, collaboration, and prevention.[3]

4 The Auditor General must undertake an examination in each body at least once over each five-year reporting period, the current reporting period is May 2020 to May 2025. [4]

5 We designed an assessment framework to enable us to assess the extent to which public bodies have applied the sustainable development principle when setting their well-being objectives. **Appendix 1** sets out further information on our approach, including a set of 'positive indicators' that illustrate what good could look like.

6 In designing our approach, we considered what we could reasonably expect from public bodies at this point in time. Public bodies should now be familiar with the sustainable development principle and ways of working and be seeking to apply them in a meaningful way. At the same time, we appreciate that public bodies are still developing their experience in applying the sustainable development principle when setting well-being objectives. Therefore, the examinations include consideration of how public bodies are applying their learning and how they can improve in future.

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[1] Section 15 (1) (a) Well-being of Future Generations (Wales) Act 2015

[2] The seven national well-being goals are a prosperous Wales, a resilient Wales, a healthier Wales, a more equal Wales, a Wales of cohesive communities, a Wales of vibrant culture and thriving Welsh language, and a globally responsible Wales.

[3] Section 5 Well-being of Future Generations (Wales) Act 2015

[4] The Auditor General must carry out examinations over the period set out in the Act, which begins one year before a Senedd election and ends one year and one day before the following Senedd election.

Carrying out our examination at Bridgend County Borough Council

7 The aim of this examination was to assess the extent to which Bridgend County Borough Council has acted in accordance with the sustainable development principle when setting its well-being objectives.

8 The examination was designed to help:

- provide assurance on the extent that the Council has applied the sustainable development principle in setting its well-being objectives; and
- identify opportunities to further embed the sustainable development principle in the setting of well-being objectives in future.

9 We set out to answer the question 'to what extent has the Council applied the sustainable development principle when setting its new well-being objectives?'. We did this by exploring the following questions:

- Was the process the Council put in place to set its well-being objectives underpinned by the sustainable development principle?
- Has the Council considered how it will make sure it can deliver its well-being objectives in line with the sustainable development principle?
- Has the Council put in place arrangements to monitor progress and improve how it applies the sustainable development principle when setting its well-being objectives?

10 We delivered this piece of work initially through our regular liaison meetings with officers during Spring/Summer 2023. The final set of interviews were concluded in May 2024.

11 We gathered our evidence by building on the work of the Assurance and Risk Assessment. This was supplemented in the following ways:

- reviewing key documents;
- focus group with graduates; and
- carrying out a small number of interviews with officers and Members.

How and when Bridgend County Borough Council set its well-being objectives

12 The Council commenced work on setting its well-being objectives during 2022. The Council published its well-being objectives in March 2023. **Exhibit 1** sets out those well-being objectives.

Exhibit 1: Bridgend County Borough Council well-being objectives 2023-28.

A County Borough where we protect our most vulnerable
A County Borough with fair work, skilled, jobs and thriving towns
A County Borough with thriving Valleys communities
A County Borough where we help people meet their potential
A County Borough that is responding to the climate and nature emergency
A County Borough where people feel valued, heard and part of their community
A County Borough where we support people to live healthy and happy lives

13 The Council published its well-being objectives as part of its Corporate Plan 2023-2028 (the Plan) which is available to view on Bridgend County Borough Council's website. Under the Act, public bodies must have a well-being statement. This does not need to be a separate document and can be included within a public body's corporate plan (or equivalent). Bridgend County Borough Council's Corporate Plan 2023-28 also acts as the Council's well-being statement. It includes many of the legislative requirements however, not all elements are fully covered, as follows:

- why the public body considers it has set well-being objectives in accordance with the sustainable development principle and
- how it proposes to ensure that resources are allocated annually for the purpose of taking steps to meet its well-being objectives.

What we found: the Council has applied the sustainable development principle when setting its well-being objectives, but there are opportunities to build on how it involves citizens and how it intends to work with partners

Findings

14 The Council has used a range of data sources to develop its understanding of current need, including a review of the wellbeing objectives of other public sector bodies across Wales, a self-assessment exercise and reviews of its performance information. This will help focus activity on the broader impacts of its well-being objectives to improve social, economic, environmental, and cultural well-being.

15 The Plan does not state how it intends to work with partners to deliver its wellbeing objectives. There is little reference in the Plan to collaborative activity with its partners and stakeholders to give an indication of the scale of how it works more broadly across public sector boundaries. For example, there is no mention of the Council's involvement in regional working across the three councils within what is now the Cwm Taf Morgannwg Public Services Board (PSB). As a member of this regional PSB the Council plays a key role in supporting delivery of its Wellbeing Plan 2023-28. This summarises collaborative work within communities and neighbourhoods which supports delivery of the Council's wellbeing objectives.

16 The Council used a range of mechanisms to engage with its citizens to help shape its wellbeing objectives including the Youth Council and Town and Community Council Forum. These included an online budget consultation receiving 1,441 responses, citizens panel, staff surveys and engagement with trade unions. This follows the commitment in the Plan to work more closely with local people and communities. While it is positive that the Council consulted on the budget and wellbeing objectives at the same time, there is scope for the Council to involve local communities in shaping the well-being objectives at an earlier stage.

17 The Corporate Plan was accompanied by an Equalities Impact Assessment (EIA). This broke down the consultation responses by protected characteristic but didn't analyse the data to identify these differences by wellbeing objective to provide more specific information on potential impacts for each wellbeing objective.

18 Further, the EIA 'recommended that comprehensive and detailed equality analysis should be carried out to ensure that opportunities to enhance equality are utilised, and any possible negative impacts or barriers for particular groups are taken account of, and if possible mitigated'. We found that this analysis in particular seeking greater insight into the needs of its different communities and reaching the full diversity of the population has not happened. This means that when selecting

the wellbeing objectives, the Council didn't have a full understanding of the impacts each wellbeing objective will have on the full diversity of its population.

19 The Council has designed its objectives to focus on delivering long-term improvement and has made explicit links between the objectives and the Wellbeing National Goals. The shorter-term detail is broken down into an annual delivery plan enabling the Council to plan how its objectives will be implemented and to report on progress in meeting them in the short term.

20 The Council's Directorate Business Plans also support the delivery of its Corporate Plan and well-being objectives. Each plan identifies a set of aims, aligned to well-being objectives. Each aim has a set of performance measures or commitments which include targets and responsible officer. The Directorate Business Plans also include performance indicators and projects aligned to the Council's ways of working and annual Delivery Plan. However, there are no key performance measures in the Corporate Plan to help citizens understand how the Council will measure progress.

21 The Corporate Plan and medium-term financial plan 2024-2028 (MTFP) are aligned. They are discussed and agreed together by Cabinet on an annual basis and the Council's Wellbeing Objectives feature as a key element of its MTFP. There is further evidence of the Council resourcing delivery of its well-being objectives in line with the sustainable development principle. For example, it has worked to understand how it can resource one of its most significant budget pressures in the 'Bridgend Think Family Improve Outcomes 3-year plan – sustainability within Children's Social Care' plan. If achieved the key aims will have medium term preventative benefits, but these have not yet been fully costed.

22 The Council has robust arrangements to monitor progress in meeting its wellbeing objectives. It monitors its performance quarterly through its Corporate Performance Assessment (CPA) meetings, which are attended by Cabinet Members, Corporate Management Board, Heads of Service, Chairs of Scrutiny Committees, and Group Leaders. The Council also presents progress in the form of performance monitoring dashboards to its Corporate Overview and Scrutiny Committee three times a year. The presentations offer a mix of performance indicators and commitments aligned to wellbeing objectives supported by quantitative and some qualitative measures which are intended to improve outcomes for citizens.

23 The Council has demonstrated self-awareness and a commitment to learning. For example, learning from others, it has recently developed an annual delivery plan for its wellbeing objectives, developed a new performance management framework and strengthened links between its Corporate and Directorate Plans. However, there is no formal process for prompting and then capturing outcomes from lessons learned exercises. For example, lessons from previous engagement exercises or perhaps to reflect on how well it has applied the sustainable development principle on the wider wellbeing objective setting process.

Recommendations

Recommendations –

R1 The Council should ensure that it covers the full range of statutory requirements when developing its next well-being statement, including:

- how it considers it has set well-being objectives in accordance with the sustainable development principle; and
- how it proposes to ensure resources are allocated annually for the purpose of taking steps to meet its well-being objectives.

R2 The Council should build on its current approach to engagement by considering ways to:

- draw on citizens' views to inform the development of the Well-being objectives at an early stage; and
- ensure that it is involving the full diversity of the population.

R3 The Council should clearly set out in the corporate plan how it intends to work with partners to support the delivery of its well-being objectives.

Appendix 1

Key questions and what we looked for.

The table below sets out the question we sought to answer in carrying out this examination, along with some sub-questions to guide our evidence gathering. It also includes some ‘positive indicators’ that have been tailored to this examination, adapted from those we have previously used to inform our sustainable development principle examinations. This list is not a checklist, but rather an illustrative set of characteristics that describe what good could look like.

To what extent has the body acted in accordance with the sustainable development principle when setting its new well-being objectives?	
Planning: Was the process the body put in place to set its well-being objectives underpinned by the sustainable development principle?	
Has the body used data and other intelligence to understand need, risks and opportunities and how they might change over time?	**Positive indicators** • The Council has a clear and balanced assessment of progress against previous well-being objectives that has been used to inform the body's understanding of the 'as is'/ short-term need. • The Council has set well-being objectives based on a good understanding of current and future need, risk and opportunities, including analysis of future trends. This is likely to be drawn from a range of local and national sources, such as: – Public Services Boards' well-being assessments – Regional Partnership Boards' population assessments – The results of local involvement/ consultation exercises – Service monitoring and complaints. – Future Trends report – Natural Resources Wales' State of Natural Resources Report (SoNaRR) for Wales and Area Based Assessments • The Council has sought to understand the root causes of problems so that it can address negative cycles and intergenerational challenges through its well-being objectives.

Has the Council involved others in developing its well-being objectives?	• The Council uses the results of involvement to help select its well-being objectives. That involvement – whether primary, secondary or a combination – reflects the full diversity of the population. • Involvement reflects good practice and advice from the Future Generations Commissioner.
Has the Council considered how the objectives can improve well-being and have a broad impact?	• The well-being objectives have been designed to improve well-being in the broadest sense and make a contribution across the seven national well-being goals. • The well-being objectives have been designed to reflect and capitalise on the connections between different areas of work. • There is a well-developed understanding of how the well-being objectives impact on/ relate to what other public bodies are trying to achieve and opportunities to work together.
Has the Council designed the objectives to deliver longer-term benefits, balanced with meeting short-term needs?	• The Council has set objectives that are sufficiently ambitious and have been designed to drive activity across the organisation. • The objectives are designed to meet short and longer-term need. Where objectives are set over a short to medium timeframe, they are set in the context of longer-term considerations or ambitions.
Resourcing and delivery: Has the Council considered how it will make sure it can deliver its well-being objectives in line with the sustainable development principle?	

Has the Council considered how it can resource the well-being objectives?	• Resources have been allocated to ensure the objectives can be delivered over the short and medium-term, but the Council has also considered longer-term resources, risks and/or how it can resource longer-term objectives. • The Council has allocated resources to deliver preventative benefits, where these are described in its well-being objectives.
Has the Council considered how it can work with others to deliver their objectives?	• The Council is drawing on its knowledge of partners objectives/ activity, its relationships and collaborative arrangements to make sure it can deliver on cross-cutting ambitions.
Monitor and review: Has the Council put in place arrangements to monitor progress and improve how it applies the sustainable development principle when setting its well-being objectives?	
Has the Council developed appropriate measures and monitoring arrangements?	• Performance measures are designed to reflect the sustainable development principle, e.g., by focusing on outcomes that cut across departmental/ organisational boundaries and deliver multiple (including preventative) benefits over the longer term. • There is a 'golden thread' that will allow the Council to clearly and transparently report on progress to meeting the objectives.

Is the Council seeking to learn from and improve how it has applied the sustainable development principle to setting its well-being objectives?	• The Council shows self-awareness and a commitment to improving how it applies the sustainable development principle so that it can do so in a meaningful and impactful way. • The Council has learnt from setting previous well-being objectives and from applying the sustainable development principle more generally and has improved the process for setting its new well-being objectives. • The Council has or plans to reflect on how it has applied the sustainable development principle in this round of setting well-being objectives.



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Management response form

Archwilio Cymru
Audit Wales

Report title: Setting of Wellbeing Objectives . Bridgend County Borough Council

Completion date:

Document reference:

Ref	Recommendation	Management response Please set out here relevant commentary on the planned actions in response to the recommendations	Completion date Please set out by when the planned actions will be complete	Responsible officer (title)
R1	The Council should ensure that it covers the full range of statutory requirements when developing its next well-being statement, including: • how it considers it has set well-being objectives in accordance with the sustainable development principle; and • how it proposes to ensure resources are allocated annually for the purpose of taking steps to meet its well-being objectives.	The Council will include this in the development of the next Corporate Plan.	March 2028	Corporate Policy and Performance Manager

Ref	Recommendation	Management response Please set out here relevant commentary on the planned actions in response to the recommendations	Completion date Please set out by when the planned actions will be complete	Responsible officer (title)
R2	The Council should build on its current approach to engagement by considering ways to: • draw on citizens' views to inform the development of the Well-being objectives at an early stage; and • ensure that it is involving the full diversity of the population.	The Council will include this in the development of the next Corporate Plan.	March 2028	Corporate Policy and Performance Manager
R3	The Council should clearly set out in the corporate plan how it intends to work with partners to support the delivery of its well-being objectives.	The Council will include this in the development of the next Corporate Plan Delivery Plan	March 2025	Corporate Policy and Performance Manager

Meeting of:	**GOVERNANCE AND AUDIT COMMITTEE**
Date of Meeting:	**28 NOVEMBER 2024**
Report Title:	**AUDITED STATEMENT OF ACCOUNTS 2023-24**
Report Owner / Corporate Director:	**CHIEF OFFICER – FINANCE, HOUSING AND CHANGE**
Responsible Officer:	**NIGEL SMITH, GROUP MANAGER – CHIEF ACCOUNTANT**
Policy Framework and Procedure Rules:	**The Accounts and Audit (Wales) Regulations 2014 (as amended) require Local Authorities to publish audited statement of accounts. The regulations require this to be completed by 31 July following the end of the financial year, however, the audit of the 2023-24 accounts was delayed and the audited accounts will be published as soon as practicable following audit certification.**
Executive Summary:	• **The unaudited statement of accounts were presented to the Governance and Audit Committee on 26 September 2024.** • **The audit of the accounts has now been completed.** • **A number of amendments to the accounts have been made which are outlined in Appendix B.** • **It is the intention of the auditor to issue an unqualified audit report.**

1. Purpose of Report

1.1 The purpose of this report is to present to the Governance and Audit Committee the audited Statement of Accounts for 2023-24 for approval, which is due to be certified by the external auditors, Audit Wales, along with the associated Letter of Representation of the Council, the Annual Governance Statement included as part of the Statements, and the auditors letter in relation to the audit of the accounts.

2. Background

2.1 The preparation of the Statement of Accounts is a requirement of the Accounts and Audit (Wales) Regulations 2014 (as amended 2018) and its content is defined by the Chartered Institute of Public Finance and Accountancy's 'Code of Practice on Local Authority Accounting in the United Kingdom' (the Code).

2.2 The unaudited Statement of Accounts 2023-24 was signed by the responsible financial officer on 16 July 2024 and presented to the Governance and Audit Committee on 26 September 2024 for noting. The accounts have now been audited

by Audit Wales.

2.3 Audit Wales will update the Committee on their main findings from the audit, summarise the audit work carried out in respect of the 2023-24 financial year, and present their Audit of Accounts report, which requires the appointed auditor to report their key findings to those charged with governance.

3. Current situation / proposal

3.1 Audit Wales have substantially completed their audit work and the Statement of Accounts are due to be signed by the Auditor General for Wales on 29 November 2024, subject to Governance and Audit Committee approval of the accounts.

3.2 As part of their audit, a number of amendments were identified and these are noted below.

3.3 Amendments to the primary statements:

- Adjustment of £5.58 million between long term debt and short term debt to reflect that the repayment of the loan is due on 31 March 2025, and therefore should be categorised as short term rather than long term.

3.4 Amendments to the notes to the accounts, not affecting the primary statements:

- Note 1 – narrative amendment to the accounting standards issued not yet adopted to remove reference to infrastructure assets, which was included in the prior year accounts.
- Note 11 – grants – misclassification of a small number of grants within the note.
- Note 15 – Officers remuneration – amendment of banding disclosure.
- Note 19 – Related Party Transactions – small number of minor amendments.
- Note 30 – narrative added to reflect a recent case relating to pensions and Virgin Media.
- Note 31 – Financial Disclosures – a number of amendments have been made to the note to reflect amendments to the presentation and amounts contained within the note.
- Narrative amendments to the notes 32 and 33 in relation to Events after the balance sheet date and contingent liabilities.

3.5 Other issues identified during the audit that have not been amended:

- Consolidation of Bridgend County Borough Council's share of Cardiff Capital Region City Deal (CCRCD) income and expenditure and balance sheet. When the unaudited accounts were presented to the Governance and Audit Committee in September 2024, the draft 2023-24 CCRCD accounts were not yet available and therefore no amounts were entered for the activity for 2023-24, but prior year balances were carried forward. The Council received the audited CCRCD 2022-23 accounts on 18 September 2024 and has consolidated the changes to those accounts from the draft accounts previously received, into the Council's 2023-24 figures. The Council did not receive the CCRCD draft accounts 2023-24 until 18 November 2024 and so has not consolidated these into the Council's Statement of Accounts. It has been agreed with Audit Wales that the impact is not material and so no adjustment has been made.

- A payment of £1.337 million payment in advance was incorrectly included within short term creditors at the year end.
- One asset value of £0.418 million was duplicated within the total asset valuations.

3.6 The total of these errors are below the Audit Wales materiality threshold and therefore the accounts have not been amended as they do not affect the true and fair view of the Statement of Accounts.

3.7 Some minor amendments have been made to the narrative report.

3.8 The amended audited Statement of Accounts 2023-24 is attached at **Appendix A,** which includes the Annual Governance Statement. The detail of all the amendments are contained within the Auditor's Audit of Accounts Report at **Appendix B**.

3.9 The audited Statement of Accounts 2023-24 is required to be signed by the Chief Financial Officer and the Chair of the Governance and Audit Committee as presenting a 'true and fair view' of the financial position of the Council as at 31 March 2024.

3.10 In line with the International Standard on Auditing (ISA) 260, the external auditor is required to communicate relevant matters relating to the audit of the financial statements to those charged with governance. These matters are incorporated into the Audit of Accounts report at **Appendix B**. The appendix also contains the full list of adjustments made to the accounts as a result of the audit, as described above. It is anticipated that the accounts will receive an unqualified audit opinion.

3.11 A final Letter of Representation from the Council is required by the Appointed Auditor to complete the process and enable the accounts to be approved. This is included as **Appendix C** and is required to be signed by the Chair of the Governance and Audit Committee and Section 151 Officer.

4. Equality implications (including Socio-economic Duty and Welsh Language)

4.1 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.

5. Well-being of Future Generations implications and connection to Corporate Well-being Objectives

5.1 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 because of this report.

6. Climate Change Implications

6.1 The Climate Change implications were considered in the preparation of this report. It is considered that there will be no significant or unacceptable impacts upon the environment because of this report.

7. Safeguarding and Corporate Parent Implications

7.1 The Safeguarding and Corporate Parenting implications were considered in the preparation of this report. It is considered that there will be no significant or unacceptable impacts upon Safeguarding and Corporate parenting because of this report.

8. Financial Implications

8.1 These are reflected in the report.

9. Recommendation

9.1 It is recommended that the Committee:

- Approves the audited Statement of Accounts 2023-24 (**Appendix A**);
- Notes the appointed auditors' Audit of Accounts Report (**Appendix B**);
- Notes and agrees that the final Letter of Representation to Audit Wales be signed by the Chair of the Committee and Section 151 Officer (**Appendix C**).

Background documents

None

Appendix A



Statement of Accounts

Bridgend County Borough Council • 2023-24

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

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Introduction

Bridgend County Borough Council's Statement of Accounts provides a record of the Council's financial position for the year. The Council produces its Statement of Accounts to explain the Council's finances, to give assurance that public money has been properly accounted for, and that the financial standing of the Council is on a secure basis. The Statement of Accounts must provide a 'true and fair' view of the Council's financial position as at 31 March 2024, and of its income and expenditure for the 2023-24 financial year. When preparing these accounts consideration is given to the materiality of information. Materiality is a concept that determines whether an omission or misstatement of information in a financial report would impact a reasonable user's decision-making. If information is significant, it is material. If the information is insignificant or irrelevant, it is said to be immaterial. Audit Wales calculate materiality using 1% of the Council's gross expenditure. Audit Wales will also calculate a trivial level above which any misstatements are reported to those charged with governance, in particular the Governance and Audit Committee. The trivial level is set at 5% of the material level. Some areas of the accounts have a much lower level of materiality, in particular the remuneration disclosures, where materiality is set at £1,000; and related party disclosures, where materiality is set at £10,000 for individual's interests. The Council's materiality level is in the region of £5.4 million and any notes to the accounts below this value, which are not statutorily required, and where the Council believes they do not aid understanding, have been excluded.

The Council's services will continue to be delivered by the public sector therefore the accounts are prepared on a 'going-concern' basis. The level of usable reserves excluding schools and Cardiff Capital Region City Deal (£99m) is sufficient to meet the cost of the provision of services over the medium term.

About Bridgend

The county borough of Bridgend

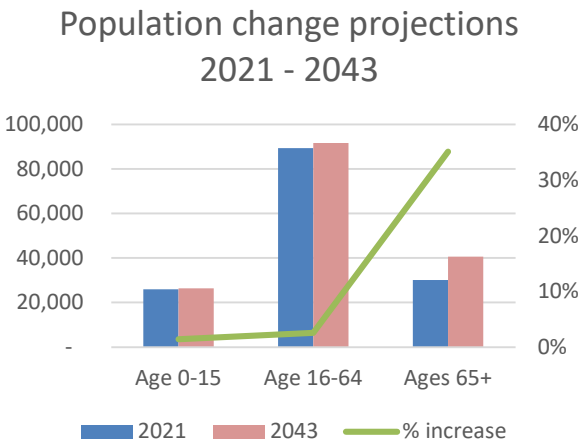


The county borough of Bridgend lies in South Wales and is conveniently situated between Wales' capital city, Cardiff, to the east and the city of Swansea to the west, approximately 20 miles from each. It is bordered by the counties of Neath Port Talbot, Rhondda Cynon Taf and the Vale of Glamorgan with a coastline to the Bristol Channel and covers an area of 98.5 miles^2. The County has a diverse geography with valleys in the north and 12.5 miles of coastline and beaches to the south. The M4 runs through the centre of the county borough, and there are main-line rail links to Cardiff, London and Swansea. Bridgend County Borough it is at the heart of the South Wales industrial and coastal belt. To the north is the residential town of Maesteg, to the southwest is the coastal town of Porthcawl and to the east is Pencoed. Bridgend is one of 22 Councils in Wales, and accounts for approximately 4.7% of the country's population.

Demographic profile of Bridgend

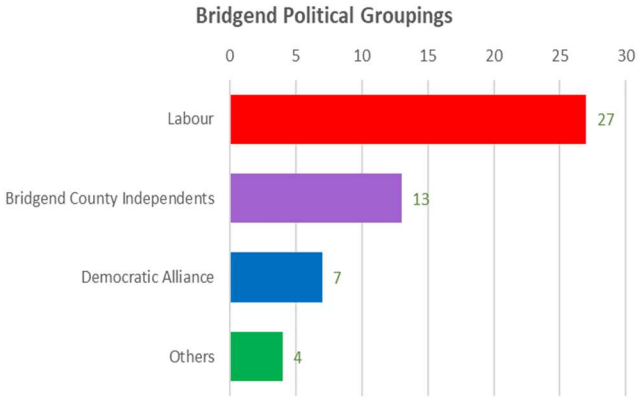
The census 2021 for Bridgend showed that there were 145,500 people living in the county. The population is projected to increase to 158,717 by 2043, with significant increases forecast in the population aged over 65, according to the 2018 principal population projections for local authorities.

The profile of the population is an important determinant of the demand for services provided by the Council such as the need for adult and children's social care. The population change projections highlight the potential pressures facing the Council with a forecast increasing proportion of older people aged 65+.



Political and management structure

Council Democracy



As at 31 March 2024 the Council had 51 Councillors elected by the community to decide how the Council should carry out its various activities. They represent public interest as well as individuals living within the ward in which they have been elected to service a term of office. They represent the people of Bridgend and set the overall Council strategy and budget framework.

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

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

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

- scrutinising decisions of the Cabinet;
- considering service provision, planning, management and performance of service areas;
- allowing all Councillors, citizens and stakeholders to have a say in matters concerning the Council;
- considering policies, protocols and plans and producing reports and recommendations thereon;
- contributing to the annual budget consultation process;
- having the opportunity to influence future Cabinet and Council decisions through pre-decision meetings; and
- having the ability to review a decision which has been made but not yet implemented.

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

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

Bridgend County Borough Council Organisational Structure

The Council's operations are organised into Directorates, each of which report into the Chief Executive. The Chief Executive also manages the Chief Executive's Directorate. The Directorates are:

Education & Family Support *(changed to Education, Early Years and Young People from April 2024)*: Schools, Learner Support, Family Support, Schools Support, School Modernisation, Vulnerable Groups Support and Business Support.

Social Services & Wellbeing: Adult Social Care- Residential Care, Domiciliary Care, Day Opportunities; Prevention and Wellbeing – Leisure Centres, Community Centres, Cultural Trust Partnership; Children's Social Care – Care Experienced Children, Family Support Services, Adoption and Social Work.

Communities: Planning & Development, Corporate Landlord, Strategic Regeneration, Economy, Natural Resources and Sustainability, Cleaner Streets & Waste Management, Highways & Green Spaces.

Chief Executives: Finance, Human Resources, Partnerships, Legal, Democratic and Regulatory Services, ICT, Elections, Housing & Homelessness, and Business Support.

Objectives and performance

Our ambition – How we will work differently for our communities

During the period 2023-28, the Council wants to invest in the right things, the things that make the biggest difference and are the most valued by our communities. We are faced with difficult choices about how we prioritise spending, we won't be able to do everything for everyone. Since the pandemic, and in the current economic crisis, what people want has changed. The Council has agreed how it will work differently to adapt to these changes as set out right.



The Council's 7 Wellbeing Objectives

The Well-being of Future Generations (Wales) Act 2015 says that public bodies, including the Council, must work to improve the wellbeing of Wales. The Council has published a set of wellbeing objectives to demonstrate how the Council will contribute to the national wellbeing goals. The wellbeing objectives below are set out in the Council's Corporate Plan 2023-28 – 'Delivering Together'.

Wellbeing Objective 1: A County Borough where we protect our most vulnerable

The main ways we will achieve this are:

- Providing high-quality children's and adult social services and early help services to people who need them
- Supporting people in poverty to get the support they need or help they are entitled to
- Supporting people facing homelessness to find a place to live
- Supporting children with additional learning needs to get the best from their education
- Safeguarding and protecting people who are at risk of harm

Wellbeing Objective 2: A County Borough with fair work, skilled, high-quality jobs and thriving towns

The main ways we will achieve this are:

- Helping our residents get the skills they need for work
- Making sure our young people find jobs or are in education or training
- Improving our town centres, making them safer and more attractive
- Attracting investment and supporting new and existing local businesses

Wellbeing Objective 3: A County Borough with thriving valleys communities

The main ways we will achieve this are:

- Investing in Maesteg town centre and creating more jobs in the valleys
- Improving community facilities and making them more accessible
- Improving education and skills in the valleys
- Investing in our parks and supporting tourism to the valleys

Wellbeing Objective 4: A County Borough where we help people meet their potential

The main ways we will achieve this are:

- Providing safe, supportive schools with high quality teaching
- Expanding Welsh medium education opportunities
- Modernising our school buildings
- Supporting and encouraging lifelong learning
- Being the best parents we can to our care experienced children
- Offering youth services and school holiday programmes for our young people

Wellbeing Objective 5: A County Borough that is responding to the climate and nature emergency

The main ways we will achieve this are:

- Moving towards net zero carbon
- Improving the energy efficiency of our buildings and services
- Protecting our landscapes and open spaces and planting more trees
- Reducing, reusing or recycling as much of our waste as possible
- Improving flood defences and schemes to reduce flooding of our homes and businesses

Wellbeing Objective 6: A County Borough where people feel valued, heard and part of their community

The main ways we will achieve this are:

- Improving the way we engage with local people, including young people, listening to their views and acting on them
- Offering more information and advice online and in your libraries and community buildings, not just in Civic Offices
- Helping clubs and community groups to take control of and improve their facilities and protect them for the future
- Making sure you can talk to us and hear from us in Welsh
- Celebrating and supporting diversity and inclusion and tackling discrimination

Wellbeing Objective 7: A County Borough where we support people to live healthy and happy lives

The main ways we will achieve this are:

- Improving active travel routes and facilities so people can walk and cycle
- Offering attractive leisure and cultural activities
- Improving children's play facilities and opportunities
- Providing free school meals and expanding free childcare provision
- Integrating our social care services with health services so people are supported seamlessly
- Improve the supply of affordable housing

Every year the Council must publish a Corporate self-assessment report. This report assures the public, Welsh Government and other regulators, that the Council is performing well, making decisions in a sensible, open way and using its money and other resources properly. Most importantly, the report tells local residents, businesses and stakeholders how the Council is performing. The Council's Corporate Self-Assessment 2023-24 will be published in due course and will outline how the Council has performed against each of its objectives as set out above.

Governance and risk

Governance

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

Risk management

In delivering services, the Council is faced with a range of risks, which can threaten the quality and availability of the services the Council provides. The Corporate Risk Register is regularly reviewed by the Corporate Management Board and is presented to Council as part of the Medium Term Financial Strategy and twice-yearly to the Governance and Audit Committee. Some of the most significant risks, and mitigating actions to deal with these, are listed below.

Risk description	Possible consequences	Mitigating actions
The Council is unable to deliver a balanced budget and sustain services into the medium term	The more difficult decisions to cut or reduce service levels must be made or the Council will not deliver the changes necessary to achieve a balanced budget, which will result in the Council being in breach of its legal responsibilities.	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 Scrutiny and formal and informal briefings of members and political groupings.

Risk description	Possible consequences	Mitigating actions
The Council is unable to identify and deliver infrastructure improvements required in the medium to longer term due to the cessation of external grants, the increased cost of borrowing and the increased costs of construction and building works	If the Council does not have sufficient capital to maintain, improve and replace infrastructure, including roads, street lights, school buildings and technology then they will deteriorate bringing financial and safety risks which could lead to adverse incidents, reports, publicity, fines and ultimately prosecution.	The Council has a 10-year capital programme. The development of this programme and arrangements for its review and updating are well established. The Council has identified scope to improve upon this to ensure that these needs are balanced with other demand for capital through the development of the new Capital Programme Board.
The Council fails to meet statutory responsibilities to respond to situations where individuals are at risk of neglect or abuse. This would include children, adults in need of social care, homeless individuals and others	There is a risk that, without adequate budgets and due to the lack of a sufficiently experienced workforce, 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. The demand for services continues to increase, which places additional pressures on services.	The Council continues to prioritise this area of work. Additional staff have been employed to ensure the service is able to meet the increasing demand for services; the Council's Market Supplement Policy has been invoked to support the recruitment of staff to the childcare teams; resource has been found to support increased numbers of staff accessing the social work training scheme and work has been done to establish an oversea recruitment programme. Working practices in the service are being reviewed and the Council continues to work effectively with key partners.
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 continued reduction in the number of suitably skilled and experienced staff then there will not be the expertise in the workforce to deliver services and protect the interests of the Council. This could lead to the wellbeing of citizens suffering, a reduction in service quality, a delay to service provision and a loss of morale amongst the remaining staff if they feel unsupported and therefore seek to work elsewhere.	Measures have been taken to seek to mitigate and treat the risks including the Market Supplement Policy and further development of international recruitment. Use of agency staff continues to be high in some areas and direct work is being undertaken to improve this position.
Significant service pressures in the health and social care services could impact on the ability of services to support vulnerable individuals	The health and social care system is not able to meet the health and care needs of people in a timely way resulting in harm and excess deaths. The immediate risk is that there is not sufficient capacity in community health and social care services to prevent hospital admissions and support timely discharge from hospital.	There are regular meetings at senior levels across Health and the Council to understand the current position and to agree the joint actions required to try to address the issues.
There is an increase in the financial fragility of schools in the Borough	Whilst the Council seeks to mitigate the impact of the overall financial positions for schools, current financial planning	There are structures in place to escalate issues to senior officers and Members. There is a School Budget Forum in place that is a

Risk description	Possible consequences	Mitigating actions
	includes the need to reduce the level of support previously given to schools. The consequences of this include schools having to use their balances to fund activity with increased risk of schools going into deficit. It is a requirement that schools address a deficit within 3 years, 5 years in exceptional circumstances. This will be more difficult as funding to schools reduces.	consultative body in relation to the schools funding formula and overall finance issues for schools. School governors are responsible for monitoring and reporting school finance positions. Schools are supported with the development and monitoring of individual school budgets by the central finance team.
There is a threat to business continuity if the Council is unable to procure and implement major ICT systems which support critical services such as a replacement system for Care Director (WCCIS) and the Capita One system for Education	In social care the failure to procure and implement a new system by January 2026 will result in the Council having to rely on an unsupported database or a complex interim solution. Operating social care case management and safeguarding services without a functional system is not safe or viable option. Without a system the Council can not fulfil its statutory safeguarding obligations and there is a risk to life of children and adults at risk of failing to do so. The Capita One system will provide a single comprehensive record for each child which supports the Council to manage education efficiently by connecting data securely resulting in more informed decisions and early intervention.	The Council is working with: - Association of Directors of Social Services (ADSS Cymru), the Welsh Local Government Association (WLGA) and national programme to progress national approach to contingency planning, procurement strategy, data migration and scoring resources from Welsh Government via a clear business case - The Cwm Taf Morgannwg Region Councils and the Vale of Glamorgan have formed a regional consortia to manage evaluation and implementation of a new supplier - A national or regional approach to procurement will enable better market management and should secure better value for money - The WCCIS regional team provide some capacity to support system change - the Council have formed a cross-directorate group to provide governance within the Council - Education is working with schools and the ICT service to implement the new system.

Decarbonisation 2030

Welsh Government declared a Climate Emergency in April 2019. Following this the Welsh government committed to achieving a carbon neutral public sector by 2030. In June 2020 Bridgend County Borough Council's Cabinet approved a report that set out the crucial role the Council has to play through the management of its own resources, organisations and businesses and the Council declared its own climate emergency in June 2020. Cabinet approved the Council's 2030 Net Zero Carbon Strategy on 13 December 2022. The Strategy includes six priority actions aimed at reducing the organisation's greenhouse gas emissions to achieve a net zero position by 1 April 2030. The Action Plans include carbon management, buildings, transport, procurement, land use and waste. This strategy will be an integral part of the Council's Corporate Plan, whilst policies, strategies and ongoing plans will all reflect the commitment to Net Zero. This will ensure it is fully embraced across the organisation. Whilst Council has agreed £0.4 million capital allocation per annum to 2030-31, the level of resources to deliver 2030 Net Zero will be substantially more than this and, due to financial constraints, the Council's ambition to achieve Net Zero 2030 may be difficult to deliver.

The Council has already progressed schemes including:

- Solar panels.
- Energy efficient lighting, including in Civic Offices.
- Electric vehicle charging points across the Borough.
- The Council's Re:fit programme, which has been run in partnership with energy experts Ameresco, has seen schools and public buildings fitted with a range of measures including LED lighting, lighting controls, Building Management Systems and solar PV systems.

Future opportunities

The Council will continue to work towards achieving net zero carbon and has secured funding to progress the following schemes:

- Replacement of gas-fired boilers with Air Source Heat Pumps and installation of solar PV at two Council buildings – Bridgend Resource Centre and Bryn-y-Cae Residential Home.
- Installation of rooftop solar PV and ground-mounted battery storage at Bryncethin Depot in order to reduce Council electricity costs and reduce carbon emissions.

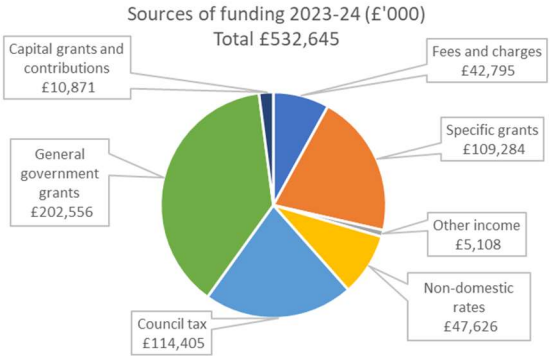
Financial Performance

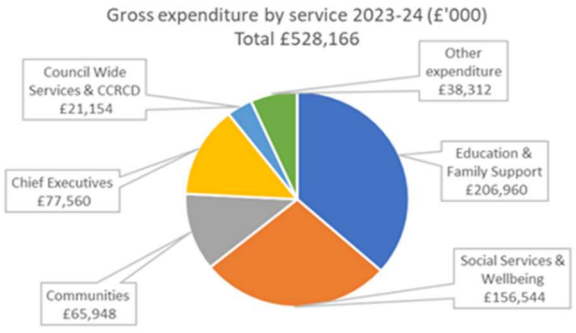
Income and Expenditure

The council receives funding from three main sources:

- Government grants, including the Welsh Government core funding to the Council, the Revenue Support Grant (RSG);
- Council tax; and
- Its share of business (non-domestic) rates

The Council also generates income from fees and charges for services it provides. The charts below show the funding received and how it was spent on services and other expenditure, which includes precepts and levies and interest payable. The difference of £33,833 is the deficit on the provision of services as shown in the Comprehensive Income and Expenditure Statement.



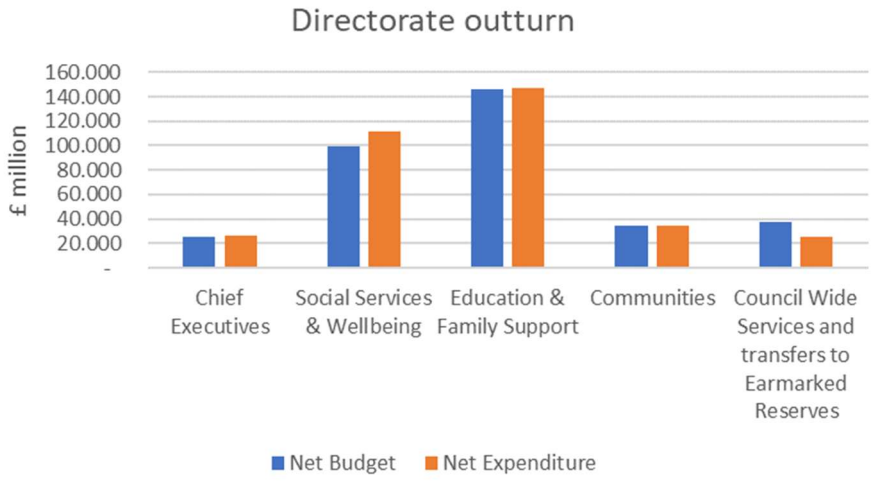


Revenue outturn

In March 2023 the Council approved a net revenue budget of £342.047 million based on the provisional local government settlement received from Welsh Government in December 2022. The Welsh Government announced its final settlement on 28th February 2023 which included an increase in the Revenue Settlement Grant for the Council of £0.287 million, resulting in a net budget of £342.334 million for the year. The revenue budget shows the annual cost of delivering the council's duties and responsibilities to the community, many of which are provided under statute. The Council's annual revenue budget covers the day-to-day running costs of the Council including staff, waste collection, schools, care workers, foster carers and leisure services. The final revenue outturn, after a net drawdown of earmarked reserves, was a net overspend of £0.102 million which was funded via the Council Fund, leaving the Council Fund at £9.730 million as at 31 March 2024. The outturn position is shown below.

Directorate	Net Budget £ million	Net Expenditure £ million	(Under)/ overspend £ million	(Under)/ overspend %
Chief Executives	25.410	25.932	0.522	2.10%
Social Services & Wellbeing	99.386	111.213	11.827	11.90%
Education & Family Support	145.860	147.212	1.352	0.90%
Communities	34.383	34.504	0.121	0.40%
Council Wide Services and transfers to Earmarked Reserves	37.295	25.081	(12.214)	(32.70)%
Directorate outturn subtotal	**342.334**	**343.942**	**1.608**	**0.50%**
Funding and Financing	342.334	343.840	1.506	0.40%
Total Council outturn	**-**	**0.102**	**0.102**	**-**

The Council's net budget and net expenditure by Directorate is shown in the table below.



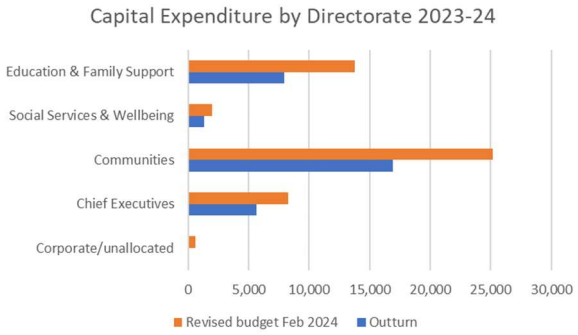
The Council received Revenue Support Grant from the Welsh Government of £202.556 million. The net Non-Domestic Rates (NDR) collectable on behalf of Welsh Government by the Council for the year was £43.123 million. The Council's share of NDR due for the year from Welsh Government was £47.626 million.

2023-24 has been a challenging year for the council's finances. The Council made additions/reclassifications to revenue earmarked reserves of £10.341 million and drew down or unwound £38.840 million, a net reduction in reserves of £28.499 million. The Council Fund reduced by £0.102 million to £9.730 million. The Council's outturn report for the year can be found on the Council's website here.

Capital Expenditure and Funding

Capital investment forms a large part of the Council's spending. The Council's original capital programme for 2023-24, approved by Council on 1 March 2023, was £58.387 million.

Budget adjustments take place during the year to reflect new schemes added to the Capital Programme, removal or reductions in schemes and slippage of schemes to future years. The final approved budget for the year was £49.714 million and the total expenditure was £31.813 million, The variance below will be slipped into future years.

