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MONDAY, 20 SEPTEMBER 2021

TO: ALL MEMBERS OF THE GOVERNANCE & AUDIT COMMITTEE

I HEREBY SUMMON YOU TO ATTEND A VIRTUAL MEETING OF THE **GOVERNANCE & AUDIT COMMITTEE** WHICH WILL BE HELD AT **10.00 AM ON FRIDAY, 24TH SEPTEMBER, 2021** FOR THE TRANSACTION OF THE BUSINESS OUTLINED ON THE ATTACHED AGENDA.

Wendy Walters

CHIEF EXECUTIVE

Democratic Officer:	Emma Bryer
Telephone (Direct Line):	01267 224029
E-Mail:	ebryer@carmarthenshire.gov.uk

Wendy Walters Prif Weithredwr, *Chief Executive*,
Neuadd y Sir, Caerfyrddin. SA31 1JP
County Hall, Carmarthen. SA31 1JP

GOVERNANCE AND AUDIT COMMITTEE

MEMBERSHIP:-

8 MEMBERS PLUS ONE EXTERNAL MEMBER WITH VOTING RIGHTS

PLAID CYMRU GROUP (4)

- | | | |
|----|------------|----------------|
| 1. | Councillor | Kim Broom |
| 2. | Councillor | Karen Davies |
| 3. | Councillor | Gareth John |
| 4. | Councillor | Elwyn Williams |

LABOUR GROUP (2)

- | | | |
|----|------------|--------------|
| 1. | Councillor | Tina Higgins |
| 2. | Councillor | Bill Thomas |

INDEPENDENT GROUP (1)

- | | | |
|----|------------|--------------|
| 1. | Councillor | Giles Morgan |
|----|------------|--------------|

NEW INDEPENDENT GROUP (1)

- | | | |
|----|------------|-----------------|
| 1. | Councillor | Louvain Roberts |
|----|------------|-----------------|

EXTERNAL VOTING MEMBER

Period of appointment – until the Local Government Elections in May 2022

- | | |
|----|-----------------|
| 1. | Mrs Julie James |
|----|-----------------|

AGENDA

1. APOLOGIES FOR ABSENCE.
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Governance & Audit Committee

24th September 2021

Subject:

Carmarthenshire County Council Audit of Financial Statements report.

Recommendations / key decisions required:

To receive the Audit Wales Audit of Financial Statements report for Carmarthenshire County Council for 2020/21.

Reasons:

The Auditor General is responsible for providing an opinion on whether the financial statements give a true and fair view of the position of Carmarthenshire County Council at 31st March 2021.

Relevant scrutiny committee to be consulted:

Not Applicable.

Cabinet Decision Required: No

Council Decision Required: No

EXECUTIVE BOARD MEMBER PORTFOLIO HOLDER:

Cllr David Jenkins

Directorate:
Corporate Services

Name of Director:
Chris Moore

Report Author:
Chris Moore

Designations:

Director of Corporate Services

Tel No. 01267 224120

Email Address:

CMoore@carmarthenshire.gov.uk

EXECUTIVE SUMMARY
Governance & Audit Committee
24th September 2021

Subject:

Carmarthenshire County Council Audit of Financial Statements report

The Auditor General is responsible for providing an opinion on whether the financial statements give a true and fair view of the position of Carmarthenshire County Council at 31st March 2021. This report summarises the findings from the audit undertaken.

DETAILED REPORT ATTACHED?