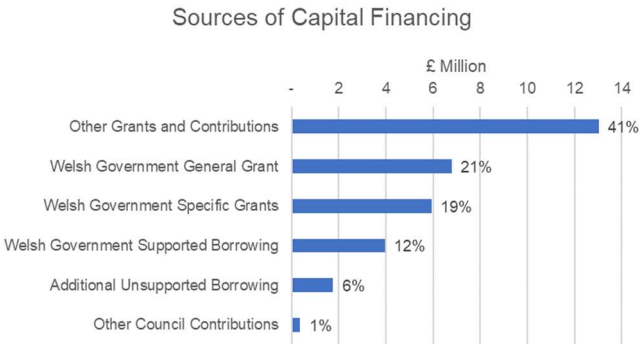


Directorate	Original approved budget £'000	Revised budget £'000	Outturn £'000	Variance (Under)/ over £'000
Education and Family Support	26,917	13,756	7,930	(5,826)
Social Services and Wellbeing	6,701	1,983	1,311	(672)
Communities	30,308	25,152	16,892	(8,260)
Chief Executives	4,640	8,250	5,680	(2,570)
Corporate/unallocated	479	573	-	(573)
TOTAL	**69,045**	**49,714**	**31,813**	**(17,901)**

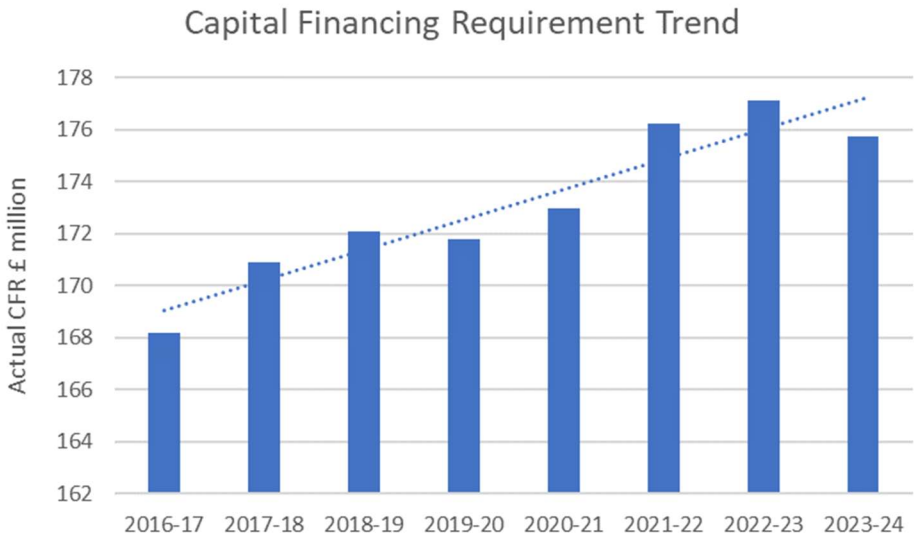
The total expenditure for the year represents 64% of the final approved capital programme, and key projects included:

- Cosy Corner, Porthcawl
- Maesteg Town Hall
- ICT Data Centre replacement
- Universal Primary Free School Meals – kitchen refurbishments
- Porthcawl Metro
- Disabled Facility Grants for adaptions to people's homes to support individuals to continue to live at home.

The Council pays for its capital expenditure from a number of sources. The local government capital settlement for 2023-24 provided the Council with £8.008 million of capital funding, of which £3.951 million was supported borrowing and £4.057 million was capital grant. An analysis of the capital funding is shown to the right.



Capital expenditure incurred historically by borrowing, but to be paid for from future revenue or capital income, is termed the Capital Financing Requirement (CFR). The CFR over the last 7 years is shown below with the dotted line representing the trend over that period. Revenue amounts are set aside each year to repay the borrowing known as Minimum Revenue Provision (MRP) and is put aside over a 45-year period in line with the Minimum Revenue Provision Policy.



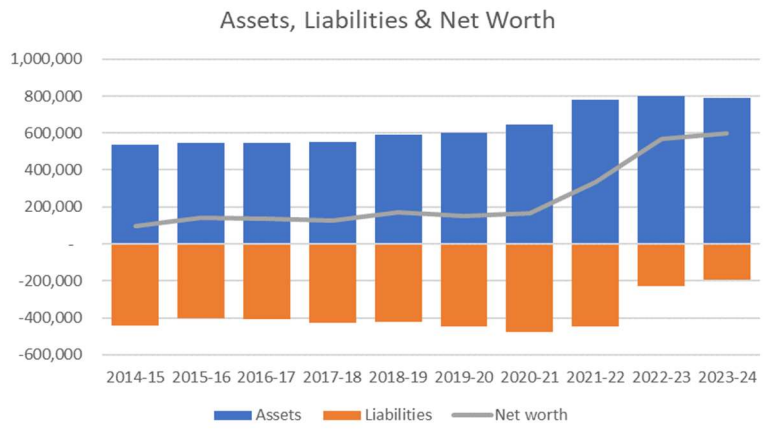
Assets and Liabilities

The balance sheet summarises the Council's financial position at the year-end, and reports the assets, liabilities and reserves of the Council, which shows how much the Council owns and how much it owes. The net assets of the Council have increased by £36.833 million from £570.604 million as at 31 March 2023 to £607,437 million as at 31 March 2024.

The key movements over the year are shown below:

	31 March 2023 £'000	31 March 2024 £'000	Movement £'000
What we own – assets	799,838	808,527	8,689
What we owe – liabilities	(229,234)	(201,090)	28,144
Net financial position – assets less liabilities	**570,604**	**607,437**	**36,833**
The net financial position is held in reserves as follows:			
General reserves held by the Council, including earmarked reserves – usable reserves	134,727	104,027	(30,700)
Other reserves held for statutory or specific purposes – unusable reserves	435,877	503,410	67,533
Total reserves	**570,604**	**607,437**	**36,833**

The Council's assets and liabilities can be used to show a 'net worth', as in the chart below. The major reduction in liabilities relates primarily to the pension fund liability, which is discussed later in the report.



Long term assets

Property, plant and equipment are revalued on a 3-year rotation. This is a shorter period than the Chartered Institute of Public Finance and Accountancy's 'Code of Practice on Local Authority Accounting' suggests but enables the Council to ensure values recorded in the accounts are materially correct. The valuation of assets involves a number of assumptions, however movements in asset values as well as accounting charges such as depreciation have no impact on council tax, as these charges are required to be reversed out from unusable reserves. Details of the movements in assets, capital expenditure and its financing are included at note 21.

- Assets revalued during 2023-24 as part of the Council's rolling programme included community centres, administrative offices, residential homes, bus stations and car parks.
- Investment properties, surplus assets and assets held for sale are revalued annually.

Short term assets & liabilities

Short term assets include investments made in line with the approved Treasury Management Strategy, to support the short term cash flow needs of the Council. The total investments and cash balances held for Treasury Management purposes was £50.00 million as at 31 March 2024 and is primarily temporary cash balances deposited with financial institutions and Central Government Debt Management Office. The average rate of interest earned for the year was 4.50%.

Borrowing

The Council has long-term borrowing outstanding as at 31 March 2024 of £99.699 million including its share of Cardiff Capital Region City Deal (CCRCD) long-term borrowing of £0.05 million. The Council's borrowing of £99.694 million is a mixture of Public Works Loan Board (PWLB) £77.617 million, Lender Option Borrower Options (LOBOs) of £19.745 million, and £2.33 million of Salix loans to finance capital expenditure. More detail in relation to borrowing is provided in note 31. The borrowing should be seen in the context of the total value of the Council's long-term assets, which are shown in the Balance Sheet at £694 million. Borrowing is permitted in line with the CIPFA Prudential Code for Capital Finance in Local Authorities as long as, in the opinion of the Chief Finance Officer, the revenue costs are capable of being met and are in keeping with prudential indicators and guidelines. Should the opportunity arise for the Council to repay its LOBOs at a benefit to the Council, then it will look to do so.

Raising debt to finance Council investment

The Council has a borrowing requirement arising from current and past years' capital programmes. This is met via a mixture of long- and short-term borrowing, the balance of which can vary year on year depending upon investment and debt maturities and market conditions. Decisions made on borrowing will also affect investment levels. Councils can borrow to invest in property, plant or equipment or other infrastructure that supports the

delivery of service, but they must ensure that they can pay this amount back. The Council sets out its approach to borrowing and investment in its annual Treasury Management Strategy, approved by Council in advance of each financial year, and monitored throughout the year by the Governance and Audit Committee, with advice from external treasury management advisors as appropriate. The Council did not take out any new borrowing for capital financing during 2023-24.

Pensions Liability: £6.74 million

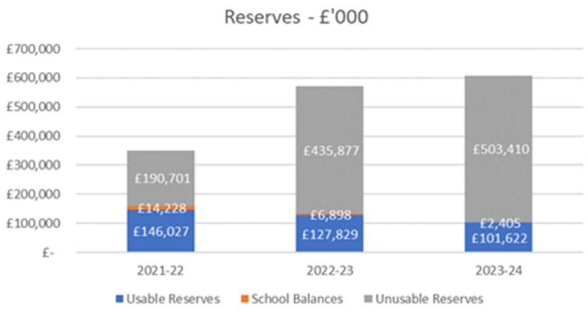
The requirements of International Accounting Standards 19 (IAS19) in relation to post-employment benefits – i.e., pensions, have been fully incorporated into the Comprehensive Income and Expenditure Statement, with actuarial gains and losses being recognised in Other Comprehensive Income and Expenditure, as note 30 explains in detail. The Local Government Pension Scheme (LGPS) is a funded defined benefit plan with benefits earned up to 31 March 2014 being linked to final salary. Benefits after 31 March 2014 are based on a Career Average Revalued Earnings (CARE) scheme. The Council is part of the Rhondda Cynon Taff Pension Fund. The fund is revalued every 3 years by an independent firm of actuaries. The last valuation of the pension fund was 31 March 2022.

A pensions reserve and a pension liability are incorporated within the Council's accounts, reflecting the amount by which the Bridgend element of the Rhondda Cynon Taff Pension Fund is under-funded compared with the assessed payment liabilities to pensioners now and in the future. The cost to the Council during the year for pension liabilities was £21.40 million. The overall pensions' liability of the Council at 31 March 2024 was £6.74 million, a reduction of £29.11 million from 31 March 2023 when the liability was £35.85 million. This takes into account the underpin liability following the McCloud remedy and the outcome of the McCloud/Sargeant case that the impact of transitional protection arrangements put in place when firefighters' and judges' pension schemes were reformed were age discriminatory.

In June 2023 the High Court found in the Virgin Media case that changes to member benefits in contracted out defined benefit pension schemes between 1996 an d2016 required an actuarial certificate in line with Section 37 of the Pensions Act 1993, and that changes without this certification are to be considered void. It is anticipated that there will not be any pension liability changes as a result of this case for the Council. Further information can be found in Note 30 to the accounts.

Reserves

The reserves of the Council represent the net worth of the Council and are split into usable and unusable amounts. **Usable reserves** are sums of money put aside for specific purposes or for general contingencies and cash flow management. Their use, creation and assessment of sufficiency also considers risks to financial resilience. During the last year the Council has faced significant financial challenges and the opportunity to set aside new earmarked reserves for specific purposes has been limited. Earmarked reserves and other usable reserves are detailed in note 28 of the accounts, whilst unusable reserves are shown in note 29.



Unusable reserves have increased as a result of an increase in the valuation of assets in the current year (£34.7 million) and a reduction in the net liability of the pension fund (£29.1 million). As these are unusable, they represent accounting adjustments rather than actual cash flows.

Addressing future challenges

The Council faces significant challenges moving forward. It has in place a Medium Term Financial Strategy approved by Council which shows the required savings for the forthcoming year and indicative savings for the following three years. The key medium-term financial risks facing the Council are:

- Population growth and an ageing population, increasing dementia rates and an increased number of young people with complex disabilities living into adulthood.
- High numbers of children in care and the significant service and financial pressures within Children's Social Care services.
- Safeguarding the financial position of the Council. Whilst the Council has an agreed budget for 2024-25 and has in place a Medium Term Financial Strategy for the period 2024-25 to 2027-28, the level of expected savings the Council will need to make over that period is significant. Not all savings targets for future years are fully developed, and the Council will need to ensure it can meet those targets, looking at ways to improve efficiency through delivering services in different ways.
- The Council's outturn for 2023-24 is an overspend of £0.102 million. Whilst the overspend was been mitigated in part through the application of reserves appropriate to expenditure during the year, the Council is unable to support any further future overspend using reserves as this is neither prudent nor sustainable. The level of reserves has reduced to both meet planned expenditure but also to meet the budget pressures during the year.

Whilst the Council continues to face increasing pressures on its budget, it approved a balanced budget for 2024-25. The uncertain economic climate will require the Council to continually review its priorities and budgets.

The Financial Statements

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

Statement of Responsibilities for the Statement of Accounts

This sets out the respective responsibilities of the Council and the Section 151 officer for the preparation and approval of the Statement of Accounts.

The Comprehensive Income and Expenditure Statement (CIES)

This records the Council's income and expenditure in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Councils raise taxation to cover expenditure in accordance with statutory requirements, which may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

Movement in Reserves Statement (MiRS)

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

Balance Sheet

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

Cash Flow Statement

The Cash Flow Statement shows the reason for changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Council.

Notes to the Accounts

These set out the Accounting Policies adopted for the Statement of Accounts and disclosures relating to the financial statements and include pensions and financial instruments disclosures. These include the Expenditure and Funding Analysis which shows how annual expenditure is used and funded from resources (government grants, fees and charges, council tax and business rates) by the Council in comparison with those resources consumed or earned by the Council in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Council's Directorates and Council wide areas. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

Annual Governance Statement

The Annual Governance Statement sets out the governance structures of the Council and its key internal controls.

The Statement of Responsibilities for the Statement of Accounts

The Council's responsibilities

The Council is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council that officer is the Chief Finance Officer.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts.

Signed: 28 November 2024

Chair of Governance and Audit Committee

The Chief Financial Officer's Responsibilities

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

In preparing this Statement of Accounts, the Chief Financial Officer has:

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

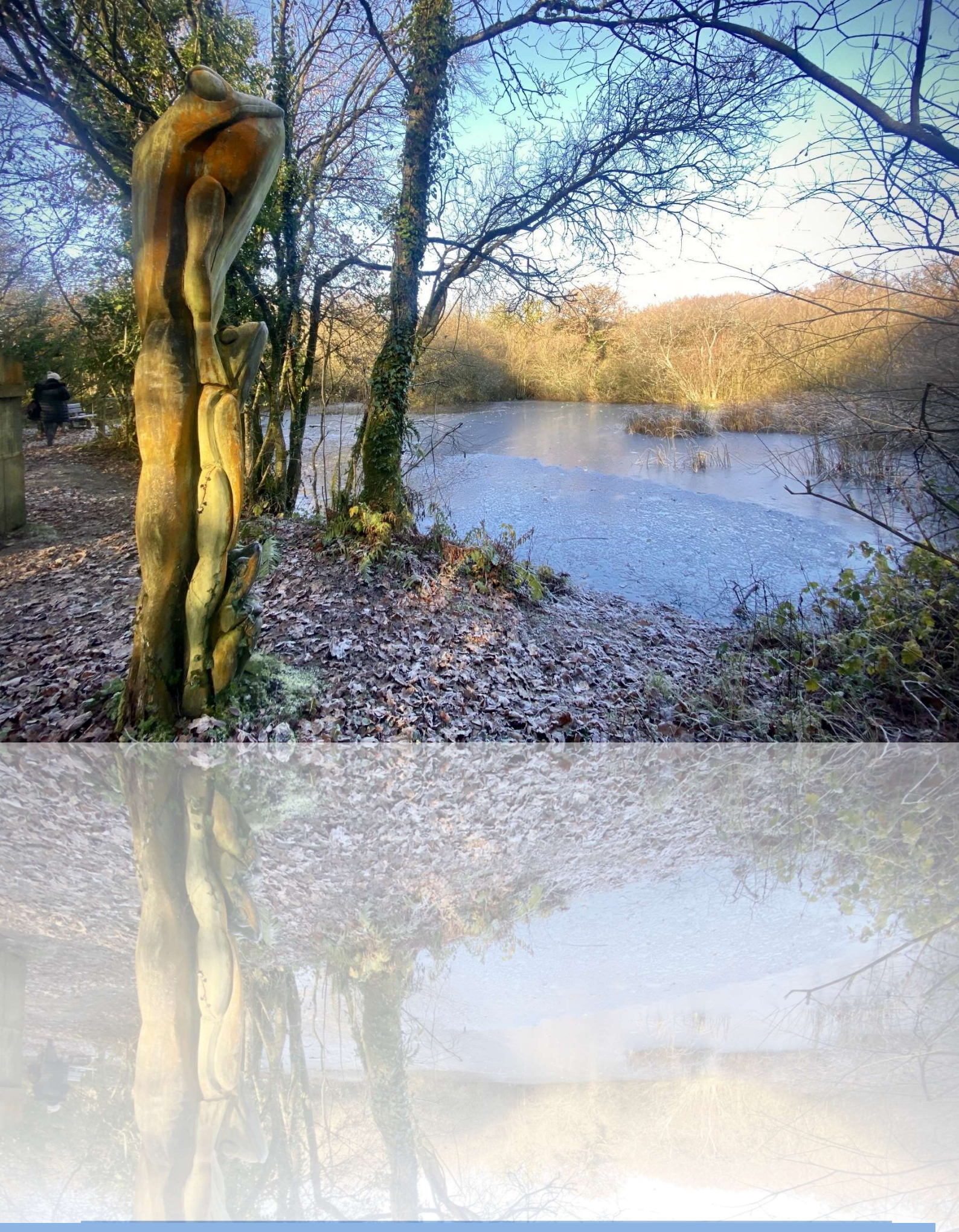
The Chief Financial Officer has also:

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

Chief Financial Officer's Certificate

I certify that the Statement of Accounts presents a true and fair view of the financial position of Bridgend County Borough Council as at 31 March 2024 and of its income and expenditure for the year ended 31 March 2024

Signed: 28 November 2024



Financial Statements

Comprehensive Income and Expenditure Statement

2022-23 Gross Expen-Diture £'000	2022-23 Govt Grants £'000	2022-23 Other Income £'000	2022-23 Net Expen-diture £'000		2023-24 Gross Expen-diture £'000	2023-24 Govt Grants £'000	2023-24 Other Income £'000	2023-24 Net Expen-diture £'000	Notes
205,641	(37,660)	(8,364)	159,617	Education and Family Support	206,960	(40,024)	(7,863)	159,073	
140,653	(11,077)	(20,790)	108,786	Social Services and Wellbeing	156,544	(11,811)	(24,060)	120,673	
62,506	(8,922)	(8,821)	44,763	Communities	65,948	(10,019)	(7,545)	48,384	
76,735	(45,176)	(2,626)	28,933	Chief Executives	77,560	(46,761)	(2,426)	28,373	
21,007	(2,130)	(378)	18,499	Council Wide Services	21,154	(669)	(901)	19,584	
2,062	(1,995)	(172)	(105)	Cardiff Capital Region City Deal (CCRCD)	125	(38)	(100)	(13)	
508,604	**(106,960)**	**(41,151)**	**360,493**	**Cost Of Services**	**528,291**	**(109,322)**	**(42,895)**	**376,074**	
				Other Operating Expenditure					
19,334			19,334	Precepts payable	20,746			20,746	**7**
8,026			8,026	Levies payable	9,181			9,181	**7**
		(971)	(971)	(Gain) / loss on disposal of non current assets	459			459	
27,360	**-**	**(971)**	**26,389**	**Other Operating Expenditure**	**30,386**	**-**	**-**	**30,386**	
				Financing and Investment Income and Expenditure					
4,624			4,624	Interest payable on debt	4,851			4,851	**31**
22			22	Interest element of finance leases (lessee)	11			11	**31**
1,084			1,084	Interest payable on PFI unitary payments	1,018			1,018	**13**
6,470			6,470	Net Interest on Net Defined Benefit Liability	1,190			1,190	**30**
		(2,503)	(2,503)	Investment Income & Other Interest Receivable			(5,108)	(5,108)	**31**
		(260)	(260)	Changes in fair value of investment properties	855			855	**22**
		(147)	(147)	Interest & Investment Income CCRCD					
227			227	Change in Fair Value of Investment Properties CCRCD					
12,427	**-**	**(2,910)**	**9,517**	**Financing and Investment Income and Expenditure**	**7,925**	**-**	**(5,108)**	**2,817**	
				Taxation and Non-Specific Grant Income					
	(179,595)		(179,595)	Revenue Support Grant		(202,556)		(202,556)	**8**
		(52,773)	(52,773)	National Non-Domestic Rates			(47,626)	(47,626)	**9**
		(107,255)	(107,255)	Council Tax			(114,405)	(114,405)	**10**
	(19,462)		(19,462)	Recognised capital grants and contributions		(10,871)		(10,871)	**11**
	(2,587)		(2,587)	Recognised capital grants and contributions CCRCD		38		38	
		(15)	(15)	Tax Expenses CCRCD			19	19	
-	**(201,644)**	**(160,043)**	**(361,687)**	**Taxation and Non-Specific Grant Income**		**(213,389)**	**(162,012)**	**(375,401)**	
548,391	**(308,604)**	**(205,075)**	**34,712**	**(Surplus) or Deficit on Provision of Services**	**566,602**	**(322,711)**	**(210,015)**	**33,876**	

		(27,750)	(27,750)	(Surplus) or deficit on revaluation of Property, Plant and Equipment			(45,926)	(45,926)	**29a**
2,212			2,212	Impairment losses on non-current assets charged to the Revaluation reserve	5,330			5,330	**29a**
		(243,050)	(243,050)	Actuarial (gains) / losses on pension liabilities			(30,070)	(30,070)	**30**
				Change in fair value of equity investments - CCRCD			(408)	(408)	
			(268,588)	**Other Comprehensive (Income) and Expenditure**				**(71,074)**	
			(233,876)	**Total Comprehensive (Income) and Expenditure**				**(37,198)**	

Movement in Reserves Statement

	Council Fund Balance £'000	Earmarked Reserves £'000	Capital Receipts Reserves £'000	Capital Grants Unapplied £'000	CCRCD Usable Reserves £'000	Total Usable Reserves £'000	CCRCD Unusable Reserves £'000	Total Unusable Reserves £'000	Total Council Reserves Restated £'000
Balance at 31 March 2022 brought forward	**10,110**	**106,733**	**21,773**	**6,047**	**1,364**	**146,027**	**3,453**	**190,701**	**336,728**
Movement in Reserves during 2022-23									
(Surplus)/deficit on the provision of services	(37,339)				2,627	(34,712)	-	268,588	233,876
Adjustments between accounting basis & funding basis under regulations (Note 20)	22,824		3,955	(1,536)	(1,831)	23,412	1,831	(23,412)	-
Transfers to Earmarked Reserves (Note 28)	14,237	(14,237)	-	-					-
Increase/(Decrease) in 2022-23	**(278)**	**(14,237)**	**3,955**	**(1,536)**	**796**	**(11,300)**	**1,831**	**245,176**	**233,876**
Balance at 31 March 2023 carried forward	**9,832**	**92,496**	**25,728**	**4,511**	**2,160**	**134,727**	**5,284**	**435,877**	**570,604**

	Council Fund Balance £'000	Earmarked Reserves £'000	Capital Receipts Reserves £'000	Capital Grants Unapplied £'000	CCRCD Usable Reserves £'000	Total Usable Reserves £'000	CCRCD Unusable Reserves £'000	Total Unusable Reserves £'000	Total Council Reserves £'000
Balance at 31 March 2023 brought forward	**9,832**	**92,496**	**25,728**	**4,511**	**2,160**	**134,727**	**5,284**	**435,877**	**570,604**
Movement in Reserves during 2023-24									
(Surplus)/deficit on the provision of services	(33,833)				(44)	(33,876)	410	71,074	37,200
Adjustments between accounting basis & funding basis under regulations (Note 20)	5,232		257	(2,356)	38	3,169	(38)	(3,172)	(3)
Transfers to Earmarked Reserves (Note 28)	28,499	(28,499)							_
Increase/(Decrease) in 2023-24	**(102)**	**(28,498)**	**257**	**(2,356)**	**(6)**	**(30,707)**	**372**	**67,902**	**37,197**
Balance at 31 March 2024 carried forward	**9,730**	**63,998**	**25,985**	**2,155**	**2,154**	**104,020**	**5,656**	**503,779**	**607,801**

Balance Sheet

31 March 2023 £'000		31 March 2024 £'000	Notes
641,074	Property, Plant & Equipment	679,344	21c
220	Heritage Assets	220	
5,845	Investment Property	4,990	22
6,002	CCRCD Investment Property	6,003	31
708	CCRCD Equity	1,118	
1,428	Intangible Assets	946	21d
5,214	Long term Investments	-	31
1,555	CCRCD Long Term Debtors	1,529	
662,046	**Long Term Assets**	**694,150**	
48,333	Short Term Investments	45,027	31
65	Assets Held for Sale	65	24
345	Inventories	1,013	
62,167	Short Term Debtors	55,741	23
	Short Term Loans CCRCD	63	
21,574	Cash and Cash Equivalents	6,019	31
4,854	Cash CCRCD	4,854	31
170	Deferred Tax CCRCD	170	
284	Financial Assets CCRCD	284	31
137,792	**Current Assets**	**113,236**	
(2,926)	Bank overdraft	(619)	31
(1,338)	Short Term Borrowing	(13,636)	31
(55,087)	Short Term Creditors	(53,724)	25
(4,222)	Provisions due in 1 year	(638)	26
(63,573)	**Current Liabilities**	**(68,617)**	
(4,550)	Provisions due after 1 year	(6,404)	26
(100,034)	Long Term Borrowing	(94,120)	31
	Other Long Term Liabilities		
(13,024)	PFI & Other Long Term Liabilities	(11,973)	27
(4,127)	Long term creditors (CCRCD)	(1,630)	27
(35,850)	Net Pensions Liability	(6,740)	30
(8,076)	Capital Receipts in Advance	(10,100)	21h
(165,661)	**Long Term Liabilities**	**(130,967)**	
570,604	**Net Assets**	**607,802**	
	Usable reserves		
9,832	Council Fund	9,730	28b
92,496	Earmarked reserves	63,996	28b
25,728	Capital Receipts Reserve	25,985	28a
4,511	Capital Grants Unapplied	2,155	21i
2,160	Usable Reserves CCRCD	2,154	
	Unusable Reserves		
222,430	Revaluation Reserve	257,114	29a
(35,850)	Pensions Reserve	(6,740)	29b
254,429	Capital Adjustment Account	257,836	29c
(677)	Financial Instruments Adjustment Account	(666)	
(4,453)	Short-term Accumulating Compensated Absences Account	(3,760)	
(2)	Unusable Reserves CCRCD	(2)	
570,604	**Total Reserves**	**607,802**	

Cash Flow Statement

2022-23 £'000		2023-24 £'000	
34,712	Net (surplus)/deficit on the Provision of Services	33,876	
(51,590)	Adjustments to net deficit on the provision of services for non-cash movements	(29,823)	**34**
23,296	Adjustments for Items included in the net deficit on the provision of services that are investing and financing activities	11,128	
6,418	**Net Cash Flows from Operating Activities**	**15,181**	**35**
33,902	Investing Activities	17,345	**36**
(22,410)	Financing Activities	(19,278)	**37**
17,910	**Net (Increase) / Decrease in Cash & Cash Equivalents**	**13,248**	
(41,696)	Cash & Cash Equivalent at the beginning of the Reporting Period	(23,786)	
(23,786)	**Cash & Cash Equivalent at the end of the Reporting Period**	**(10,538)**	

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.



Notes to the Financial Statements

Notes to the Financial Statements

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1. Accounting Policies

1.1 General principles

The Statement of Accounts summarises the Council's transactions for the 2023-24 financial year and its position at the year end of 31 March 2024. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (Wales) Regulations 2014 and the Accounts and Audit (Wales) (Amendments) Regulations 2018, in accordance with proper accounting practices. These practices comprise the *Code of Practice on Local Authority Accounting in the United Kingdom* (the Code) *2023-24* and the *Service Reporting Code of Practice 2023-24* supported by International Financial Reporting Standards (IFRS).

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

1.2 Standards that have been issued but not yet adopted

The Code of Practice on Local Authority Accounting in the United Kingdom 2023-24 requires that the Council discloses information relating to the anticipated impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. At the balance sheet date there are no new relevant standards or amendments to existing standards that have been published but not yet adopted by the Code that will have any impact on the financial statements. However, the following details are provided for information purposes.

Standard	Effective date	Further details
IFRS 16 Leases	**01 April 2024**	The Standard removes the previous lease classifications of operating and finance leases and will require local authorities that are lessees to recognise all leases on their balance sheet as right-of-use assets (there are exemptions for short-term and low value leases) with a corresponding lease liability representing the lessee's obligation to make lease payments for the asset. The implementation date of IFRS 16 for local government is 1 April 2024. The implementation of the standard is not expected to have a material impact on the 2024-25 accounts.
IAS 1	**01 January 2024**	Amendments in relation to Classification of Liabilities as Current or Non-Current issued in January 2020. Amendments in relation to Non-current Liabilities with Covenants issued in October 2022.
IFRS 16	**01 January 2024**	Amendments in relation to Lease Liability in a Sale and Leaseback issued in September 2020.
IAS 12	**01 January 2023**	Amendments in relation to International Tax Reform: Pillar Two Model Rules issued in May 2023
IAS 7 and IFRS 7	**01 January 2024**	Amendments in relation to Supplier Finance Arrangements issued in May 2023.

1.3 Accruals of income and expenditure

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

- Revenue from the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Revenue from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.

- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Investment income and interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may be impaired, the balance of debtors is written down by the difference between the carrying amount and revised future cash flows and a charge made for the impairment to revenue.

1.4 Provisions, Contingent Liabilities and Contingent Assets

Provisions

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

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year and where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

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

Contingent Liabilities

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

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

Contingent Assets

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

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

1.5 Reserves

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

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, employee and retirement benefits and are 'Unusable' reserves as set out in Note 29 to the accounts.

1.6 Government grants and contributions

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

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

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

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

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

1.7 Employee benefits

Benefits Payable during Employment

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

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an Officer's employment before the normal retirement date or an Officer's decision to accept voluntary redundancy and are charged on an accruals basis to the relevant Service Cost line in the Comprehensive Income and Expenditure Statement, when the Council is demonstrably committed to the termination of the employment of an Officer or group of Officers or making an offer to encourage voluntary redundancy.

Where termination benefits involve the enhancement of pensions, statutory provisions require the Council Fund balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not

the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post-Employment Benefits

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

The *Teachers' Pension Scheme*, administered by Teachers' Pensions on behalf of the Department for Education (DfE). The arrangements for this scheme mean that liabilities for benefits cannot ordinarily be identified specifically to the Council. The scheme is therefore accounted for as if it were a defined contributions scheme and no liability for future payment of benefits is recognised in the Balance Sheet. The Education and Family Support line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to Teachers' Pensions in the year.

The *Local Government Pension Scheme* - other employees are entitled to be members of the Rhondda Cynon Taf County Borough Council Pension Fund. The Local Government Scheme is accounted for as a defined benefit scheme:

- The liabilities of the pension scheme attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, and projections of projected earnings for current employees.

- Liabilities are discounted to their value at current prices, using a discount rate.

- The assets of the pension fund attributable to the Council are included in the Balance Sheet at their fair value:
    - Quoted securities – current bid price
    - Unquoted securities – professional estimate
    - Property – market value
- The change in the net pensions liability is analysed into the following components:
    - Current service cost – the increase in liabilities as result of the number of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked
    - Past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to the number of years of service earned in earlier years – debited to Central Services in the Comprehensive Income and Expenditure Statement
    - Net interest on the net defined benefit liability (asset), i.e. net interest expense for the Council – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.
    - Re-measurements comprising:
- The return on plan assets – excluding amounts included in the net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve and Other Comprehensive Income and Expenditure

- Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions reserve and Other Comprehensive Income and Expenditure:

    - Contributions to the pension fund – cash paid as employer's contribution to the pension fund in settlement of liabilities; not accounted for as an expense.

- In relation to retirement benefits, statutory provisions require the Council Fund balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are transfers to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners for any amounts payable to the fund but unpaid at the year end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the Council Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits earned by employees.

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

1.8 VAT

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

1.9 Overheads and Support Services

In line with the Code of Practice on Local Authority Accounting overheads and support services are shown in the relevant service where they are incurred and are not recharged out to supported service areas. Any internal income as a result of transactions between departments is shown in the supplying service line with the corresponding charge being shown in the recipient service line.

1.10 Intangible Assets

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

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

1.11 Property, Plant and Equipment

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

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

Measurement

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

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

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

Revaluations

Assets included in the Balance Sheet at fair value or current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value or current value at the year-end. Revaluations of the Council's property assets are undertaken on a 3 year rolling programme basis. Additional asset valuations have been undertaken in 2023-24 to ensure that the values held in the balance sheet are materially correct. Revaluation gains since 1 April 2007 only are recognised in the Revaluation Reserve, the date of its inception. Previous revaluation gains have been consolidated into the Capital Adjustment Account.

Impairment

Assets are assessed at each year-end to determine whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall. Where there have been previous revaluation gains against the asset held in the Revaluation Reserve, any subsequent loss is firstly written out against the accumulated Revaluation Reserve with any balance being charged against the Comprehensive Income and Expenditure Statement.

Depreciation

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

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

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

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

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

Componentisation

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

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

Disposals and Non-current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The criteria for recognising assets as being held for sale are:

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

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

1.12 Heritage Assets

Heritage Assets are those assets that are intended to be preserved in trust for future generations because of their cultural, environmental or historical worth. Heritage Assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council's accounting policies on property, plant and equipment. The Council recognises its Civic Regalia and a number of paintings in the Balance Sheet at insurance value. The value of the paintings were added to the Balance Sheet during 2017-18 based on an insurance valuation carried out by professional valuers during the year. According to the Code there is no prescribed minimum period between valuations and the Council does not intend to revalue its Heritage Assets in the near

future unless there is evidence of impairment such as physical deterioration or damage, or doubts to their authenticity arise.

1.13 Charges to revenue for non-current assets

Services are debited with the following amounts to record the real cost of holding non-current assets during the year:

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

The Council is not required to raise council tax to fund depreciation, revaluation or impairment losses or amortisation. However, it is required to make an annual prudent provision from revenue to contribute towards the reduction in its overall borrowing requirement. This is detailed in the Council's Annual Minimum Revenue Provision Statement, and differentiates between supported capital expenditure, unsupported capital expenditure, and Finance Leases / PFI. Depreciation, revaluation and impairment losses and amortisations are therefore replaced by this *Minimum Revenue Provision* (MRP) by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two. The Council charges MRP on a straight line basis over 45 years. This ensures that the costs of supported capital expenditure are spread evenly over the lifetime of assets, and that the debt is fully extinguished within forty-five years.

1.14 Revenue Expenditure Funded from Capital Under Statute (REFCUS)

Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of non-current assets has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Examples of such expenditure include home improvement grants, such as Disabled Facilities Grants, town improvement grants and land feasibility studies. Where the Council has determined to meet the cost of these from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the Council Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so there is no impact on the level of council tax. Where this expenditure is funded by grants or contributions, this is also taken to the relevant service area where the expenditure has been charged.

1.15 Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

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

The Council as a Lessee

<u>Operating Leases</u>

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

The Council as a Lessor

Operating Leases

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

1.16 Financial Instruments

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

Financial Assets

A financial asset is a right to future economic benefits controlled by the Council that is represented by cash, equity instruments or a contractual right to receive cash or other financial assets or a right to exchange financial assets and liabilities with another entity that is potentially favourable to the Council. Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cash-flow characteristics. There are three main classes of financial assets measured at:

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

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

Financial Assets held at Amortised Cost

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

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

Expected Credit Loss Model

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

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

Financial Liabilities

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

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

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

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

1.17 Inventories and Long Term Contracts

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

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

1.18 Private Finance Initiatives (PFI)

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

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

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

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

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

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

1.19 Joint Arrangements

The Council is part of a number of joint arrangements including the Joint Committee for the Cardiff Capital Region City Deal (CCRCD) which consists of 10 Partner Authorities: Blaenau Gwent; Caerphilly; Cardiff; Merthyr Tydfil; Monmouthshire; Newport; Rhondda-Cynon-Taf; Torfaen; the Vale of Glamorgan and Bridgend. The Joint Committee has been established to oversee delivery of a range of programmes designed to secure sustainable economic growth for the region in order to improve the lives of all in the community, including increasing connectivity and improving physical and digital infrastructure. The contributions to the Joint Committee are classified as Revenue Expenditure Funded from Capital Under Statute (REFCUS). The Council has consolidated its share of the income and expenditure, and the assets and liabilities of the Joint Committee. The Council continues to have administrative responsibilities for Coychurch Crematorium and independent financial statements continue to be prepared and reviewed for this joint committee. The activities of the Coychurch Crematorium joint arrangement are excluded from the Council's single entity financial statements on the basis of materiality of both assets and population.

1.20 Council Tax Income

All Council Tax income is shown in the Comprehensive Income and Expenditure Statement of the Council with the major preceptors' precepts (principally Police and Crime Commissioner for South Wales) being included as expenditure. Council Tax Income is shown gross in the Comprehensive Income and Expenditure Statement with any amounts allocated as a result of the Council Tax Reduction Scheme recognised as an expense within net costs of services.

1.21 Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment. Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period. Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

1.22 Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty of notice of not more than 24 hours. Cash equivalents are investments that mature in no more than a month or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value. In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

1.23 Events after the Balance Sheet date

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

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

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

1.24 Investment Property

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale. Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's-length. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

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

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

Level 3 inputs: based on most recent valuations, adjusted if necessary through the use of indexation and impairment review

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

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

1.25 Local Authority Schools

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

2. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out above, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

There is a high degree of uncertainty about future levels of funding for local government and the final level of funding to the Council will not be known until nearer the end of the financial year. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision.

The Council is deemed to control the services provided under the outsourcing agreement for the provision of a Comprehensive School in Maesteg and also to control the residual value of the school at the end of the agreement. The accounting policies for PFI schemes and similar contracts have been applied to the arrangement and the School has been recognised as Property, Plant and Equipment on the Council's Balance Sheet and is separately identified under note 21c. The school is the Council's only PFI asset.

The Council has a number of interests in other entities however these are not sufficiently material to include within the consolidated financial statements when reviewing both quantitative and qualitative information. In order to ensure compliance with the Code, a range of narrative disclosures have been made in other sections of the accounts.

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

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

The items in the Council's Balance Sheet at 31 March 2024 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Plant, Property and Equipment

Revaluation of the Council's assets is undertaken on a 3-year rolling programme. The value of those assets is based upon calculations and estimation techniques following the Royal Institute of Chartered Surveyors (RICS) guidance, and in accordance with IFRS. Revaluation takes account of the value and condition of the asset, relevant components and also de-recognition where appropriate. Additional valuations have been undertaken in the current year to ensure that the assets in the balance sheet are materially correct.

Depreciation of Property, Plant and Equipment

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

Investment Properties, Surplus Assets and Assets Held for Sale

Fair Value estimations:

The Council instructed external valuers Cooke & Arkwright to provide valuations as at 31 December 2023 for all of the Council's investment portfolio and these were valued in line with IFRS13.

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

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

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

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

Pensions Liability

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

4. Expenditure and Funding Analysis

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

2022-23				2023-24		
Net Expenditure Chargeable to the Council Fund	**Adjustments between the Funding and Accounting Basis & transfers to Earmarked Reserves (Note 5)**	**Net Expenditure in the Comprehensive Income and Expenditure Statement**		**Net Expenditure Chargeable to the Council Fund**	**Adjustments between the Funding and Accounting Basis & transfers to Earmarked Reserves (Note 5)**	**Net Expenditure in the Comprehensive Income and Expenditure Statement**
£'000	**£'000**	**£'000**		**£'000**	**£'000**	**£'000**
138,246	21,371	159,617	Education and Family Support	147,213	11,860	159,073
96,846	11,940	108,786	Social Services & Wellbeing	111,792	8,881	120,673
30,879	13,884	44,763	Communities	34,504	13,881	48,384
20,856	8,077	28,933	Chief Executives	25,371	3,002	28,373
23,561	(5,062)	18,499	Council Wide Services	16,117	3,466	19,584
	(105)	(105)	Cardiff Capital Region City Deal (CCRCD)		(13)	(13)
310,388	**50,105**	**360,493**	**Net Cost Of Services**	**334,996**	**41,077**	**376,073**
(310,110)	(13,149)	(323,259)	Other income and Expenditure	(334,894)	(7,360)	(342,254)
	(2,522)	(2,522)	Cardiff Capital Region City Deal (CCRCD)		57	57
278	**34,434**	**34,712**	**Surplus or Deficit**	**102**	**33,774**	**33,876**
10,110			Opening Council Fund Balance	9,832		
(278)			Surplus or (Deficit) on Council Fund for year	(102)		
9,832			**Closing Council Fund Balance as at 31 March**	**9,730**		

5. Note to the Expenditure and Funding Analysis

	Adjustments between Funding and Accounting Basis 2022-23			
Adjustments from Council Fund to arrive at the Comprehensive Income and Expenditure Statements amounts	Adjustments for Capital Purposes (Note 1)	Net change for the Pensions Adjustments (Note 2)	Other Differences (Note 3)	Total Adjustments
	£'000	£'000	£'000	£'000
Education and Family Support	3,541	9,003	8,827	21,371
Social Services & Wellbeing	1,066	7,194	3,680	11,940
Communities	8,441	3,262	2,181	13,884
Chief Executives	3,611	3,470	996	8,077
Council Wide Services	(3,501)	-	(1,561)	(5,062)
Cardiff Capital Region City Deal (CCRCD)	(17)		(88)	(105)
Net cost of services	**13,141**	**22,929**	**14,035**	**50,105**
Other income and expenditure from the Expenditure and Funding Analysis	(20,693)	6,470	1,074	(13,149)
Cardiff Capital Region City Deal (CCRCD)			(2,522)	(2,522)
Difference between Council Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	**(7,552)**	**29,399**	**12,587**	**34,434**

	Adjustments between Funding and Accounting Basis 2023-24			
Adjustments from Council Fund to arrive at the Comprehensive Income and Expenditure Statements amounts	Adjustments for Capital Purposes (Note 1)	Net change for the Pensions Adjustments (Note 2)	Other Differences (Note 3)	Total Adjustments
	£'000	£'000	£'000	£'000
Education and Family Support	3,213	(90)	8,737	11,860
Social Services & Wellbeing	2,292	(69)	6,658	8,881
Communities	10,935	(32)	2,978	13,881
Chief Executives	1,362	(39)	1,679	3,002
Council Wide Services	(3,269)		6,735	3,466
Cardiff Capital Region City Deal (CCRCD)				
Net cost of services	**14,533**	**(230)**	**26,787**	**41,090**
Other income and expenditure from the Expenditure and Funding Analysis	(9,557)	1,190	1,007	(7,360)
Cardiff Capital Region City Deal (CCRCD)			44	44
Difference between Council Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	**4,976**	**960**	**27,838**	**33,774**

Note 1 - Adjustments for Capital Purposes

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

- Other operating expenditure – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.

- Financing and investment income and expenditure – the statutory charges for capital financing (i.e. the Minimum Revenue Provision) and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.

- Taxation and non-specific grant income and expenditure – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

Note 2 - Net Change for the Pensions Adjustments

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

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

Note 3 - Other Differences

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

- For financing and investment income and expenditure the other differences column recognises adjustments to the Council Fund for the timing differences for premiums and discounts.

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

6. Expenditure and Income Analysed by Nature

This table sets out how the funding to the Council has been used in providing services in line with generally accepted accounting practices. This will include cash and non-cash transactions including accounting adjustments in line with International Financial Reporting Standards. **A segmental analysis of fees, charges and other service income is presented on the face of the Comprehensive Income and Expenditure Statement.**

2022-23 £'000		2023-24 £'000
	Expenditure	
256,774	Employee expenses	253,337
233,825	Other services expenses	246,866
18,232	Depreciation, amortisation, impairment	28,088
12,200	Interest payments	7,071
27,360	Precepts and levies	29,926
-	(Gain)/Loss on disposal of assets	459
-	Other expenditure	874
548,391	**Total expenditure**	**566,619**
	Income	
(41,151)	Fees, charges and other service income	(42,894)
(160,028)	Income from council tax, non-domestic rates	(162,030)
(308,604)	Government grants and contributions	(322,711)
(2,650)	Investment Income and other Interest Receivable	(5,108)
(971)	(Gain)/Loss on disposal of assets	-
(275)	Other income	-
(513,679)	**Total income**	**(532,743)**
34,712	**(Surplus) or Deficit on the provision of services**	**33,876**

Notes to the Comprehensive Income and Expenditure Statement

7. Precepts and Levies

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

2022-23 £'000		2023-24 £'000
	Precepts	
16,486	Police and Crime Commissioner for South Wales	17,848
2,848	Community Councils	2,898
19,334	**Total Precepts**	**20,746**
	Levies	
7,544	South Wales Fire and Rescue Authority	8,523
348	Coroners Service	513
116	Archive Service	126
18	Swansea Bay Port Authority	19
8,026	**Total Levies**	**9,181**
27,360	**Total Precepts and Levies**	**29,927**

8. Revenue Support Grant (RSG)

This is the principal source of finance towards revenue expenditure received from Welsh Government. The amount received in 2023-24 was £ 202.556 million (£179.595 million for 2022-23).

9. National Non-Domestic Rates (NNDR)

NNDR is organised on a national basis. The Welsh Government (WG) specifies the rate in the pound to be charged (the multiplier) and, subject to the effects of transition arrangements, local businesses pay rates calculated by multiplying their rateable value by the rate in the pound (the multiplier). The multiplier was 53.5p in 2023-24 (53.5p in 2022-23). The total rateable value of the Council equalled £97,831,709 on 31 March 2024 (£97,646,775 on 31 March 2023). The Council is responsible for collecting rates due from ratepayers in its area but pays the proceeds into the NNDR pool administered by WG. WG then redistributes the sums payable back to local authorities pro rata to adult population in each Council's area.

The Council receives a contribution directly from the NNDR pool. The income from this is reflected separately in the Comprehensive Income and Expenditure Statement. This amount was £47,626 million in 2023-24 (£52.773 million in 2022-23). The reduction in contribution is due to the higher level of Retail, Leisure and Hospitality Rates Relief provided by WG in 2023-24 (75% relief compared to 50% in 2022-23). Welsh Government therefore collected less in NNDR in 2023-24.

10. Council Tax

Council Tax Income derives from charges raised from residential properties, which have been classified into ten valuation bands based on the value the property is estimated to have been on 1 April 2005. Charges are calculated by taking the amount of income required for Bridgend County Borough Council, each Community Council and the Police and Crime Commissioner for South Wales and dividing this by the Council Tax base. The Council Tax base is the total number of properties in each band adjusted by a factor to convert the number to a Band D equivalent, which is then adjusted for discounts. The gross tax base is then multiplied by the estimated collection rate to give the net tax base on which the budget is set – this was 55,007.82 Band D equivalents for 2023-24 (54,568.51 in

2022-23). The average charge for a Band D property is £2,052.40 in 2023-24 (£1,951.31 in 2022-23 on average) and this is multiplied by the factor specified for the band to give the individual amount due.
Council Tax bills were based on the following multipliers for bands A* to I and the number of properties in each band were as follows:

Band	A*	A	B	C	D	E	F	G	H	I
Factor	5/9	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	21/9
Chargeable Dwellings	28	10,311	15,004	14,472	11,045	7,783	4,300	1,450	289	93

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

2022-23 £'000		2023-24 £'000
(107,255)	Council Tax Collectable	(114,405)
	Less:	
2,848	Payable to Community Councils	2,898
16,486	Payable to Police and Crime Commissioner for South Wales	17,848
1,051	Provision for non-payment of Council Tax increase/(decrease)	1,368
(86,870)		**(92,291)**

11. Grants

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

2022-23 £'000	Specific Grants credited to Services	2023-24 £'000
(32,287)	Housing Benefit Subsidy	(32,320)
(7,887)	Post 16 Grant	(8,192)
(4,976)	Education Improvement Grant	(5,056)
(5,953)	Pupil Development Grant	(6,424)
(7,954)	Housing Support Grant (previously Supporting People)	(8,003)
-	Shared prosperity fund	(2,516)
-	Local Authority Education	(1,686)
-	Universal Primary Free School Meals	(1,666)
-	Eliminating profit	(1,203)
(10,196)	Other Education & Family Support	(8,745)
(3,904)	Other Social Services & Wellbeing	(3,991)
(9,398)	Others	(7,762)
(2,364)	Homelessness Prevention – No one left behind	(1,293)
(2,304)	Concessionary Fares Grant	(2,069)
(3,444)	Flying Start	(3,654)
(1,394)	Recruit Recover & Raise Standards (inc. Accelerated Learning Programme)	(1,946)
(1,999)	Social Care Workforce Grant (previously Sustainability Grant)	(2,001)
(390)	Housing/Council Tax Benefit Administration	(488)
(1,912)	Regional Integrated Fund (previously Integrated Care Fund)	(1,506)
(1,776)	Families First	(2,655)
(1,781)	Home for Refugees - Ukraine	(658)
(3,500)	Covid Grants	-
(259)	Cost of Living	-
(550)	General Capital Grant	(3,172)
(737)	Other Capital Grants	(2,278)
(1,995)	Cardiff Capital Region City Deal (CCRCD)	-
(106,960)	**Total Specific Grants Credited to Services**	**(109,284)**

2022-23 £'000	Other Government Grants credited to Taxation and Non-specific Grant Income	2023-24 £'000
(19,462)	Capital Grants and Contributions	(10,871)
(2,587)	CCRCD	-
(22,049)	**Total Other**	**(10,871)**
(129,009)	**Total Grants**	**(120,155)**

No Covid-19 grant income was received in 2023-24 (£3.500m in 2022-23). 2022-23 included an element of Hardship Funding and a couple of small grant streams which have now ended. This is set out in the table below.

2022-23 £'000	Covid Grants	2023-24 £'000
(3,411)	Hardship Funding	-
(89)	Test, Trace & Protect	-
-	Other Covid Support Grants	-
(3,500)	**Total**	**-**

The Council did not administer other grants on behalf of the Welsh Government this year as they did last year (2022/23 - £11,743m) but there were two grants with underspends which were refunded to the Welsh Government this year. These were £0.295m for the Energy Bill Support and £0.058m for alternative fuel. Further information is in the following table:

2022-23 £'000	Agency Grants	2023-24 £'000
(3,571)	Winter Fuel	-
(1,325)	Unpaid Carers	-
(5,615)	Social Care Bonus Scheme	-
(119)	Statutory Sick Pay Enhancement Scheme	-
(607)	Self Isolation Payments Scheme	-
(425)	Energy Bill Support	-
(81)	Alternative Fuel	-
(11,743)	**Total**	**-**

12. Leases

Council as a Lessee

Operating Leases

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

2022-23 £'000		2023-24 £'000
(376)	Not later than one year	(375)
(765)	Later than one year but less than five years	(765)
(6,146)	Later than five years	(6,146)
(7,287)	**Total**	**(7,286)**

Expenditure charged in the year to the Service areas was £0.392 million made up of minimum lease payments of £0.008 million and £0.384 million for contingent rents (2022-23: £0.383 million made up of £0.008 million minimum lease payments and £0.375 million contingent rents).

Council as a Lessor

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

2022-23 £'000		2023-24 £'000
107	Not later than one year	105
156	Later than one year but less than five years	155
1,741	Later than five years	1,792
2,004	**Total**	**2,052**

13. Private Finance Initiative (PFI)

During the 2008-09 financial year, the Council commenced payment under a Private Finance Initiative (PFI) arrangement for the provision of a Secondary School in Maesteg – this contract was entered into in 2007-08 and will run until August 2033 with a commitment of £30.5 million (Net Present Value) over the duration of the contract, the costs being charged to the Education and Family Support Directorate and school delegated budget.

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

2022-23 £'000	Unitary Charge	2023-24 £'000
766	Service Charge Element	870
1,084	Interest Element	1,018
863	Finance Lease Liability	929
2,713	**Total**	**2,817**

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

Unitary Charge	2024-25 £'000	2025-26 to 2029-30 £'000	2030-31 to 2033-34 £'000	TOTAL £'000
Service Charge Element	502	2,512	2,002	5,016
Interest Element	946	3,444	792	5,182
Finance Lease Liability	1,001	6,290	5,683	12,974
Total	**2,449**	**12,246**	**8,477**	**23,172**

14. Pooled Fund Arrangements

There are a number of formal pooled budget arrangements between the Council and Cwm Taf Morgannwg University Health Board under Section 33 NHS (Wales) Act 2006.

Purpose of Partnership	Partner	Year	Gross Income Of Partnership £'000	Gross Expenditure of Partnership £'000	Council's Contribution £'000
Provision of day opportunities for people recovering from mental health problems.	Cwm Taf-Morgannwg University Health Board	**2022-23**	(691)	691	345
		2023-24	(748)	748	374
Provision of specified community equipment for service users to enable them to continue to live in their own homes. Rhondda Cynon Taf are the lead partner	Rhondda Cynon Taff CBC Merthyr Tydfil CBC Cwm Taf Morgannwg University Health Board	**2022-23**	(3,168)	3,164	851
		2023-24	(3,444)	3,433	815
Provision of integrated community support services	Cwm Taf-Morgannwg University Health Board	**2022-23**	(5,275)	5,275	2,473
		2023-24	(5,529)	5,529	2,611
Cwm Taf Morgannwg Care Home Accommodation	Rhondda Cynon Taff CBC Merthyr Tydfil CBC Cwm Taf Morgannwg University Health Board	**2022-23**	(60,544)	60,484	12,044
		2023-24	(70,242)	69,991	16,381

15. Officers' Remuneration

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

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

The ratio of the remuneration of the Chief Executive to the median remuneration of all the Council's employees was 5.57 (2022-23 5.89). The median remuneration of all employees was £27,334 (2022-23: £24,948).

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

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

2022-23 including Redundancy Costs (Restated)	Remuneration Band	Number of Employees			
		2023-24 inc Redundancy Costs (Note 1,3-4)	2023-24 exc Redundancy Costs (Note 2)	Number of Teachers inc in figures exc Redundancy (Note 2)	Number of Non-Teachers inc in figures exc Redundancy (Note 2)
54	£60,000 - £64,999	52	51	40	11
30	£65,000 - £69,999	42	41	36	5
15	£70,000 - £74,999	26	26	22	4
16	£75,000 - £79,999	19	19	18	1
4	£80,000 - £84,999	17	17	14	3
7	£85,000 - £89,999	8	8	7	1
4	£90,000 - £94,999	4	4	2	2
3	£95,000 - £99,999	2	2	2	-
2	£100,000 - £104,999	2	2	2	1
1	£105,000 - £109,999	4	4	4	1
3	£110,000 - £114,999	-	-	-	-
1	£115,000 - £119,999	2	1	1	1
-	£120,000 - £124,999	4	4	4	2
1	£125,000 - £129,999	1	1	1	-
-	£130,000 - £134,999	-	-	-	-
-	£135,000 - £139,999	-	-	-	-
-	£140,000 - £144,999	-	-	-	-
-	£145,000 - £149,999	-	-	-	-
141		**183**	**180**	**153**	**27**

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

Note 2: These are officers still in post, of which there are 180 individuals with remuneration of £60,000 or more, including:

a) 153 Headteachers, Deputy Headteachers and Assistant Headteachers
b) 27 Senior Managers of the Council, including the Senior Officers shown in Disclosure 3 below, and Heads of Service.

Note 3: The above includes 4 instances of there being two people for one role which has occurred due to the post becoming vacant and being filled during the year.

Note 4: The above includes employees from Voluntary-aided and Voluntary-controlled Schools.

Disclosure 3 – Table of Senior Officers' Remuneration (including Pensions Contributions)

Job Title	Salary		Pension Contributions (note 1)		Total Remuneration including Pension Contributions	
	2022-23 £	2023-24 £	2022-23 £	2023-24 £	2022-23 £	2023-24 £
Chief Executive Officer & Head of Paid Service (Note 2)	147,024	152,170	29,111	29,521	176,135	181,691
Corporate Director - Education and Family Support	117,113	121,212	23,188	23,515	140,481	144,727
Corporate Director - Communities	117,113	121,212	23,188	23,515	140,346	144,727
Corporate Director - Social Services & Wellbeing	117,113	121,212	23,188	23,515	140,301	144,727
Chief Officer – Finance, Housing and Change (Note 3)	99,113	104,866	19,624	20,344	119,176	125,210
Chief Officer – Legal and Regulatory Services, Human Resources and Corporate Policy	99,113	104,866	19,624	20,344	121,609	125,210

Notes

Note 1 No 'Taxable Expenses' or 'Benefits in kind' were paid in the year. Pension Contributions relate to actual payments made.

Note 2 The Chief Executive Officer figures excludes payment for Election Duties for the Bridgend County local elections and for Bridgend County by-elections in 2023-24.

Note 3 The title changed from "Chief Officer - Finance, Performance and Change" to "Chief Officer - Finance, Housing and Change" during the year.

Disclosure 4 – Table on Exit Packages

The number of exit packages approved in the year with total cost per band and total cost of compulsory and other redundancies are set out in the table below:

Exit Package Cost Band (including Special Payments)	Number of Compulsory Redundancies		Number of Other Departures Agreed		Total Number of Exit Packages by Cost Band		Total Cost of Exit Packages in Each Band	
	2022-23 £	2023-24 £	2022-23 £	2023-24 £	2022-23 £	2023-24 £	2022-23 £	2023-24 £
£0 - £20,000	5	7	9	5	14	12	159,450	57,021
£20,001 - £40,000	5	3	-	1	5	4	162,241	115,721
£40,001 - £60,000	2	1	-	-	2	1	102,498	45,661
£60,001 - £80,000	-	-	-	-	-	-	-	-
	12	**11**	**9**	**6**	**21**	**17**	**424,189**	**218,403**

16. Members' Allowances

The allowances for Councillors are shown in the table below.

2022-23 £'000		2023-24 £'000
665	Basic Salary (all Members)	688
563	Senior Salary	601
59	Civic Salary	58
1,287	**Total**	**1,347**

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

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

17. External Audit Costs

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

2022-23 £'000		2023-24 £'000
217	Financial Statement Audit	231
106	Performance Audit	112
323	**External Audit Services**	**343**
39	Grant Claims and Returns	42
362	**Total**	**385**

18. Participation in Joint Committees and Joint Arrangements

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

	2022-23 £'000	2023-24 £'000
Cardiff Capital Region City Deal (CCRCD)	115	121
Central South Consortium Joint Education Service	554	535
Joint Adoption Service	976	949
Shared Regulatory Service	1,673	1,840
Shared Internal Audit Service	209	288
Glamorgan Archives	116	126
Joint Vehicle Maintenance	120	125
Coychurch Crematorium	-	-
Margam Crematorium	-	-
Total	**3,763**	**3,984**

The Council participated in Joint Committee's for Coychurch and Margam Crematorium and received a cash payment from Margam Crematoria in 2023-24 of £44,700 (£44,800 2022-23).

19. Related Party Transactions

The Council is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently or might have been able to limit another party's ability to bargain freely with the Council.

Welsh Government
Welsh Government has significant influence over the general operations of the Council – it is responsible for providing the statutory framework within which the Council operates; provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. council tax bills). Grants received from government departments are set out in Notes 8 and 9 above.

Members
Members of the Council have direct control over the Council's financial and operating policies. Members' external interests are maintained in a register, which is available for inspection on the Council's website. The total of members' allowances paid is shown in Note 16. Payments made to organisations where Members had an interest included Care and Repair (Bridgend) £1,637,503 (£1,256,323 in 2022-23) and Bridgend Association of Voluntary Organisations £568,365 in 2023-24 (£618,256 in 2022-23). In all instances, the grants were made with proper consideration of declarations of interest. The relevant members did not take part in any discussion or decision relating to the grants. Other payments made to organisations where members declared interests totalled £558,917 (£1,208,822 in 2022-23) as shown in the table below;

	2023-24 £
ADSS Cymru	10,678
Maesteg Harlequins RFC	11,870
Pencoed Town Council	14,978
Bridgend Town Council	15,565
The Bridge Mentoring Plus Scheme	17,104
Brackla Community Council	25,517
Porthcawl Town Council	25,655
Cornelly Community Council	28,367
Kenfig Hill RFC	29,165
Pyle Community Council	51,220
Bridgend County Credit Union	123,283
Welsh Local Government Association	155,201
Various less than £10k	50,314
Total	**558,917**

Balances owed by the Council as at 31 March 2024 included Care & Repair £279,286 (£56,921 in 2022-23), Bridgend Association of Voluntary Organisations £13,256 (£nil in 2022-23), Cornelly Community Council £7,244.16 (£nil in 2022-23) and Bridgend Lifesavers Credit Union Ltd £9,623 (£9,035 in 2022-23). Amounts owed to the Council as at 31 March 2024 included Welsh Local Government Association £49,813 (£103,370 in 2022-23), and Bridgend Town Council £57,509 (£nil in 2022-23).

Chief Officers
During 2023-24 the Head of Adult Social Care sat on the Board of WSP Glamorgan Consultancy (previously known as Capita Glamorgan Consultancy Ltd). The Council owns 14.7% of the shares of the company and holds voting rights to this value on the Board. During 2023-24 the Council was charged £532,470 (2022-23: £1,229,566) in respect of goods, services and capital works. The balance owed by the Council at the 31 March 2024 was £28,843 (£232,604 in 2022-23). In addition the Head of Operations Community Services sits on the Board of CSC Foundry

Ltd, a special purpose vehicle which is a wholly owned subsidiary of the City Deal Joint Committee. Details of the payments made to the Cardiff Capital Region City Deal are included in note 18 to the accounts.

Other Joint Committees

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

Glamorgan Archives Joint Committee
The Glamorgan Record Office is managed and administered by the Glamorgan Archives Joint Committee under powers conferred by the Local Government (Wales) Act 1994.

Coychurch Crematorium
Coychurch Crematorium is subject to the control of a Joint Committee of Members from Bridgend CBC, Rhondda Cynon Taf CBC and the Vale of Glamorgan CBC. Financial statements for this Joint Committee are available on the Bridgend CBC website (www.bridgend.gov.uk).

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

Other Public Bodies
The Council has a number of pooled budget arrangements with Cwm Taf Morgannwg University Health Board as detailed in Note 14. It also pays a management fee to the Awen Trust for cultural related services which is a not for profit organisation. The amount paid to Awen in 2023-24 was £4,359,852 (2022-23: £3,665,383 (restated)). The balance owed by the Council to Awen as at 31 March 2024 is £64,567 (2022-23 - £27,263) and a balance outstanding of £21,093 was owed to the Council at the 31 March 2024 (2022-23 - £15,975).

Notes to the Movement in Reserves Statement

20. Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments that are made to the total Comprehensive Income and Expenditure recognised by the Council in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure.

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

Council Fund Balance

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

Capital Receipts Reserve

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

Capital Grants Unapplied

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

Unusable Reserves

This includes the Revaluation Reserve which contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment; the Pensions Reserve which absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions; the Capital Adjustment Account which absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing and acquisition, construction or enhancement of those assets under statutory provisions; the Financial Instruments Adjustment Account which absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefitting from gains per statutory provisions; and the Short-term Accumulated Compensated Absences Account which absorbs the differences that would otherwise arise on the Council Fund Balance from accruing holiday entitlements earned but not taken in the year.

The tables below detail the adjustments for 2022-23 for comparative purposes and the adjustments for 2023-24.

2022-23	Usable Reserves			Unusable Reserves
	Council Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	
	£'000	£'000	£'000	£'000
Adjustment to the Revenue Resources				
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:				
Pensions costs (transferred to (or from) the Pensions Reserve)	29,400			(29,400)
Financial Instruments (transferred to the Financial Instruments Adjustment Account)	(10)			10
Holiday Pay (transferred to the Accumulated Absences Reserve)	969			(969)
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (those items are charged to the Capital Adjustment Account)	22,541			(22,541)
Total Adjustments to Revenue Resources	**52,900**			**(52,900)**
Adjustments between Revenue and Capital Resources				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	(3,834)	3,834		-
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	(6,524)			6,524
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	(256)			256
Total adjustments between Revenue and Capital Resource	**(10,614)**	**3,834**		**6,780**
Adjustments to Capital Resources				
Use of the Capital Receipts Reserve to finance capital expenditure		29		(29)
Application of capital grants to finance capital expenditure	(19,462)			19,462
Cash payments in relation to deferred capital receipts			(1,536)	1,536
Other amounts		92		(92)
Total adjustments to Capital Reserves	**(19,462)**	**121**	**(1,536)**	**20,877**
CCRCD	**(1,831)**			**1,831**
Total Adjustments	**20,993**	**3,955**	**(1,536)**	**(23,412)**

2023-24	Usable Reserves			Unusable Reserves
	Council Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	
	£'000	£'000	£'000	£'000
Adjustment to the Revenue Resources				
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:				
Pensions costs (transferred to (or from) the Pensions Reserve)	960			(960)
Financial Instruments (transferred to the Financial Instruments Adjustment Account)	(11)			11
Holiday Pay (transferred to the Accumulated Absences Reserve)	(693)			693
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (those items are charged to the Capital Adjustment Account)	30,025			(30,025)
Total Adjustments to Revenue Resources	**30,281**			**(30,281)**
Adjustments between Revenue and Capital Resources				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	(257)	257		
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	(6,500)			6,500
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	(7,421)			7,421
Total adjustments between Revenue and Capital Resource	**(14,178)**	**257**		**13,291**
Adjustments to Capital Resources				
Use of the Capital Receipts Reserve to finance capital expenditure				
Application of capital grants to finance capital expenditure	(10,871)			10,871
Cash payments in relation to deferred capital receipts			(2,356)	2,356
Other amounts				
Total adjustments to Capital Reserves	**(10,871)**		**(2,356)**	**13,227**
CCRCD	**-**			**-38**
Total Adjustments	**5,232**	**257**	**(2,356)**	**(3,171)**

Notes to the Balance Sheet

21. Non-current Assets

a) Capital commitments

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

2022-23 £'000		2023-24 £'000
3,261	Porthcawl Metrolink	791
875	Cosy Corner	-
2,167	Maesteg Town Hall	397
6,303	**Total**	**1,188**

b) Notes on Non-current Assets

Voluntary-aided & Voluntary-controlled Schools

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

c) Non-current Assets valuation

Non-current Assets are included in the Balance Sheet on the valuation basis set out in the Statement of Accounting Policies. All assets are valued on a rolling 3-year basis as at 31 December with a review to 31 March, which confirmed no significant changes in value during that period. For 2023-24 additional valuations were carried out to ensure that the assets as stated in the Balance Sheet are materially correct. These valuations were undertaken by Council Surveyors in accordance with the Statements of Asset Valuation, Practice and Guidance Notes of the Royal Institution of Chartered Surveyors for non-investment assets, investment assets being valued independently by Cooke & Arkwright. Cooke & Arkwright also valued a number of surplus assets.

Summary of Property, Plant & Equipment (PPE) Restated	Other Land and Buildings £'000	Vehicle, Plant and Equipment £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total PPE Assets £'000	PFI Assets Included In PPE £'000
Cost or Valuation							
At 1 April 2022	500,138	16,479	5,025	13,990	9,174	**544,806**	26,025
Additions	4,854	1,990	68	7	8,041	**14,960**	
Accumulated Depreciation and Impairment written out to Gross Carrying Amount	(10,914)					**(10,914)**	(1,315)
Revaluation increases/(decreases) recognised in the Revaluation Reserve	26,749			(1,211)		**25,538**	2,380
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	3,234		(83)	(94)		**3,057**	
Derecognition - Disposals	(166)	(87)		(205)		**(458)**	
Derecognition - other	(1,535)					**(1,535)**	
Assets reclassified (to)/from Held for Sale				(65)		**(65)**	
Other Movements in Cost or Valuation	1,012				(1,012)	**-**	
CCRCD Assets		198			60	**258**	
At 31 March 2023	**523,372**	**18,580**	**5,010**	**12,422**	**16,263**	**575,647**	**27,090**
Accumulated Depreciation and Impairments							
At 1 April 2022	(4,740)	(8,962)	(39)	0	(42)	**(13,783)**	(7)
Depreciation Charge for the year	(11,868)	(1,982)	(3)			**(13,853)**	(1,316)
Accumulated Depreciation and Impairment written out to Gross Carrying Amount	10,913					**10,913**	1,316
Accumulated impairment written off (where no account balance at 1 April)							
Acc. Depreciation WO to GCA							
Impairment Losses/(Reversals) recognised in the Revaluation Reserve							
Impairment Losses/(Reversals) recognised in the Surplus/Deficit on the Provision of Services							
Derecognition - disposals	8	87				**95**	
Derecognition - other							
Other Movements							
CCRCD Depreciation		(116)				**(116)**	
At 31 March 2023	**(5,687)**	**(10,973)**	**(42)**	**0**	**(42)**	**(16,744)**	**(7)**
NBV as at 1 April 2022	**495,398**	**7,517**	**4,986**	**13,990**	**9,132**	**531,023**	**26,018**
NBV as at 31 March 2023	**517,685**	**7,607**	**4,968**	**12,422**	**16,221**	**558,903**	**27,083**

Summary of Property, Plant & Equipment (PPE)	Other Land and Buildings £'000	Vehicle, Plant and Equipment £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total PPE Assets £'000	PFI Assets Included In PPE £'000
Cost or Valuation							
At 1 April 2023	523,372	18,580	5,010	12,422	16,263	575,647	27,090
Additions	8,648	3,080	40		9,520	21,288	
Accumulated Depreciation and Impairment written out to Gross Carrying Amount	(13,457)					**(13,457)**	(1,354)
Revaluation increases/(decreases) recognised in the Revaluation Reserve	40,545			50		**40,595**	3,731
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(5,229)		(10)			**(5,239)**	
Derecognition - Disposals	(740)	(395)				**(1,135)**	
Derecognition - other	(2,080)	(91)				**(2,171)**	
Assets reclassified (to)/from Held for Sale							
Other Movements in Cost or Valuation	5,952			151	(6,103)		
CCRCD Assets							
At 31 March 2024	**557,011**	**21,174**	**5,040**	**12,623**	**19,680**	**615,528**	**29,467**
Accumulated Depreciation and Impairments							
At 1 April 2023	(5,687)	(10,973)	(42)		(42)	(16,744)	(7)
Depreciation Charge for the year	(12,559)	(1,975)	(3)			**(14,537)**	(1,316)
Accumulated Depreciation and Impairment written out to Gross Carrying Amount	13,457					**13,457**	1,316
Accumulated impairment written off (where no account balance at 1 April)							
Acc. Depreciation WO to GCA							
Impairment Losses/(Reversals) recognised in the Revaluation Reserve							
Impairment Losses/(Reversals) recognised in the Surplus/Deficit on the Provision of Services							
Derecognition - disposals	24	395				**419**	-
Derecognition - other							
Other Movements	62				(62)		
CCRCD Depreciation							
At 31 March 2024	**(4,703)**	**(12,553)**	**(46)**	**0**	**(104)**	**(17,406)**	**(7)**
NBV as at 1 April 2023	**517,685**	**7,607**	**4,968**	**12,422**	**16,221**	**558,903**	**27,083**
NBV as at 31 March 2024	**552,308**	**8,621**	**4,994**	**12,623**	**19,576**	**598,122**	**29,460**

In accordance with the Temporary Relief offered by the Update to the Code on infrastructure assets this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position to the users of the financial statements.

The Council has chosen not to disclose this information as the previously reported practices and resultant information deficits mean that gross cost and accumulated depreciation are not measured accurately and would not provide the basis for the users of the financial statements to take economic or other decisions relating to infrastructure assets.

2022-23 £'000	Infrastructure	2023-24 £'000
76,312	Net Book Value at 1 April	82,171
11,217	Additions	4,709
(84)	Derecognition	(59)
(5,274)	Depreciation	(5,599)
-	Impairment	-
82,171	**Net Book Value at 31 March**	**81,222**

The Council has determined in accordance with Regulation 24L of the Local Authorities (Capital Finance and Accounting) (Wales) Regulations 2003 (as amended) that the carrying amounts to be derecognised for infrastructure assets when there is replacement expenditure is nil.

Summary of Property, Plant & Equipment (PPE)

2022-23 £'000	Property, Plant & Equipment (PPE) Reconciliation	2023-24 £'000
82,171	Infrastructure Assets	81,222
558,903	Other PPE assets	598,122
641,074	**Total PPE Assets**	**679,344**

d) Intangible Assets.

The Intangible asset refers to the Wales Community Care Information System, WCCIS. As at 31 March 2024 the remaining life of the asset was 2 years.

2022-23 £'000		2023-24 £'000
	Cost or valuation	
6,040	At 1 April	6,040
6,040	**At 31 March**	**6,040**
	Accumulated amortisation and impairments	
(4,130)	At 1 April	(4,612)
(482)	Amortisation for year	(482)
(4,612)	**At 31 March**	**(5,094)**
1,910	Net Book Value at 1 April	1,428
1,428	**Net Book Value at 31 March**	**946**

e) Sources of finance for Capital Expenditure

2022-23 £'000		2023-24 £'000
(6,811)	Loans	(5,716)
(21,073)	Government grants	(17,072)
29	Reversal of previous funding of capital receipts	-
(256)	Revenue contribution	(7,420)
(1,119)	Other contributions	(1,605)
(29,230)	**Total**	**(31,813)**

f) Revenue Expenditure Funded from Capital under Statute

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

2022-23 £'000	2022-23 CCRCD £'000	2022-23 Total £'000		2023-24 £'000	2023-24 CCRCD £'000	2023-24 Total £'000
3,054	1,465	4,519	Revenue Expenditure Funded from Capital Under Statute	5,816	38	5,854
(1,287)	(1,465)	(2,752)	Grants and Contributions	(5,450)	-38	(5,488)
1,767	**-**	**1,767**	**Total**	**366**	**-**	**366**

g) Capital financing requirement and the financing of capital expenditure

2022-23 £'000	Capital Financing Requirement	2023-24 £'000
176,216	Opening Capital Financing Requirement	176,503
	Capital Investment	
26,176	Property, Plant and Equipment and Intangible Assets	25,997
3,054	Revenue Expenditure Funded from Capital under Statute	5,816
	Sources of Finance	
(22,192)	Grants & Contributions	(18,677)
29	Capital receipts applied	
(256)	Revenue Contributions	(7,420)
(3,529)	Minimum Revenue Provision	(3,298)
(2,132)	Unsupported Borrowing MRP	(2,273)
(863)	PFI School MRP	(929)
176,503	**Closing Capital Financing Requirement**	**175,719**
	Explanation for Movements in Year	
424	Increase/(Decrease) in Underlying Need to Borrow (supported by government financial assistance)	653
726	Increase/(Decrease) in Underlying Need to Borrow (unsupported by government financial assistance)	(508)
(863)	Assets acquired under PFI Contract	(929)
287	**Increase/(Decrease) in Capital Financing Requirement**	**(784)**

h) Capital Receipts In Advance

This includes a combination of capital grants received in advance in respect of proposed capital schemes for 2023-24, which was £0.844 million (2022-23: £0.579 million) plus section 106 contributions received from developers which will be committed to, and used to fund, current and future schemes in line with the specific requirements of the agreements of £ 9.256 million (2022-23: £7.497 million).

i) Capital Grants Unapplied

This includes a combination of capital grants received where the expenditure to be financed from the grants has yet to be incurred, therefore it is held for future use. This value of grants held is £2.155m 2023-24 (£4.511m 2022-23).

22. Investment Properties

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

2022-23 £'000	CCRCD £'000	Total £'000		2023-24 £'000	CCRCD £'000	Total £'000
5,585	2,733	8,318	**Opening Balance at 1 April**	5,845	6,002	11,847
260	3,269	3,529	Net gain / (loss) from fair value adjustments	(855)	-	(855)
5,845	**6,002**	**11,847**	**Balance as at 31 March**	**4,990**	**6,002**	**10,992**

23. Short Term Debtors

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

2022-23 £'000		2023-24 £'000
8,814	Trade Receivables	9,236
2,934	Prepayments	3,047
49,244	Other Receivable Amounts	42,472
1,175	CCRCD	986
62,167	**Balance as at 31 March**	**55,741**

The Council collects NNDR payments on behalf of Welsh Government. As at 31 March 2024, the Council had paid over more cash than it collected, this excess was included in the Balance Sheet as a debtor of £ 2.207 million. The equivalent for 2022-23 was a debtor of £2.280 million. This figure is included in the Other Receivable Amounts figure above.

24. Assets Held for Sale

2022-23 £'000		2023-24 £'000
2,500	Balance at 1 April	65
65	Assets newly classified as held for sale: Property, Plant & Equipment	-
(2,500)	Assets Sold	-
65	**Balance as at 31 March**	**65**

25. Short Term Creditors

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

2022-23 £'000		2023-24 £'000
(7,495)	Trade Payables	(6,702)
(44,002)	Other Payables	(43,815)
(3,590)	CCRCD	(3,207)
(55,087)	**Balance as at 31 March**	**(53,724)**

26. Provisions

The Council has provisions as detailed below:

	Insurance £'000	Other Provisions £'000	Total £'000
Balance at 1 April 2023	5,011	3,500	**8,511**
Movement of provision during year	(107)		**(107)**
Amounts used/released in 2023-24	(771)	(3,500)	**(4,271)**
CCRCD		2,909	**2,909**
Balance at 31 March 2024	**4,133**	**2,909**	**7,042**

Provisions < 1 yr	638		**638**
Provisions > 1 yr	3,495	2,909	**6,404**
Balance at 31 March 2024	**4,133**	**2,909**	**7,042**

Insurance Provision (Self-funding / MMI)

Self-Fund

The Council has a self-insurance fund. This Insurance Provision has been set aside to meet the estimated cost to the Council of outstanding liability for policy years up to 2023-24 for Employer's Liability, Public Liability and Property. However, the actual cost of individual claims and the timing of payments is uncertain. The Council also has an earmarked reserve for Insurance which acts as an additional contingency for the fund, over and above the total outstanding liability, to allow for unexpected events, worse than anticipated deterioration in the current reserves and higher than anticipated future losses both in frequency and cost.

27. PFI and Other Long Term Liabilities

2022-23 £'000		Movement in year £'000	Moved to Short Term Creditors £'000	2023-24 £'000
12,974	Maesteg School PFI Lease		(1,001)	11,973
50	Waste Contract		(50)	-
4,127	CCRCD	(2,497)	-	1,630
17,151	**Balance as at 31 March**	**(2,497)**	**(1,051)**	**13,603**

The PFI Finance Lease Liability matches the fair value of the fixed asset for the PFI School as at the date the asset came onto the Council's Balance Sheet being £21.898 million (July 2008). This will be written down over the life of the PFI contract by the value of the unitary payment deemed to be the finance lease element each year. For 2023-24, the amount written down was £0.929 million and £1.001 million has been transferred to Short Term Creditors leaving an outstanding long term liability of £11.973 million on the PFI scheme at year end.

The Waste Contract liability is repayable in instalments of £50,000 per annum, the final instalment moving to short term creditors as at 31st March 2024.

28. Usable Reserves

The following notes detail the Usable Reserves of the Council:

a) Usable Capital Receipts Reserve

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

2022-23 £'000		2023-24 £'000
21,773	Balance at 1st April	25,728
3,926	Capital Receipts Received	257
29	Receipts Used to Finance Capital Expenditure	-
25,728	**Balance as at 31 March**	**25,985**

b) Earmarked Reserves

The Earmarked Reserves in the Balance Sheet as at 31 March 2024 are detailed below:

Opening Balance 2022-23 Restated £'000	Reserve	Movement during 2023-24		Closing Balance 2023-24 £'000
		Additions/ Re-classification/ Unwound £'000	Drawdown/ unwound £'000	
9,832	**Council Fund**		**(102)**	**9,730**
	Corporate Reserves:			
43,805	Capital Programme Contribution	9,571	(13,321)	**40,055**
548	Major Claims Reserve	1,000	(1,048)	**500**
2,892	Service Reconfiguration	-	(1,000)	**1,892**
13,468	Other Corporate Reserves	2,002	(6,998)	**8,472**
60,713	**Total Corporate Reserves**	**12,572**	**(22,367)**	**50,919**
	Other Reserves:			
12,624	Directorate Reserves	3,570	(9,526)	**6,668**
6,558	City Deal Reserve	(6,558)	-	**-**
19,182	**Total Directorate Reserves**	**(2,988)**	**(9,526)**	**6,668**
6,898	Delegated Schools Balance	-	(4,493)	2,405
86,793	**Total Reserves excluding Equalisation Reserves**	**9,585**	**(36,386)**	**59,992**
5,703	**Equalisation and Grant Reserves**	756	(2,454)	**4,005**
92,496	**TOTAL EXCLUDING COUNCIL FUND**	**10,341**	**(38,840)**	**63,997**
102,328	**TOTAL INCLUDING COUNCIL FUND**	**10,341**	**(38,942)**	**73,727**

Council Fund

The transfer from the Council Fund for 2023-24 was £0.102 million. This has resulted in the balance on the fund being £9.730 million at 31 March 2024 (£9.832 million at 31 March 2023).

Other Earmarked Reserves

The balance on Earmarked Reserves excluding the Council Fund was a net decrease of £ 28.499 million in 2023-24 (net decrease of £14.236 million in 2022-23). An overview of each earmarked reserve is explained below.

Corporate Reserves

Capital Programme Contribution
This earmarked reserve has been set up as a revenue contribution to the capital programme, to enable schemes to be progressed more quickly to alleviate pressure on the revenue budget and accelerate the realisation of capital receipts.

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

Service Reconfiguration / Severance Costs
This reserve has been established to meet potential costs relating to service remodelling and consequential severance costs.

Directorate Reserves

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

Directorate Issues
These reserves relate to specific Directorate issues anticipated in 2023-24. Examples include reserves to support pressures within Social Services and Care Experienced Children, and wider regeneration investment.

Delegated School Balances

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

Analysis of Delegated Schools Balance

2022-23 Closing Balance £'000	School Types	No's in Category	2023-24 Funding Available £'000	2023-24 Spend £'000	2023-24 Closing Balance £'000
2,875	Primary Schools	48	58,398	58,115	283
3,734	Secondary Schools	9	61,671	59,083	2,588
289	Special Schools	2	12,193	12,659	(466)
6,898	**Total**	**59**	**132,262**	**129,857**	**2,405**

The 2022-23 Closing Balance figure is included within the 2023-24 Budget. This accounting treatment of including the prior year's closing balance in the current year's 'Funding Available' applies solely to Schools and does not apply in any other area of the accounts.

Equalisation and Grant Reserves

This includes grant reserves where under proper accounting practice, all grants and contributions should be analysed to see whether there are specific conditions attached to them. When the conditions are actually satisfied, the grant is credited to the Comprehensive Income and Expenditure Statement regardless of whether the actual expenditure has been incurred. In these cases, the Council can decide to transfer the grant monies to an earmarked reserve to fund future expenditure. In 2023-24 there were £0.757 million (2022-23 - £1.247 million) of grants that have been transferred to earmarked reserves, to ensure the funding is protected in accordance with

the original terms and conditions of the grant or contribution. In addition, there are a small number of equalisation reserves that ensures expenditure that is incurred in a particular future year is smoothed over the period of the Medium Term Financial Strategy. These include the costs of elections, the Special Regeneration Fund, the preparation of the Local Development Plan and the Building Control Earmarked Reserves. £ 2.454 million of the reserves were drawn down during the year.

29. Unusable Reserves

The following notes detail the Unusable Reserves of the Council.

a) Revaluation Reserve (RR)

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

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

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

2022-23			2023-24	
£'000	£'000		£'000	£'000
	203,699	**Balance at 1 April**		222,430
27,750		Upward Revaluation of Assets	45,925	
(2,212)		Downward Revaluation of Assets and Impairment Losses not charged to the Surplus/Deficit on the Provision of Services	(5,330)	
	25,538	**Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of services**		**40,595**
(5,326)		Difference between fair value depreciation and historical cost depreciation (charged to the Capital Adjustment Account)	(5,870)	
(1,481)		Accumulated gains on assets sold or scrapped	(41)	
	(6,807)	Amount written off to the Capital Adjustment Account		(5,911)
	222,430	**Balance as at 31 March**		**257,114**

b) Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2022-23 £'000		2023-24 £'000
(249,500)	**Balance at 1 April**	(35,850)
243,050	Actuarial gains or losses on pensions assets and liabilities	30,070
(48,750)	Reversal of Items relating to Retirement Benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(22,360)
19,350	Employer's Pensions Contributions and Direct Payments to Pensioners Payable in the Year	21,400
(35,850)	**Balance as at 31 March**	**(6,740)**

c) Capital Adjustment Account (CAA)

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

The Account contains accumulated gains and losses on Investment Properties.

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

2022-23			2023-24	
£'000	£'000		£'000	£'000
	237,220	**Opening Balance**		249,143
	3,452	**CCRCD Balance**		5,286
	240,672	**Total Balance at 1 April**		254,429
		Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
(19,608)		Charges for depreciation and impairment of non-current assets	(20,619)	
1,437		Revaluation gain/(losses) on Property, Plant and Equipment	(7,469)	
(1,767)		Revenue Expenditure funded from Capital Under Statute	(366)	
		Other amounts including Mortgage Payments		
(1,382)		Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(675)	
	(21,320)			(29,129)
	5,327	Adjusting amounts written out to the Revaluation Reserve		5,870
	(15,993)	**Net written out amount of the cost of non-current assets consumed in the year**		(23,259)
		Capital financing applied in the year:		
(29)		Use of the Capital Receipts Reserve to finance capital expenditure	-	
20,905		Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that has been applied to capital financing	13,228	
6,524		Statutory provision for the financing of capital investment charged against the Council Fund	6,500	
256		Capital expenditure charged against the Council Fund	7,421	
	27,656			27,149
	260	Movement in the market value of Investment Properties credited to the Comprehensive Income and Expenditure Statement		(855)
	1,834	Movement in CCRCD Capital Adjustment Account balance		372
	254,429	**Balance as at 31 March**		257,836

30. Pensions Liabilities, IAS 19 disclosures

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

This Council participates in the Rhondda Cynon Taf County Borough Council Pension Fund, which is administered under the Regulations governing the Local Government Pension Scheme. This is a defined benefit scheme, meaning that the Council and employees pay contributions into a fund, at a rate determined by the Fund's Actuary based on triennial actuarial valuations, which aims to balance 100% of pension liabilities with investment assets. The last triennial valuation took place on 31 March 2022

Further information can be found in Rhondda Cynon Taf CBC Pension Fund's Annual Report which is available upon request from the Director of Finance, Rhondda Cynon Taf County Borough Council, Bronwydd, Porth, Rhondda, Rhondda Cynon Taf. Information is also available at: http://www.rctpensions.org.uk

Any award of discretionary post-retirement benefits upon early retirement is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. No investment assets are built up to meet these pension liabilities, and cash has to be generated to meet the actual pension payments as they fall due.