YES

IMPLICATIONS

I confirm that other than those implications which have been agreed with the appropriate Directors / Heads of Service and are referred to in detail below, there are no other implications associated with this report :

Signed : **C Moore**

Director of Corporate Services

Policy, Crime & Disorder and Equalities	Legal	Finance	ICT	Risk Management Issues	Staffing Implications	Physical Assets
None	Yes	None	None	None	None	None

Legal

Compliance with the Accounts and Audit (Wales) Regulations 2014 (as amended 2018)

CONSULTATIONS

I confirm that the appropriate consultations have taken in place and the outcomes are as detailed below

Signed: C Moore

Director of Corporate Services

1. Scrutiny Committee: N/a

2. Local Member(s): N/a

3. Community / Town Council: N/a

4. Relevant Partners: N/a

5. Staff Side Representatives and other Organisations: N/a

**CABINET MEMBER PORTFOLIO
HOLDER(S) AWARE/CONSULTED**
NO

Include any observations here

Section 100D Local Government Act, 1972 – Access to Information

List of Background Papers used in the preparation of this report:

THESE ARE DETAILED BELOW

Title of Document	File Ref No.	Locations that the papers are available for public inspection
Accounts and Audit (Wales) Regulations 2014 (as amended 2018)		Corporate Services Department, County Hall, Carmarthen
Code of Practice on Local Authority Accounting 2020/21		Corporate Services Department, County Hall, Carmarthen

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Audit of Accounts Report – Carmarthenshire County Council

Audit year: 2020-21

Date issued: September 2021

Document reference:

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

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

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

Contents

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

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Audit of Accounts Report

Introduction

- 1 We summarise the main findings from our audit of your 2020-21 accounts in this report.
- 2 We have already discussed these issues with the Director of Corporate Services and his team.
- 3 Auditors can never give complete assurance that accounts are correctly stated. Instead, we work to a level of 'materiality'. This level of materiality is set to try to identify and correct misstatements that might otherwise cause a user of the accounts into being misled.
- 4 We set this level at £6.6m for this year's audit.
- 5 There are some areas of the accounts that may be of more importance to the reader and we have set a lower materiality level for these, as follows:
 - Senior Officer Remuneration & Related Parties to Senior Officers - £1,000
 - Related Parties to Members - £10,000
- 6 Although we have completed the majority of our audit work at the time of drafting this report, we are yet to complete:
 - the final review of our audit file;
 - our final review of the revised 2020-21 financial statements; and
 - resolution of queries relating to a small number of other accounts areas.
- 7 We will provide a verbal update on these outstanding items at the Audit and Governance Committee at its meeting on 24 September 2021.
- 8 In our professional view, we have complied with the ethical standards that apply to our work; remained independent of yourselves; and our objectivity has not been compromised in any way. There are no relationships between ourselves and yourselves that we believe could undermine our objectivity and independence.

Impact of COVID-19 on this year's audit

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

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

<p>Timetable</p>	<ul style="list-style-type: none"> • The statutory deadline for completion of the 2020-21 draft accounts was 31 May 2021. However, due to the ongoing impact of Covid 19, Welsh Government issued guidance allowing flexibility for completing the 2020-21 financial statements. As a result, the Council committed to providing the draft accounts by 2nd July and we received the draft accounts in line with this deadline. • We agreed to aim to complete our audit by 30 September 2021 and we expect your audit report to be signed on 27th September.
<p>Electronic signatures</p>	<p>The current plan is for the Governance and Audit Committee to approve the 2020-21 financial statements at its virtual meeting on 24 September 2021. The Section 151 officer will then arrange for manual signatures to be obtained prior to the audit opinion being issued.</p> <p>There are no current plans to use electronic signatures, however, should the Council decide they should proceed on this basis, then we can accept the use of electronic signatures and electronic transfer of files during the approval and signing process.</p>
<p>Audit evidence</p>	<p>As in previous years, we received the majority of audit evidence in electronic formats. We have used various techniques to ensure its validity.</p> <p>Specifically:</p> <ul style="list-style-type: none"> • officers provided electronic working papers in accordance with our agreed Audit Deliverables Report and provided audit evidence to the audit team via e-mail or the shared folder accessible by auditors through the Council laptops and the online portal; • officers were available by video conferencing for discussions, and for the sharing of on-screen information/evidence; and • Audit Wales also secured remote read-only access to the Agresso ledger, CIPFA Asset Management System and Northgate system which enabled the audit team to run reports and view evidence and hence reduce the burden on officers to provide this information.
<p>Other</p>	<ul style="list-style-type: none"> • Video conferencing has enabled the audit team to correspond effectively with officers throughout the audit. • Video-conference based Audit Committee meetings have enabled us to proficiently discharge our responsibility for reporting to those charged with governance.