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

The disclosures required for 2023-24 include information provided by the pension administrators, Rhondda Cynon Taff CBC and Aon Hewitt Associates Limited as the pension fund scheme's actuary.

All mortality assumptions are based on an analysis of the Fund's recent mortality experience that was carried out in advance of the 2022 Valuation.

McCloud Judgement

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

Section 37 Legal Case

In June 2023 the High Court found in the Virgin Media case that changes to member benefits in contracted out defined benefit pension schemes between 1996 and 2016 required an actuarial certificate in line with section 37 of the Pensions Schemes Act 1993, and that changes without this certification are to be considered void. This requirement applies to past service rights and future service rights, and to changes to the detriment or benefit of scheme members. The judgment was appealed in June 2024 but the appeal was dismissed.

For the Local Government scheme GAD do not believe that there are any absent actuarial confirmations. Therefore, they do not expect any liability changes to arise following this judgement. GAD will confirm that actuarial confirmations are available in due course.

Transactions Relating to Post-employment Benefits

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

Restated Local Govt Pension Scheme	LGPS Unfunded Benefits	Teachers' Unfunded Benefits	Restated Total	Comprehensive Income & Expenditure Statement	Local Govt Pension Scheme	LGPS Unfunded Benefits	Teachers' Unfunded Benefits	Total
2022-23 £m	2022-23 £m	2022-23 £m	2022-23 £m	Cost of Services :	2023-24 £m	2023-24 £m	2023-24 £m	2023-24 £m
				Service cost comprising:				
42.20	-	-	**42.20**	Current service cost	21.05	-	-	**21.05**
0.08	-	-	**0.08**	Past service costs	0.07	0.03	0.02	**0.12**
				Financing & Investment Income & Expenditure :-				
6.25	0.16	0.06	**6.47**	Net interest expense	0.85	0.24	0.10	**1.19**
48.53	**0.16**	**0.06**	**48.75**	**Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services**	**21.97**	**0.27**	**0.12**	**22.36**
				Other Post Employment Benefit Charged to the Comprehensive Income & Expenditure Statement				
				Remeasurements of the net defined benefit liability comprising:				
86.68	-	-	**86.68**	Return on plan assets (excluding the amount included in the net interest expense)	(47.21)	-	-	(47.21)
(393.85)	(1.01)	(0.28)	**(395.14)**	Actuarial (gains) / losses due to changes in financial assumptions	(25.99)	(0.06)	(0.02)	**(26.07)**
(0.38)	0.01	-	**(0.37)**	Actuarial (gains) / losses due to changes in demographic assumptions	(11.89)	(0.10)	(0.04)	**(12.03)**
65.04	0.53	0.21	**65.78**	Actuarial (gains) / losses due to liability experience	8.68	(0.14)	(0.05)	**8.49**
				Adjustment loss (gain) due to restriction of surplus	46.75	-	-	**46.75**
(242.51)	**(0.47)**	**(0.07)**	**(243.05)**	**Total Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement**	**(29.66)**	**(0.30)**	**(0.11)**	**(30.07)**
				Movement in Reserves Statement:-				
48.53	0.16	0.06	**48.75**	Reversal of net charges made for retirement benefits in accordance with IAS 19	21.97	0.27	0.12	**22.36**
				Actual amount charged against the Council Fund Balance for pensions in the year				
18.59	0.47	0.29	**19.35**	Employer's Contributions payable to the scheme	20.62	0.5	0.28	**21.40**
(25.71)	(0.47)	(0.29)	**(26.47)**	Retirement Benefits Paid Out	(29.83)	(0.5)	(0.28)	**(30.61)**

Pensions Assets and Liabilities Recognised in the Balance Sheet

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

Local Govt Pension Scheme	LGPS Unfunded Benefits	Teachers' Unfunded Benefits	Total		Local Govt Pension Scheme	LGPS Unfunded Benefits	Teachers' Unfunded Benefits	Total
2022-23 £m	2022-23 £m	2022-23 £m	2022-23 £m		2023-24 £m	2023-24 £m	2023-24 £m	2023-24 £m
(757.64)	(5.36)	(2.18)	**(765.18)**	Present value of defined benefit obligation	(761.28)	(4.83)	(1.91)	**(768.02)**
729.33	-	-	**729.33**	Fair Value of Plan Assets	808.03	-	-	**808.03**
-	-	-	**-**	Unrecognised Assets	(46.75)	-	-	**(46.75)**
(28.31)	**(5.36)**	**(2.18)**	**(35.85)**	**Net liability arising from defined benefit obligation**	**-**	**(4.83)**	**(1.91)**	**(6.74)**

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

2022-23 £m		2023-24 £m
795.89	**Opening fair value of scheme assets at 1 April**	729.33
21.48	Interest income on assets	34.23
(86.68)	The return on plan assets, excluding the amount included in the net interest expense	47.21
19.35	Contributions by Employer	21.40
5.76	Contributions by Participants	6.47
(26.47)	Net Benefits Paid Out	(30.61)
729.33	**Balance as at 31 March**	**808.03**

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

Local Govt Pension Scheme	LGPS Unfunded Benefits	Teachers' Unfunded Benefits	Total		Local Govt Pension Scheme	LGPS Unfunded Benefits	Teachers' Unfunded Benefits	Total
2022-23	2022-23	2022-23	2022-23		2023-24	2023-24	2023-24	2023-24
£m	£m	£m	£m		£m	£m	£m	£m
1,036.77	6.14	2.48	1,045.39	**Opening balance at 1 April**	757.64	5.36	2.18	765.18
42.20	-	-	42.20	Current Service Cost	21.05	-	-	21.05
27.73	0.16	0.06	27.95	Interest Cost	35.08	0.24	0.10	35.42
5.76	-	-	5.76	Contributions from scheme participants	6.47	-	-	6.47
				Remeasurement (gains) and losses:				
(393.85)	(1.01)	(0.28)	(395.14)	Actuarial gains / losses arising from changes in financial assumptions	(25.99)	(0.06)	(0.02)	(26.07)
(0.38)	0.01	-	(0.37)	Actuarial gains / losses arising from changes in demographic assumptions	(11.89)	(0.10)	(0.04)	(12.03)
65.04	0.53	0.21	65.78	Actuarial gains / losses arising from changes in liability experience	8.68	(0.14)	(0.05)	8.49
0.08	-	-	0.08	Past Service Cost	0.07	0.03	0.02	0.12
(25.71)	(0.47)	(0.29)	(26.47)	Benefits Paid	(29.83)	(0.50)	(0.28)	(30.61)
				Liabilities extinguished on settlements				
757.64	**5.36**	**2.18**	**765.18**	**Balance as at 31 March**	**761.28**	**4.83**	**1.91**	**768.02**

Local Government Pension Scheme assets comprised:

Fair Value of Scheme Assets 2022-23 £m	Asset Split 2022-23 %		Fair Value of Scheme Assets 2023-24 £m	Asset Split 2023-24 %
496.67	68.10	Equities	517.14	64.00
56.89	7.80	Property	52.52	6.50
76.58	10.50	Government bonds	98.58	12.20
90.44	12.40	Corporate bonds	126.05	15.60
8.75	1.20	Cash and cash equivalents	13.74	1.70
729.33	**100.00**	**Total assets**	**808.03**	**100.00**

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. Both the Local Government Pension Scheme (LGPS) and discretionary benefits liabilities have been estimated by Aon Hewitt, an independent firm of actuaries, in accordance with IAS 19.

The significant assumptions used by the Actuary were:

2022-23 % pa		2023-24 % pa
4.7	Discount rate	4.8
2.7	CPI Inflation	2.6
2.7	Rate of pension increases	2.6
3.95	Rate of salary increases	3.85
	Mortality Assumptions:	
	Longevity at 65 for current pensioners :-	
21.6	Men	21.0
24.2	Women	23.8
	Longevity at 65 for future pensioners :-	
22.9	Men	22.3
25.7	Women	25.2

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

Increase in Assumption 2022-23 £m	Decrease in Assumption 2022-23 £m		Increase in Assumption 2023-24 £m	Decrease in Assumption 2023-24 £m
(12.88)	12.88	Rate for discounting scheme liabilities (increase or decrease by 0.1%)	(12.94)	12.94
0.76	(0.76)	Rate of increase in salaries (increase or decrease by 0.1%)	0.76	(0.76)
12.12	(12.12)	Rate of increase in pensions (increase or decrease by 0.1%)	12.18	(11.42)
19.70	(20.24)	Longevity (increase or decrease in 1 year)	19.79	(19.03)

Impact on the Council's Cash Flows

The funded nature of the LGPS requires the Employer and its employees to pay contributions into the fund, calculated at a level intended to balance the pension liabilities with investment assets. The current Employer's contribution rate to achieve a funding level of 100% of scheme liabilities will be reviewed at this point. Consequently, whilst there is a significant shortfall (liability) between the benefits earned by past and current employees and the resources the Council has set aside to meet them, the statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

The expected employer's contributions to the Local Government Pension Scheme for the accounting period ending 31 March 2024 are:

	2024-25 £m
Local Government Pension Scheme	19.48
LGPS Unfunded	0.23
Teachers Unfunded	0.08
Total	**19.79**

The weighted average duration of the defined benefit obligation for the scheme members is 19.79 years.

Teachers

In 2023-24, the Council paid £15.075 million (£14.186 million for 2022-23) to the Teachers Pensions Agency in respect of teachers' pension costs. In addition, the Council is responsible for all pension payments relating to added years awarded, together with the related increases. In 2023-24, these amounted to £ 0.330 million (£0.368 million for 2022-23).

31. Financial Instruments Disclosures

Categories of Financial Instruments

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

Financial Assets

31 March 2023						31 March 2024				
Current		Non-current				Current		Non-current		
Invest-ments £'000	Debtors £'000	Invest-ments £'000	Debtors £'000	Total £'000		Invest-ments £'000	Debtors £'000	Invest-ments £'000	Debtors £'000	Total £'000
66,981	8,814	5,089		80,884	Amortised Cost	50,426	9,236			59,662
5,138	-	-	1,555	6,693	CCRCD	5,138			1,529	6,667
72,119	**8,814**	**5,089**	**1,555**	**87,577**	**Total financial assets**	**55,564**	**9,236**	**0**	**1,529**	**66,329**
-	-	5,845	-	5,845	Non-financial assets			4,990		4,990
-	-	6,002	-	6,002	CCRCD			6,002		6,002
-	**-**	**11,847**	**-**	**11,847**	**Total Non-financial assets**	**0**	**0**	**10,992**	**0**	**10,992**
72,119	**8,814**	**16,936**	**1,555**	**99,424**	**Total**	**55,564**	**9,236**	**10,992**	**1,529**	**77,321**

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

The £9.236m (2022-23: £8.814 million) debtors figure in the table above relates to trade debtors for goods and services delivered and is included in the overall debtors figure of £55.930 million (2022-23: £62.167 million) included in the balance sheet. More information in relation to debtors can be found at note 23.

Financial Liabilities

31 March 2023					31 March 2024			
Current		Non-current			Current		Non-current	
Borrow-ing £'000	Creditors £'000	Borrowing & Other Long-Term Liabilities £'000	Total £'000		Borrow-ing £'000	Creditors £'000	Borrowing & Other Long-Term Liabilities £'000	Total £'000
(1,338)	(7,913)	(113,051)	(122,302)	Amortised Cost	(13,636)	(7,875)	(106,086)	(127,597)
		(4,127)	(4,127)	CCRCD			(1,637)	(1,637)
(1,338)	**(7,913)**	**(117,178)**	**(126,429)**	**Total**	**(13,636)**	**(7,875)**	**(107,723)**	**(129,234)**

The current borrowings figure above includes £ 1.955 million of accrued interest payable for the year.

The current creditors figure of £7.875 million (2022-23: £7.913 million) relates to trade creditors for goods and services received of £6.702 million (2022-23: £7.495 million) and £1.174 million (2022-23: £0.418 million) monies held by the Council on behalf of third parties and is included in the overall creditors figure of £54.107 million (2022-23: £55.087 million) on the balance sheet. More information in relation to creditors can be found at note 25.

Offsetting financial assets and liabilities

Financial assets and liabilities are set off against each other where the Council has a legally enforceable right to set off and it intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. The table below shows those instruments that have been offset on the balance sheet.

31 March 2023 Gross Assets (Liabilities) £'000	Offsetting of Financial Assets and Liabilities	31 March 2024 Gross Assets (Liabilities) £'000
4,282	Bank Accounts in Credit	2,948
4,282	**Total Financial Assets**	**2,948**
(6,933)	Bank Overdrafts	(3,812)
(6,933)	**Total Financial Liabilities**	**(3,812)**
(2,651)	**Net Position**	**(864)**
(275)	Bank uncleared amounts	246
(2,926)	**Net position in Balance Sheet**	**(618)**

Income, expense, gains and losses

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

31 March 2023				31 March 2024		
Financial Liabilities Amortised Cost £'000	Financial Assets Amortised Cost £'000	Total £'000		Financial Liabilities Amortised Cost £'000	Financial Assets Amortised Cost £'000	Total £'000
5,730		5,730	Interest Expense	5,881		5,881
	(2,503)	(2,503)	Investment Income and Other Interest Receivable		(5,108)	(5,108)
	(147)	(147)	CCRCD		-	-
5,730	**(2,650)**	**3,080**	**Net (gain)/loss for the year**	**5,881**	**(5,108)**	**773**

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

The Council does not have any financial assets or liabilities that are carried at fair value. In addition, there are no assets held at amortised cost for 2023-24.

31 March 2023		Financial Liabilities	31 March 2024	
Carrying amount £'000	Fair Value £'000		Carrying amount £'000	Fair Value £'000
		Financial liabilities held at amortised cost:		
(77,617)	(75,568)	PWLB	(77,617)	(76,376)
(19,757)	(22,561)	LOBOs	(19,745)	(22,222)
(2,654)	(2,573)	Salix Loans	(2,735)	(2,291)
(13,023)	(16,846)	PFI and other long term liabilities	(11,973)	(14,642)
(113,051)	**(117,548)**	**Total**	**(112,070)**	**(115,531)**

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

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

- PWLB – Public Works Loan Board – market rates for local authority loans of the same remaining term to maturity as at the Balance Sheet date
- LOBO – Lender's Option Borrower's Option – increased by the value of the embedded options. Lender's options to propose an increase to the interest rate on the loan have been valued according to a proprietary model for Bermudian cancellable swaps. Borrower's contingent options to accept the increased rate or repay the loan have been valued at zero, on the assumption that lenders will only exercise their options when market rates have risen above the contractual rate.
- Other financial liabilities – discounted contractual cash flows at the appropriate AA-rated corporate bond yield.

Nature and extent of risks arising from Financial Instruments

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

- **Credit risk** – the possibility that other parties may fail to pay amounts due to the Council;
- **Liquidity risk** – the possibility that the Council might not have funds available to meet its commitments to make payments;
- **Market risk** - the possibility that unplanned financial loss may arise for the Council as a result of changes in such measures as interest rates movements.

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

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers. The risk is minimised through the Annual Investment Strategy included in the Council's Treasury Management Strategy, which is available on the Council's website via the Council Meeting 28/02/2024 agenda Item 6 – Treasury Management and Capital Strategies 2023-24 . here.

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

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

Credit risk exposure

As at 31 March 2024 the Council had the following exposure to credit risk. £44 million of the £50 million investments outstanding at 31 March 2024 were invested with other Local Authorities, where an expected loss allowance is not required. For those financial assets where a 12-month expected credit loss is calculable, the calculated credit loss is £2,003. This has been calculated by reference to historic default data published by credit rating agencies as advised by our Treasury Management Advisors. Due to the immateriality of the expected credit loss, no adjustment has been made in the accounts for this.

	Credit risk rating (as used by the Council)	Gross carrying amount £'000
12 month expected credit losses	AA+	-
	AA-	-
	AA	-
	A+	(6,000)
	A	-
Simplified approach	LA	(44,000)
TOTAL		**(50,000)**

Council does not generally allow credit for its customers (trade debtors) such that all the trade debtors are recognised as short term, however, £4.940 million balance of debtors is past due date for payment. These are not included in the credit risk table above.

Liquidity Risk

The Council manages its liquidity risk through its cash-flow management to ensure that cash is available when required. It has ready access to instant access deposit accounts, overdraft facilities and borrowing from the Money Markets or other local authorities to cover any day to day cash flow need. In addition the Council can access Public Works Loan Board (PWLB) borrowing. The Council arranges fixed term loans and investments with a range of maturity dates within the framework and indicators approved each year. There is no perceived risk that the Council will be unable to raise finance to meet its commitments, instead the risk relates to replenishing a significant proportion of its borrowings at a time of unfavourable interest rates. The Council sets limits on the maturity structure of fixed rate borrowing such that no more than 50% of loans are due to mature in any one year through careful planning of new loans taken out and (where it is beneficial to do so) making early repayments. The maturity analysis of financial liabilities is as follows:

31 March 2023 £'000	Maturity Analysis Financial Liabilities	31 March 2024 £'000
(10,357)	Less than 1 year	(14,351)
(7,351)	Between 1 and 2 years	(5,529)
(12,519)	Between 2 and 5 years	(8,974)
(23,226)	Between 5 and 10 years	(25,471)
(13,759)	Between 10 and 20 years	(10,000)
(36,389)	More than 20 years	(36,389)
(19,757)	Uncertain date*	(19,745)
(123,358)	**Total Financial Liabilities**	**(120,459)**

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

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

Market Risk

The Council is exposed to the risk that financial loss could potentially occur as a result of changes in such measures as interest rate movements, market prices or foreign currency exchange rates.

Interest Rate Risk

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

- borrowings at variable rates – the interest expense charged to the Surplus or Deficit on the Provision of Services will rise
- borrowings at fixed rates – the fixed rate protects the Council from increased interest charges as an equivalent loan would now cost more. The fair value of the borrowing (liability) will fall
- investments at variable rates – the interest income credited to the Surplus or Deficit on the Provision of Services will rise
- investments at fixed rates – the fixed rate prevents the Council from receiving higher investment income from the same principal invested. The fair value of the asset will fall

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

The Council monitors market and forecast interest rates within the year to adjust exposures appropriately, to allow any adverse changes to be accommodated. For instance during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate loans may be repaid early to limit exposure to losses. According to this strategy, at 31 March 2024, if there had been a 1% change in interest rates with all other variables held constant, the financial effect would be approximately:

	Estimated £'000 + 1%	**Estimated £'000 -1%**
Interest payable on variable rate borrowings	193	**0**
Interest receivable on variable rate investments	(336)	(336)
Impact on Surplus or Deficit on Provision of Services	**(143)**	**(336)**

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

Price risk

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

Foreign Exchange Risk

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

Transition to IFRS9 Financial Instruments

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

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

32. Events after the Reporting Period

Where an event or information arises after the reporting period (i.e. after 31 March 2024) that relates to conditions existing at 31 March 2024, certain figures in the financial statements and notes would be adjusted if necessary, in all material respects, in order to reflect the impact of the event or information. There have been no such events after 31 March 2024 that required reporting.

33. Contingent Liabilities

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

Reinforced Autoclaved Aerated Concrete (RAAC) is a lightweight form of concrete used in many public buildings from the mid-1950s to the mid-1990s. During August 2023 the UK Government announced new guidance on RAAC as a result of heightened safety risks. As a result, the Council commenced surveys of its estate to determine the existence of RAAC. To date the presence of RAAC has been confirmed at one asset – Bridgend Indoor Market – that the Council leases on a long-term arrangement. As a result, the Council closed the Indoor Market and commissioned a surveyor to determine the extent of the RAAC at the market and the associated estimated cost of remedial works. A report has been received by the Council . Whilst the report in relation to the Bridgend Indoor Market has been received, there are a number of options to be considered and until such time as a suitable option is known, it is not possible to measure any potential obligation with sufficient reliability and as such a contingent liability exists.

Notes to the Cash Flow Statement

34. Adjustments for Non-cash Movements

2022-23 £'000		2023-24 £'000
(18,232)	Depreciation & Impairment of Assets	(28,088)
(5,996)	Movement in Inventories, Debtors & Creditors	(3,538)
(29,400)	Pension Fund Adjustments	(960)
143	Provisions	4,378
(2,863)	Disposal of Non Current Asset	(716)
33	Changes in Fair Value of Investment Property	(855)
4,725	CCRCD Revenue and Capital contributions recognised in CIES	(44)
(51,590)	**Adjustments to net deficit on the provision of services for non-cash movements**	**(29,823)**

35. Operating Activities

The cash flows for operating activities include the following items:

2022-23 £'000		2023-24 £'000
1,324	Cash Flow on Revenue Activities	15,456
4,594	Interest Paid	3,154
1,106	Interest element of finance lease and PFI rental payments	1,029
(2,037)	Interest Received	(4,458)
1,431	CCRCD	-
6,418	**Net Cash Flows from Operating Activities**	**15,181**

36. Investing Activities

The cash flows for investing activities include the following items:

2022-23 £'000		2023-24 £'000
27,456	Purchase of Property, Plant and Equipment and Intangibles	25,997
7,897	Purchase / (Proceeds) from Short Term Investments	(8,395)
(3,833)	Proceeds from sale of Property, Plant and Equipment and Investment Property	(256)
2,382	CCRCD Long Term Debtors/Investments	
33,902	**Net Cash Flows from Investing Activities**	**17,345**

37. Financing Activities

The cash flows for financing activities include the following items:

2022-23 £'000		2023-24 £'000
(1)	Cash Receipts of short and long term borrowing	(6,383)
(20,149)	Other Receipts from financing activities	(12,895)
-	Repayments of short and long term borrowing	
(2,260)	CCRCD – HMT and other grants received	
(22,410)	**Net Cash Flows from Financing Activities**	**(19,278)**

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

Opinion on financial statements

I have audited the financial statements of Bridgend County Borough Council for the year ended 31 March 2024 under the Public Audit (Wales) Act 2004.

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

The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2023-24.

In my opinion, in all material respects, the financial statements:

- give a true and fair view of the financial position of Bridgend County Borough Council as at 31 March 2024 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with legislative requirements and UK adopted international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2023-24.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report.

My staff and I are independent of Bridgend County Borough Council in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on Bridgend County Borough Council's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the responsible financial officer with respect to going concern are described in the relevant sections of this report.

Other information

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

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

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

- the information contained in the Narrative Report for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2023-24;
- The information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with guidance.

Matters on which I report by exception

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

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

- I have not received all the information and explanations I require for my audit;
- adequate accounting records have not been kept, or returns adequate for my audit have not been received from branches not visited by my team; or
- the financial statements are not in agreement with the accounting records and returns.

Responsibilities of the responsible financial officer for the financial statements

As explained more fully in the Statement of Responsibilities for the Statement of Accounts, the responsible financial officer is responsible for:

- the preparation of the statement of accounts, which gives a true and fair view and comply with proper practices;
- maintaining proper accounting records;
- internal controls as the responsible financial officer determines is necessary to enable the preparation of statements of accounts that are free from material misstatement, whether due to fraud or error;
- assessing the Bridgend County Borough Council's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the responsible financial officer anticipates that the services provided by Bridgend County Borough Council will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit the financial statements in accordance with the Public Audit (Wales) Act 2004.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or

error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

My procedures included the following:

- Enquiring of management, the Head of Internal Audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Bridgend County Borough Council's policies and procedures concerned with:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- Considering as an audit team how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified posting of unusual journals, bias in accounting estimates and significant transaction outside the normal course of business;
- Obtaining an understanding of Bridgend County Borough Council's framework of authority as well as other legal and regulatory frameworks that the Council operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of Bridgend County Borough Council.
- Obtaining an understanding of related party relationships.

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management, the Governance and Audit Committee and legal advisors about actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential fraud risks to all audit team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of Bridgend County Borough Council's controls, and the nature, timing and extent of the audit procedures performed.

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

Other auditor's responsibilities

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Certificate of completion of audit

I certify that I have completed the audit of the accounts of Bridgend County Borough Council in accordance with the requirements of the Public Audit (Wales) Act 2004 and the Auditor General for Wales' Code of Audit Practice.

Adrian Crompton
Auditor General for Wales
29 November 2024

1 Capital Quarter
Tyndall Street
Cardiff, CF10 4BZ

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

Annual Governance Statement

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1 Foreword

The Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. It has a duty under the Local Government and Elections (Wales) Act 2021 to make arrangements and keep under review the extent to which is its exercising its functions effectively, using its resources economically, efficiently and effectively and to have in place effective governance for securing these requirements.

In discharging this overall responsibility, the Council must put in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and arrangements for the management of risk. It is necessary that our communities and those that use and pay for services, those who deliver services, and our partners and suppliers, have confidence in our governance arrangements. They must be assured that our services are provided effectively and efficiently and delivered on a consistent basis, that public money is safeguarded and properly accounted for, and that decisions are taken transparently and lawfully.

The Local Government and Elections (Wales) Act 2021 repeals the performance duties which were set out in the Local Government (Wales) Measure 2009. The Act came into force on 1 April 2021. The new performance and governance regime commenced from the 2021-22 financial year. It requires councils to undertake an annual assessment of performance, and answer the following questions:

- Is the Council exercising its functions effectively?
- Is the council using its resources economically, efficiently and effectively?
- Does the Council have effective governance in place for securing the above?

The Council's second self-assessment has been published and sets out responses to the questions above for the 2022-23 financial year - the self-assessment for 2023-24 will be reported in autumn 2024. The self-assessment confirms that the Council has good governance in place. This statement sets out the Council's assessment of its governance for 2023-24.

The Cabinet and Corporate Management Board are confident that the governance arrangements operated effectively in supporting the Council in meeting its obligations and responsibilities. There are always opportunities to make improvements, and these are set out within this statement and will be addressed during the forthcoming year.



Cllr John Spanswick
Leader of the Council



Mark Shephard
Chief Executive

2 Governance Framework

What is Corporate Governance?

The Council has a key role in governing and leading our community. Effective local government relies on public confidence in Elected Members and Council Officers. Corporate governance comprises the systems, processes, culture and values by which the Council is directed and controlled, led and held to account, and how it engages with stakeholders. It is also about the way that Councillors and employees think and act.

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

What this Statement tells you

This Statement describes the extent to which the Council has complied with its Code of Corporate Governance and the requirements of the Accounts and Audit (Wales) Regulations 2014 and the Accounts and Audit (Wales) (Amendment) Regulations 2018 for the year ended 31 March 2024.

It also sets out how the Council has responded to governance issues identified during 2023-24 and actions to be undertaken during 2024-25 following an annual review of the Governance Framework.

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



Porthcawl

The Council's Governance Responsibilities

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

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

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

The Council's Code of Corporate Governance sets out its commitment to, and responsibility for, ensuring that there is a sound system of governance in place. The Code of Corporate Governance is reviewed annually, the outcome of which is reported to the Governance and Audit Committee, and is available on the Council's website.

The Council's Code of Corporate Governance sets out the seven principles of good governance in line with CIPFA's 'Delivering Good Governance in Local Government: Framework'.

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



Civic Offices

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

The Council's Governance Framework

The Governance Framework comprises the systems, processes and values by which the Council is directed and controlled and the means by which it accounts to, engages with and leads the local community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to make appropriate use of, and prevent loss of, public funds. It also assists with managing the risk of failure to achieve policies, aims and objectives. It does not eliminate all the risk; the system of internal control is designed to identify and prioritise risks, evaluate the likelihood of those risks materialising and manage their impact.

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

Decision Making and Responsibilities

The Council consists of 51 elected Members with an elected Leader and Cabinet who are supported and held to account by Scrutiny Committees. The Council's constitution sets out how the Council operates, how decisions are made and the procedures for ensuring that the Council is efficient, transparent and accountable to local people. It contains the basic rules governing the Council's business and sets out a list of functions and decisions exercisable by officers under delegated powers. It also contains the rules and protocols by which the Council, Members and officers operate.

Local Government and Elections (Wales) Act 2021

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

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

The Act continues to have a wide-ranging impact on the organisation, powers, performance measurement and governance of the Council. From May 2022 the composition of the Governance and Audit Committee changed, and one-third of its members are required to be lay members, including the Chair of the Committee. For the Council the Governance and Audit Committee now comprises 8 elected

members and 4 lay members, although as at the year end only 3 lay members were in post. New responsibilities assumed by the Committee include:

- a role in reviewing the Council's self-assessment report and making any recommendations for change;
- consideration of the outcome and response to a panel performance assessment of the Council; and
- responsibility for making reports and recommendations in relation to the authority's ability to handle complaints effectively.

Role of the Governance and Audit Committee

The **Governance and Audit Committee** is a statutory Committee that provides independent assurance on the Council's internal control environment. It consists of 8 Councillors and 4 Lay Members. Its main functions are:

- Review, scrutinise and issue reports and recommendations in relation to the Council's financial affairs.
- Review, scrutinise and issue reports and recommendations on the appropriateness of the Council's risk management, internal control, arrangements to secure value for money and corporate governance arrangements.
- To consider the report on the annual risk assessment, any interim reports and the Corporate Risk Management Policy.
- Oversee the Council's internal and external audit arrangements (including the performance of external providers of Internal Audit) and review its financial statements.
- To approve the Internal Audit Charter.
- To approve the risk-based internal audit plan and to approve significant interim changes to the risk-based internal audit plan.
- To consider and approve the Head of Internal Audit's annual report and opinion, a summary of internal audit activity (actual and proposed) and the level of assurance it can give over the Council's corporate governance arrangements.
- To consider reports from Internal Audit on agreed recommendations not implemented within a reasonable timescale and approve necessary remedial action.
- To be responsible for ensuring effective scrutiny of the Treasury Management function, Strategy and Policies.
- To monitor the Council's Anti-Fraud and Bribery Strategy, Anti-Money Laundering Policy and Anti-Tax Evasion Policy
- To review and approve the Council's Annual Governance Statement and Code of Corporate Governance.
- To review and approve the Annual Statement of Accounts and appropriateness of the accounting policies and whether the have been followed correctly, and to consider whether there are any concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council.
- To review and consider reports from the External Auditor on the Council's performance, financial probity and corporate governance, and to receive reports from other external regulators as appropriate.
- To review and assess the Council's ability to handle complaints effectively and make recommendations in this respect.
- To review the Council's draft self-assessment report on its performance and, if deemed necessary, make recommendations for changes to the conclusions.

3 Corporate Governance Arrangements

Bridgend County Borough Council is committed to ensuring good governance principles and management practices are adopted in all business activities to ensure public trust. The arrangements the Council has for Corporate Governance is set out below.

1	Bridgend County Borough Council Code of Corporate Governance	The Council's Code of Governance provides a public statement that sets out the way in which the Council meets and demonstrates compliance with the CIPFA Governance principles.
2	The Governance Framework	The Council's Code is underpinned by a Governance Framework which comprises the policies, procedures, behaviours and values by which the Council is governed and controlled.
3	The Annual Governance Statement	The Annual Governance Statement provides assurances regarding the Council's Governance arrangements, together with identifying areas of future focus and improvement. The purpose of the Annual Governance Statement is to report publicly on the extent to which the Council complies with its Code of Corporate Governance. It identifies those areas which have been identified as needing improvement following self-assessment.
4	Annual Governance Statement Action Plan	The Council continues to review the areas for improvement identified within the Governance statement which are monitored through the Annual Governance Statement Action Plan.

4 Governance Assessment

Sources of assurance for the Governance assessment are set out below.

Assurance required	Sources of assurance	Assurances received
Delivery of Corporate Plan priorities	Corporate Plan Directorate Business Plans Service Plans Corporate Performance Framework	Corporate Self-Assessment report
Services are delivered economically, efficiently and effectively	Corporate Performance Assessment	Corporate Self-Assessment report Scrutiny Committees and reviews Annual Self-Assessment of the Governance & Audit Committee

Assurance required	Sources of assurance	Assurances received
Management of risk	Risk Management Framework	Governance and Audit Committee review of risk Audit Wales external challenge
Effectiveness of internal controls	Constitution and Scheme of Delegation, including contract procedure rules and financial procedure rules Strategic Leadership Team – Cabinet & Corporate Management Board	External audit reports Internal audit reports
Community engagement & public accountability	Forward Work Programme Complaints Policy Participation and Engagement Strategy	Community Engagement Feedback Ombudsman Reports
Procurement processes	Contract Procedure Rules	Value for money
Roles & responsibilities of Members & Officers	Head of Paid Service Monitoring Officer & S151 Officer	External Inspections eg Estyn, Audit Wales, Care Inspectorate Wales.
Standards of conduct & behaviour	HR Policies & procedures Members Code of Conduct Employee Code of Conduct	Complaints and compliments received
Training & development of Members & Officers	Corporate Learning & Development Plan Member Development Plan	Staff survey Performance Development Reviews – appraisal process
Compliance with laws & regulations, internal policies & procedures	Constitution Council Policies Welsh Language Standards Health & Safety Policy Internal Audit reports Whistleblowing Policy Anti-Fraud and Bribery Strategy Anti Money Laundering Policy Anti-Tax Evasion Policy	External Audit reviews Internal Audit reviews Independent external reviews – Estyn, Care Inspectorate Wales.

Audit Wales have undertaken and reported on a number of reviews during the year and these have been reported to Governance and Audit Committee. The key outcomes of the reviews are set out below.

Report	Key outcomes
Use of performance information: Service User perspective and Outcomes – Bridgend County Borough Council (September 2023)	**This review focused on the performance information provided to senior officers and senior members (senior leaders) about service user perspectives and outcomes, and how this information is used. This was not a full review of the Council's performance management arrangements or an in-depth review of the quality of the data that the Council collects. The review also didn't focus on engagement with service users on specific service charges or the development of policies and strategies.** Overall the audit found that the Council's performance information does not enable senior leaders to understand the service user perspective, which is

	restricting their ability to understand the impact of their services and policies. Two recommendations were made to strengthen the information given to senior leaders: • The Council should strengthen the information it provides to its senior leaders to enable them to understand how well services and policies are meeting the needs of service users; and • The Council should strengthen the information provided to senior leaders to help them evaluate whether the Council is delivering its objectives and its intended outcomes.
Digital Strategy Review: Bridgend County Borough Council (March 2024)	**Audit Wales looked at the extent to which the Council's strategic approach to digital has been developed in accordance with the sustainable development principle and whether it will help to secure value for money in the use of the Council's resources.** The key findings were: • The review found weaknesses in the Council's strategic approach to managing and delivering its digital strategy. The Council's digital strategy 2020-24 is not expressed as a set of timebound measurable objectives and milestones. In the absence of clear objectives and measure of success, the Council cannot easily understand whether it is achieving its intended outcomes and value for money; • The Council has not drawn on a broad range of evidence from both internal and external sources to sufficiently analyse the 'as is' to develop an understanding of the underlying causes of current demand/issues to be addressed; • The Council has not identified and engaged with all those stakeholders who may have an interest in the development of its digital strategy; and • The Council has not costed the delivery of its digital strategy nor identified its planned savings from delivering its digital strategy. The absence of this information makes it difficult for the Council to be assured that the strategy is deliverable, and that it is delivering value for money over time.

Managing Risk

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

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

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

Risks are viewed from both a Service and Council-wide perspective which ensures the key risks are distilled in the Corporate Risk Assessment. The Council has seen increasing uncertainty and risk, particularly in relation to the current economic climate and the financial challenges the Council faces. The Risk Assessment sets out how the Council is addressing these risks and the mitigating actions it will put in place to reduce them. It is regularly reviewed and challenged by both senior management and

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

During 2021-22 detailed Risk Management Guidance was developed for use by all departments across the Council. It enables staff to identify risks, prioritise them and implement actions to mitigate them, in a consistent and timely manner. Training was rolled out to all directorate management teams and the roles and responsibilities at each stage of the process outlined. Directorate Business Plans were revised to ensure that processes and actions are aligned with the corporate risk management process.

Changes at a political level places risk upon the Council, as a new Leader is to be elected during the May 2024 annual meeting. Changes in the Cabinet are likely, the extent of which will only be known once the annual meeting takes place.

Financial Management

The financial management of the Council is conducted in accordance with all relevant legislation and the Constitution. The Council has in place Financial Procedure Rules, Contract Procedure Rules, a specific Financial Scheme for Schools, and the scheme of delegation of functions also provides the framework for financial control. The Section 151 Officer is responsible for establishing a clear framework for the management of the Council's financial affairs and for ensuring that arrangements are made for their proper administration.

The Council's ability to deliver savings and contain its expenditure within its overall budget is well established. However, the Council faces significant challenges in the future in the face of uncertain funding levels and cost pressures, the impact of Cost-of-Living crisis and the ongoing conflict in the Ukraine. The Council estimates that it will need to generate approximately £45 million of savings over the period 2024-25 to 2027-28. The Medium-Term Financial Strategy has taken account of known cost pressures and priority areas in line with the Corporate Plan and undertaken extensive consultation to ensure a robust process. To ensure greater involvement of stakeholders in the development of the Medium Term Financial Strategy a three week consultation 'Shaping Bridgend's Future' was undertaken between 15 January 2024 and 4 February 2024, the emphasis of which was to seek citizen's views on how we should address the budget situation. It was recognised that the budget planning for 2024-25 was more difficult and uncertain than ever before, and the Council is facing even more cost pressures than experienced in previous years, as a result of the global economic circumstances arising from the cost-of-living crisis, high levels of inflation and the ongoing conflict in Ukraine. The results were collated and used to further inform final decisions on the Medium Term Financial Strategy. The Medium Term Financial Strategy can be found on the Council's website here. Welsh Government has given no indication of funding levels for future years. Given this uncertainty, the Council has developed detailed budgets for 2024-25 but can only make assumptions for future years based on a range of funding scenarios.

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

Compliance with the CIFPA Financial Management Code of Practice

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

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

Whilst the Code is designed to be flexible to the nature, needs and circumstances of individual authorities, it is up to each authority to determine the extent to which it complies with the FM Code and to identify what action it may wish to take to better meet the standards that the FM Code sets out. In its Guidance Bulletin 06 (*Application of the Good Governance Framework 2020/21*) CIPFA stated that the Annual Governance Statement should include the overall conclusion of an assessment of the organisation's compliance with the principles of the FM Code. Also, that where there are outstanding matters or areas for improvement, these should be included in the action plan.

The Council's assessment of its compliance with the 19 Standards outlined in the FM Code for 2023-24 identified that the Council could demonstrate compliance with all of the Standards, but that further actions could be taken to enhance compliance during 2024-25. These actions are included in the AGS Action Plan for 2024-25 and are to:

- Review and update the Council's Financial procedures and policies as required e.g. Financial Procedure Rules, Financial Scheme for Schools, Fees and Charges Policy, to reflect changing circumstances and processes as a result of the challenging financial climate;
- Provide additional training to full Council and schools, as required, on Budget Management, Capital Strategy and Earmarked Reserves;
- Continue to develop budget reduction proposals for the full life of the MTFS and a high level of monitoring of achievement of existing reductions; and
- Try to improve and widen the reach of the budget consultation process to ensure more meaningful, and specific responses.

Progress against these are included in Section 6 – Improving Governance.

5 Audit Assurance

Audit and Audit Assurances

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

In 2024 the External Auditor gave an unqualified audit opinion on the financial statements for 2022-23.

Audit Wales also audit a number of grant claims and in the year completed 5 audits of grants and returns. In addition, Audit Wales undertake reviews of various services and also performance reviews throughout the year, the outcome of which are reported to the Governance and Audit Committee.

Internal Audit is a statutory requirement within Local Government. The Council's internal audit is undertaken by the Regional Internal Audit Service, a partnership shared service between Bridgend County Borough Council, Rhondda Cynon Taf County Borough Council, Merthyr Tydfil County Borough Council hosted by the Vale of Glamorgan Council.

The Head of Internal Audit's annual opinion on the adequacy and effectiveness of the Council's framework of governance, risk management and control for 2023-24 is:

"Reasonable Assurance"

The opinion states that, based on the work completed by the Regional Internal Audit Shared Service for the financial year, no significant cross-cutting control issues have been identified that would impact on the Council's overall control environment. 90% of the agreed plan has been achieved indicating good internal audit coverage across all service areas. The weaknesses that have been identified are service specific. Audit opinions have been presented to Governance and Audit Committee throughout the year as summarised below.

Audit Opinion	**Number**
Substantial assurance	10
Reasonable assurance	25
Limited assurance	6
No assurance	0
Total	**41**

85% of Internal Audit opinions issued were positive which provided a good level of assurance on the effectiveness of the control environment; there were no *No Assurance* opinions issued.

Of the 12 audits that were deferred from 2022-23, 10 have been completed with 2 in progress at year end. Additionally 2 2023-24 planned audits have been deferred into 2024-25. The recommendations made to improve governance, risk management and control have been accepted by operational management and are at various stages of implementation. Progress on implementation of agreed Internal Audit recommendations and the progress of completion of the Internal Audit Plan was reported quarterly to Governance and Audit Committee.

The Governance and Audit Committee also receives twice-yearly a regulatory tracker. This was implemented to cover all regulators and all completed inspections and their recommendations for the Council. The tracker focuses on amber and red rated recommendations, being adequate and unsatisfactory rated recommendations, whilst the Subject and Overview Scrutiny Committees receive the report to include all recommendations irrespective of rating.

6 Improving Governance

A number of significant issues were identified in the Council's 2022-23 Annual Governance Statement. The progress made on the significant issues is shown below:

6.1 Progress on issues raised in 2022-23 that were addressed in 2023-24

Issue	Governance Principle	What the issue was	Outcome of actions taken
Workforce Development	E	Like many other Councils Bridgend is experiencing significant workforce challenges particularly in Social Services. Audit Wales identified that the Council did not have in place a strategic Workforce Plan to guide and inform approaches to managing short term critical workforce pressures and ensuring future resilience within the workforce.	A number of key workforce planning activities have taken place, including: • Supporting children's services workforce planning to improve the recruitment of social workers, including international recruitment, continuing to grow our own social worker and reduce reliance on agency social workers. • Supporting recruitment and retention of staff in adult social care to meet current and future service demand. • Dedicated recruitment plan for catering services. • School leadership age analysis to understand short and medium-term succession planning. • Development of policies to support new ways of working. • Introduction of a new Employee Assistance Programme available for all employees to access. For 2023-24 directorate business planning included workforce planning priorities and information on their workforce and working planning. This has improved visibility on workforce issues in each Directorate, as well as identifying some of the workforce planning priority areas and activities taking place to address them.

Issue	Governance Principle	What the issue was	Outcome of actions taken
			The current focus is on supporting services who have to identify reductions in service budgets in line with the Medium Term Financial Strategy. The level of reductions are unprecedented and will have a wide-ranging impact on the level of services that the Council can deliver.
Strategic Asset Management	E	An Audit Wales review identified workforce challenges are impacting on the Council's ability to plan strategically and to ensure the Council's buildings meet statutory safety requirements.	Significant work has been undertaken to improve the Council's statutory compliance in the "Big 5" areas of compliance, including electricity, gas, fire safety, asbestos and legionella. The first four areas are well into the 90% compliance for the first time in 10 years, significantly improving the statutory compliance picture. A new Integrated Works Management System (IWMS) is also being procured, which will increase visibility and efficiency in uploading new data and certification to give a live view on compliance across the Authority.
Disabled Facility Grants (see AW report referred above)	F	The Council has been slow to respond to Audit Wales proposals for improvement in relation to Disabled Facilities Grants and performance remains poor. The council is developing a new operating model for 2023-24 which is intended to be simpler, better coordinated and more responsive to service user needs.	Significant work was undertaken to improve this service in 2023-24. This has included updating procedure guidelines, working with external surveyors to enable progress with existing grant applications and work, the introduction of a new software system to monitor progress on all applications and improved tendering processes to ensure value for money. For the first time in many years, the service has fully spent its capital allocation in 2023-24
Decarbonisation 2030	D	Whilst the Council has in place a Decarbonisation 2030 strategy, it	The Welsh Government have announced that they have

Issue	Governance Principle	What the issue was	Outcome of actions taken
		has not fully identified the resources needed to implement the strategy nor how partners may help to deliver the strategy ambitions.	realigned their ambitious 2030 net zero targets for public sector decarbonisation to 2035. The Council's strategy will now be reviewed in line with national objectives however the intention to work with other public sector partners to deliver the strategy will still remain.
Long to medium term financial management	F	The Council has robust financial management process in place, but there are some areas where improvements can be made: • provide additional training to full Council on Capital Strategy and Earmarked Reserves • provide finance training to schools on closing of accounts procedures and requirements • rationalisation of earmarked reserves and developing timescales for usage • continue to review consistently under and overspends and realign budgets accordingly • continue to develop budget reduction proposals for the full life of the Medium Term Financial Strategy	Capital Strategy training was undertaken for all members on 18 May 2023. Training for schools on the closing process was provided on 12 March 2024. Reserves are regularly reviewed and members have been provided with details of reserves held. A major review of reserves was undertaken at the start of the financial year, as well as ongoing monitoring throughout the year, with unwinding and repurposing of reserves as necessary. Budget monitoring is undertaken throughout the year, with quarterly reports presented to Cabinet and Scrutiny. Budget reduction proposals have been developed as part of the Medium Term Financial Strategy and were presented to Council for approval I February 2024.
Additional Training for Members to support their role in ensuring proper financial management of the Council	E	As new members have joined the Council it is crucial that they develop the skills and knowledge to undertake their role competently. There may be knowledge gaps in some areas particularly in relation to the Capital Strategy, Earmarked Reserves and Statement of Accounts.	Training was provided during the year to Members including Capital Strategy, Treasury Management and Earmarked Reserves to enable members to have a better understanding of these areas and enable greater scrutiny of decision-making, ensuring a more robust delivery of these services.
Performance Management Arrangements	F	A review of the Council's performance management arrangements have identified that they do not consistently enable it	A 1-year Corporate Plan Delivery Plan was agreed by Council on 17 April 2024.

Issue	Governance Principle	What the issue was	Outcome of actions taken
		to effectively manage its performance.	New arrangements for performance monitoring and summaries are almost entirely complete and will be complete at the quarter 4 reporting in June. They have received positive feedback from members. Arrangements for self-assessment were agreed at Governance and Audit Committee on 18 April 2024. Performance Indicator audits commenced in summer 2024. The Audit Wales Service User Perspective data has been received and a range of solutions presented to Corporate Overview and Scrutiny Committee (COSC) in late March. A service user perspectives workshop was held with COSC members on 3 June 2024.

6.2 Issues raised in 2023-24 that will be addressed in 2024-25

Based on a review of the governance framework, and an assessment of compliance with the CIPFA Financial Management Code, the following significant issues identified in 2023-24 will be addressed in 2024-25 with the links to the **Governance Principles** on page 5:

Issue	Governance Principle	What the issue is	Proposed Actions to address issue
Medium to long term financial management	F	The impact of budget reductions is no longer sustainable through top-slicing of budgets, and the focus will need to turn to reductions in service delivery and the potential for the Council to cease providing come services.	The budget setting process for 2025-26 is to start earlier than usual. The process for setting the budget will be reviewed with the Cabinet. The BREP process is being reviewed to ensure engagement and challenge to take place throughout the year leading up to the setting of the 2025.26 budget.
Recruitment	E	Difficulties remain in certain areas for recruitment of staff.	Targeted recruitment continues in certain key areas, with bespoke recruitment packages being

Issue	Governance Principle	What the issue is	Proposed Actions to address issue
			developed as appropriate. We continue to work regionally and nationally to develop solutions that will not destabilise the job market
Decarbonisation *(carried forward from 2023-24)*	D	Whilst the Council has in place a Decarbonisation 2030 strategy, it has not fully identified the resources needed to implement the strategy nor how partners may help to deliver the strategy ambitions.	The Welsh Government have announced that they have realigned their ambitious 2030 net zero targets for public sector decarbonisation to 2035. The Council's strategy will now be reviewed in line with national objectives however the intention to work with other public sector partners to deliver the strategy will still remain.
Use of performance information (service user perspective)	B	The Council's needs to ensure that performance information enables senior leaders to understand the service user perspective and to plan services accordingly.	The Council's performance management team is working with the Corporate Overview and Scrutiny Committee (COSC) to develop a small suite of PIs to measure service user perspectives better from 2025/26. Research has been completed to assess existing measures in the Council, measures in other councils and national measures and a workshop will take place on 3 June to review the research and develop an action plan.
Digital Strategy	D	An Audit Wales review found weaknesses in the Council's strategic approach to managing and delivering its digital strategy. The Council's digital strategy 2020-24 is not expressed as a set of timebound measurable objectives and milestones. In the absence of clear objectives and measure of success, the Council cannot easily understand whether it is achieving its intended outcomes and value for money. The review also found that the Council has not consulted with all stakeholders, nor has costed the delivery of its digital strategy or savings achievable.	• The Council is currently drafting a new Digital Strategy. The new document will take into account the needs of stakeholders, both within and outside the Council, and will be supported with an action plan which includes key milestones.

Issue	Governance Principle	What the issue is	Proposed Actions to address issue
Improved Financial Management	G	The Council's assessment of its compliance with the 19 Standards outlined in the FM Code for 2023-24 identified that the Council could demonstrate compliance with all of the Standards, but that further actions could be taken to enhance compliance during 2024-25	• Review and update the Council's Financial procedures and policies as required e.g. Financial Procedure Rules, Financial Scheme for Schools, Fees and Charges Policy, to reflect changing circumstances and processes as a result of the challenging financial climate. • Provide additional training to full Council and schools, as required, on Budget Management, Capital Strategy and Earmarked Reserves • Continue to develop budget reduction proposals for the full life of the MTFS and a high level of monitoring of achievement of existing reductions • Try to improve and widen the reach of the budget consultation process to ensure more meaningful, and specific responses

These issues will be monitored via a detailed action plan during 2024-25, with the responsible officer and deadline for implementation identified for each action and reported to Cabinet/Corporate Management Board and to the Governance and Audit Committee.

7 Assurance Statement

Governance arrangements have effectively supported the Council through the reporting period. Decisions are subject to effective external and internal scrutiny and where weaknesses are found, action plans are put in place and monitored. Based on this, subject to the above issues being resolved, we can provide an overall reasonable assurance that Bridgend County Borough Council's governance arrangements remain fit for purpose.

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

Signed: _____ Date: 15 November 20/24
(Leader)

Signed: _____ Date: 15 November 2024
(Chief Executive)

Glossary Of Terms

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

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

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

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

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

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

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

Capital Adjustment Account
The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions.

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

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

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

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

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

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

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

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

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

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

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

Earmarked reserves
These are reserves set aside for a specific purpose.

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

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

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

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

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

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

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

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

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

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

Minimum Revenue Provision (MRP)
This is an amount that has been set aside to repay loans. This should be a prudent amount.

Movement in Reserves Statement (MIRS)
This statement shows the movement in the year on different reserves held by the Council.

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

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

Non Distributable Costs (NDC)
NDC is a category of costs defined by the Best Value Accounting Code of Practice and cannot be allocated to specific services. It represents:
• costs of unused I.T. facilities,
• costs of long term unused, unrealisable assets,
• certain pension fund costs

Open Market Value in Existing Use (OMVEU)
OMVEU is a basis for valuation of fixed assets.

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

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

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

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

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

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

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

Public Works Loan Board (PWLB)
This is a loan facility provided by the Government Debt Management Office (DMO), which provides longer term loans to local authorities.

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

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

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

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

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

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

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

Picture back cover: Bryngarw Country Park



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Archwilio Cymru
Audit Wales

Audit of Accounts Report – Bridgend County Borough Council

Audit year: 2023-24

Date issued: November 2024

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This document has been prepared as part of work performed in accordance with statutory functions. Further information can be found in our Statement of Responsibilities.

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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.

About Audit Wales

Our aims and ambitions

Assure



the people of Wales that public money is well managed

Explain



how public money is being used to meet people's needs

Inspire



and empower the Welsh public sector to improve



Fully exploit our unique perspective, expertise and depth of insight



Strengthen our position as an authoritative, trusted and independent voice



Increase our visibility, influence and relevance



Be a model organisation for the public sector in Wales and beyond

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Introduction

I have now largely completed my audit in line with my Detailed Audit Plan 2024 dated June 2024 except for the following:

- clearance of a small number of outstanding audit queries;
- our final review of the revised 2023-24 Statement of Accounts and Annual Governance Statement;
- the completion of some areas of our internal review arrangements to be undertaken by the Audit Manager and the Engagement Lead.

A verbal update will be given to the Governance and Audit Committee (GAC) on our progress at the meeting scheduled for 28 November 2024. We are expecting all outstanding issues will be resolved prior to the GAC meeting so that GAC can receive the revised 2023-24 Statement of Accounts and the final audit position.

This Audit of Accounts Report summarises the main findings from my audit of your 2023-24 Statement of Accounts. My team have already discussed these issues with the Chief Officer – Finance, Housing and Change.

I am very grateful to your officers for their support in undertaking this audit.



Adrian Crompton
Auditor General for Wales

Your audit at a glance

Audit opinions

We are proposing to give an unqualified opinion on your Statement of Accounts.

We have nothing to report under the other sections of my report, i.e. those relating to going concern; other information; other matters; or matters I report by exception.

Significant issues

There are **three** uncorrected misstatements above our trivial level (£0.283m) but lower than materiality (£5.665m).

During our audit we identified misstatements that have been corrected by management, but which we consider should be drawn to your attention. These are set out in **Appendix 3**.

In addition to misstatements identified during the audit we also report other significant issues to you. There were no other significant issues.

There is one issue that we need to bring to your attention:

- **Better use of the Asset Management System (AMS)**. We identified during our audit work that asset revaluations are calculated in a spreadsheet and manually input into AMS as a year-end exercise. This process could be improved by calculating the revaluations directly within AMS, reducing the opportunity for manual error. This would also support maintenance of up-to-date base data and better record keeping. We have made **one** recommendation, which is set out in **Appendix 4** along with managements response to the recommendation.

Financial statements' materiality



Materiality £5.665 million

My aim is to identify and correct material misstatements, i.e. those that might otherwise cause the user of the accounts to be misled.

Materiality is calculated using:

- 2023-24 draft gross expenditure of £566.478 million
- Materiality percentage of **1**%

I apply the materiality percentage to gross expenditure to calculate materiality.

I will report to you any misstatements above £0.283 million, calculated as 5% of materiality (called the 'trivial level').



Areas of specific interest

There are some areas of the accounts that may be of more importance to the user of the accounts. We set lower materiality levels for these as follows:

- Remuneration report (including exit packages) £1,000
- Related party disclosures for individuals £10,000

Ethical compliance



Compliance with ethical standards

We believe that:

- we have complied with the ethical standards we are required to follow in carrying out our work;
- we have remained independent of yourselves;
- our objectivity has not been comprised; and
- we have no relationships that could undermine our independence or objectivity.

In our Detailed Plan, we explained that the Financial Audit Lead is related to an employee of the Council. Our compliance and Ethics department concluded that the possibility of this relationship impacting on our audit of the financial statements is remote. However, we have taken appropriate steps to minimise risks by allocating work appropriately and ensuring additional review is undertaken where required.

We can confirm that other team members are all independent of the Council and its officers.

Proposed audit opinion

Audit opinion

We issue a ‘qualified’ audit opinion where we have material concerns about some aspects of your accounts; otherwise, we issue an unqualified opinion.

Subject to the satisfactory completion of the outstanding work as detailed in the Introduction on Page 5 we intend to issue an unqualified audit opinion on this year’s accounts once you have provided us with a Letter of Representation (see below).

Our proposed audit report is set out in **Appendix 1.**

Letter of representation

A Letter of Representation is a formal letter in which you confirm to us the accuracy and completeness of information provided to us during the audit. Some of this information is specified as being necessary by auditing standards; other information may relate specifically to your audit.

The letter we are requesting you to sign is included in **Appendix 2**.

Issues arising during the audit

Misstatements

A misstatement arises where information in the accounts is not in accordance with accounting standards.

Uncorrected misstatements

We set out below the misstatements we identified in the accounts, which have been discussed with management but remain uncorrected. Our Letter of Representation in **Appendix 1** includes reference to these misstatements and requires management to confirm that the effect of the misstatement is immaterial to the financial statements.

There are three uncorrected misstatements, above our trivial level (£0.283m) but lower than materiality (£5.665m):

- Cardiff Capital Region City Deal (CCRCD) - £2.580m.

  The draft 2023-24 CCRCD financial outturn was not made available to the Council until mid-November. As a result, the draft financial statements of the Council did not include these figures.

  Due to the late receipt of the 23-24 financial outturn from CCRCD and the time required to process the amendments to the Council's 23-24 financial statements, the decision was taken to include the audited 2022-23 CCRCD financial statements within the Council's 2023-24 financial statements rather than delay the financial statements approval and certification process.

  On the basis that the Council's financial statements include the 2022-23 financial statements, requisite checks have been undertaken to ensure that the latest financial outturn position provided by the CCRCD does not result in any material differences from the 2022-23 CCRCD figures used in the Council's 2023-24 financial statements.

  The difference between the 2022-23 audited figures for the CCRCD and the draft 23-24 financial outturn identifies an increased net asset position for the Council's share of the CCRCD of £2.580m.

- Payment in Advance £1.337m. Expenditure testing identified an advanced payment incorrectly classified within short term creditors at the year end.

- Duplicate Asset £0.418m. One asset was identified with two different descriptions which had been incorrectly included twice within asset valuation calculations impacting Note 21 – Non-Current Assets.

We request that these misstatements be corrected. If you choose not to correct, we request that you provide reasons as to why within the Letter of Representation in Appendix 2.

Corrected misstatements

During our audit, we identified misstatements that have been corrected by management. However, we believe that these should be drawn to your attention, and they are set out with explanations in **Appendix 3**.

Other significant issues

Other than the corrected misstatements identified during the audit there are no other significant issues we wish to report to you.

However, there are two matters we wish to draw to the committees' attention:

Use of the Asset Management System (AMS)

We identified during our audit work that asset revaluations are calculated in a spreadsheet and manually input into AMS as a year-end exercise. This process could be improved by calculating the revaluations directly within AMS which has the capabilities of calculating asset values. This would reduce the risk for error when manually inputting asset values and provides a clear audit trail to show how asset values have been calculated.

The information could also be presented more clearly than in its current form. As the valuation spreadsheet has been compiled over a number of years, there are various notes from previous years and assets no longer held in AMS which are marked with a strikethrough. Adding new revaluations directly onto AMS would ensure that only information relevant for the current financial year would be presented in the calculation notes.

Evidence to support base data used in revaluation calculations could also be uploaded to AMS in future to improve record keeping and allow for more efficient auditing. Evidence to support floor areas, pupil numbers, surveys, indexation rates etc. can be attached directly within AMS.

We have raised a recommendation in respect of this issue which is set out in **Appendix 4.** We have **recommended that the** Council should consider fully utilising AMS to better support its valuation work, to improve the maintenance of base data and enhance its record keeping.

Audit and Accounts deadlines for 2024-25

This year the draft 2023-24 Statement of Accounts were received on 17 July, which was later than the deadline of 30 June.

Over the next two years, the audit deadlines will move forward to the 30th October for the 2024-25 financial statements and 30th September for the 2025-26 financial statements as can be seen from the table below:

2023-24	• Accounts completion deadline – 30 June 2024 • Audit Completion deadline – 30 November 2024
2024-25	• Accounts completion deadline – 30 June 2025 • Audit Completion deadline – 30 October 2025
2025-26	• Accounts completion deadline – 30 June 2026 • Audit Completion deadline – 30 September 2026

To meet these revised deadlines, it will be imperative that we receive the financial statements by the end of June and statements are supported by comprehensive working papers which have been subject to internal quality checks.

We have not raised a recommendation in respect of this issue. Instead, we intend to hold a post project learning exercise with key finance staff to identify actions to further improve the accounts production and audit process for the coming year.

Recommendations

We have made **one** recommendation during the course of the audit, which is set out in **Appendix 4** along with management's responses to the recommendation.

We will monitor progress against the recommendations during next year's audit. Where any recommendations are not fully implemented, we will report to you as part of next year's Audit of Accounts Report.

Appendix 1

Proposed audit report

The report of the Auditor General for Wales to the members of Bridgend County Borough Council

Opinion on financial statements

I have audited the financial statements of Bridgend County Borough Council for the year ended 31 March 2024 under the Public Audit (Wales) Act 2004.

Bridgend County Borough Council financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement and the related notes, including the material accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2023-24.

In my opinion, in all material respects, the financial statements:

- give a true and fair view of the financial position of Bridgend County Borough Council as at 31 March 2024 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with legislative requirements and UK adopted international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2023-24.

Basis of opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)) and Practice Note 10 ‘Audit of Financial Statements of Public Sector Entities in the United Kingdom’. My responsibilities under those standards are further described in the auditor’s responsibilities for the audit of the financial statements section of my report.

My staff and I are independent of the Bridgend County Borough Council in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council’s Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on Bridgend County Borough Council’s ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the responsible financial officer with respect to going concern are described in the relevant sections of this report.

Other Information

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

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

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

- the information contained in the Narrative Report for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2023-24;
- The information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with guidance.

Matters on which I report by exception

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

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

- I have not received all the information and explanations I require for my audit;
- adequate accounting records have not been kept, or returns adequate for my audit have not been received from branches not visited by my team; or
- the financial statements are not in agreement with the accounting records and returns.

Responsibilities of the responsible financial officer for the financial statements

As explained more fully in the Statement of Responsibilities for the Statement of Accounts, the responsible financial officer is responsible for:

- the preparation of the statement of accounts, which give a true and fair view and comply with proper practices;
- maintaining proper accounting records;
- internal controls as the responsible financial officer determines is necessary to enable the preparation of statements of accounts that are free from material misstatement, whether due to fraud or error;
- assessing the Bridgend County Borough Council's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the responsible financial officer anticipates that the services provided by the Bridgend County Borough Council will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit the financial statements in accordance with the Public Audit (Wales) Act 2004.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

My procedures included the following:

- Enquiring of management, the Head of Internal Audit and those charged with governance, including obtaining and reviewing supporting documentation relating to Bridgend County Borough Council's policies and procedures concerned with:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- Considering as an audit team how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified

posting of unusual journals, bias in accounting estimates and significant transaction outside the normal course of business;
- Obtaining an understanding of Bridgend County Borough Council's framework of authority as well as other legal and regulatory frameworks that Bridgend County Borough Council operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of Bridgend County Borough Council.
- Obtaining an understanding of related party relationships.

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management, the Governance and Audit Committee and legal advisors about actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential fraud risks to all audit team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the Bridgend County Borough Council's controls, and the nature, timing and extent of the audit procedures performed.

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

Other auditor's responsibilities

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Certificate of completion of audit

I certify that I have completed the audit of the accounts of Bridgend County Borough Council in accordance with the requirements of the Public Audit (Wales) Act 2004 and the Auditor General for Wales' Code of Audit Practice.

Adrian Crompton
Auditor General for Wales
29 November 2024

1 Capital Quarter
Tyndall Street
Cardiff, CF10 4BZ

Appendix 2

Letter of representation

Audited body's letterhead

Auditor General for Wales
Wales Audit Office
1 Capital Quarter
Cardiff
CF10 4BZ

28 November 2024

Representations regarding the 2023-24 financial statements

This letter is provided in connection with your audit of the financial statements (including that part of the Remuneration Report that is subject to audit) of Bridgend County Borough Council for the year ended 31 March 2024 for the purpose of expressing an opinion on their truth and fairness and their proper preparation.

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

Management representations

Responsibilities

We have fulfilled our responsibilities for:

- the preparation of the financial statements in accordance with legislative requirements and [insert relevant code]; in particular the financial statements give a true and fair view in accordance therewith;
- the design, implementation, maintenance and review of internal control to prevent and detect fraud and error.

Information provided

We have provided you with:

- full access to:
  - all information of which we are aware that is relevant to the preparation of the financial statements such as books of account and supporting documentation, minutes of meetings and other matters;

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

Financial statement representations

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

The methods, the data and the significant assumptions used in making accounting estimates, and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in the context of the applicable financial reporting framework.

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

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

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

The financial statements are free of material misstatements, including omissions. The effects of uncorrected misstatements identified during the audit are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. A summary of these items is set out below:

- Cardiff Capital Region City Deal: £2.580m
- Payment in Advance: £1.337m
- Duplicate Asset: £0.418m

Representations by the Governance and Audit Committee

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

We acknowledge our responsibility for the preparation of true and fair financial statements in accordance with the applicable financial reporting framework. The financial statements were approved by the Governance and Audit Committee on 28 November 2024.

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

Signed by:	Signed by:
Chief Officer – Finance, Housing and Change	Chair of the Governance and Audit Committee, on behalf of those charged with governance
Date: 28 November 2024	Date: 28 November 2024

Appendix 3

Summary of corrections made

During our audit, we identified the following misstatements that have been corrected by management, but which we consider should be drawn to your attention.

Value of correction	Accounts areas	Explanation
£1.277M (No overall impact on the primary statements)	**Balance Sheet** The cash and cash equivalents and the bank overdraft figures were incorrectly stated in the balance sheet.	To ensure that the financial statements accurately reflect the underlying transactions
£4.806M (No overall impact on the primary statements)	**Note 11 Grants** To correct the classification of homeless prevention grants received during the year.	To ensure the disclosure accurately records the grant income received in the 2023-24 financial year.
Disclosure only (No overall impact on the primary statements)	**Note 15 Officers Remuneration** The banding note disclosure has been amended to bring it in line with the CIPFA Code.	To ensure the disclosure accurately reflects the remuneration of senior staff
£0.68M (No overall impact on the primary statements)	**Note 19 Related Party Transaction** The disclosure has been updated to correct errors and omissions identified in the Note.	To ensure that the disclosure is complete and accurate for all related party relationships
Disclosure only (No overall impact on the primary statements)	**Note 30 Pensions Liabilities, IAS 19 Disclosures** Disclosure added to reflect the Virgin Media Ruling and the potential liability.	To ensure that users of the accounts fully understand the potential future liability.

Value of correction	Accounts areas	Explanation
£5.000M (No overall impact on the primary statements)	**Note 31 Financial Instrument Disclosures – Financial Liabilities** To correct the amortised cost figure for current year borrowings.	To ensure the disclosure accurately reflects the financial liabilities at 31 March 2024.
£5.580M (No overall impact on the primary statements)	**Note 31 Financial Instrument Disclosures – Financial Liabilities** To correct the classification of short-term borrowings initially included as long-term borrowings with the amortised cost figure for the current year.	To ensure the disclosure accurately reflects the financial liabilities at 31 March 2024.
£0.618M (No overall impact on the primary statements)	**Note 31 Financial Instrument Disclosures – Financial Assets** To correct the amortised cost figure for current year investments.	To ensure the disclosure accurately reflects the financial assets at 31 March 2024.
£0.403M (No overall impact on the primary statements)	**Note 31 Financial Instrument Disclosures – Fair Value of Financial Assets** To correct the carrying amount of Salix Loans for the current year.	To ensure the disclosure accurately reflect the financial liabilities at 31 March 2024
£1.170M (No overall impact on the primary statements)	**Note 31 Financial Instrument Disclosures – Financial Assets** To correct the overall debtors figure included in the narrative to this note.	To ensure the disclosure is consistent with Note 23.

Value of correction	Accounts areas	Explanation
£4.990M (No overall impact on the primary statements)	**Note 31 Financial Instrument Disclosures – Financial Assets** To correct the classification of non-financial assets from current to non-current, due to the nature of the assets held.	To ensure disclosure accurately reflect the financial assets at 31 March 2024.
Narrative (No overall impact on the primary statements)	**Note 33 Contingent Liabilities** A disclosure has been added to reflect the identification of RAAC at Bridgend Indoor Market Hall and the potential liability.	To ensure the users of the accounts fully understand the potential future liability.
Various	**Multiple parts of the accounts** The Cardiff Capital Region City Deal (CCRCD) 2023-24 accounts are not available for consolidation. As a result, several amendments have been made to bring the draft 2022-23 CCRCD figures included in the draft accounts line with the 2022-23 audited CCRCD position. • CIES – Total comprehensive income increased by £0.365m • Balance Sheet – net assets increased by £0.365m • MiRS – corresponding adjustments in the movements within the	To ensure that CCRCD balances and transactions are correctly presented in the financial statements.

Value of correction	Accounts areas	Explanation
	MiRS to reflect the overall increase in reserves.	
Various (no overall effect on the financial statements)	**Other narrative amendments** Several other narrative and presentational amendments have been made to the financial statements, relating to revisions of disclosure notes, narrative changes, casting errors, cross referencing, prior year comparatives and typos.	To ensure the accuracy of the financial statements

Appendix 4

Recommendations

We set out below recommendations from our audit along with your management's response to them.

Matter arising 1 – Better use of the Asset Management System (AMS)	
Findings	Asset revaluations are calculated in a spreadsheet and manually input into AMS as a year-end exercise. This process could be improved by calculating the revaluations directly within AMS, reducing the opportunity for manual error. This would also support maintenance of up-to-date base data and better record keeping.
Priority	High
Recommendation	The Council should consider fully utilising AMS to better support its valuation work, to improve the maintenance of base data and enhance its record keeping.
Benefits of implementing the recommendation	Implementation would provide assurance to the Council over the completeness and accuracy of year end asset values.
Accepted in full by management	Yes
Management response	We will look to make better use of AMS to support the valuation process.
Implementation date	2024-25 valuations subject to time and capacity.

Audit quality

Our commitment to audit quality in Audit Wales is absolute. We believe that audit quality is about getting things right first time.

We use a three lines of assurance model to demonstrate how we achieve this. We have established an Audit Quality Committee to co-ordinate and oversee those arrangements. We subject our work to independent scrutiny by QAD*, and our Chair acts as a link to our Board on audit quality. For more information see our Audit Quality Report 2023.



Our People

The first line of assurance is formed by our staff and management who are individually and collectively responsible for achieving the standards of audit quality to which we aspire.

- Selection of right team
- Use of specialists
- Supervisions and review



Arrangements for achieving audit quality

The second line of assurance is formed by the policies, tools, learning & development, guidance, and leadership we provide to our staff to support them in achieving those standards of audit quality.

- Audit platform
- Ethics
- Guidance
- Culture
- Learning and development
- Leadership
- Technical support



Independent assurance

The third line of assurance is formed by those activities that provide independent assurance over the effectiveness of the first two lines of assurance.

- EQCRs
- Themed reviews
- Cold reviews
- Root cause analysis
- Peer review
- Audit Quality Committee
- External monitoring

* QAD is the quality monitoring arm of ICAEW.

Supporting you

Audit Wales has developed a range of resources to support the scrutiny of Welsh public bodies and to support those bodies in continuing to improve the services they provide to the people of Wales.

Visit our website to find:

	our Good Practice work where we share emerging practice and insights from our audit work in support of our objectives to assure, to explain and to inspire.
	our newsletter which provides you with regular updates on our public service audit work, good practice, and events.
	our publications which cover our audit work completed at public bodies.
	information on our forward performance audit work programme 2023-2026 which is shaped by stakeholder engagement activity and our picture of public services analysis.
	various data tools and infographics to help you better understand public spending trends including a range of other insights into the scrutiny of public service delivery.

You can find out more about Audit Wales in our Annual Plan 2024-25 and Our Strategy 2022-27.



Audit Wales

1 Capital Quarter

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Website: www.audit.wales

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

Bridgend County Borough Council
Cyngor Bwrdeistref Sirol Pen-y-bont ar Ogwr

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

Direct line / Deialu uniongyrchol: (01656) 643249
Ask for / Gofynnwch am: Carys Lord

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

Date / Dyddiad**:** 28 November 2024

Auditor General for Wales
Audit Wales Office
1 Capital Quarter
Cardiff
CF10 4BZ

Representations regarding the 2023-24 financial statements

This letter is provided in connection with your audit of the financial statements (including that part of the Remuneration Report that is subject to audit) of Bridgend County Borough Council (the Council) for the year ended 31 March 2024 for the purpose of expressing an opinion on their truth and fairness and their proper preparation.

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

Management representations

Responsibilities

We have fulfilled our responsibilities for:

- the preparation of the financial statements in accordance with legislative requirements and the Code of Practice on Local Authority Accounting in the United Kingdom; in particular the financial statements give a true and fair view in accordance therewith;

- the design, implementation, maintenance and review of internal control to prevent and detect fraud and error.

Information provided

We have provided you with:

- full access to:
  - all information of which we are aware that is relevant to the preparation of the financial statements such as books of account and supporting documentation, minutes of meetings and other matters;

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

Financial statement representations

All transactions, assets and liabilities have been recorded in the accounting records and are reflected in the financial statements.
The methods, the data and the significant assumptions used in making accounting estimates, and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in the context of the applicable financial reporting framework.
Related party relationships and transactions have been appropriately accounted for and disclosed.
All events occurring subsequent to the reporting date which require adjustment or disclosure have been adjusted for or disclosed.
All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to the auditor and accounted for and disclosed in accordance with the applicable financial reporting framework.
The financial statements are free of material misstatements, including omissions. The effects of uncorrected misstatements identified during the audit are immaterial, both individually and in the aggregate, to the financial statements as a whole. A summary of these items are set out below:

- Cardiff Capital Region City Deal: £2.580m
- Payment in Advance: £1.337m
- Duplicate Asset: £0.418m

Representations by the Council

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

We acknowledge our responsibility for the preparation of true and fair financial statements in accordance with the applicable financial reporting framework. The financial statements were approved by the Council's Governance and Audit Committee on 28 November 2024.

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

Signed by:	Signed by:
Section 151 Officer	Chair of Governance and Audit Committee
Date: 28 November 2024	Date: 28 November 2024

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Meeting of:	**GOVERNANCE AND AUDIT COMMITTEE**
Date of Meeting:	**28 NOVEMBER 2024**
Report Title:	**HALF YEAR REVIEW OF ANNUAL GOVERNANCE STATEMENT ACTION PLAN**
Report Owner / Corporate Director:	**CHIEF OFFICER – FINANCE, HOUSING AND CHANGE**
Responsible Officer:	**NIGEL SMITH, GROUP MANAGER – CHIEF ACCOUNTANT**
Policy Framework and Procedure Rules:	**Regulation 5 (2) of the Accounts and Audit (Wales) Regulations 2014 requires an authority to undertake, as part of its arrangements for corporate governance, an annual review of governance and report on internal control.**
Executive Summary:	• **The Annual Governance Statement provides an overall assessment of the Council's corporate governance arrangements and an appraisal of the controls in place to manage the Council's key risks and identifies where improvements need to be made.** • **The key risks and improvements are incorporated into an annual Action Plan, which is monitored during the year and progress on actions at the half-year review is reported to the Governance and Audit Committee.**

1. Purpose of Report

1.1 The purpose of this report is to provide an update on the Action Plan that accompanied the Annual Governance Statement 2023-24 (AGS), setting out how the significant issues identified are being addressed in 2024-25.

2. Background

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

2.2 The Annual Governance Statement 2023-24 was presented to the Governance and Audit Committee on 26 September 2024.

3. Current situation / proposal

3.1 Good corporate governance requires the active participation of Members and Officers across the Council. These arrangements are reviewed on an annual basis and the findings used to update the AGS. This helps to ensure the continuous improvement of the Council's corporate governance culture.

3.2 The AGS provides an overall assessment of the Council's corporate governance arrangements and an appraisal of the controls in place to manage the Council's key risks and identifies where improvements need to be made. The AGS 2023-24 is attached at **Appendix A** and has been updated to reflect the inclusion of the review of the Council's Digital Strategy.

3.3 Local authorities are required to monitor and evaluate the effectiveness of their governance arrangements in the year. A review of the Action Plan for the year provides a basis for reviewing progress against each significant governance issue identified. The Action Plan is included at **Appendix B** together with an update on progress against each significant governance issue.

4. Equality implications (including Socio-economic Duty and Welsh Language)

4.1 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.

5. Well-being of Future Generations implications and connection to Corporate Well-being Objectives

5.1 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 because of this report.

6. Climate Change Implications

6.1 The Climate Change implications were considered in the preparation of this report. It is considered that there will be no significant or unacceptable impacts upon the environment because of this report.

7. Safeguarding and Corporate Parent Implications

7.1 The Safeguarding and Corporate Parenting implications were considered in the preparation of this report. It is considered that there will be no significant or unacceptable impacts upon Safeguarding and Corporate parenting because of this report.

8. Financial Implications

8.1 There are no financial implications arising from this report.

9. Recommendation

9.1 It is recommended that the Committee:

- Consider the Annual Governance Statement Action Plan 2024-25 and progress on the actions to 30 September 2024.

Background documents

None

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Appendix A

Annual Governance Statement



2023-24

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1 Foreword

The Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. It has a duty under the Local Government and Elections (Wales) Act 2021 to make arrangements and keep under review the extent to which is its exercising its functions effectively, using its resources economically, efficiently and effectively and to have in place effective governance for securing these requirements.

In discharging this overall responsibility, the Council must put in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and arrangements for the management of risk. It is necessary that our communities and those that use and pay for services, those who deliver services, and our partners and suppliers, have confidence in our governance arrangements. They must be assured that our services are provided effectively and efficiently and delivered on a consistent basis, that public money is safeguarded and properly accounted for, and that decisions are taken transparently and lawfully.

The Local Government and Elections (Wales) Act 2021 repeals the performance duties which were set out in the Local Government (Wales) Measure 2009. The Act came into force on 1 April 2021. The new performance and governance regime commenced from the 2021-22 financial year. It requires councils to undertake an annual assessment of performance, and answer the following questions:

- Is the Council exercising its functions effectively?
- Is the council using its resources economically, efficiently and effectively?
- Does the Council have effective governance in place for securing the above?

The Council's second self-assessment has been published and sets out responses to the questions above for the 2022-23 financial year - the self-assessment for 2023-24 will be reported in autumn 2024. The self-assessment confirms that the Council has good governance in place. This statement sets out the Council's assessment of its governance for 2023-24.

The Cabinet and Corporate Management Board are confident that the governance arrangements operated effectively in supporting the Council in meeting its obligations and responsibilities. There are always opportunities to make improvements, and these are set out within this statement and will be addressed during the forthcoming year.



Cllr John Spanswick
Leader of the Council



Mark Shephard
Chief Executive

2 Governance Framework

What is Corporate Governance?

The Council has a key role in governing and leading our community. Effective local government relies on public confidence in Elected Members and Council Officers. Corporate governance comprises the systems, processes, culture and values by which the Council is directed and controlled, led and held to account, and how it engages with stakeholders. It is also about the way that Councillors and employees think and act.

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

What this Statement tells you

This Statement describes the extent to which the Council has complied with its Code of Corporate Governance and the requirements of the Accounts and Audit (Wales) Regulations 2014 and the Accounts and Audit (Wales) (Amendment) Regulations 2018 for the year ended 31 March 2024.

It also sets out how the Council has responded to governance issues identified during 2023-24 and actions to be undertaken during 2024-25 following an annual review of the Governance Framework.

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



Porthcawl

The Council's Governance Responsibilities

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

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

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

The Council's Code of Corporate Governance sets out its commitment to, and responsibility for, ensuring that there is a sound system of governance in place. The Code of Corporate Governance is reviewed annually, the outcome of which is reported to the Governance and Audit Committee, and is available on the Council's website.

The Council's Code of Corporate Governance sets out the seven principles of good governance in line with CIPFA's 'Delivering Good Governance in Local Government: Framework'.

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



Civic Offices

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

The Council's Governance Framework

The Governance Framework comprises the systems, processes and values by which the Council is directed and controlled and the means by which it accounts to, engages with and leads the local community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to make appropriate use of, and prevent loss of, public funds. It also assists with managing the risk of failure to achieve policies, aims and objectives. It does not eliminate all the risk; the system of internal control is designed to identify and prioritise risks, evaluate the likelihood of those risks materialising and manage their impact.

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

Decision Making and Responsibilities

The Council consists of 51 elected Members with an elected Leader and Cabinet who are supported and held to account by Scrutiny Committees. The Council's constitution sets out how the Council operates, how decisions are made and the procedures for ensuring that the Council is efficient, transparent and accountable to local people. It contains the basic rules governing the Council's business and sets out a list of functions and decisions exercisable by officers under delegated powers. It also contains the rules and protocols by which the Council, Members and officers operate.

Local Government and Elections (Wales) Act 2021

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

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

The Act continues to have a wide-ranging impact on the organisation, powers, performance measurement and governance of the Council. From May 2022 the composition of the Governance and Audit Committee changed, and one-third of its members are required to be lay members, including the Chair of the Committee. For the Council the Governance and Audit Committee now comprises 8 elected

members and 4 lay members, although as at the year end only 3 lay members were in post. New responsibilities assumed by the Committee include:

- a role in reviewing the Council's self-assessment report and making any recommendations for change;
- consideration of the outcome and response to a panel performance assessment of the Council; and
- responsibility for making reports and recommendations in relation to the authority's ability to handle complaints effectively.

Role of the Governance and Audit Committee

The **Governance and Audit Committee** is a statutory Committee that provides independent assurance on the Council's internal control environment. It consists of 8 Councillors and 4 Lay Members. Its main functions are:

- Review, scrutinise and issue reports and recommendations in relation to the Council's financial affairs.
- Review, scrutinise and issue reports and recommendations on the appropriateness of the Council's risk management, internal control, arrangements to secure value for money and corporate governance arrangements.
- To consider the report on the annual risk assessment, any interim reports and the Corporate Risk Management Policy.
- Oversee the Council's internal and external audit arrangements (including the performance of external providers of Internal Audit) and review its financial statements.
- To approve the Internal Audit Charter.
- To approve the risk-based internal audit plan and to approve significant interim changes to the risk-based internal audit plan.
- To consider and approve the Head of Internal Audit's annual report and opinion, a summary of internal audit activity (actual and proposed) and the level of assurance it can give over the Council's corporate governance arrangements.
- To consider reports from Internal Audit on agreed recommendations not implemented within a reasonable timescale and approve necessary remedial action.
- To be responsible for ensuring effective scrutiny of the Treasury Management function, Strategy and Policies.
- To monitor the Council's Anti-Fraud and Bribery Strategy, Anti-Money Laundering Policy and Anti-Tax Evasion Policy
- To review and approve the Council's Annual Governance Statement and Code of Corporate Governance.
- To review and approve the Annual Statement of Accounts and appropriateness of the accounting policies and whether the have been followed correctly, and to consider whether there are any concerns arising from the financial statements of from the audit that need to be brought to the attention of the Council.
- To review and consider reports from the External Auditor on the Council's performance, financial probity and corporate governance, and to receive reports from other external regulators as appropriate.
- To review and assess the Council's ability to handle complaints effectively and make recommendations in this respect.
- To review the Council's draft self-assessment report on its performance and, if deemed necessary, make recommendations for changes to the conclusions.

3 Corporate Governance Arrangements

Bridgend County Borough Council is committed to ensuring good governance principles and management practices are adopted in all business activities to ensure public trust. The arrangements the Council has for Corporate Governance is set out below.

1	Bridgend County Borough Council Code of Corporate Governance	The Council's Code of Governance provides a public statement that sets out the way in which the Council meets and demonstrates compliance with the CIPFA Governance principles.
2	The Governance Framework	The Council's Code is underpinned by a Governance Framework which comprises the policies, procedures, behaviours and values by which the Council is governed and controlled.
3	The Annual Governance Statement	The Annual Governance Statement provides assurances regarding the Council's Governance arrangements, together with identifying areas of future focus and improvement. The purpose of the Annual Governance Statement is to report publicly on the extent to which the Council complies with its Code of Corporate Governance. It identifies those areas which have been identified as needing improvement following self-assessment.
4	Annual Governance Statement Action Plan	The Council continues to review the areas for improvement identified within the Governance statement which are monitored through the Annual Governance Statement Action Plan.

4 Governance Assessment

Sources of assurance for the Governance assessment are set out below.

Assurance required	Sources of assurance	Assurances received
Delivery of Corporate Plan priorities	Corporate Plan Directorate Business Plans Service Plans Corporate Performance Framework	Corporate Self-Assessment report
Services are delivered economically, efficiently and effectively	Corporate Performance Assessment	Corporate Self-Assessment report Scrutiny Committees and reviews Annual Self-Assessment of the Governance & Audit Committee

Assurance required	Sources of assurance	Assurances received
Management of risk	Risk Management Framework	Governance and Audit Committee review of risk Audit Wales external challenge
Effectiveness of internal controls	Constitution and Scheme of Delegation, including contract procedure rules and financial procedure rules Strategic Leadership Team – Cabinet & Corporate Management Board	External audit reports Internal audit reports
Community engagement & public accountability	Forward Work Programme Complaints Policy Participation and Engagement Strategy	Community Engagement Feedback Ombudsman Reports
Procurement processes	Contract Procedure Rules	Value for money
Roles & responsibilities of Members & Officers	Head of Paid Service Monitoring Officer & S151 Officer	External Inspections eg Estyn, Audit Wales, Care Inspectorate Wales.
Standards of conduct & behaviour	HR Policies & procedures Members Code of Conduct Employee Code of Conduct	Complaints and compliments received
Training & development of Members & Officers	Corporate Learning & Development Plan Member Development Plan	Staff survey Performance Development Reviews – appraisal process
Compliance with laws & regulations, internal policies & procedures	Constitution Council Policies Welsh Language Standards Health & Safety Policy Internal Audit reports Whistleblowing Policy Anti-Fraud and Bribery Strategy Anti Money Laundering Policy Anti-Tax Evasion Policy	External Audit reviews Internal Audit reviews Independent external reviews – Estyn, Care Inspectorate Wales.

Audit Wales have undertaken and reported on a number of reviews during the year and these have been reported to Governance and Audit Committee. The key outcomes of the reviews are set out below.

Report	Key outcomes
Use of performance information: Service User perspective and Outcomes – Bridgend County Borough Council (September 2023)	**This review focused on the performance information provided to senior officers and senior members (senior leaders) about service user perspectives and outcomes, and how this information is used. This was not a full review of the Council's performance management arrangements or an in-depth review of the quality of the data that the Council collects. The review also didn't focus on engagement with service users on specific service charges or the development of policies and strategies.** Overall the audit found that the Council's performance information does not enable senior leaders to understand the service user perspective, which is

	restricting their ability to understand the impact of their services and policies. Two recommendations were made to strengthen the information given to senior leaders: • The Council should strengthen the information it provides to its senior leaders to enable them to understand how well services and policies are meeting the needs of service users; and • The Council should strengthen the information provided to senior leaders to help them evaluate whether the Council is delivering its objectives and its intended outcomes.
Digital Strategy Review: Bridgend County Borough Council (March 2024)	**Audit Wales looked at the extent to which the Council's strategic approach to digital has been developed in accordance with the sustainable development principle and whether it will help to secure value for money in the use of the Council's resources.** The key findings were: • The review found weaknesses in the Council's strategic approach to managing and delivering its digital strategy. The Council's digital strategy 2020-24 is not expressed as a set of timebound measurable objectives and milestones. In the absence of clear objectives and measure of success, the Council cannot easily understand whether it is achieving its intended outcomes and value for money; • The Council has not drawn on a broad range of evidence from both internal and external sources to sufficiently analyse the 'as is' to develop an understanding of the underlying causes of current demand/issues to be addressed; • The Council has not identified and engaged with all those stakeholders who may have an interest in the development of its digital strategy; and • The Council has not costed the delivery of its digital strategy nor identified its planned savings from delivering its digital strategy. The absence of this information makes it difficult for the Council to be assured that the strategy is deliverable, and that it is delivering value for money over time.