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

Proposed audit opinion

- 12 We intend to issue an unqualified audit opinion on this year's accounts once you have provided us with a Letter of Representation based on that set out in **Appendix 1**.
- 13 We issue a 'qualified' audit opinion where we have material concerns about some aspects of your accounts; otherwise we issue an unqualified opinion.
- 14 The Letter of Representation contains certain confirmations we are required to obtain from you under auditing standards.
- 15 Our proposed audit report is set out in **Appendix 2**.

Significant issues arising from the audit

Uncorrected misstatements

- 16 There are no misstatements identified in the accounts, which remain uncorrected.

Corrected misstatements

- 17 There were initially some misstatements in the accounts which have now been corrected by management. None of these amendments had any impact on the year end financial position of the Council. However, we believe that these should be drawn to your attention and they are set out with explanations in **Appendix 3**.

Other significant issues arising from the audit

- 18 In the course of the audit, we consider a number of matters relating to the accounts and report any significant issues arising to you. There were no issues arising in these areas this year.

Appendix 1

Final Letter of Representation

[Audited body's letterhead]

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

24 September 2021

Representations regarding the 2020-21 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 Carmarthenshire County Council for the year ended 31 March 2021 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 CIPFA's Code of Practice on Local Authority Accounting in the United Kingdom UK 2020-21; 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 Carmarthenshire County 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.

Representations by those charged with governance

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 on 24 September 2021.

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:

Director of Corporate Services

Chair of the Governance and Audit
Committee

Date: 24 September 2021

Date: 24 September 2021

Appendix 2

Proposed Audit Report

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

Opinion on financial statements

I have audited the financial statements of Carmarthenshire County Council for the year ended 31 March 2021 under the Public Audit (Wales) Act 2004.

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

The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2020-21.

In my opinion the financial statements:

- give a true and fair view of the financial position of Carmarthenshire County Council as at 31 March 2021 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with legislative requirements and international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2020-21.

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. I am independent of the 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 the 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 Responsible Financial Officer is responsible for the other information contained within the Statement of Accounts. The other information comprises the information included in the Narrative Report and Annual Governance Statement. 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.

Report on other requirements

Opinion on other matters

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

- the information contained in the Narrative Report for the financial year for which the financial statements are prepared is consistent with the financial statements and the Narrative Report has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2020-21;
- The information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and the Annual Governance Statement has been prepared in accordance with guidance.

Matters on which I report by exception

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

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

- adequate accounting records have not been kept, or returns adequate for my audit have not been received from branches not visited by my team;
- the financial statements are not in agreement with the accounting records and returns; or
- I have not received all the information and explanations I require for my audit.

Responsibilities

Responsibilities of the responsible financial officer for the financial statements

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on page 7, the responsible financial officer is responsible for the preparation of the statement of accounts, which give a true and fair view, and for such

internal control as the responsible financial officer determines is necessary to enable the preparation of statements of accounts that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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 council's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to Carmarthenshire County 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.
- Obtaining an understanding of Carmarthenshire County Council's framework of authority as well as other legal and regulatory frameworks that Carmarthenshire County 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 Carmarthenshire County Council.

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 and the Council; and
- 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 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 Carmarthenshire County 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.

Certificate of completion of audit

I certify that I have completed the audit of the accounts of Carmarthenshire County 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
Date – 27 September 2021

24 Cathedral Road
Cardiff, CF11 9LJ

Summary of Corrections Made

During our audit we identified the following misstatements that have been corrected by management, but which we consider should be drawn to your attention due to their relevance to your responsibilities over the financial reporting process.

Exhibit 3: summary of corrections made

Value of correction	Nature of correction
£1,414m PPE stock received and £981k used by the Council in 2020-21	<p>During 2020-21 the Council received personal protective equipment (PPE) from NHS shared services free of charge that was not accounted for and recognised in the draft accounts, although a note was included detailing the number of units issued and received.</p> <p>The value of PPE received totals £6.079 million, of which some £1.414m has been retained and used by the Council and £4.665m has been issued to third parties. The amounts issued to third parties has been accounted for on an Agency basis and is shown in the relevant agency disclosure note.</p> <p>The value of PPE used by the Council (£981,000) has now been accounted for as notional income and expenditure in the Comprehensive Income and Expenditure Statement and the remaining value of unused stock (£432,000) has been disclosed as inventory and a donated asset in the Balance Sheet</p> <p>It should be noted that the impact of these transactions would have a net nil effect on both the balance sheet and the comprehensive income and expenditure statement.</p>
£5.4m	<p>During the Covid pandemic the Council were requested by Welsh Government (WG) to make different payments to eligible individuals and businesses on behalf of WG. These payments have generally been accounted for on an agency basis and therefore have not been included in the Council's core financial statements for 2020-21.</p> <p>One scheme introduced by WG was a £735 bonus payment scheme for all social care workers. The decision to issue this bonus was made by Welsh Government on 31 March 2021 but payments were not</p>

	<p>made by Carmarthenshire Council to relevant individuals until July 2021 and the Council were subsequently reimbursed by WG.</p> <p>The initial consideration was to include a debtor and creditor balance relating to these transactions in the draft 2020-21 financial statements, as this was the approach discussed with WG.as the costs were applicable to 2020/21.</p> <p>We have reconsidered our views on the accounting for these debtor and creditor balances and have reached the conclusion that they should not be included in the 2020-21 balance sheet. The Council have agreed to amend their draft financial statements based on this revised guidance and have also amended the agency grant note.</p> <p>It should be noted that the impact of these transactions would have a net nil effect on the balance sheet.</p>
Covid19 Agency disclosure note	<p>The disclosure note relating to the Covid 19 expenditure and income was included in the narrative report section of the draft accounts. This part of the statement of accounts is not covered by our audit opinion and as such this note has been moved into the main body of the financial statements.</p>
£1.18m	<p>The Capital Commitments note had two projects relating to Ysgol y Castell and Gwynfryn where the capital commitments figures had been understated. The figures from these projects were increased to reflect the additional capital commitments.</p>
ERW	<p>The disclosures relating to ERW in Note 6.39 in the draft financial statements were based on the 2019-20 outturn figures, as the 2020-21 figures were unavailable at the time of the draft accounts being produced. The figures have been updated now that the 2020-21 ERW accounts have been received.</p>
WRW Construction Group – Post Balance Sheet event	<p>In July 2021, WRW construction group were placed into Administration. This group were contractors for the Council on several capital projects. We have discussed and corresponded with management on the impact of this contractor going into administration. It has been</p>

	agreed to include a non adjusting post balance sheet disclosure in the 2020-21 Financial Statements relating to the potential additional costs the Council are likely to incur in completing the projects that WRW were working on.
Various presentational amendments	Various other minor presentational amendments were made to the draft statement of accounts.



Audit Wales
24 Cathedral Road
Cardiff CF11 9LJ

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Fax: 029 2032 0600

Textphone: 029 2032 0660

E-mail: info@audit.wales

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.

Governance & Audit Committee

24th September 2021

Letter of Representation to Audit Wales Carmarthenshire County Council

Recommendations / key decisions required:

To acknowledge the Letter of Representation from the Director of Corporate Services and the Chair of the Governance and Audit Committee to Audit Wales – Carmarthenshire County Council

Reasons:

The Committee's formal acknowledgement of the Director of Corporate Services' response is required by Audit Wales.