Managing Risk

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

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

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

Risks are viewed from both a Service and Council-wide perspective which ensures the key risks are distilled in the Corporate Risk Assessment. The Council has seen increasing uncertainty and risk, particularly in relation to the current economic climate and the financial challenges the Council faces. The Risk Assessment sets out how the Council is addressing these risks and the mitigating actions it will put in place to reduce them. It is regularly reviewed and challenged by both senior management and

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

During 2021-22 detailed Risk Management Guidance was developed for use by all departments across the Council. It enables staff to identify risks, prioritise them and implement actions to mitigate them, in a consistent and timely manner. Training was rolled out to all directorate management teams and the roles and responsibilities at each stage of the process outlined. Directorate Business Plans were revised to ensure that processes and actions are aligned with the corporate risk management process.

Changes at a political level places risk upon the Council, as a new Leader is to be elected during the May 2024 annual meeting. Changes in the Cabinet are likely, the extent of which will only be known once the annual meeting takes place.

Financial Management

The financial management of the Council is conducted in accordance with all relevant legislation and the Constitution. The Council has in place Financial Procedure Rules, Contract Procedure Rules, a specific Financial Scheme for Schools, and the scheme of delegation of functions also provides the framework for financial control. The Section 151 Officer is responsible for establishing a clear framework for the management of the Council's financial affairs and for ensuring that arrangements are made for their proper administration.

The Council's ability to deliver savings and contain its expenditure within its overall budget is well established. However, the Council faces significant challenges in the future in the face of uncertain funding levels and cost pressures, the impact of Cost-of-Living crisis and the ongoing conflict in the Ukraine. The Council estimates that it will need to generate approximately £45 million of savings over the period 2024-25 to 2027-28. The Medium-Term Financial Strategy has taken account of known cost pressures and priority areas in line with the Corporate Plan and undertaken extensive consultation to ensure a robust process. To ensure greater involvement of stakeholders in the development of the Medium Term Financial Strategy a three week consultation 'Shaping Bridgend's Future' was undertaken between 15 January 2024 and 4 February 2024, the emphasis of which was to seek citizen's views on how we should address the budget situation. It was recognised that the budget planning for 2024-25 was more difficult and uncertain than ever before, and the Council is facing even more cost pressures than experienced in previous years, as a result of the global economic circumstances arising from the cost-of-living crisis, high levels of inflation and the ongoing conflict in Ukraine. The results were collated and used to further inform final decisions on the Medium Term Financial Strategy. The Medium Term Financial Strategy can be found on the Council's website here. Welsh Government has given no indication of funding levels for future years. Given this uncertainty, the Council has developed detailed budgets for 2024-25 but can only make assumptions for future years based on a range of funding scenarios.

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

Compliance with the CIFPA Financial Management Code of Practice

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

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

Whilst the Code is designed to be flexible to the nature, needs and circumstances of individual authorities, it is up to each authority to determine the extent to which it complies with the FM Code and to identify what action it may wish to take to better meet the standards that the FM Code sets out. In its Guidance Bulletin 06 (*Application of the Good Governance Framework 2020/21*) CIPFA stated that the Annual Governance Statement should include the overall conclusion of an assessment of the organisation's compliance with the principles of the FM Code. Also, that where there are outstanding matters or areas for improvement, these should be included in the action plan.

The Council's assessment of its compliance with the 19 Standards outlined in the FM Code for 2023-24 identified that the Council could demonstrate compliance with all of the Standards, but that further actions could be taken to enhance compliance during 2024-25. These actions are included in the AGS Action Plan for 2024-25 and are to:

- Review and update the Council's Financial procedures and policies as required e.g. Financial Procedure Rules, Financial Scheme for Schools, Fees and Charges Policy, to reflect changing circumstances and processes as a result of the challenging financial climate;
- Provide additional training to full Council and schools, as required, on Budget Management, Capital Strategy and Earmarked Reserves;
- Continue to develop budget reduction proposals for the full life of the MTFS and a high level of monitoring of achievement of existing reductions; and
- Try to improve and widen the reach of the budget consultation process to ensure more meaningful, and specific responses.

Progress against these are included in Section 6 – Improving Governance.

5 Audit Assurance

Audit and Audit Assurances

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

In 2024 the External Auditor gave an unqualified audit opinion on the financial statements for 2022-23.

Audit Wales also audit a number of grant claims and in the year completed 5 audits of grants and returns. In addition, Audit Wales undertake reviews of various services and also performance reviews throughout the year, the outcome of which are reported to the Governance and Audit Committee.

Internal Audit is a statutory requirement within Local Government. The Council's internal audit is undertaken by the Regional Internal Audit Service, a partnership shared service between Bridgend County Borough Council, Rhondda Cynon Taf County Borough Council, Merthyr Tydfil County Borough Council hosted by the Vale of Glamorgan Council.

The Head of Internal Audit's annual opinion on the adequacy and effectiveness of the Council's framework of governance, risk management and control for 2023-24 is:

"Reasonable Assurance"

The opinion states that, based on the work completed by the Regional Internal Audit Shared Service for the financial year, no significant cross-cutting control issues have been identified that would impact on the Council's overall control environment. 90% of the agreed plan has been achieved indicating good internal audit coverage across all service areas. The weaknesses that have been identified are service specific. Audit opinions have been presented to Governance and Audit Committee throughout the year as summarised below.

Audit Opinion	**Number**
Substantial assurance	10
Reasonable assurance	25
Limited assurance	6
No assurance	0
Total	**41**

85% of Internal Audit opinions issued were positive which provided a good level of assurance on the effectiveness of the control environment; there were no *No Assurance* opinions issued.

Of the 12 audits that were deferred from 2022-23, 10 have been completed with 2 in progress at year end. Additionally 2 2023-24 planned audits have been deferred into 2024-25. The recommendations made to improve governance, risk management and control have been accepted by operational management and are at various stages of implementation. Progress on implementation of agreed Internal Audit recommendations and the progress of completion of the Internal Audit Plan was reported quarterly to Governance and Audit Committee.

The Governance and Audit Committee also receives twice-yearly a regulatory tracker. This was implemented to cover all regulators and all completed inspections and their recommendations for the Council. The tracker focuses on amber and red rated recommendations, being adequate and unsatisfactory rated recommendations, whilst the Subject and Overview Scrutiny Committees receive the report to include all recommendations irrespective of rating.

6 Improving Governance

A number of significant issues were identified in the Council's 2022-23 Annual Governance Statement. The progress made on the significant issues is shown below.

6.1 Progress on issues raised in 2022-23 that were addressed in 2023-24

Issue	Governance Principle	What the issue was	Outcome of actions taken
Workforce Development	E	Like many other Councils Bridgend is experiencing significant workforce challenges particularly in Social Services. Audit Wales identified that the Council did not have in place a strategic Workforce Plan to guide and inform approaches to managing short term critical workforce pressures and ensuring future resilience within the workforce.	A number of key workforce planning activities have taken place, including: • Supporting children's services workforce planning to improve the recruitment of social workers, including international recruitment, continuing to grow our own social worker and reduce reliance on agency social workers. • Supporting recruitment and retention of staff in adult social care to meet current and future service demand. • Dedicated recruitment plan for catering services. • School leadership age analysis to understand short and medium-term succession planning. • Development of policies to support new ways of working. • Introduction of a new Employee Assistance Programme available for all employees to access. For 2023-24 directorate business planning included workforce planning priorities and information on their workforce and working planning. This has improved visibility on workforce issues in each Directorate, as well as identifying some of the workforce planning priority areas and activities taking place to address them.

Issue	Governance Principle	What the issue was	Outcome of actions taken
			The current focus is on supporting services who have to identify reductions in service budgets in line with the Medium Term Financial Strategy. The level of reductions are unprecedented and will have a wide-ranging impact on the level of services that the Council can deliver.
Strategic Asset Management	E	An Audit Wales review identified workforce challenges are impacting on the Council's ability to plan strategically and to ensure the Council's buildings meet statutory safety requirements.	Significant work has been undertaken to improve the Council's statutory compliance in the "Big 5" areas of compliance, including electricity, gas, fire safety, asbestos and legionella. The first four areas are well into the 90% compliance for the first time in 10 years, significantly improving the statutory compliance picture. A new Integrated Works Management System (IWMS) is also being procured, which will increase visibility and efficiency in uploading new data and certification to give a live view on compliance across the Authority.
Disabled Facility Grants (see AW report referred above)	F	The Council has been slow to respond to Audit Wales proposals for improvement in relation to Disabled Facilities Grants and performance remains poor. The council is developing a new operating model for 2023-24 which is intended to be simpler, better coordinated and more responsive to service user needs.	Significant work was undertaken to improve this service in 2023-24. This has included updating procedure guidelines, working with external surveyors to enable progress with existing grant applications and work, the introduction of a new software system to monitor progress on all applications and improved tendering processes to ensure value for money. For the first time in many years, the service has fully spent its capital allocation in 2023-24
Decarbonisation 2030	D	Whilst the Council has in place a Decarbonisation 2030 strategy, it	The Welsh Government have announced that they have

Issue	Governance Principle	What the issue was	Outcome of actions taken
		has not fully identified the resources needed to implement the strategy nor how partners may help to deliver the strategy ambitions.	realigned their ambitious 2030 net zero targets for public sector decarbonisation to 2035. The Council's strategy will now be reviewed in line with national objectives however the intention to work with other public sector partners to deliver the strategy will still remain.
Long to medium term financial management	F	The Council has robust financial management process in place, but there are some areas where improvements can be made: • provide additional training to full Council on Capital Strategy and Earmarked Reserves • provide finance training to schools on closing of accounts procedures and requirements • rationalisation of earmarked reserves and developing timescales for usage • continue to review consistently under and overspends and realign budgets accordingly • continue to develop budget reduction proposals for the full life of the Medium Term Financial Strategy	Capital Strategy training was undertaken for all members on 18 May 2023. Training for schools on the closing process was provided on 12 March 2024. Reserves are regularly reviewed and members have been provided with details of reserves held. A major review of reserves was undertaken at the start of the financial year, as well as ongoing monitoring throughout the year, with unwinding and repurposing of reserves as necessary. Budget monitoring is undertaken throughout the year, with quarterly reports presented to Cabinet and Scrutiny. Budget reduction proposals have been developed as part of the Medium Term Financial Strategy and were presented to Council for approval I February 2024.
Additional Training for Members to support their role in ensuring proper financial management of the Council	E	As new members have joined the Council it is crucial that they develop the skills and knowledge to undertake their role competently. There may be knowledge gaps in some areas particularly in relation to the Capital Strategy, Earmarked Reserves and Statement of Accounts.	Training was provided during the year to Members including Capital Strategy, Treasury Management and Earmarked Reserves to enable members to have a better understanding of these areas and enable greater scrutiny of decision-making, ensuring a more robust delivery of these services.
Performance Management Arrangements	F	A review of the Council's performance management arrangements have identified that they do not consistently enable it	A 1-year Corporate Plan Delivery Plan was agreed by Council on 17 April 2024.

Issue	Governance Principle	What the issue was	Outcome of actions taken
		to effectively manage its performance.	New arrangements for performance monitoring and summaries are almost entirely complete and will be complete at the quarter 4 reporting in June. They have received positive feedback from members. Arrangements for self-assessment were agreed at Governance and Audit Committee on 18 April 2024. Performance Indicator audits commenced in summer 2024. The Audit Wales Service User Perspective data has been received and a range of solutions presented to Corporate Overview and Scrutiny Committee (COSC) in late March. A service user perspectives workshop was held with COSC members on 3 June 2024.

Based on a review of the governance framework, and an assessment of compliance with the CIPFA Financial Management Code, the following significant issues identified in 2023-24 will be addressed in 2024-25 with the links to the **Governance Principles** on page 5:

6.2 Issues raised in 2023-24 that will be addressed in 2024-25

Issue	Governance Principle	What the issue is	Proposed Actions to address issue
Medium to long term financial management	F	The impact of budget reductions is no longer sustainable through top-slicing of budgets, and the focus will need to turn to reductions in service delivery and the potential for the Council to cease providing come services.	The budget setting process for 2025-26 is to start earlier than usual. The process for setting the budget will be reviewed with the Cabinet. The BREP process is being reviewed to ensure engagement and challenge to take place throughout the year leading up to the setting of the 2025.26 budget.
Recruitment	E	Difficulties remain in certain areas for recruitment of staff.	Targeted recruitment continues in certain key areas, with bespoke

Issue	Governance Principle	What the issue is	Proposed Actions to address issue
			recruitment packages being developed as appropriate. We continue to work regionally and nationally to develop solutions that will not destabilise the job market
Decarbonisation *(carried forward from 2023-24)*	D	Whilst the Council has in place a Decarbonisation 2030 strategy, it has not fully identified the resources needed to implement the strategy nor how partners may help to deliver the strategy ambitions.	The Welsh Government have announced that they have realigned their ambitious 2030 net zero targets for public sector decarbonisation to 2035. The Council's strategy will now be reviewed in line with national objectives however the intention to work with other public sector partners to deliver the strategy will still remain.
Use of performance information (service user perspective)	B	The Council's needs to ensure that performance information enables senior leaders to understand the service user perspective and to plan services accordingly.	The Council's performance management team is working with the Corporate Overview and Scrutiny Committee (COSC) to develop a small suite of PIs to measure service user perspectives better from 2025/26. Research has been completed to assess existing measures in the Council, measures in other councils and national measures and a workshop will take place on 3 June to review the research and develop an action plan.
Improved Financial Management	G	The Council's assessment of its compliance with the 19 Standards outlined in the FM Code for 2023-24 identified that the Council could demonstrate compliance with all of the Standards, but that further actions could be taken to enhance compliance during 2024-25	• Review and update the Council's Financial procedures and policies as required e.g. Financial Procedure Rules, Financial Scheme for Schools, Fees and Charges Policy, to reflect changing circumstances and processes as a result of the challenging financial climate. • Provide additional training to full Council and schools, as required, on Budget Management, Capital Strategy and Earmarked Reserves

Issue	Governance Principle	What the issue is	Proposed Actions to address issue
			• Continue to develop budget reduction proposals for the full life of the MTFS and a high level of monitoring of achievement of existing reductions • Try to improve and widen the reach of the budget consultation process to ensure more meaningful, and specific responses
Digital Strategy	D	An Audit Wales review found weaknesses in the Council's strategic approach to managing and delivering its digital strategy. The Council's digital strategy 2020-24 is not expressed as a set of timebound measurable objectives and milestones. In the absence of clear objectives and measure of success, the Council cannot easily understand whether it is achieving its intended outcomes and value for money. The review also found that the Council has not consulted with all stakeholders, nor has costed the delivery of its digital strategy or savings achievable.	• The Council is currently drafting a new Digital Strategy. The new document will take into account the needs of stakeholders, both within and outside of the Council, and will be supported with an action plan which includes key milestones.

These issues will be monitored via a detailed action plan during 2024-25, with the responsible officer and deadline for implementation identified for each action and reported to Cabinet/Corporate Management Board and to the Governance and Audit Committee.

7 Assurance Statement

Governance arrangements have effectively supported the Council through the reporting period. Decisions are subject to effective external and internal scrutiny and where weaknesses are found, action plans are put in place and monitored. Based on this, subject to the above issues being resolved, we can provide an overall reasonable assurance that Bridgend County Borough Council's governance arrangements remain fit for purpose.

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

Signed: _____ Date: 15/11/24
(Leader)

Signed: _____ Date: 15/11/24
(Chief Executive)

Image back cover: Bryngarw Country Park



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Appendix B

Annual Governance Statement Action Plan 2024-25 – half year review

Issue	Governance Principle	What the issue is	Proposed Actions to address issue	Responsible Officer	6-month progress update
Medium to long term financial management	F	The impact of budget reductions is no longer sustainable through top-slicing of budgets, and the focus will need to turn to reductions in service delivery and the potential for the Council to cease providing come services.	The budget setting process for 2025-26 is to start earlier than usual. The process for setting the budget will be reviewed with the Cabinet. The BREP process is being reviewed to ensure engagement and challenge to take place throughout the year leading up to the setting of the 2025.26 budget.	Chief Officer – Finance, Housing & Change	The budget setting process is underway for 2025-26. The process is having to consider all options with no services being protected. All Directorates have been request to look at future models of service delivery. All member briefings are now in place to update on the current year financial position and the budget setting process. Meetings were held with all political groups in July and will be repeated by December. The BREP process has been reviewed and more detailed work will be done within working groups that will report findings and issues to BREP for consideration.
Recruitment	E	Difficulties remain in certain areas for recruitment of staff.	Targeted recruitment continues in certain key areas, with bespoke recruitment packages being developed as appropriate. We continue	Group Manager – Human Resources and	We are starting to see improved recruitment in certain areas where effort has been made to recruit, one example of this is Childrens Social Workers.

Issue	Governance Principle	What the issue is	Proposed Actions to address issue	Responsible Officer	6-month progress update
			to work regionally and nationally to develop solutions that will not destabilise the job market	Organisational Development	Ongoing work with services continues to look at alternatives such growing their own via apprentices or graduates.
Decarbonisation *(carried forward from 2023-24)*	D	Whilst the Council has in place a Decarbonisation 2030 strategy, it has not fully identified the resources needed to implement the strategy nor how partners may help to deliver the strategy ambitions.	The Welsh Government have announced that they have realigned their ambitious 2030 net zero targets for public sector decarbonisation to 2035. The Council's strategy will now be reviewed in line with national objectives however the intention to work with other public sector partners to deliver the strategy will still remain.	Corporate Director - Communities	Following the announcement from Welsh Government on the realigned target for decarbonisation to 2035, officers are now reviewing the Council's 2030 Strategy and Action Plan. This will ensure that we maintain our ambition and deliver the strategy over the longer timeframe but that the action plan reflects the amended resource profile. Working alongside partner organisations is critical to the success of Decarbonisation and this will include both liaising and working directly on projects with other Local Authorities, the Welsh Government Energy Service (WGES), Welsh Government, CCR, the Health Board, RSL's and third sector organisations. A key part of this partnership working will be submitting grant applications for funding and this will continue over the next year.

Issue	Governance Principle	What the issue is	Proposed Actions to address issue	Responsible Officer	6-month progress update
Use of performance information (service user perspective)	B	The Council's needs to ensure that performance information enables senior leaders to understand the service user perspective and to plan services accordingly.	The Council's performance management team is working with the Corporate Overview and Scrutiny Committee (COSC) to develop a small suite of PIs to measure service user perspectives better from 2025/26. Research has been completed to assess existing measures in the Council, measures in other councils and national measures and a workshop will take place on 3 June to review the research and develop an action plan.	Chief Officer – Legal and Regulatory Services, Human Resources and Corporate Policy	At a COSC workshop in June 2024, four priority themes were established – schools, homelessness, waste, and customer services. These will be examined in more detail at the COSC meeting in January 2025, including discussions around the results of the new national residents survey.
Improved Financial Management	G	The Council's assessment of its compliance with the 19 Standards outlined in the FM Code for 2023-24 identified that the Council could demonstrate compliance with all of the Standards, but that further actions could be taken to enhance compliance during 2024-25	• Review and update the Council's Financial procedures and policies as required e.g. Financial Procedure Rules, Financial Scheme for Schools, Fees and Charges Policy, to reflect changing circumstances and processes as a result of the challenging financial climate. • Provide additional training to full Council	Chief Officer – Finance, Housing & Change	The Finance procedures rules have been reviewed and updated and are to be considered by Cabinet in November 2024. Briefing sessions on the capital strategy will be provided to Members ahead of the Strategy being presented to Council in February 2025. A paper detailing the position with regards to reserves was shared with

Issue	Governance Principle	What the issue is	Proposed Actions to address issue	Responsible Officer	6-month progress update
			and schools, as required, on Budget Management, Capital Strategy and Earmarked Reserves • Continue to develop budget reduction proposals for the full life of the MTFS and a high level of monitoring of achievement of existing reductions • Try to improve and widen the reach of the budget consultation process to ensure more meaningful, and specific responses		members during 2023/2024. This has been updated and will be recirculated. The budget is closely monitored and reported to Cabinet on a quarterly basis. More briefings for members have also been provided More information has been shared with residents of Bridgend Council area to provide more information regarding the Council's budget, the services that are provided and what the Council is responsible for.
Digital Strategy	D	An Audit Wales review found weaknesses in the Council's strategic approach to managing and delivering its digital strategy. The Council's digital strategy 2020-24 is not expressed as a set of timebound measurable objectives and milestones. In the absence of clear objectives and measure of success, the Council cannot easily understand whether it is achieving its intended outcomes and value for money.	• The Council is currently drafting a new Digital Strategy. The new document will take into account the needs of stakeholders, both within and outside of the Council, and will be supported with an action plan which includes key milestones.	Chief Officer – Finance, Housing & Change	The development of the strategy will progress over the forthcoming months.

Issue	Governance Principle	What the issue is	Proposed Actions to address issue	Responsible Officer	6-month progress update
		The review also found that the Council has not consulted with all stakeholders, nor has costed the delivery of its digital strategy or savings achievable.			

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Meeting of:	**GOVERNANCE AND AUDIT COMMITTEE**
Date of Meeting:	**28 NOVEMBER 2024**
Report Title:	**TREASURY MANAGEMENT HALF YEAR REPORT**
Report Owner / Corporate Director:	**CHIEF OFFICER – FINANCE, HOUSING AND CHANGE**
Responsible Officer:	**NIGEL SMITH, GROUP MANAGER – CHIEF ACCOUNTANT**
Policy Framework and Procedure Rules:	**Paragraph 22.5 of the Financial Procedure Rules require the Chief Finance Officer to report quarterly to Council, summarising borrowing and investment activity and indicating compliance with any statutory or Council approved guidelines together with a half yearly and an annual report to the Governance and Audit Committee.**
Executive Summary:	**The report provides an update of Treasury Management activity for the half year period 1 April 2024 – 30 September 2024.** **As at 30 September 2024 the Council had £99.58 million of long term debt, £15.32 million of other long term liabilities and an overall net debt position of £69.90 million.** **The average interest rate for debt was 4.69% (excluding Salix borrowing which is interest free) and for investments it was 5.09%.** **The Council has a manageable maturity structure of borrowing, with its current debt repayable at various points over the next 30 years.** **The Council has complied with the Chartered Institute of Public Finance and Accountancy's Treasury Management Code and Welsh Government Investment Guidance.**

1. Purpose of Report

1.1 The purpose of this report is to:

- Report on the Treasury Management Indicators for the period to September 2024.
- Comply with the requirement of the Chartered Institute of Public Finance and Accountancy's (CIPFA's) 'Treasury Management in the Public Services: Code of Practice' (the CIPFA Code).

2. Background

2.1 Treasury Management is the management of the Council's cash flows, borrowing and investments, and the associated risks. The Council is exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risk are therefore central to the Council's prudent financial management.

2.2 Treasury risk management at the Council is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2021 edition (the CIPFA Code), which requires the Council to approve a Treasury Management Strategy before the start of each financial year, and, as a minimum, a semi-annual and annual treasury outturn report. The CIPFA Code also 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, and these are included throughout this report. Welsh Government (WG) guidance issued in November 2019 on Local Authority Investment's requires the Council to approve an Investment Strategy before the start of each financial year. This report fulfils the Council's legal obligation under the Local Government Act 2003 to have regard to both the CIPFA Code and the Welsh Government Guidance.

2.3 The CIPFA Prudential Code for Capital Finance in Local Authorities (2021 edition) (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 definition of investments in the Prudential Code covers all the financial assets of the Council as well as other non-financial assets which the authority holds primarily for financial return. The Council's Capital Strategy 2024-25 complied with CIPFA's requirement and included the Prudential Indicators along with the details regarding the Council's non-treasury investments. The Capital Strategy and Treasury Management Strategy should be read in conjunction with each other as they are interlinked, as borrowing and investments are directly impacted upon by capital plans, and both were approved together by Council on 28 February 2024.

2.4 The Council's treasury management advisors are Arlingclose. The current services provided to the Council include:

- advice and guidance on relevant policies, strategies and reports
- advice on investment decisions
- notification of credit ratings and changes
- other information on credit quality
- advice on debt management decisions
- accounting advice
- reports on treasury performance
- forecasts of interest rates
- training courses

3. Current situation / proposal

3.1 External Context – Economic Background

3.1.1 Inflation, measured by the Consumer Price Index (CPI), rose by 1.7% in the 12 months to September 2024, however this was the first time since April 2021 that the rate has fallen below the UK Government's target of 2%.The largest downward contribution in the monthly change for the CPI annual rate was driven by transport, with the largest contributions from air fares and motor fuels. Conversely, the largest increase came from food and non-alcoholic beverages. Of significance for the next period is the rise in the retail energy price cap, which will impact CPI in October 2024.

3.1.2 With headline inflation lower, the Bank of England (BoE) cut Bank Rate from 5.25% to 5.00% at the August Monetary Policy Committee (MPC) meeting. The decision was finely balanced, voted by a 5-4 majority with four members preferring to hold at 5.25%. At the September MPC meeting, committee members voted 8-1 for no change at 5.00%. The meeting minutes suggested sticky inflation remaining a concern among policymakers. Arlingclose, the authority's treasury adviser, maintained its central view that Bank Rate would steadily fall from the 5.25% peak, with the first cut in August being followed by a series of further cuts, with November 2024 the likely next one, taking Bank Rate down to around 3% by the end of 2025. However, Arlingclose may revise their forecast following the recent budget announcement by the new Chancellor.

3.1.3 The financial markets continued to mostly improve over the period, but the ongoing trend of bond yield volatility remained. The general upward trend in yields in the early part of the period was reversed in the later part, and yields ended the half-year close to where they started.

3.2 Public Works Loan Board (PWLB) Lending Facility Advice

3.2.1 As the Council may need to borrow to support its capital programme, it continues to follow the PWLB requirement for borrowing to not invest in assets primarily for yield, or financial return, as this would prevent the Council from accessing funding from the PWLB except to refinance existing loans or externalise internal borrowing. Acceptable use of PWLB borrowing includes service delivery, housing, regeneration, preventative action, refinancing and treasury management.

3.2.2 The Council's treasury management activities are undertaken in line with CIPFA's Prudential Code for Capital Finance and CIPFA's Treasury Management Code. To comply with the Prudential Code authorities must not borrow to invest primarily for financial return. The Prudential Code also states it is not prudent for local authorities to make investment or spending decisions that will increase the Capital Financing Requirement (CFR) unless directly and primarily related to the functions of the authority. Existing commercial investments are not required to be sold, however, authorities with existing commercial investments who expect to need to borrow should review the options for exiting these investments. The Council has complied with the full requirements of both codes during the period to 30 September 2024.

3.3 Treasury Management update for period 1 April 2024 to 30 September 2024

3.3.1 The Council has complied with its legislative and regulatory requirements during the period 1 April to September 2024-25. The Treasury Management Strategy 2024-25 was approved by Council on 28 February 2024.

3.3.2 A summary of the treasury management activities is shown in the Treasury Management Half Year Report to 30 September 2024 at **Appendix A**. The Council's external debt and investment position on 30 September 2024 is shown in Table 1 below, and more detail is provided within the appendix. As with the previous year, no long-term borrowing has been taken out in 2024-25 so far and no debt rescheduling has been undertaken as there has been no opportunity to make significant savings. However, should the opportunity arise to reschedule any loans at a preferential rate, this would be done.

Generally, the Council has experienced favourable cash flows which have continued to provide surplus funds for investment and the balance on investments held on 30 September 2024 was £45.00 million, with an average interest rate of 5.09%. The total balance of investments has reduced slightly compared to those at the end of last financial year, 31 March 2024, when the balance held was £50.00 million, at an average interest rate of 5.02%. The short-term borrowing taken out for cashflow purposes at the end of the previous year has been fully repaid.

Table 1: Council's external debt and investment position as of 30 September 2024

Investments for Treasury Purposes	Principal as at 31/03/2024 £m	Principal as at 30/9/2024 £m	Average Rate 30/9/2024 %
External Long-Term Borrowing			
Public Works Loan Board	77.62	77.62	4.70
Lender's Option Borrower's Option	19.25	19.25	4.65
Salix Loans (interest Free)	2.74	2.71	NIL
Short Term Borrowing	5.00	NIL	NIL
Total External Long-Term Borrowing	**104.61**	**99.58**	**4.69***
Other Long-Term Liabilities			
Private Finance Initiative**	12.97	12.47	
IFRS 16 Leases	NIL	2.85	
Total Other Long-Term Liabilities	**12.97**	**15.32**	
Total Gross Debt	**117.58**	**114.90**	
Investments for treasury management purposes			
Local Authorities	44.00	20.00	5.65
Money Market Funds (instant access)	NIL	18.50	5.00
Banks	6.00	6.50	3.63
Total Treasury Investments	**50.00**	**45.00**	**5.09**
Net Debt	**67.58**	**69.90**	

* Excluding Salix loans which are interest free
** (PFI) arrangement for the provision of a Secondary School in Maesteg 9.50 years remaining term

3.3.3 The £19.25 million in Table 1 above relates to Lender's Option Borrower's Option (LOBO) loans which have a maturity date of 2054 though these may be rescheduled in advance of this maturity date with the lender having the ability to recall the debt at 2 intervals in the year, July and January. However, this is currently unlikely in the current interest climate and the option was not exercised on 22 July 2024.

3.3.4 The Total Other Long Term Liabilities figure of £15.32 million at 30 September 2024 includes £12.47 million for the Council's Private Finance initiative (PFI) arrangement for the provision of a Secondary School in Maesteg. The Other Long-Term Liabilities reflect leases required to be recognised under International Financial Reporting Standard 16 – Leases (IFRS 16), which is a new requirement for the recognition of assets that are leased, which previously would have not been recognised as assets on the balance sheet but charged as an expense through income and expenditure. The new accounting standard requires that for any leases not previously identified as assets, that a right of use asset is recognised on the balance sheet and an equal lease liability also recognised.

3.3.5 Both the CIPFA Code and Welsh Government Guidance require the Council to invest its funds prudently and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return. Investment decisions are made by reference to the lowest published long-term credit rating from Fitch, Moody's or Standard and Poor's to ensure that this lies within the Councils' agreed minimum credit rating.

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

3.3.7 There are no long-term investment (original duration of 12 months or more) outstanding as at 30 September 2024. All investments at 30 September 2024 are short term deposits including instant access and fixed term deposits.

3.3.8 The Treasury Management Code requires the Council to set and report on a number of Treasury Management Indicators. The indicators either summarise the expected activity or introduce limits upon the activity. Details of the estimates for 2024-25 set out in the Council's Treasury Management Strategy compared to the actual at 30 September 2024 are shown in **Appendix A** and these show that the Council operated within the approved limits throughout the period.

4. Equality implications (including Socio-economic Duty and Welsh Language)

4.1 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.

5. Well-being of Future Generations implications and connection to Corporate Well-being Objectives

5.1 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 because of this report.

6. Climate Change Implications

6.1 The Climate Change implications were considered in the preparation of this report. It is considered that there will be no significant or unacceptable impacts upon the environment because of this report.

7. Safeguarding and Corporate Parent Implications

7.1 The Safeguarding and Corporate Parenting implications were considered in the preparation of this report. It is considered that there will be no significant or unacceptable impacts upon Safeguarding and Corporate parenting because of this report.

8. Financial Implications

8.1 The financial implications are reflected within the report and attached **Appendix A**.

9. Recommendations

9.1 It is recommended that the Governance and Audit Committee:

- Note the treasury management activities for 2024-25 for the half year period 1 April 2024 to 30 September 2024.
- Note the Treasury Management Indicators for the half year ending 30 September 2024 against those approved in the Treasury Management Strategy 2024-25.

Background documents

None



Treasury Management
Half Year Report to 30 September 2024

Cyngor Bwrdeistref Sirol
Pen-y-bont ar Ogwr
BRIDGEND
County Borough Council

EXECUTIVE SUMMARY

- Treasury Management is the management of the Council's cash flows on a day-to-day basis and is carried out in accordance with legislation and Codes of Practice.
- The Treasury Management Strategy was approved by Council on 28 February 2024.
- Inflation, measured by the Consumer Prices Index (CPI), rose by 1.7% in the 12 months to September 2024, but reduced from 2.2% in August.
- The Bank of England base rate was reduced to 5% in August 2024 from the previous 5.25%.
- No new long-term debt was taken out during the period, and no debt was rescheduled during the period. Interest rates on long term-debt remain unchanged at an average of 4.69%.
- Total external borrowing at 30 September 2024 was £99.58 million, a reduction of £5.03 million due to repayment of a short-term loan in May 2024 of £5 million, and £0.03 million scheduled repayments of Salix loans.
- Total investments as at 30 September 2024 were £45 million, a reduction of £5m from 1 April 2024.
- Average interest rates on investments as at 30 September 2024 was 5.09%, a slight increase from 31 March 2024 of 5.02%.
- The Council's investments are split across a number of counterparties, including local authorities, money market funds and banks.
- Investments are made on the basis of security, liquidity and, only then, return, commensurate with the security and liquidity of the investment.
- Due to the current level of reserves, the Council is able to use short-term resources to fund capital expenditure in lieu of external borrowing. However, this is only a short-term position and, whilst the liability benchmark (Chart 1) suggests that the Council may not need new borrowing in the current financial year, it is likely that potentially up to £30 million of new borrowing will be required during 2025-26, and a further £6m in 2026-27.
- The Council may use short-term borrowing (less than 12 months) to manage day-to-day operational cash flow. The Council did not have any such borrowing as at 30 September 2024.
- Council approved a change to the method of setting aside resources to repay debt, known as Minimum Revenue Provision (MRP), on 23 October 2024. The impact of this change has been reflected within this report as it affects the Capital Financing Requirement.
- The Council has operated within the approved limits set out in the Treasury Management Strategy 2024-25.

1.0 INTRODUCTION

Treasury management activities are the *'management of the organisation's borrowing, investments and cash flows, including 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.'* (Chartered Institute of Public Finance and Accountancy (CIPFA) Treasury Management in the Public Services: Code of Practice (2021) (CIPFA TM Code).

The definition of 'Investments' 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.

The Council carries out its treasury management function in accordance with the CIPFA TM Code and the legal obligation under the Local Government Act 2003 to have regard to both the CIPFA TM Code and Welsh Government Guidance.

The Council has an integrated Treasury Management Strategy 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 will look to borrow money if needed to either 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 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. The Governance and Audit Committee are 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

The Consumer Prices Index (CPI) rose by 1.7% in the 12 months to September 2024, down from 2.2% in August 2024. On a monthly basis, CPI was unchanged in September 2024, down from a rise of 0.5% in September 2023.

The CPI rate fell below target for the first time since April 2021 in a surprisingly soft set of inflation figures. Following on from the wage growth data released 15 October 2024, policymakers will be pleased to see declines in both the core and services rates, suggesting underlying inflationary pressures are ebbing. However, they will remain cautious; volatile items such as air fares and fuel prices were the primary drivers of

the drop, food price disinflation reversed, and price pressures continue to run fairly hot in some areas. With the rise in the retail energy price cap showing up in the October data (released next month), the views of our advisors (Arlingclose) are that they believe one more rate cut this year (in November) remains the most likely outcome.

With headline inflation lower, the Bank of England cut Bank Rate from 5.25% to 5.00% at the August Monetary Policy Committee (MPC) meeting. The decision was finely balanced, voted by a 5-4 majority with four members preferring to hold at 5.25%. At the September MPC meeting, committee members voted 8-1 for no change at 5.00%, with the lone dissenter preferring Bank Rate to be cut again to 4.75%. Arlingclose, the authority's treasury adviser, maintained its central view that Bank Rate would steadily fall with November 2024 the likely next reduction, with further reductions taking Bank Rate down to around 3% by the end of 2025.

Sentiment in financial markets continued to mostly improve over the period, but the ongoing trend of bond yield volatility remained. The general upward trend in yields in the early part of the period was reversed in the later part, and yields ended the half-year not too far from where they started. However, the volatility in response to economic, financial and geopolitical issues meant it was a bumpy ride for bond investors during that time.

Arlingclose have maintained its advised recommended maximum unsecured duration limit on all banks on its counterparty list at 100 days.

3.0 EXTERNAL DEBT AND INVESTMENT POSITION

The Council's external debt and investments at 30 September 2024 are set out in Table 1 below. The Council held £99.58 million of Long Term Borrowing comprising:

- Public Works Loan Board (PWLB - UK government) at fixed rates and duration
- Lender's Option Borrower's Option (LOBO) which may be rescheduled ahead of their maturity of 22 July 2054 (no call was made in July 2024)
- £2.71million of Salix interest-free loans

The Council borrowed £5 million for short term cash flow purposes in March 2024, which was repaid in May 2024.

At 30 September 2024 the Council had £45.00 million of investments for treasury management purposes and £4.99 million of investments for commercial purposes.

Table 1: Council's external debt and investment position as of 30 September 2024

Investments for Treasury Purposes	Principal as at 31/03/2024 £m	Principal as at 30/09/2024 £m	Average Rate 30/09/2024 %
External Long Term Borrowing			
Public Works Loan Board (PWLB)	77.62	77.62	4.70
Lenders Option Borrowers Option (LOBO)	19.25	19.25	4.65
Salix Loans (Interest Free)	2.74	2.71	NIL
Short Term Borrowing	5.00	NIL	NIL
Total External Borrowing	**104.61**	**99.58**	**4.69***
Other Long Term Liabilities			
Private Finance Initiative**	12.97	12.47	
IFRS 16 Leases	NIL	2.85	
Total Other Long Term Liabilities	**12.97**	**15.32**	
Total Gross Debt	**117.58**	**114.90**	
Investments for treasury management purposes			
Local Authorities	44.00	20.00	5.65
Money Market Funds (instant access)	NIL	18.50	5.00
Banks	6.00	6.50	3.63
Total Treasury Investments	**50.00**	**45.00**	**5.09**
Net Debt	**67.58**	**69.90**	

Investments for Commercial Purposes	Fair Value as at 31/03/2024 £m	Anticipated return 31/3/2025 £m
Investments	4.990	0.459

** Excluding Salix loans which are interest free and Short Term borrowing*
*** (PFI) arrangement for the provision of a Secondary School in Maesteg 9.50 years remaining term*

The current profile of repayment of the Council's long-term debt is set out in the Liability Benchmark chart below. The table assumes that the Public Works Loan Board and Lender's Option Borrower's Option loans will be repayable on their maturity date. However, although shown as maturing in 2054 the £19.25 million of Lender's Option Borrower's Option loans can be called at 2 intervals in the year July and January however it is currently unlikely in the current interest climate. The option was not exercised on 22 July 2024.

PWLB lending criteria requires that the Council does not invest purely for financial return if it wishes to access any new PWLB borrowing. The CIPFA TM Code sets out that it is not prudent for local authorities to invest for financial return.

All borrowing by the Council is as a single pool of debt rather than having loans specific to individual schemes. Where a Council finances capital expenditure by debt, it must put aside revenue to repay that debt in later years, known as Minimum Revenue Provision (MRP). Council approved a change to the MRP Policy at its meeting of 23 October 2024, to move from a straight line method of calculation of MRP to an annuity method. As a result of this change the forecast MRP for 2024-25 is £3.838 million, which includes supported and unsupported borrowing, the PFI for Maesteg School and for leases which previously have not been recognised as liabilities, but which are now required to be under International Financial Reporting Standard 16 (IFRS16). This is a reduction from the amount forecast at the start of the year, which was £7.321 million. The annuity method of calculating MRP will result in lower MRP charges in earlier years and higher charges in later years. However, when considering the total cost of MRP plus interest charges, the annuity method provides a more even cost each year. It is also considered more prudent as it takes into account the time value of money, so reflects the impact of having £100 now as being more valuable than £100 in one years' time.

Liability benchmark

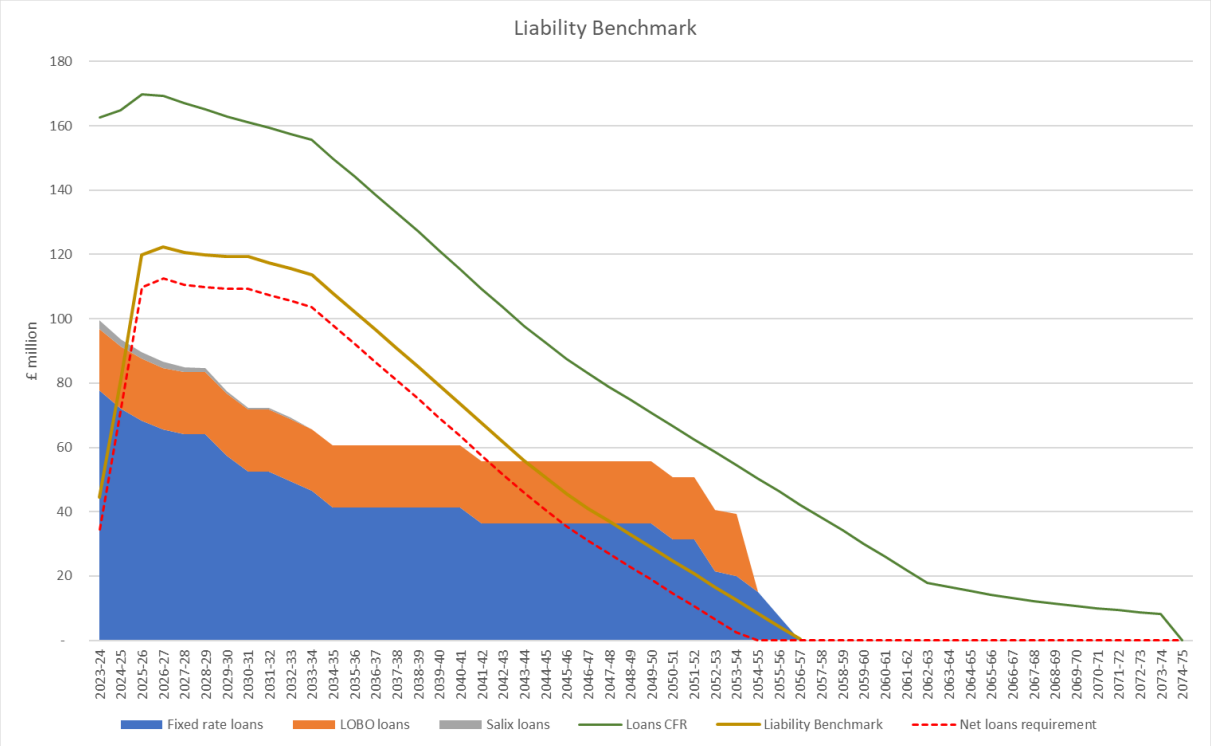
The liability benchmark is a tool which helps to assess the lowest level of borrowing the Council needs, taking into account available cash resources to fund capital expenditure in the short term. A minimum level of investments is factored into the calculation, set at £10 million, which are held as reasonably liquid to ensure the Council has available cash resources to meet day-to-day cash flow requirements. Forecast borrowing needs are based on capital expenditure estimates and available useable reserves. The underlying need to borrow to fund capital expenditure (known as the Capital Financing Requirement or CFR) is the amount of capital expenditure which is not funded via grants, capital receipts or contributions from revenue and earmarked reserves.