Relevant scrutiny committee to be consulted: N/A

Cabinet Decision Required : NO

Council Decision Required : NO

EXECUTIVE BOARD MEMBER PORTFOLIO HOLDER:-

Cllr. David Jenkins

Directorate:
Corporate Services

Designation:

Director of Corporate
Services

Tel No: 01267 224120

E Mail Address:

CMoore@carmarthenshire.gov.uk

Report Author:
Chris Moore

EXECUTIVE SUMMARY
Governance & Audit Committee
24th September 2021

Letter of Representation to Audit Wales
Carmarthenshire County Council

In line with the Statement on Auditing Standards (SAS440 - Management Representations), Audit Wales require a "Letter of Representation" on an Annual Basis from the Director of Corporate Services.

Audit Wales require that the Committee responsible for approving the Accounts under Regulation 8 of the Accounts and Audit Regulations formally acknowledge the Director of Corporate Services' response.

DETAILED REPORT ATTACHED?

YES

IMPLICATIONS

I confirm that other than those implications which have been agreed with the appropriate Directors / Heads of Service and are referred to in detail below, there are no other implications associated with this report :

Signed: **C Moore**

Director of Corporate Services

Policy, Crime & Disorder and Equalities	Legal	Finance	ICT	Risk Management Issues	Staffing Implications	Physical Assets
NONE	NONE	NONE	NONE	NONE	NONE	NONE

CONSULTATIONS

I confirm that the appropriate consultations have taken in place and the outcomes are as detailed below

Signed: **C Moore**

Director of Corporate Services

1. Scrutiny Committee – N/A
2. Local Member(s) – N/A
3. Community / Town Council – N/A
4. Relevant Partners – N/A
5. Staff Side Representatives and other Organisations – N/A

CABINET MEMBER PORTFOLIO HOLDER(S)
AWARE/CONSULTED - NO

Include any observations here

Section 100D Local Government Act, 1972 – Access to Information

List of Background Papers used in the preparation of this report: THERE ARE NONE.

Eich cyf / Your ref:

Gofynner am / Please ask for: Chris Moore

Fy nghyf / My ref:

Llinell Uniongyrchol / Direct Line: 01267 224120

Dyddiad / Date: 24th September 2021

E-bost / E-mail: CMoore@carmarthenshire.gov.uk

Final letter of representation

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

Representations regarding the 2020-21 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 Carmarthenshire County Council for the year ended 31 March 2021 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 CIPFA's Code of Practice on Local Authority Accounting in the United Kingdom UK 2020-21; 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.

Chris Moore FCCA

Cyfarwyddwr y Gwasanaethau Corfforaethol,
Neuadd y Sir, Caerfyrddin, Sir Gaerfyrddin SA31 1JP

Director of Corporate Services,
County Hall, Carmarthen Carmarthenshire SA31 1JP



BUDDSODDWYR | INVESTORS
MEWN POBL | IN PEOPLE

Mae croeso i chi gysylltu â mi yn y Gymraeg neu'r Saesneg

You are welcome to contact me in Welsh or English

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 Carmarthenshire County 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.

Representations by those charged with governance

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 24 September 2021

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:

Director of Corporate Services

Chair of the Governance and Audit
Committee

Date: 24 September 2021

Date: 24 September 2021

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Governance & Audit Committee 24th September 2021

Audit enquiries to those charged with governance and management
Recommendations / key decisions required:
To approve the responses to the requests made of both management and the Governance & Audit Committee as detailed in the report.
Reasons:
To give Audit Wales assurance on a number of governance areas that impact on their audit of the financial statements.
Relevant scrutiny committee to be consulted: N/A
Cabinet Decision Required: NO
Council Decision Required: NO

CABINET MEMBER PORTFOLIO HOLDER:-		
Cllr. David Jenkins		
Directorate: Corporate Services	Designation:	Tel No: 01267 224120
Name of Director: Chris Moore	Director of Corporate Services	E Mail Addresses: CMoore@carmarthenshire.gov.uk
Report Author: Chris Moore		

EXECUTIVE SUMMARY
Governance & Audit Committee
24th September 2021

Audit enquiries to those charged with governance and management

Audit Wales is required to conduct their financial audit in accordance with the requirements set out in International Standards on Auditing (ISAs). As part of the requirements of the ISAs they are required to formally seek the Authority's documented consideration and understanding on a number of governance areas that impact on the audit of the financial statements. These considerations are relevant to both the Council's management and 'those charged with governance' (the Governance & Audit Committee).