Table 2 below shows the Capital Financing Requirement and the calculation of the liability benchmark. It is important to note that the graph is based on the current approved capital programme and the borrowing associated therewith. Any new schemes which require debt financing will increase the CFR and loans requirement.

Table 2: Liability benchmark

	31 March 2024 actual £m	31 March 2025 estimate (TMS) £m	31 March 2025 forecast £m	31 March 2026 forecast £m	31 March 2027 forecast £m
Capital Financing Requirement	175.72	183.22	182.00	185.77	183.91
Less: Other debt liabilities	(12.97)	(15.12)	(15.12)	(13.90)	(12.58)
Loans Capital Financing Requirement	***162.75***	***168.10***	***166.88***	***171.88***	***171.33***
Less: Balance Sheet Resources	(128.35)	(58.52)	(93.50)	(60.01)	(56.75)
Plus: Liquidity allowance	10.00	10.00	10.00	10.00	10.00
Liability Benchmark	**44.40**	**119.58**	**83.39**	**121.86**	**124.58**

The liability benchmark is an important tool to help establish whether the Council is likely to be a long-term borrower or long-term investor in the future, and so shape its strategic focus and decision making. The liability benchmark itself represents an estimate of the cumulative amount of external borrowing the Council must hold to fund its **current** capital plans while keeping treasury investments at the minimum level to manage day-to-day cash flow.



It is forecast that the Council may need to borrow long term in 2025-26 although this is based on a number of assumptions including the forecast capital programme expenditure and the level and use of reserves.

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, the 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 which may affect the Council's need to take new long-term borrowing.

4.0 BORROWING

As at 30 September 2024 the Council held £99.58 million of Long-Term Borrowing, £96.87 million of which is fixed long term loans as part of its strategy for funding previous years' capital programmes.
Based on current forecasts the anticipated need to borrow during 2025-26 is £30 million with further borrowing of £6 million in 2026-27. The gap between the shaded area and the brown line in the Liability Benchmark (Chart 1) above is the forecast need to borrow.

The Council has previously raised the majority of its long-term borrowing from the Public Works Loan Board (PWLB). This was the source of funding the last time the Council took long-term borrowing of £5 million in March 2012. The Council will however consider long term loans from other sources including banks, pension funds and other local authorities if appropriate. 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 Treasury Management Code.

The Council has loans from PWLB maturing within the next 3 financial years that it will need to repay. Whilst at present it is anticipated that the Council will have resources to repay the loans maturing at the end of 2024-25, it will be dependent on the level of cash resources available at that time. The value of the loans due to be repaid over the next 3 years is shown in Table 3.

Table 3: Value of PWLB maturing debt

	2024-25 £ million	2025-26 £ million	2026-27 £ million
Value of maturing debt	5.580	3.709	2.790

The £5.58 million for 2024-25 is due for repayment on 31 March 2025. As noted above the Council may need to borrow during 2025-26 which would replace maturing loans.

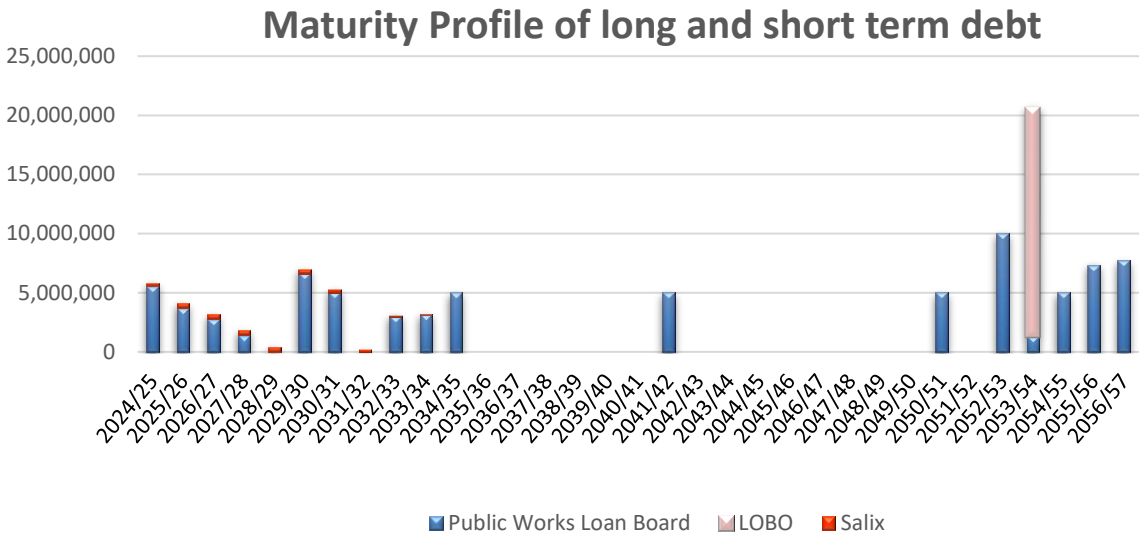
Maturity structure of borrowing

The maturity structure of borrowing indicator is set to control the Council's exposure to refinancing risk with respect to the maturity of the Council's external borrowing. The limits are set to avoid having large amounts of debt maturing in a short space of time. and is the amount of projected borrowing maturing in each period as a percentage of total projected borrowing. Where the maturity date of borrowing is unknown, as in the case of LOBO loans, the maturity should normally be determined by reference to the earliest date at which the lender can require repayment. The £19.25 million of LOBO loans has therefore been included in the 'Under 12 months' category. This table also reflects the PWLB repayable in 2024-25.

Table 4: Maturity Structure of Borrowing 2024-25

Maturity structure of borrowing	Upper limit	lower limit	£ million	As at 30 Sept 2024
Under 12 months	50%	0%	28.02	28.13%
12 months and within 24 months	25%	0%	1.31	1.32%
24 months and within 5 years	25%	0%	5.36	5.38%
5 years and within 10 years	40%	0%	23.51	23.61%
10 years and within 20 years	50%	0%	5.00	5.02%
20 years and above	60%	25%	36.38	36.54%

As can be seen from the table above the maturity structure remains within the limits approved as part of the Treasury Management Strategy 2024-25. The following chart provides the maturity profile of the Council's long term debt.



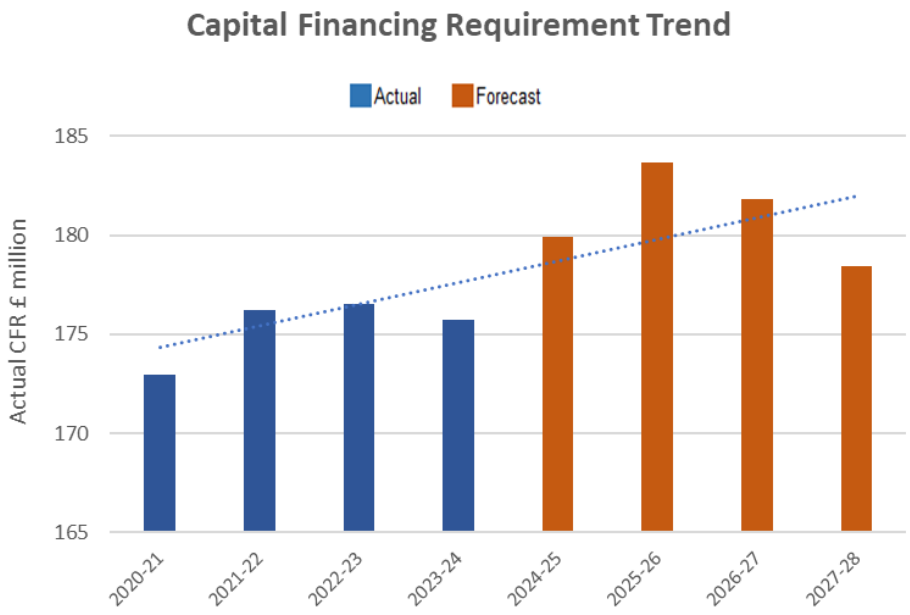
All the LOBO loans are subject to the lender having the right to change the rate of interest payable during the financial year at either of two trigger points - January and July, with the Council having the right to refuse the change, triggering early repayment and the need to re-finance. This is a manageable risk should repayment be needed during the current financial year as the Council has sufficient funds available in the short term, but would, however, need to consider taking out new debt to replace these loans during the financial year. It is considered unlikely that these loans will be called at the January 2025 call date.

Table 5: LOBO loans

Commencement date	Loan value £m	Potential repayment date	Option frequency	Full term maturity
22 January 2004	4.00	22 Jan 2025	6 months	22 January 2054
22 January 2004	5.00	22 Jan 2025	6 months	22 January 2054
22 January 2004	10.25	22 Jan 2025	6 months	22 January 2054

In accordance with the Treasury Management Strategy, the Council is internally borrowing, which is when it uses temporary cash balances it holds in the short term instead of undertaking external borrowing. The current year's estimated level of internal borrowing is £71.05 million. This is shown by the Council's Capital Financing Requirement (CFR) net of its external level of debt including other long term debt liabilities. The Council's forecast CFR as at 31 March 2025 is £179.88 million, external borrowing forecast at 31 March 2025 is £93.71 million and other long term debt liabilities forecast to be £15.12 million, which is primarily the PFI Maesteg School scheme plus the lease commitments of right of use assets. These leases have been reflected in the half year report to recognise the impact of International Financial Reporting Standard 16 (IFRS16) which requires that right of use assets and the equivalent lease liabilities are recognised on the balance sheet as from 1 April 2024.

The chart below shows the trend in the CFR based on **current** capital commitments within the capital programme reported at quarter 2 – 2024-25. The CFR is anticipated to increase in the current year assuming capital expenditure is incurred as currently anticipated. Due to the increase in forecast capital expenditure and borrowing in the quarter 2 capital programme, Whilst the CFR is expected to further increase in 2025-26 before reducing from 2026-27. This is on the assumption that there will be no new schemes in future which require debt financing. If new schemes are added which require debt finance, the CFR will continue to increase.



5.0 TREASURY INVESTMENTS

The Council holds treasury investments as a result of temporary cash balances arising from its day-to-day activities. The management of the day-to-day cash requirements of the Council is undertaken in-house with advice from Arlingclose, the Council's Treasury Management advisors. This may involve temporary borrowing to meet cash-flow needs or temporary lending of surplus funds. Investment balances can fluctuate daily and arise as a result of a range of circumstances, including timing differences of revenue and capital cash flows, reserves and other balances held for future use.

Investments are made in institutions approved by the Council as part of its Treasury Management Strategy and in accordance with investment guidelines issued by the Welsh Government. As part of the Markets and Financial Instruments Directive II (MIFID II), the Council elected for 'professional' status, which covers national and regional governments and public bodies. The categories of investments the Council can invest in can be changed with any proposed changes being presented to Council for approval.

Treasury investments are made primarily on the basis of ensuring security of the funds invested, whilst managing liquidity, and only then considering a commensurate return on the investment. As at 30 September 2024 the Council held £45.00 million of investments, with a weighted average return of 5.13% (£50.35 million at 5.19% as at 30 June 2024).

Table 6 below shows the investment profile as of 30 September 2024.

Table 6: Investments by counterparty type

Investment Category	Balance 1 April 2024 £m	Investments made in period £m	Investments repaid in period £m	Balance 30 Sept 2024 £m	Weighted interest rate 1 April 2024 to 30 Sept 2024 %
Government DMO	0.00	172.50	(172.50)	0.00	5.02
Local Authorities	44.00	0.00	(24.00)	20.00	5.32
Money Market Funds	NIL	81.85	(63.35)	18.50	5.15
Banks (instant access/notice accounts)	6.00	22.75	(22.25)	6.50	4.05
TOTAL	**50.00**	**277.10**	**(282.10)**	**45.00**	**5.13**

The following should be noted:

- During the period to 30 September 2024 all investments made were in line with the approved counterparties within the Treasury Management Strategy.
- Investments are diversified over a number of organisations across different sectors, demonstrating a diversified investment portfolio.

- All investments are in sterling and are rated A- and above as per the approved criteria or with a public body.
- The weighted average rates are for all investments made during 1 April 2024 to 30 September 2024.

The overall interest receivable from treasury investments for the period 1 April 2024 to 30 September 2024 was £2.31 million. Although interest rates appear to have reached their peak, the returns on new investments may vary as there will be a time lag on the overall average rates for existing investments until historic investments mature and monies are reinvested. The Council will continue to take a cautious approach to investing to ensure as its primary concern the security of any investments made. The risk of default for investments held is considered negligible.

All investments longer than 364 days will be made with a cautious approach to cash flow requirements and advice from the Council's Treasury Management advisors will be sought as necessary. All investments as at 30 September 2024 were short term of less than one year duration.

Table 7: Sums invested for periods longer than a year

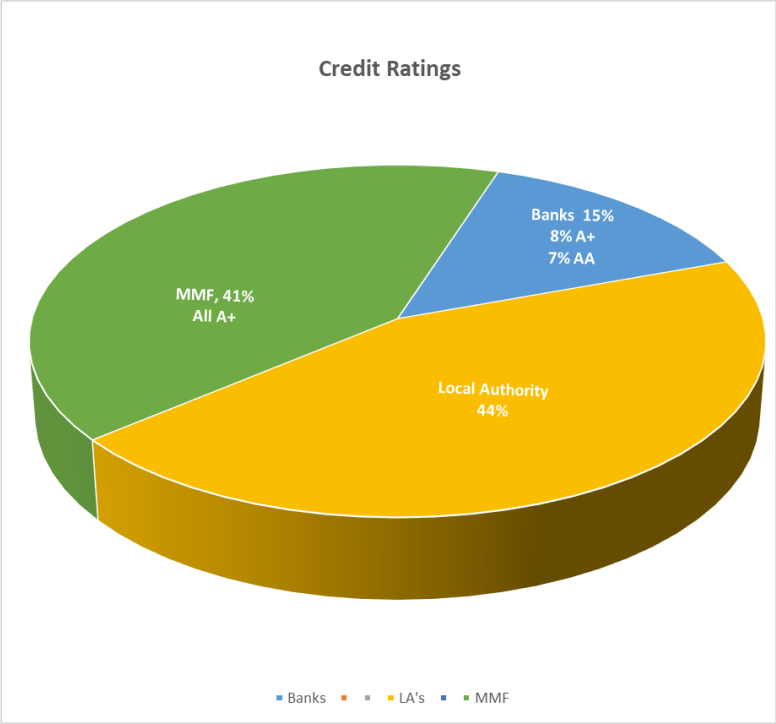
Price risk indicator	TMS 2024-25 £m	Actual £m	Full term maturity
Limit on principal invested beyond financial year end	15	NIL	NIL

The below table details the Council's investments by counterparty and maturity profile.

Table 8: Investments by maturity

Counterparty Category	Instant Access £m	Deposits maturing within 1 month £m	Deposits maturing within 2-3 months £m	Deposits maturing within 4-12 months £m	TOTAL £m
Local Authorities		10.00		10.00	20.00
Money Market Funds	18.50				18.50
Banks	6.50				6.50
Total	**25.00**	**10.00**	**0.00**	**10.00**	**45.00**

The pie chart below summarises the distribution of the Council's investments by credit ratings. Most local authorities do not have credit ratings but are considered secure investment counterparties. Although the Council did not have deposits with the Government DMO at 30 September 2024 it did use them during the period. These are the UK government and rated AA.



6.0 INTEREST RATE EXPOSURES

The Council is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council, depending on how variable and fixed interest rates move across differing financial instrument periods. Short term and variable rate loans expose the Council to the risk of short-term interest rate rises and are therefore subject to the Treasury Management indicator below.

The following Table is based on investments at 30 September 2024.

Table 9: Interest Rate Exposure

Interest rate risk indicator	£ million
One year revenue impact of a 1% rise in interest rates	(0.132)
One year revenue impact of a 1% fall in interest rates	0.324

It is important to note that this is an indicator, not a limit. It is calculated at a point in time on the assumption that maturing loans and investments would be replaced at rates 1% higher or lower than they are currently, and that the treasury investment and borrowing portfolios remain unchanged over the next 12 months, which in practice is not the case. 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.

A comparison of interest expenditure and income due for the period 1 April 2024 to 30 September 2024 is shown below.

Table 10: Interest

	01 April – 30 September 2024 £ million
Interest expenditure payable on long term borrowing	2.262
Interest income received in period	(2.310)
Net interest cost	0.048

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. PWLB guidance requires that local authorities should review their investment portfolio if they wish to secure PWLB borrowing but does not require the local authority to sell existing investment assets. This category covers non-financial assets held primarily or partially to generate a profit, primarily investment property. These assets are valued on an annual basis to reflect market conditions and the current value at the time they are valued, otherwise known as Fair Value, which provides security of their value and continued benefit to the Council.

Table 11: Non-treasury investments

Non-treasury investments	£ million
Bridgend Science Park - Units 1 & 2	3.170
Waterton Cross Land	0.560
Brynmenyn Industrial Estate Plot 53	0.675
Village Farm Plots 32,119 & 120	0.385
Tyrewise Bridgend	0.200
Total at Fair Value	**4.990**
Anticipated annual return 2024-25	**0.459**

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

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

Schedule A – Credit Rating Equivalence Table

Credit Rating Equivalence Table

	Description	Fitch		Moody's		Standard & Poor's	
		Long	Short	Long	Short	Long	Short
INVESTMENT GRADE	Extremely strong	AAA	F1+	Aaa	P-1	AAA	A-1+
	Very strong	AA+		Aa1		AA+	
		AA		Aa2		AA	
		AA-		Aa3		AA-	
	Strong	A+		A1		A+	A-1
		A	F1	A2		A	
		A-		A3		A-	A-2
	Adequate	BBB+	F2	Baa1	P-2	BBB+	
		BBB		Baa2		BBB	
		BBB-	F3	Baa3	P-3	BBB-	A-3
SPECULATIVE GRADE	Speculative	BB+	B	Ba1	Not Prime (NP)	BB+	B
		BB		Ba2		BB	
		BB-		Ba3		BB-	
	Very speculative	B+		B1		B+	
		B		B2		B	
		B-		B3		B-	
	Vulnerable	CCC+	C	Caa1		CCC+	C
		CCC		Caa2		CCC	
		CCC-		Caa3		CCC-	
		CC		Ca		CC	
		C				C	
	Defaulting	D	D	C		D	D

Schedule B – Arlingclose Economic & Interest Rate Forecast – September 2024

	Current	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27
Official Bank Rate													
Upside risk	0.00	0.25	0.50	0.75	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Central Case	5.00	4.75	4.25	3.75	3.25	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Downside risk	0.00	-0.25	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50
3-month money market rate													
Upside risk	0.00	0.25	0.50	0.75	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Central Case	4.95	4.80	4.30	3.80	3.30	3.05	3.10	3.10	3.15	3.15	3.15	3.15	3.15
Downside risk	0.00	-0.25	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50
5yr gilt yield													
Upside risk	0.00	0.75	0.85	0.95	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Central Case	3.75	3.60	3.50	3.45	3.40	3.40	3.40	3.40	3.45	3.50	3.55	3.55	3.55
Downside risk	0.00	-0.45	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65
10yr gilt yield													
Upside risk	0.00	0.75	0.85	0.95	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Central Case	3.91	3.90	3.80	3.75	3.70	3.70	3.70	3.70	3.75	3.80	3.80	3.80	3.80
Downside risk	0.00	-0.45	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65
20yr gilt yield													
Upside risk	0.00	0.75	0.85	0.95	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Central Case	4.40	4.35	4.20	4.20	4.20	4.20	4.20	4.20	4.25	4.30	4.35	4.35	4.35
Downside risk	0.00	-0.45	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65
50yr gilt yield													
Upside risk	0.00	0.75	0.85	0.95	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Central Case	4.01	4.00	3.80	3.80	3.80	3.80	3.80	3.80	3.85	3.90	3.95	3.95	3.95
Downside risk	0.00	-0.45	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65

As expected, the MPC held the Bank Rate at 5.0% in September. While the "no change" majority of eight to one was unexpectedly strong, the minutes suggested some policymakers believed a gradual approach to loosening policy was warranted given the persistence of services inflation, rather than no loosening at all.

This is in line with Arlingclose, our external advisors' long-held view that Bank Rate will initially reduce gradually before a more rapid decline in 2025 as services inflation eases.

CPI inflation remained just above the 2% target in August, the Bank expects this to rise to 2.5% by the end of the year as prior falls in energy prices drop out of the annual comparison and reveal the prevailing persistence of domestic inflationary pressures. Private sector wage growth has eased back but remains elevated and services inflation remains high at 5.6%. However, both will continue to decline over time.

UK GDP growth has been relatively strong in H1 2024, although this partly reflects are bound from the H2 2023 technical recession. Underlying growth is weaker, but risks around domestic demand lie to the upside due to recovering consumer demand (although the announcement of higher taxes in the upcoming Budget could damage confidence). Stronger economic activity amid a continued tight, albeit easing, labour market could leave wage growth and inflation persistently higher.

Official ONS Labour market data continues to be unreliable but wider indicators suggest the market is loosening as labour demand cools. Anecdotal evidence has suggested lower private sector pay growth for some time, and we expect a weaker labour market situation to hasten that outcome.

Arlingclose expects that the continuation of restrictive monetary policy and the appreciation in sterling will bear down on activity and will require more substantial loosening in 2025 to boost activity and inflation.

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Meeting of:	**GOVERNANCE AND AUDIT COMMITTEE**
Date of Meeting:	**28 NOVEMBER 2024**
Report Title:	**PORTHCAWL HARBOUR RETURN 2023-24 ANNUAL AUDIT LETTER**
Report Owner / Corporate Director:	**CHIEF OFFICER – FINANCE, HOUSING AND CHANGE**
Responsible Officer:	**NIGEL SMITH, GROUP MANAGER – CHIEF ACCOUNTANT**
Policy Framework and Procedure Rules:	**The Accounts and Audit (Wales) Regulations 2014 (as amended) require Local Authorities to publish audited annual returns for smaller bodies, which includes the Porthcawl Harbour.**
Executive Summary:	• **The audit of the Porthcawl Harbour has been completed and no audit amendments identified.**

1. Purpose of Report

1.1 The purpose of this report is to submit to the Governance and Audit Committee the appointed auditor's Annual Audit Letter 2023-24 for Porthcawl Harbour attached at **Appendix A** for noting.

2. Background

2.1 The appointed auditor – Audit Wales – is responsible for providing an opinion:

- On whether the information contained in the Annual Return is in accordance with proper practices; and
- If any matters have come to the auditor's attention giving case for concern that relevant legislation and regulatory requirements have not been met.

3. Current situation / proposal

3.1 Attached at **Appendix A** is the Annual Audit Letter 2023-24 for Porthcawl Harbour, confirming that Audit Wales intends to issue an unqualified certificate, confirming that there are no matters that they wish to draw to the Committee's attention.

3.2 The letter also confirms that Audit Wales is satisfied that there were no misstatements found in the Annual Return.

4. Equality implications (including Socio-economic Duty and Welsh Language)

4.1 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.

5. Well-being of Future Generations implications and connection to Corporate Well-being Objectives

5.1 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 because of this report.

6. Climate Change Implications

6.1 The Climate Change implications were considered in the preparation of this report. It is considered that there will be no significant or unacceptable impacts upon the environment because of this report.

7. Safeguarding and Corporate Parent Implications

7.1 The Safeguarding and Corporate Parenting implications were considered in the preparation of this report. It is considered that there will be no significant or unacceptable impacts upon Safeguarding and Corporate parenting because of this report.

8. Financial Implications

8.1 These are reflected in the report.

9. Recommendation

9.1 It is recommended that the Committee:

- Notes the Annual Audit Letter 2023-24 at **Appendix A**.

Background documents

None

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Date issued: November 2024

Dear Members

Porthcawl Harbour Annual Return for the Year Ended 31 March 2024

The auditor is responsible for providing an opinion:

- on whether the information contained in the Annual Return is in accordance with proper practices; and
- if any matters have come to the auditor's attention giving cause for concern that relevant legislation and regulatory requirements have not been met.

We have completed our audit work, and we are reporting to you the issues arising from our work.

Audit Certificate and Opinion

It is our intention to issue an unqualified certificate and report for the year ended 31 March 2024 and there are no matters in respect of the opinion which we wish to draw to your attention.

Qualification issues

There are no qualification issues to report.

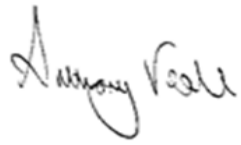
Misstatements in the Annual Return

There were no misstatements found in the Annual Return.

Other matters not affecting our opinion

There are no other matters affecting our audit opinion.

Yours sincerely



Anthony Veale

Engagement Director

Meeting of:	**GOVERNANCE AND AUDIT COMMITTEE**
Date of Meeting:	**28 NOVEMBER 2024**
Report Title:	**PROGRESS AGAINST THE INTERNAL AUDIT RISK BASED PLAN 2024-25**
Report Owner / Corporate Director:	**CHIEF OFFICER – FINANCE, HOUSING & CHANGE**
Responsible Officer:	**ANDREW WATHAN HEAD OF REGIONAL INTERNAL AUDIT SERVICE**
Policy Framework and Procedure Rules:	**The proposals in this report are in accordance with the policy framework and budget.**
Executive Summary:	• **A summary of the progress made against the internal audit plan as at 31st October 2024 is detailed in Appendix A. It shows that 15 planned audit reviews have been completed which equates to a completion rate of 33%.** • **Audit opinions, based on the assessment of the strengths and weaknesses of the areas examined through testing of the effectiveness of the internal control environment have been given to all 15 audits: 14 *Substantial* or *Reasonable Assurance*, and 1 *Limited Assurance*.** • **Included within the 2024-25 plan are 6 audits that were not undertaken or completed in 2023-24. Appendix B shows the status of these audits; 5 are completed and the other is in progress.** • **A total of 50 recommendations have been made to date to improve the control environment. The progress being made in implementing these is regularly monitored by the Audit team and reported to this Committee.**

1. Purpose of Report

1.1 To provide members of the Committee with a position statement on progress being made against the audit work within the approved Internal Audit Risk Based Plan 2024-25.

2. Background

2.1 In accordance with the Public Sector Internal Audit Standards, the Head of Audit is responsible for developing a risk-based annual audit plan which considers the Council's risk management framework. Within the Standards there is also a requirement for the Head of Audit to review and adjust the plan, as necessary, in response to changes in the Council's business, risks, operations, programmes, systems, controls and resources. The Head of Audit must also ensure that Internal Audit resources are appropriate, sufficient and effectively deployed to achieve the approved plan.

2.2 The Internal Audit Plan for 2024-25 was submitted to the Governance and Audit Committee for consideration and approval on 6th June 2024. The Plan outlined the assignments to be carried out which will provide sufficient coverage to provide an overall opinion at the end of 2024-25.

2.3 The plan is flexible to allow for changing circumstances and events that may occur, such as requests to respond to new issues that may emerge.

3. Current situation / proposal

3.1 Progress made against the approved plan for the period 1st April 2024 to 31st October 2024 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 reporting, Fraud, Error or Irregularity. 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, although in some instances recommendations are made.

3.2 The Regional Internal Audit Service (RIAS) has set quarterly targets to monitor the delivery of the approved audit plan. This will assist in ensuring sufficient audit coverage has been given to the Council in order to provide an overall opinion at the end of 2024-25. The targets that the RIAS are working towards at the end of each quarter are as follows:

- Qtr 1 = 10%
- Qtr 2 = 30%
- Qtr 3 = 50%
- Qtr 4 = 80%

3.3 As at 31st October 2024, the level of coverage was 33%. A summary of the progress made to date is shown in **Table 1** below. Details of individual audit assignments are shown in Appendix A.

Table 1 – Summary of the Progress Against the Audit Plan 2024-25

Status of Audits Assignments	Number	% of plan completed
Final report issued	13	29%
Draft report issued	2	4%

Audits in progress	15	
Audits allocated and due to start this qtr.	9	
Planned Audits not yet allocated	6	
Total	**45**	**33%**

3.4 An audit opinion is applied to an audit based on the assessment of the strengths and weaknesses of the areas examined during the audit through testing of the effectiveness of the internal control environment. **Table 2** shows the audit opinions given to the 15 completed audits. Details of individual audit assignments are shown in Appendix A.

Table 2 – Audit Opinions Applied to Audits 2024-25

Audit Opinion	Number
Substantial Assurance	4
Reasonable Assurance	10
Limited Assurance	1
No Assurance	0
Total	**15**

3.5 For reference, the audit assurance/opinion categories are:

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

3.6 Table 2 identifies that there has been 1 *Limited Assurance* opinion audit issued to date. The details are below:

Payment Card Industry Data Security Standard (PCI-DSS) Compliance

As a PCI-DSS level 3 merchant, the Council needs to complete an annual Self-Assessment Questionnaire for compliance purposes. This had not been completed;

however the Council was in the process of engaging a Qualified Security Advisor to assess the Council's compliance.

3.7 Generally when a *Limited Assurance* opinion is issued, management need time to implement the agreed recommendations to make the necessary improvements to the control environment. In these circumstances, the Audit Team would undertake a follow up audit, usually within six to twelve months of the final report being issued to verify that appropriate controls were subsequently in place.

3.8 **Appendix A** lists 3 follow up audits that have been allocated and are in progress. Once complete, the audit opinions will be reported to Committee. If improvements have not been made and the recommendations have not been implemented this would result in a second *Limited Assurance* opinion. At this stage the Head of RIAS would recommend to members that they invite in the relevant Corporate Director / Head of Service to provide the necessary assurances that action would be taken to address the issues identified within the audit report.

3.9 The audit plan 2024-25 at **Appendix A** includes audits that were not started during 2023-24 or were incomplete at year end. There are 6 of these which are identified at **Appendix B**.

3.9 Table 3 below provides a summary of the status of these audits as at 31st October 2024; 5 of the 6 audits have been completed and the remaining audit is in progress.

Table 3 – Status of Audits Brought Forward into the Audit Plan 2024-25

Status of Audits Assignments	Number	% Complete
Final report issued	5	83%
Draft report issued	0	
Audits in progress	1	
Total	**6**	**83%**

3.10 **Appendix A** shows that a total of 50 recommendations have been made to date to improve the control environment: no high priority, 34 (68%) medium priority and 16 (32%) low priority. The implementation of the high and medium priority recommendations are regularly monitored by the Audit team to ensure that the identified and agreed improvements are being made. More detailed information is included in a separate report to this Committee.

4. Equality implications (including Socio-economic Duty and Welsh Language)

4.1 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.

5. Well-being of Future Generations implications and connection to Corporate Well-being Objectives

5.1 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

6. Climate Change Implications

6.1 There are no climate change implications arising from this report.

7. Safeguarding and Corporate Parent Implications

7.1 There are no safeguarding or corporate parent implications arising from this report.

8. Financial Implications

8.1 There are no direct financial implications arising from this report however effective audit planning and monitoring are key contributors in ensuring that the Council's assets and interests are properly accounted for and safeguarded.

9. Recommendation

9.1 It is recommended that members of the Committee note the content of the report and the progress made against the 2024-25 Internal Audit Risk Based Plan.

Background documents

None

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Directorate	Area	Audit Objective	Status	Opinion			Recommendations		
				Substantial	Reasonable	Limited	High	Medium	Low
ross - Cutting	Limited Assurance Reports - Follow up	To ensure that improvements have been made to the control environment since the previous limited assurance review.							
		School Vehicles Follow Up	in progress						
		Recycling & Waste Management Follow Up	allocated						
		Adult Placements/ Shared Lives Follow Up	in progress						
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	final issued		√		0	1	1
Cross Cutting	Corporate Safeguarding	The objectives of the audit are to undertake an assessment of the Council's overall operating model for safeguarding to evaluate safeguarding performance. The review will include the safeguarding arrangements in place for vulnerable adults as well as	in progress						
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 Services Support Grant 2023-24	final issued	√			0	0	0
		Regional Consortia School Improvement Grant 2023-24	final issued	√			0	0	0
Cross Cutting	Risk Management	Review a sample of corporate risks to identify if they are being appropriately managed and progress is being reported accurately.							
Cross Cutting	Consultants	To review the use of consultants across the Council including procurement, payments and ongoing arrangements including authority to extend contracts	in progress						
Cross Cutting	Agency Staff	To review the use of agency staff across the Council including procurement, payments and ongoing arrangements including authority to extend contracts	in progress						
Cross Cutting	Fees & Charges	To review the process Council wide to include bookings, payments in advance, use of online payment facilities and the ability to take payments electronically whether online or in person.	in progress						
Cross Cutting	Business Continuity Planning	To ensure the Council has a robust business continuity strategy for all business critical processes, that is regularly tested and reviewed and compliant to best practice and professional standards.	in progress						
Cross Cutting	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.	final issued		√		0	2	1
Chief Executives	Corporate Contracts	To undertake a review of the corporate contracts in place across the Council including the central recording and monitoring processes. This review will also aim to identify how awareness of corporate contracts is promoted, identify the number of non corprate contracts in place and establish whether these are appropriate (based on a selected sample)							
Chief Executives	Financial Systems	A rolling programme of audits is adopted, work programme for each year may differ. This approach enables us to deliver a more cost-effective service, whilst providing sufficient assurance as to the adequacy of the Council's material system control environment.							
		Business Rates	in progress						
		Bottomline PTX BACS Payments	in progress						
		Debtors	in progress						
Chief Executives	Budget Savings	To identify and review the systems in place to monitor the high level of savings identified	allocated						
Chief Executives	Financial Management Code	To provide assurance that the information presented is accurate	final issued	√			0	0	1
Chief Executives	Value Added Tax (VAT)	To provide assurance that VAT processes and procedures are in place to ensure that is correctly accounted for as per legislative requirements	allocated						
Chief Executives	Payment Card Industry Data Security Standard (PCI-DSS) Compliance	To review the procedures and processes in operation relating to PCI - DSS to determine if the control environment is compliant.	final issued			√	0	3	1
Chief Executives	Corporate Complaints and Compliments	To provide assurance that the policy and procedures are being adhered to, performance is monitored and reported data is accurate	final issued		√		0	5	2
Chief Executives	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							
		Mobile Devices	final issued		√		0	3	1
		Identity Access	in progress						

Directorate	Area	Audit Objective	Status	Opinion			Recommendations		
				Substantial	Reasonable	Limited	High	Medium	Low
Chief Executives	Residential & Non Residential Financial Assessments	To provide assurance that adequate controls are in place to manage the financial assessment process and reviews to ensure assessments are consistently applied in a timely manner, are accurate and comply to statute	in progress						
Communities	Coychurch Crematorium	A compliance review to complete the Annual Accounting Statement 2023/24	final issued	√			0	0	0
Communities	Porthcawl Harbour	A compliance review to complete the Annual Accounting Statement 2023/24	final issued		√		0	1	2
Communities	Planning Appeals	Process of receiving and determining appeals							
Communities	Major Project Team	To review the process and procedures in place in respect of commercial and consultancy services	allocated						
Communities	Contract Tender and Award	To provide assurance that the processes used to tender and award contracts comply with the Council's Contract Procedure Rules and any internal governance procedures	draft issued		√				
Communities	Shared Prosperity Funding	Review the process in place for receiving funding, funding and expenditure approval and the governance of decision making to provide assurance that the systems are robust and efficient.	in progress						
Communities	Community Asset transfers	To provide assurance that controls in place in respect of the governance, risk and financial management of these transfers are effective	allocated						
Communities	Highways Inspections	To provide assurance that the inspection regime and responses to service requests are robust and statutory objectives are fulfilled	draft issued		√				
Early Years & Young People	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.							
		Corneli Primary School	final issued		√		0	10	2
		Tondu Primary School	allocated						
		Penybont Primary	allocated						
Early Years & Young People	School CRSA	To undertake the annual controlled risk self – assessment for schools. The aim of the process is to enable Head Teachers to review their internal controls and to ensure that they undertake and comply with the requirements of current legislation and the Financial Procedure Rules.	allocated						
Early Years & Young People	Health & Safety Arrangements	To review the arrangements in place (corporate and schools) for undertaking health and safety visits and provide assurance that visits are undertaken on a timely basis, a central record is maintained and key risks are identified / information appropriately communicated	in progress						
Early Years & Young People	Bridge Alternative Provision	To undertake an establishment audit to provide assurance that the internal controls are effective.	allocated						
Early Years & Young People	Flying Start	To provide assurance that the financial systems and controls are effective, efficient and comply to the Council's policies and procedures							
Social Services & Wellbeing	Quality Assurance	To provide assurance that the quality assurance process is embedded and effective throughout the Directorate	final issued		√		0	4	5
Social Services & Wellbeing	Childrens' Respite & Residential Care	To review the controls in place in respect of financial management including payments and cash control	final issued		√		0	5	0
Social Services & Wellbeing	New Children's Home – Golygfa'r Dolydd	To undertake an establishment audit to provide assurance that the internal controls are effective.							
Social Services & Wellbeing	Foster Carer Payments	To provide assurance that payments are accurate, supported by adequate assessments, authorised appropriately, and comply with formal agreements and these are are subject to regular review and re-assessment.	in progress						
Internal Audit	Compliance with PSIAS - Self Assessment	Review compliance with the Public Sector Internal Audit Standards.							
Internal Audit	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.							
Internal Audit	Meetings, Advice & Guidance	To allow auditors to facilitate the provision of risk and control advice which is regularly requested by officers within the authority.							

Directorate	Area	Audit Objective	Status	Opinion			Recommendations		
				Substantial	Reasonable	Limited	High	Medium	Low
Internal Audit	Data Analytics	Data Analytics is proving to be a useful internal audit tool as councils become more reliant on electronic data, as data analytics enables a vast amount of data to be analysed when selecting testing samples							
Internal Audit	Audit Wales Liaison	To maintain professional relationship in line with good practice and the PSIAS							
Internal Audit	Recommendation Monitoring	Monitoring the implementation of Internal Audit recommendations in consultation with service areas which have received these recommendations.							
Internal Audit	Annual Opinion Report	To prepare and issue the Head of Audit's Annual Opinion Report 2023/24 and start preparation for 2024/25 report.							
Internal Audit	Audit Planning	To prepare and monitor the annual risk based audit plan for 2024/25 and commence preparation for 2025/26 plan							
Internal Audit	Quality Assurance & Improvement Programme	To review / ensure compliance with the Accounts and Audit (Wales) Regulations 2014 / Public Sector Internal Audit Standards (PSIAS).							
Internal Audit	Closure of reports - 2023/24	To finalise all draft reports outstanding at the end of 2023-24.							
Internal Audit	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.							
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			**4**	**10**	**1**	**0**	**34**	**16**

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AUDITS ONGOING AND CONTINUED INTO 2024/25

Directorate	Area	Audit Objective	Status	Opinion			Recommendations		
				Substantial	Reasonable	Limited	High	Medium	Low
BCBC - AUDITS ONGOING AND CONTINUED INTO 2024/25									
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	final issued		√		0	1	1
Cross Cutting	Consultants	To review the use of consultants across the Council including procurement, payments and ongoing arrangements including authority to extend contracts	in progress						
Cross Cutting	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.	final issued		√		0	2	1
Chief Executives	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							
		Mobile Devices	final issued		√		0	3	1
BCBC - AUDITS NOT STARTED AND INCLUDED ON 2024/25 PLAN									
Chief Executives	Payment Card Industry Data Security Standard (PCI-DSS) Compliance	To review the procedures and processes in operation relating to PCI - DSS to determine if the control environment is compliant.	final issued			√	0	3	1
Social Services & Wellbeing	Quality Assurance	To provide assurance that the quality assurance process is embedded and effective throughout the Directorate	final issued		√		0	4	5
	OVERALL TOTALS			**0**	**4**	**1**	**0**	**13**	**9**

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Meeting of:	**GOVERNANCE AND AUDIT COMMITTEE**
Date of Meeting:	**28 NOVEMBER 2024**
Report Title:	**INTERNAL AUDIT RECOMMENDATION MONITORING**
Report Owner / Corporate Director:	**CHIEF OFFICER – FINANCE, HOUSING & CHANGE**
Responsible Officer:	**ANDREW WATHAN** **HEAD OF REGIONAL INTERNAL AUDIT SERVICE**
Policy Framework and Procedure Rules:	**The proposals in this report are in accordance with the policy framework and budget.**
Executive Summary:	• This report provides members of the Governance and Audit Committee with a position statement on the status of internal audit recommendations. • A position statement in respect of internal audit high and medium priority recommendations made, implemented and overdue as of 31st October 2024 is detailed in Appendix A. • A recommendation is made to enhance a control in order to mitigate the identified risk; until the recommendation is implemented the risk remains. • To date 34 medium priority recommendations have been made following the conclusion of audits from this year's annual plan. All have been agreed, 19 have been implemented and there are none overdue. • There are currently no overdue recommendations. • There are 4 recommendations made in audits completed in 2022-23 which still have a future implementation date. The detail of these are in Appendix B. • The monitoring of recommendations is undertaken regularly by the Audit team and any undue delays or issues are highlighted to Senior Management and ultimately this Committee.

1. Purpose of Report

1.1 To provide members of the Committee with a position statement on internal audit recommendations made, implemented and outstanding as at 31st October 2024 and consider the information provided in respect of the status of the high and medium priority recommendations made by the Regional Internal Audit Service.

2. Background

2.1 In accordance with the Public Sector Internal Audit Standards, the internal audit activity must assess and make appropriate recommendations to improve the Council's governance, risk management and internal control. The Regional Internal Audit Service (RIAS) Strategy states that the implementation of agreed recommendations will be monitored.

2.2 Recommendations are made at the conclusion of an audit review if it is felt that improvements should be made to mitigate risk and strengthen controls. Recommendations are included, if appropriate, in the final audit report and recipients are asked to provide responses to indicate whether they agree with the recommendations and how and when they plan to implement them. To assist managers in focussing their attention, each recommendation is classified as being either high, medium or low priority.

2.3 Table 1 shows the recommendation categorisation as follows:

Table 1 – Recommendation Categorisation	
Risk may be viewed as the chance, or probability, of one or more of the organisation's objectives not being met. It refers both to unwanted outcomes which might arise, and to the potential failure to realise desired results. The criticality of each recommendation is as follows:	
High Priority	Action that is considered imperative to ensure that the organisation is not exposed to high risks.
Medium Priority	Action that is considered necessary to avoid exposure to significant risks.
Low Priority	Action that is considered desirable and should result in enhanced control.

2.4 To ensure maximum coverage of the annual plan based on the capacity available within the team, the RIAS monitors the implementation of the high and medium priority recommendations, but the low priority recommendations are left to management to successfully implement.

2.5 Once the target date for implementation has been reached the relevant Officers will be contacted and asked to provide feedback on the status of each agreed high and medium priority recommendation. The implementation of these recommendations is monitored using MK Insight internal audit software to ensure that improvements are being made.

2.6 Any audits concluded with a *No Assurance or Limited Assurance* opinion will also be subject to a follow up audit.

3. Current situation / proposal

3.1 **Appendix A** provides the status of the high and medium priority internal audit recommendations made as of 31st October 2024. This includes all audits completed with recommendations from this financial year's plan and any audits completed in previous years where recommendations are yet to be implemented.

3.2 The status of the recommendations made following the completion of audits from the 2024-25 audit plan is summarised in **Table 2** below. It is pleasing to note that 19 recommendations have been implemented, there are currently no overdue recommendations and there are 15 recommendations that have a future target date.

Table 2 – Recommendation Status – Audits Completed 2024-25

	No. Made			Not Agreed	Imp.	Overdue			Future Target Date
	High	Med.	Total			High	Med.	Total	
2024-25	0	34	34	0	19	0	0	0	15

3.3 **Appendix A** also includes the recommendations made in relation to audits completed in previous years which are yet to be implemented. This information is summarised in Table 3.

Table 3 – Outstanding Recommendations – Audits Completed Pre-2023-24

	No. Made			Not Agreed	Imp.	Overdue			Future Target Date
	High	Med.	Total			High	Med.	Total	
2022-23	0	11	11	0	7	0	0	0	4
2023-24	14	43	57	0	43	0	0	0	14

3.4 Table 3 illustrates that there are currently no overdue recommendations. Members of the Governance and Audit Committee were advised in the previous meeting on 26th September 2024 of the overdue Parking Enforcement recommendation following an audit completed in 2023-24. An update has been provided from the relevant Director that the Parking Strategy is being drafted and completion is expected by 31st March 2025. This recommendation is now included within the 14 having a future date within Table 3.

3.5 Table 3 also shows that 4 recommendations, made in audits completed in 2022-23, still have a future implementation date. Detail of these and the progress being made is in **Appendix B**.

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3.6 The monitoring of recommendations is undertaken regularly by the Audit team and any delays or issues are highlighted to the Council's Corporate Management Board and ultimately to this Committee.

4. Equality implications (including Socio-economic Duty and Welsh Language)

4.1 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.

5. Well-being of Future Generations implications and connection to Corporate Well-being Objectives

5.1 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.

6. Climate Change Implications

6.1 There are no climate change implications arising from this report.

7. Safeguarding and Corporate Parent Implications

7.1 There are no safeguarding or corporate parent implications arising from this report.

8. Financial Implications

8.1 There are no direct financial implications arising from this report however effective audit planning and monitoring are key contributors in ensuring that the Council's assets and interests are properly accounted for and safeguarded.

9. Recommendation

9.1 That members of the Governance and Audit Committee note the content of the report and consider the information provided in respect of the status of the high and medium priority recommendations made by the Regional Internal Audit Service.

Background documents

None

Bridgend County Borough Council - Recommendation Monitoring as at 31st October 2024

Audit Name	Directorate	Audit Opinion	Final Report Date	Number Made			Not Agreed	Implemented			Overdue			Future Target Date
				High	Medium	Total		High	Medium	Total	High	Medium	Total	Total
Pre 2023-24														
Cyber Security	Chief Executives	REASONABLE	02/09/2022	0	7	7	0	0	5	5	0	0	0	2
Home To Work Mileage in Council Vehicles	Communities	REASONABLE	27/01/2023	0	4	4	0	0	2	2	0	0	0	2
Total				**0**	**11**	**11**	**0**	**0**	**7**	**7**	**0**	**0**	**0**	**4**
2023-24														
Rights of Way	Communities	REASONABLE	18/09/2023	0	3	3	0	0	2	2	0	0	0	1
Corporate Safeguarding - Contracts	Cross Cutting	REASONABLE	01/12/2023	0	2	2	0	0	1	1	0	0	0	1
Security & Access to Council Buildings	Cross Cutting	LIMITED	15/12/2023	1	5	6	0	0	3	3	0	0	0	3
Parking Enforcement	Communities	REASONABLE	10/01/2024	1	1	2	0	0	1	1	0	0	0	1
Ffaldau Primary School	Education & Family Support	REASONABLE	21/02/2024	1	5	6	0	1	4	5	0	0	0	1
Welsh Language Standards	Cross Cutting	REASONABLE	23/02/2024	0	4	4	0	0	3	3	0	0	0	1
St Marys Catholic Primary School	Education & Family Support	LIMITED	04/03/2024	4	8	12	0	4	6	10	0	0	0	2
Archbishop McGrath School	Education & Family Support	REASONABLE	29/04/2024	2	8	10	0	2	6	8	0	0	0	2
School Exclusions	Education & Family Support	REASONABLE	30/04/2024	0	4	4	0	0	3	3	0	0	0	1
Procurement	Chief Executives	LIMITED	11/06/2024	5	3	8	0	5	2	7	0	0	0	1
Total				**14**	**43**	**57**	**0**	**12**	**31**	**43**	**0**	**0**	**0**	**14**
2024-25														
Project Management	Chief Executives	REASONABLE	18/06/2024	0	2	2	0	0	2	2	0	0	0	0
Corneli Primary School	Education & Family Support	REASONABLE	24/06/2024	0	10	10	0	0	5	5	0	0	0	5
Porthcawl Harbour Annual Return	Cross Cutting	REASONABLE	15/07/2024	0	1	1	0	0	0	0	0	0	0	1
Corporate Complaints & Compliments	Cross Cutting	REASONABLE	30/07/2024	0	5	5	0	0	4	4	0	0	0	1
Quality Assurance (Social Services)	Social Services & Wellbeing	REASONABLE	08/08/2024	0	4	4	0	0	0	0	0	0	0	4
Good Governance	Cross Cutting	REASONABLE	12/08/2024	0	1	1	0	0	0	0	0	0	0	1
Payment Card Industry Data Security Standard (PCI-DSS) Compliance	Chief Executives	LIMITED	12/09/2024	0	3	3	0	0	0	0	0	0	0	3
Childrens' Respite & Residential Care - Financial Management & Cash Control	Social Services & Wellbeing	REASONABLE	03/10/2024	0	5	5	0	0	5	5	0	0	0	0
Mobile Devices	Chief Executives	REASONABLE	03/10/2024	0	3	3	0	0	3	3	0	0	0	0
Total				**0**	**34**	**34**	**0**	**0**	**19**	**19**	**0**	**0**	**0**	**15**

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Bridgend County Borough Council –Recommendation Monitoring

Recommendations Made In 2022-23 Audits with a Future Implementation Date

Audit	Final Report Date	Recommendation	Category	Agreed Action	Agreed Date	Current Position	Responsible Officer
Cyber Security	2/09/22	Cyber security is further highlighted within Council strategy and plans as a reflection of its importance to the ongoing achievement of the Council's objectives.	Medium	*Jan 2024 - CISO not appointed so a Revised Action agreed* This will be considered as part of the new Digital Strategy.	31/03/24 Revised 1/10/24 31/12/24	Work is ongoing for the Digital Strategy to reach final publication stage.	Head of Partnership Services
		The Council compiles an Incident Response Plan/Procedure relevant in the event of cyber-attack. This is periodically tested with buy-in from across the organisation and periodically updated.	Medium	*Jan 2024 - CISO not appointed so a Revised Action agreed* Agreed	31/03/24 Revised 30/06/24 31/12/24	ICT transitioned the Data Centre to off-site facility therefore redrafting the BCP which will include necessary Response Plan / Procedure with regards Cyber	Head of Partnership Services
Home To Work Mileage in Council Vehicles	27/01/23	A corporate policy is developed in relation to the use of Council vehicles	Medium	Agreed that a Corporate Policy is to be developed on the use of corporate vehicles. This task will require support from Human Resources, Fleet Services as well as the representative departments of BCBC. The process will involve research, drafting, sign off, consultation and approval. As such any timescale is speculative but could be deliverable in 7 months	30/09/23 Revised 31/03/24 31/03/25	Work on this issue has not yet commenced due to capacity issues. A corporate project team consisting of staff from relevant Directorates, HR and the Unions to develop a policy that addresses the council vehicle use.	Group Manager Highways and Green Spaces as Lead officer

Audit	Final Report Date	Recommendation	Category	Agreed Action	Agreed Date	Current Position	Responsible Officer
		Where there is a possible requirement to take a vehicle home, a business case should be presented and authorised at the appropriate level.	Medium	This should be addressed within the policy referenced above	30/09/23 <u>Revised</u> 31/03/24 31/03/25	As above	As above

Meeting of:	**GOVERNANCE AND AUDIT COMMITTEE**
Date of Meeting:	**28 NOVEMBER 2024**
Report Title:	**GOVERNANCE AND AUDIT COMMITTEE ANNUAL REPORT 2023/24**
Report Owner / Corporate Director:	**CHAIR OF THE GOVERNANCE AND AUDIT COMMITTEE**
Responsible Officer:	**ANDREW WATHAN HEAD OF REGIONAL INTERNAL AUDIT SERVICE**
Policy Framework and Procedure Rules:	**There is no impact on the policy framework and procedure rules**
Executive Summary:	• **The Governance and Audit Committee (GAC) is required to approve an Annual Report for presentation to Council.** • **This report demonstrates how the Committee has met its Terms of Reference as per the Council's Constitution as set out by the Local Government (Wales) Measure 2011 and the Local Government and Elections (Wales) Act 2021.** • **The Committee has achieved this by concentrating on its core responsibilities during 2023/24.** • **Members have demonstrated that they have held senior management to account for making improvements in the governance arrangements and the control environment, challenged officers and sought clarification and progress reports to obtain the assurances required to support continued good governance.** • **The outcome of the 2023/24 self-assessment process, consistent with previous years, demonstrates that the Council has sound arrangements in place in respect of its Governance and Audit Committee, noting that the level of knowledge and experience of members was good or satisfactory.** • **GAC Members' comments have been considered and incorporated within the report where appropriate.** • **Pen pictures of lay members included at Appendix 5.**

1. Purpose of Report

1.1 The purpose of the report, is for the Committee to approve the Governance and Audit Committee's Annual Report and determine whether it forms a balanced summary of the work undertaken by the Committee during 2023/24 for presentation to full Council.

2. Background

2.1 The Council's Governance and Audit Committee has responsibility for ensuring that there are procedures in place to guarantee the adequacy and effectiveness of financial control and corporate governance arrangements.

2.2 A key component of good governance for all organisations is to have in place a Governance and Audit Committee. Bridgend County Borough Council complies with this requirement; the Terms of Reference of the Committee, as included within the Council's Constitution, are set in line with the Local Government (Wales) Measure 2011 and the Local Government and Elections (Wales) Act 2021. The responsibilities of the Governance and Audit Committee, as required by the above legislation, are included in Appendix 1 of the Annual Report **(Appendix A)**.

2.3 The Governance and Audit Committee are required to:

- Report to Council on the Committee's findings, conclusions and recommendations concerning the adequacy and effectiveness of the governance, risk management and internal control frameworks, financial reporting arrangements and internal and external audit functions.

- Report to Council on an annual basis and to publish an annual report on the Committee's work, its performance in relation to its Terms of Reference and its effectiveness in meeting its purpose including a conclusion on compliance with Chartered Institute of Public Finance and Accountancy (CIPFA) Position Statement on audit committees.

2.4 The Local Government and Elections (Wales) Act 2021 determined that former Audit Committees would be re-named Governance and Audit Committees and from May 2022 the Chair of the Governance and Audit Committee had to be a lay member and that one third of its membership had to be lay members. Bridgend's Governance and Audit Committee had 3 out of 4 lay members and 8 elected councillors on board during 2023/24. The Committee held 6 meetings during the municipal year.

2.5 The Governance and Audit Committee focused on its core responsibilities:

- Reviewing the draft financial statements;
- Scrutinising and being satisfied with the Council's Annual Governance Statement, to demonstrate how governance supports the achievement of objectives, and monitor management action in-year to further improve arrangements;
- Monitoring the Council's internal audit function in terms of overseeing independence, objectivity, performance and professionalism, through the regular reporting of performance and finalised audit assignments;
- Considering the effectiveness of the authority's risk management arrangements;

- Considering reports and recommendations of external audit in respect of the Council;
- Supporting the ongoing development and effectiveness of Governance and Audit Committee; and
- Ensuring compliance with legal requirements, namely the Local Government and Elections (Wales) Act 2021, in respect of overseeing the Council's performance assessment and the arrangements for handling complaints.

2.6 Members have demonstrated that they have held senior management to account for making improvements in the governance arrangements and the control environment, challenged officers and sought clarification and progress reports to obtain the assurances required to support continued good governance.

3. Current situation / proposal

3.1 This report at **Appendix A**, sets out the Governance and Audit Committee's Annual Report for 2023/24, how it has complied with its Terms of Reference, and outlines its performance during the year, together with a self-assessment against the CIPFA publication 'Audit Committees – Practical Guidance for Local Authorities & Police 2022 Edition'.

- Appendix 1 sets out the responsibilities of the Governance and Audit Committee in line with legislation
- Appendix 2 identifies the reports presented to Governance and Audit Committee during 2023/24
- Appendix 3 provides examples of Governance and Audit Committee's challenge
- Appendix 4 summaries members of Governance and Audit Committee's knowledge and skills self-assessment
- Appendix 5 provides some background of the lay members.

3.2 The outcome of the 2023/24 self-assessment process, consistent with previous years, demonstrates that the Council has sound arrangements in place in respect of its Governance and Audit Committee, noting that the level of knowledge and experience of members was good or satisfactory.

4. Equality implications (including Socio-economic Duty and Welsh Language)

4.1 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.

5. Well-being of Future Generations implications and connection to Corporate Well-being Objectives

5.1 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.

6. Climate Change Implications

6.1 There are no safeguarding or corporate parent implications arising from this report.

7. Safeguarding and Corporate Parent Implications

7.1 There are no safeguarding or corporate parent implications arising from this report.

8. Financial Implications

8.1 There are no financial implications arising from this report.

9. Recommendations

9.1 It is recommended that the Committee approve the Governance and Audit Committee's Annual Report and determine whether it forms a balanced summary of the work undertaken by the Committee during 2023/24 for presentation to full Council.

Background documents

None

APPENDIX A

Subject	**Governance and Audit Committee Annual Report 2023/24**
Directorate:	**Chief Executives**
Meeting:	**Governance and Audit Committee**
Date:	**28 November 2024**
Division/Wards Affected	**All**

V 1.3

1. PURPOSE

1.1 The purpose of the report, subject to further comments from Members, is for the Committee to approve the Governance and Audit Committee's Annual Report and determine whether it forms a balanced summary of the work undertaken by the Committee during 2023/24 for presentation to full Council.

1.2 On behalf of the Governance and Audit Committee the Annual Report for 2023/24 is submitted for consideration by the Governance and Audit Committee. It shows that, over this period, the Committee has fulfilled its role as defined in its terms of reference.

1.3 The report shows that the workings of the Committee continue to be both valuable and productive and that it provides assurance to the Council regarding the Committee's activities in the effective governance of financial affairs and other matters by the Authority.

2. RECOMMENDATIONS

2.1 It is recommended that, subject to further comments from Members, the Committee approve the Governance and Audit Committee's Annual Report and determine whether it forms a balanced summary of the work undertaken by the Committee during 2023/24 for presentation to full Council.

3. INTRODUCTION

3.1 The Council's Governance and Audit Committee has responsibility for ensuring that there are procedures in place to guarantee the adequacy and effectiveness of financial control and corporate governance arrangements.

3.2 A key component of good governance for all organisations is to have in place a Governance and Audit Committee. Bridgend County Borough Council complies with this requirement; the Terms and Reference of the Committee, as included within the Council's Constitution, are set in line with the Local Government (Wales) Measure 2011 and the Local Government and Elections (Wales) Act 2021. The responsibilities of Governance and Audit Committee, as required by the above legislation, are included at **Appendix 1** of this report.

3.3 The Local Government and Elections (Wales) Act 2021 determined that former Audit Committees would be re-named Governance and Audit Committees and from May 2022 the Chair of the Governance and Audit Committee had to be a lay member and that one third of its membership had to be lay members. Bridgend's Governance and Audit Committee had 3 out of 4 lay members and 8 elected councillors on the Committee during 2023/24. The Committee held 6 meetings during the municipal year. Progress was ongoing to appoint the fourth lay member.

3.4 The Governance and Audit Committee was mindful of new and different ways of working in setting its workplan for the year and also of the need for robust and proportionate oversight of the Council's governance, internal control and risk managements to be in place. The Governance and Audit Committee focussed on its core responsibilities:

- Reviewing the draft financial statements;
- Scrutinising and being satisfied with the Council's Annual Governance Statement, to demonstrate how governance supports the achievement of objectives, and monitor management action in-year to further improve arrangements;
- Monitoring the Council's internal audit function in terms of overseeing independence, objectivity, performance and professionalism, through the regular reporting of performance and finalised audit assignments;
- Considering the effectiveness of the authority's risk management arrangements;
- Considering reports and recommendations of external audit in respect of the Council;
- Supporting the ongoing development and effectiveness of Governance and Audit Committee; and
- Ensuring compliance with legal requirements, namely the Local Government and Elections (Wales) Act 2021, in respect of overseeing the Council's performance assessment and the arrangements for handling complaints.

3.5 All reports presented to the Governance and Audit Committee during 2023/24 are shown in the forward work plan as at **Appendix 2**.

4. WORK DELIVERED IN 2023/24

4.1 The CIPFA Guidance ('Audit Committees – Practical Guidance for Local Authorities & Police 2022 Edition') identifies 'Core Functions' of a Governance and Audit Committee along with what it refers to as possible 'wider functions' of a Governance and Audit Committee. The Committee undertook its role during 2023/24 by receiving a comprehensive suite of reports in line with its work programme for the year, as shown at **Appendix 2**.

4.2 *Be satisfied that the Council's assurance statements, including the annual governance statement (AGS), properly reflect the risk environment and any actions required to improve it, and demonstrate how governance supports the achievement of the Council's objectives.*

4.2.1 The Draft AGS for 2022/23 was reported to the Governance and Audit Committee; the Committee endorsed it and recommended its certification by the Leader of the Council and the Chief Executive for inclusion within the Council's 2022/23 Statement of Accounts. As part of

this process, the Review of Effectiveness and proposals for improvement have been reviewed and challenged by the Council's Corporate Management Board and Governance and Audit Committee. Members were keen to challenge the process and sought clarification of certain aspects of the draft statement.

4.3 *Internal Audit functions:*

- *oversee its independence, objectivity, performance and professionalism;*
- *support the effectiveness of the internal audit process;*
- *promote the effective use of internal audit within the assurance framework.*

4.3.1 From the 1st April 2019 the Council's Internal Audit Service transferred to a Regional Internal Audit Service, hosted by the Vale of Glamorgan Council and comprising four local authorities: Bridgend County Borough Council, Merthyr Tydfil County Borough Council, Rhondda Cynon Taf County Borough Council and Vale of Glamorgan Council. [With effect from 1st April 2024, Rhondda Cynon Taf County Borough Council have decided to take Internal Audit back in-house for strategic reasons citing no issues with quality, experience or relationships with the regional service].

4.3.2 An assessment of key risks and changes in service delivery arrangements following Covid-19 were taken into account as part of compiling the Internal Audit Annual Strategy and Risk Based Internal Audit Plan 2023/24.

4.3.3 The Internal Audit Annual Plan for 2023/24 was reported to, and approved by, the Governance and Audit Committee. The Head of the Regional Internal Audit Service outlined that the proposed plan would need to continue to recognise particular risks and challenges arising from revised working arrangements, such as remote ways of working. Members were keen to understand how the plan was compiled and challenged the robustness of it.

4.3.4 During the year, the Governance and Audit Committee received Internal Audit performance updates, details of all finalised audit assignments and progress on implementation of audit recommendations; this suite of information has enabled Members to consider the effectiveness of the Internal Audit process for 2023/24.

4.3.5 A key part of the Governance and Audit Committee's role is to support the Council's Internal Audit Service to remain independent, assess whether it has adequate resources available to it and to monitor the performance and quality of work delivered throughout the year. The Internal Audit Service fulfilled this requirement through its Internal Audit

Charter, that was presented to and approved by the Governance and Audit Committee and provided the Committee with information to assess the independence of the Internal Audit Service.

4.4 *Monitor the effectiveness of the control environment, including arrangements for ensuring value for money, supporting standards and ethics and for managing the authority's exposure to the risks of fraud and corruption.*

4.4.1 6 *Limited Assurance* audit reports were issued in 2023/24 which were reported to the Governance and Audit Committee within Internal Audit's (IA) 'Progress against the IA Risk Based Plan 2023/24 reports during the year. There were no 'No Assurance' reports issued.

4.4.2 Following the Limited Assurance opinion issued regarding school vehicles, Members requested that further work be undertaken and that the Director write to all schools in order to obtain the assurances that appropriate controls were in place.

4.4.3 Members also requested that the Corporate Management Board be made aware of their concern that some audit recommendations were not being actioned on a timely basis and requested progress reports. Directors / Heads of Service were requested to provide written progress reports on the implementation of audit recommendations.

4.4.4 Throughout the year Members demonstrated that they challenged senior management around governance issues arising and held them accountable for taking appropriate action to make the necessary improvements. Consideration was given to calling in Directors where action was not evident for them to provide assurances that improvements in the control environment would be made.

4.4.5 The results of Internal Audit's work for the financial year are brought together in the form of the *Head of Internal Audit's Annual Report*, which for 2022/23 was reported to Committee in June 2023. For 2023/24 the *Head of Internal Audit's Annual Report* was reported in the first half of the 2024/25 financial year.

4.4.6 The *Head of Internal Audit's Annual Report* for 2022/23 was presented to Committee in June 2023. Based on the internal audit reviews completed during 2022/23, the overall opinion on the adequacy and effectiveness of the Council's framework of governance, risk management and internal control for 2022/23 was *Reasonable* – "is 'Effective with a small number of areas identified for improvement". In addition, no significant cross-cutting control issues have been identified that would impact on the Council's overall control environment and the weaknesses that have been identified are service specific.

4.4.7 Where Members felt they needed further assurance that action was being taken in the service area to address the issues identified in the Internal Audit reports or to ensure agreed recommendations were being implemented, they invited the relevant Director into Committee and thereafter requested further progress reports. Examples of these invitations are shown at **Appendix 3**. This demonstrates the effectiveness of the Committee.

4.4.8 With regard to the risks of fraud and corruption:

- In July 2023 the Annual Corporate Fraud Report 2022/23 was presented. This update provided assurance on the Council's arrangements to tackle potential fraud and covered the internal control environment that supports this area.
- The Anti-tax Evasion Policy was reported to Committee prior to it being presented to Cabinet for approval.
- Following the presentation of the Annual Fraud Report, Members suggested DWP be invited to outline their approach to fraud.

4.5 *Consider the effectiveness of the authority's risk management arrangements and the control environment, reviewing the risk profile of the organisation and assurances that action is being taken on risk-related issues, including partnerships and collaborations with other organisations.*

4.5.1 Quarterly updates were presented to Committee throughout the year which enabled officers and Members to identify and assess trends and the crosscutting nature of risks with the ability to drill down to the detail of risks as and when required. Members suggested improvements in the presentation of risk reports which were taken into consideration. Members received and debated the governance on a report on Cyber Security as one of the risks on the Corporate Risk Register.

4.5.2 In line with the requirements of the Local Government and Elections (Wales) Act 2021, the Committee reviewed the Council's draft Self-Assessment for 2022/23 (incorporating the Council's Corporate Performance Report) in advance of consideration at a meeting of the full Council (noting that the self-assessment included information in respect of partnership / collaboration arrangements). Members were given the opportunity to discuss and comment on the Corporate Self-Assessment exercise before being approved by Cabinet and Council.

4.5.3 Members challenged the content of the report and sought further clarifications of specific areas.

4.5.4 Reports on corporate complaints were also considered and discussed by the Committee who contributed to future improvements of the process and presentation.

4.6 *Review the financial statements, external auditor's opinion and reports to members, and monitor management action in response to the issues raised by external audit.*

4.6.1 Governance and Audit Committee were presented with the draft 2022/23 Statements of Account for the Council and Audit Wales provided a verbal update on the progress on the audit of those accounts; they informed the Committee that no significant matters had been identified to date. Members discussed and challenged the merits of the budget setting process and sought further clarification on certain aspects of the statements presented.

4.6.2 Following review by Committee, the Council's 2022/23 audited Statement of Accounts were reported back through Cabinet and approved by full Council; an unqualified opinion was issued by Audit Wales (i.e. clean bill of health).

4.6.3 The Council's Treasury Management and Investment Strategy was updated and presented to Committee for review prior to it being reporting to full Council. Members welcomed the training provided by officers to help them better understand this process.

4.7 C*onsider the reports and recommendations of external audit and inspection agencies and their implications for governance, risk management or control.*

4.7.1 At the first Governance and Audit Committee meeting of the 2023/24 Municipal Year, Audit Wales reported the 2023 Audit Plan for the Council, and thereafter provided quarterly Audit Wales Work Programme Updates during the year to enable the Committee to be kept up-to-date with the work of Audit Wales and providing opportunity to seek clarity / further information where deemed required.

4.7.2 Audit Wales presented finalised reports to the Governance and Audit Committee during the year, accompanied by Council progress updates on the implementation of recommendations / proposals for improvement contained within the reports. Members challenged some content of these reports and raised concerns around timeliness and availability of reports, audit fees and the impact of Welsh Government legislation on local government.

4.8 The Chair of the Governance and Audit Committee, on his and the Committee's behalf, would like to express their thanks to the Internal Audit Team for their continued professionalism, and hard work throughout the year.

5. SELF-ASSESSMENT AGAINST THE CIPFA PRACTICAL GUIDANCE FOR LOCAL AUTHORITIES & POLICE 2018 EDITION

5.1 The self-assessment checklist based on the CIPFA Guidance was circulated to Members of the Committee in order to assess the existing skills, knowledge and areas of expertise of members and to identify any gaps or training requirements.

5.2 89% of responses from Members of this Committee indicated that their level of knowledge and experience across the 10 statements, as shown in **Appendix 4**, was good or satisfactory. There were no significant areas where Members felt they had little knowledge or experience, although they would welcome further sessions on the arrangements for complaint handling and were happy to be guided by officers on other areas of knowledge requiring development.

5.3 The results indicate that Governance and Audit Committee Members have an overall sound base of knowledge and experience in the areas of responsibility for this Committee.

5.4 As stated above, the Governance and Audit Committee operated with less than its full quota of lay members during 2023/24. A Pen Picture of each lay member setting out their experience and knowledge to support the value added of the Committee is shown at **Appendix 5**.

6. CONCLUSIONS

6.1 During 2023/24 the Council's Governance and Audit Committee has reviewed and challenged a range of topic areas, including the work of Internal and External Audit, the Committee's responsibilities as set out in the Local Government and Elections (Wales) Act 2021 and its responsibility in respect of reviewing and scrutinising the Council's Treasury Management arrangements.

6.2 Members have demonstrated that they have held senior management to account for making improvements in the control environment, challenged officers and sought clarification and progress reports to obtain the assurances required to support continued good governance. Some Directors have been invited to Committee to provide further assurances.

6.3 From a review of the coverage of Governance and Audit Committee's work and oversight during the year, as set out in Section 2, it is considered that the Committee has delivered its workplan and responsibilities in line with its Terms of Reference.

6.4 The Annual Report also sets out, in Section 5 / **Appendix 4**, the results of the self-assessment undertaken against the checklist included within the CIPFA Guidance. The outcome of the 2023/24 self-assessment process, consistent with previous years, demonstrates that the Council has sound arrangements in place in respect of its Governance and Audit Committee, noting that the level of knowledge and experience of its Members was good or satisfactory.

Appendix 1

RESPONSIBILITIES OF AUDIT COMMITTEE IN LINE WITH THE LOCAL GOVERNMENT (WALES) MEASURE 2011 AND LOCAL GOVERNMENT AND ELECTIONS (WALES) ACT 2021

Chapter 2, section 81 of the Local Government (Wales) Measure 2011 (revised)

Local authorities to appoint governance and audit committees

A local authority must appoint a committee (a "Governance and Audit Committee") to—

a) review and scrutinise the authority's financial affairs,
b) make reports and recommendations in relation to the authority's financial affairs,
c) review and assess the risk management, internal control and corporate governance arrangements of the authority,
d) make reports and recommendations to the authority on the adequacy and effectiveness of those arrangements,
(da) review and assess the authority's ability to handle complaints effectively,
(db)make reports and recommendations in relation to the authority's ability to handle complaints effectively
e) oversee the authority's internal and external audit arrangements, and
f) review the financial statements prepared by the authority.

A local authority may confer on its Governance and Audit Committee such other functions as the authority considers suitable to be exercised by such a committee.

It is for a Governance and Audit Committee to determine how to exercise its functions.

Local Government and Elections (Wales) Act 2021

Council Performance Arrangements

(i)To consider the Council's draft Annual Performance Self-Assessment report and if deemed necessary may make recommendations for changes to the Council.
(ii) To receive the Council's finalised Annual Self-Assessment report in respect of a financial year as soon as reasonably practicable after the end of that financial year.
(iii) At least once during the period between two consecutive ordinary elections of councillors to the Council, consider the independent Panel Performance Assessment report into which the Council is meeting its performance requirements.
(iv)To receive and review the Council's draft response to the report of the independent Panel Performance Assessment and if deemed necessary may make recommendations for changes to the statements made in the draft response to the Council.

Complaints Handling

(i) To review and assess the Council's ability to deal with complaints effectively.
(ii)To make reports and recommendations in relation to the Council's ability to deal with complaints effectively.

Appendix 2

GOVERNANCE AND AUDIT COMMITTEE FORWARD WORK PROGRAMME 2023-24	Frequency	01 June 2023	26 July 2023	28 September 2023	09 November 2023	25 January 2024	18 April 2024
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 2022-23 (unaudited)	Annually		✓				
Porthcawl Harbour Return 2022-23 (unaudited)	Annually		✓				
Audited Statement of Accounts and Annual Governance Statement	Annually				✓		
Porthcawl Harbour Return (audit letter)	Annually				✓		
Governance							
Annual Governance Statement 2023-24	Annually		✓				
Half Year Review of the Annual Governance Statement 2023-24	Annually				✓		
Audit Wales Annual Audit Plan *(included in Audit Wales Governance and Audit Committee Reports item)*	Annually						✓
Annual Audit Summary *(included in Audit Wales Governance and Audit Committee Reports item)*	Annually					✓	
Internal Audit Reports							
Annual Internal Audit Report 2022-23	Annually	✓					
Internal Audit Shared Service Charter	Annually						✓
Internal Audit Annual Strategy and Audit Plan 2023-24	Annually	✓					
Self Assessment of the Governance and Audit Committee	Annually					✓	
Internal Audit Progress Reports	Quarterly		✓		✓	✓	✓
Internal Audit Recommendation Monitoring Report	Quarterly		✓		✓	✓	✓
Treasury Management							
Treasury Management Outturn Report 2022-23	Annually		✓				
Treasury Management Half Year Report 2023-24	Annually				✓		
Treasury Management Strategy 2024-25	Annually					✓	
Risk Assurance							
Corporate Risk Assessment	At regular intervals	✓			✓	✓	
Counter Fraud							
Corporate Fraud Report 2022-23	Annually		✓				
Anti Tax Evasion Policy (previously considered April 2023, due April 2025)	Biennially						
Performance Related							
Complaints Process	Ad hoc						✓
Regulatory Tracker	6 monthly		✓			✓	
Annual Self Assessment of the Council's Performance	Annually	✓					

Appendix 3

Examples of where G&AC Members have invited the relevant Director / Head of Service into Committee or requested a written update in order to provide further assurances that action was being taken to implement the agreed Internal Audit recommendations or as a result of concerns raised by Internal Audit.

	Establishment / System / Service	Date of G&AC	G&AC Recommendations	Subsequent Action
1	Abercerdin Primary School	June 2023	- Discussed by G&AC - If the audit opinion from the follow up report did not improve consideration would be given to inviting in representatives from the school.	- Verbal update July 2023 was that the follow up audit resulted in a *Reasonable* opinion
2	School Vehicles	September 2023	- That the Corporate Director - Education, Early Years & Young People write to all schools reminding them of their responsibilities to ensure all school vehicles were roadworthy and that the drivers of those vehicles had the correct licences to do so -	- A copy of the letter sent to schools by the Corporate Director - Education, Early Years & Young People was circulated to G&AC members
3	Overdue Internal Audit recommendations	September 2023	- That the Head of the Regional Internal Audit Service refer the overdue recommendations to CMB as a matter of urgency and that an update report be provided	- Recommendation monitoring is reported to CMB on a regular basis in order to highlight any issues
4	Internal Audit recommendations – revised implementation dates	January 2024	- proposed that relevant Director be invited to a meeting of the committee to explore the issue of school vehicles also needed to be addressed urgently. - that the Committee make it known that any action owner who has an overdue action should be expected to attend the Governance and Audit Committee and account for themselves.	- the Corporate Director - Education. Early Years and Young People provided an update on school vehicles at June 2024 GAC - CMB have been made aware of this action
5	Internal Audit issues raised at schools	April 2024	- Chief Executive and the Corporate Director - Education, Early Years & Young People are invited to attend the next meeting.	- The Chief Executive and the Corporate Director - Education, Early Years & Young People attended June 2024 GAC

	Internal Audit recommendations – implementation	April 2024	- that the Heads of Service provide written updates to the next meeting of the Committee in respect of all the matters set out in Appendix B and C, indicating where they are in their action plan and when the matters outlined will be concluded if they are not by that date (overdue recommendations / recommendations with future implementation dates)	- updates from directors were provided to GAC's July 2024 meeting

Examples of where G&AC Members have challenged officers and requested further information or assurances be provided.

	Establishment / System / Service	Date of G&AC	G&AC Recommendations	Subsequent Action
	Frauds	September 2023	- A request was made about a possible presentation by the Department of Work and Pensions (DWP) and it was confirmed that they are willing to come and give a general briefing which would include the issues discussed at the last meeting.	

Self-assessment of Good Practice

BRIDGEND COUNTY BOROUGH COUNCIL - GOVERNANCE & AUDIT COMMITTEE - ANALYSIS OF THE KNOWLEDGE & SKILLS SELF ASSESSMENT QUESTIONNAIRE

	Good Knowledge	Satisfactory Knowledge	Little Knowledge	Total
1. Organisational Knowledge	5	1	1	7
2. Governance and Audit Committee Role and Functions	5	1	1	7
3. Internal Audit	5	1	1	7
4. Financial Management and Accounting	3	3	1	7
5. External Audit	4	3	0	7
6. Risk Management	3	3	1	7
7. Counter Fraud	4	2	1	7
8. Values of Good Governance	4	3	0	7
9. Council Performance Self-Assessment	3	3	1	7
10. Complaints Handling	3	3	1	7
Total	**39**	**23**	**8**	**70**
Percentage	**89%**		**11%**	

All comments received

Good understanding of risk management. Satisfactory of Council approach.

If there has been a change in the advice given during training regarding Fraud, perhaps we should have an update.

Further session on councils specific arrangements for complaints handling would be beneficial.

It is always worth having a refresher if the audit team feel that we need some CPD to exercise our functions effectively.

If there is a member of staff that can advise/help us as members if there is something that we really don't understand that would be helpful

Appendix 5

Pen Pictures of the Lay Members of the Governance and Audit Committee – October 2024

Gareth Chapman

Qualifications:

Master of Laws (LLM) Master of Business Administration (MBA) Chartered Manager (CMgr) Diploma in Local Government Law and Practice (DipLG) Companion of the Chartered Management Institute (CCMI) Solicitor (Non Practicing)

Experience:

Local Government Officer for 42 years. Practicing Solicitor for 31 years.

Chief Executive for 9 years, Deputy Chief Executive and Director for 8 years, Solicitor to the Council, Monitoring Officer, Returning Officer etc.

Used to Chairing Multi Agency Meetings - Public Service Board, Chair of the Merthyr Tydfil Youth Offending Service Board, Chair of the Cwm Taff Youth Offending Service Board, Chaired numerous Public Meetings and Engagement Sessions, Internal Council meetings etc.

Previously member of several Welsh Government Task and Finish Groups, All Wales Youth Justice Board, Community Safety Partnership Review Board. Board Members of College Merthyr Tydfil and Academi Wales.

Currently:

Member of the College of Policing Panel reviewing the Code of Ethics for Police Officers and Police Staff

Member and Chair of Bridgend, Newport and Vale of Glamorgan Governance and Audit Committees

Lay Inspector for Estyn

Co-opted Independent Member of South Wales Police and Crime Panel

Andrew Bagley

Following studying Maths with Engineering at Nottingham University, I joined PwC in Cardiff where I qualified as a Chartered Accountant; and worked my way up to Audit Manager.

I worked across both private and public sector; internal and external audit.

I gained experience outside of professional services as an Internal Audit Manager within Vodafone; and subsequently Associated British Foods which covers brands such as Kingsmill, Twinings, Ryvita, Primark and others.

Both of these FTSE 100 companies operated on a global scale.

My career then took me into the Internal Audit Team at DVLA, and became Head of Internal Audit during a time of exiting a major IT contract.

I led the DVLA Internal Audit team into the Government Internal Audit Agency; where I also helped set up the Digital Data and Technology (DDaT) specialism for all IT audit across Government. I am an IT auditor (CISA).

In 2020, I became the Executive Director of Governance and Corporate Services at the Independent Monitoring Authority – set up from scratch as a result of the EU (Withdrawal Agreement) Act 2020. The Independent Monitoring Authority is a non-departmental public body.

Biodun Olorunnisola

Biodun studied Accountancy in Obafemi Awolowo University Ile-Ife Nigeria and he is a Fellow of the Institute of Chartered Accountants of Nigeria and Associate of the Chartered Institute of Management Accountants (CIMA). He has over 20 years' experience in the Financial Services Industry providing solutions to Trade Finance problems and empowering conscious risk taking in Wealth Management and Banking.

He obtained MBA from Manchester Business School and has attended several courses in Leadership and Strategy at Insead, Ashridge, Euromoney and Standard Bank Global Leadership Centre etc.

As part of his contribution to the society, he served as the Financial Secretary of his Estate Residents' Association, He provided leadership as Chairman of CIMA Branch in Nigeria, Was on the African Regional Board of CIMA and a member of the Global Membership Services Committee of CIMA. He was on the committee that facilitated the provision of certain amenities to his University and he was the Chairman of the Project Committee of his class in the University which successfully delivered an energy efficient lighting project.

He is currently serving as an Independent on the Board of an SME in Nigeria to improve corporate governance.

He is happily married to Kehinde and blessed with 3 lovely boys.

Meeting of:	**GOVERNANCE AND AUDIT COMMITTEE**
Date of Meeting:	**28 NOVEMBER 2024**
Report Title:	**FORWARD WORK PROGRAMME 2024-25**
Report Owner / Corporate Director:	**CHIEF OFFICER – FINANCE, HOUSING AND CHANGE**
Responsible Officer:	**DEBORAH EXTON DEPUTY HEAD OF FINANCE**
Policy Framework and Procedure Rules:	**There is no impact on the policy framework and procedure rules.**
Executive Summary:	• **The Governance and Audit Committee has a number of core functions and responsibilities within its remit.** • **It receives a number of reports and presentations throughout the year to enable it to carry out those core functions and responsibilities effectively and to provide it with confidence in the financial governance of the Authority.** • **To enable the Committee to provide this assurance and to ensure it is covering its range of responsibilities, a Forward Work Programme (FWP) is presented at each meeting, setting out the reports to be presented at future meetings, for approval or amendment, as necessary.** • **The updated Forward Work Programme (FWP) for 2024-25 is at Appendix A.** • **Committee is requested to approve the updated FWP or request changes for future meetings.**

1. Purpose of Report

1.1 The purpose of this report is to seek approval for the updated Forward Work Programme for 2024-25.

2. Background

2.1 The core functions of an effective Governance and Audit Committee include the responsibility to:

- review, scrutinise and issue reports and recommendations in relation to the Authority's financial affairs.
- 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 Internal 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.
- review and make any recommendations for change to the Council's draft self-assessment report.
- consider panel performance assessment reports into how the Council is meeting its performance requirements.

2.2 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.

3. Current situation / proposal

3.1 In order to assist the Committee in ensuring that due consideration is given to all aspects of their core functions the updated Forward Work Programme for 2024-25 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.

3.2 Shown below are the items scheduled to be presented at the next scheduled meeting, to be held on 30 January 2025.

	Proposed Agenda Items – 30 January 2025
1	Governance and Audit Committee Action Record
2	Audit Wales Governance and Audit Committee Reports
3	Corporate Risk Assessment (including Corporate Risk Policy)
4	Treasury Management Strategy 2025-26
5	Internal Audit Progress Reports
6	Internal Audit Recommendation Monitoring Report
7	Regulatory Tracker
8	Updated Forward Work Programme

3.3 The schedule of items for discussion at specific meetings may be subject to change, to take into account other items that need to be considered, and operational factors.

4. Equality implications (including Socio-economic Duty and Welsh Language)

4.1 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.

5. Well-being of Future Generations implications and connection to Corporate Well-being Objectives

5.1 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.

6. Climate Change Implications

6.1 There are no climate change implications arising from this report.

7. Safeguarding and Corporate Parent Implications

7.1 There are no safeguarding or corporate parent implications arising from 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 updated Forward Work Programme for 2024-25.

Background documents

None

GOVERNANCE AND AUDIT COMMITTEE FORWARD WORK PROGRAMME 2024-25	Frequency	30 January 2025	24 April 2025
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 2023-24 (unaudited)	Annually		
Porthcawl Harbour Return 2023-24 (unaudited)	Annually		
Going Concern Assessment	Annually		
Audit Enquiries Letter	Annually		
Audit Wales Audit of Accounts Report *(included with Audited Statement of Accounts Report item)*	Annually		
Audited Statement of Accounts (*including final Annual Governance Statement*)	Annually		
Porthcawl Harbour Return (audit letter)	Annually		
Governance			
Draft Annual Governance Statement	Annually		
Half Year Review of the Annual Governance Statement	Annually		
Code of Corporate Governance	Annually		✓
Audit Wales Annual Audit Plan *(included in Audit Wales Governance and Audit Committee Reports item)*	Annually		✓
Annual Audit Summary *(included in Audit Wales Governance and Audit Committee Reports item)*	Annually	✓	
Internal Audit Reports			
Annual Internal Audit Report 2023-24	Annually		
Internal Audit Shared Service Charter	Annually		✓
Internal Audit Annual Strategy and Audit Plan 2024-25	Annually		
Self Assessment of the Governance and Audit Committee	Annually		
Internal Audit Progress Reports	Quarterly	✓	✓
Internal Audit Recommendation Monitoring Report	Quarterly	✓	✓
Governance and Audit Committee Annual Report	Annually (unless revised)		
Treasury Management			
Treasury Management Outturn Report 2023-24	Annually		
Treasury Management Half Year Report 2024-25	Annually		
Treasury Management Strategy 2025-26	Annually	✓	
Risk Assurance			
Corporate Risk Assessment	6 monthly	✓	
Corporate Risk Policy	Annually	✓	
Counter Fraud			
Corporate Fraud Report 2023-24	Annually		
Anti Tax Evasion Policy (previously considered April 2023, due April 2025)	Biennially		✓
Performance Related			
Complaints Process	Annually		
Regulatory Tracker	6 monthly	✓	
Annual Self-Assessment of the Council's Performance (Corporate Self-Assessment)	Generally once or twice a year		✓

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