The areas of governance on which they are seeking views:

1. Management processes in relation to:
 - undertaking an assessment of the risk that the financial statements may be materially misstated due to fraud;
 - identifying and responding to risks of fraud in the organisation;
 - communication to employees of views on business practice and ethical behaviour; and
 - communication to those charged with governance the processes for identifying and responding to fraud.
2. Management's awareness of any actual or alleged instances of fraud.
3. How management gain assurance that all relevant laws and regulations have been complied with.
4. Whether there is any potential litigation or claims that would affect the financial statements.
5. Management processes to identify, authorise, approve, account for and disclose related party transactions and relationships.

The information provided informs their understanding of the Council and its business processes and supports their work in providing an audit opinion on the 2020/21 financial statements.

DETAILED REPORT ATTACHED?

YES

IMPLICATIONS

I confirm that other than those implications which have been agreed with the appropriate Directors / Heads of Service and are referred to in detail below, there are no other implications associated with this report :

Signed: **C Moore** Director of Corporate Services

Policy, Crime & Disorder and Equalities	Legal	Finance	ICT	Risk Management Issues	Staffing Implications	Physical Assets
NONE	NONE	NONE	NONE	NONE	NONE	NONE

CONSULTATIONS

I confirm that the appropriate consultations have taken in place and the outcomes are as detailed below

Signed: **C Moore** Director of Corporate Services

1. Scrutiny Committee – N/A
2. Local Member(s) – N/A
3. Community / Town Council – N/A
4. Relevant Partners – N/A
5. Staff Side Representatives and other Organisations – N/A

CABINET MEMBER PORTFOLIO HOLDER(S) AWARE/CONSULTED
NO

Include any observations here

Section 100D Local Government Act, 1972 – Access to Information

List of Background Papers used in the preparation of this report:

THESE ARE DETAILED BELOW

Title of Document	File Ref No.	Locations that the papers are available for public inspection
2020/21 accounts closure working papers		County Hall, Carmarthen
Corporate and HR Policies		

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24 Cathedral Road / 24 Heol y Gadeirlan
Cardiff / Caerdydd
CF11 9LJ
Tel / Ffôn: 029 2032 0500
Fax / Ffacs: 029 2032 0600
Textphone / Ffôn testun: 029 2032 0660
info@audit.wales / post@archwilio.cymru
www.audit.wales / www.archwilio.cymru

Mr Chris Moore
Director of Corporate Services
Carmarthenshire County Council
County Hall
Carmarthen
SA31 1JP

Dear Chris

Carmarthenshire County Council 2020-21

Audit enquiries to those charged with governance and management

As you will be aware I am required to conduct my financial audit in accordance with the requirements set out in International Standards on Auditing (ISAs). As part of the requirements of the ISAs I am writing to you to formally seek your documented consideration and understanding on a number of governance areas that impact on my audit of your financial statements. These considerations are relevant to both the Council's management and 'those charged with governance'

I have set out below the areas of governance on which I am seeking your views.

1. Management processes in relation to:
 - undertaking an assessment of the risk that the financial statements may be materially misstated due to fraud;
 - identifying and responding to risks of fraud in the organisation;
 - communication to employees of views on business practice and ethical behaviour; and
 - communication to those charged with governance the processes for identifying and responding to fraud.
2. Management's awareness of any actual or alleged instances of fraud.
3. How management gain assurance that all relevant laws and regulations have been complied with.
4. Whether there is any potential litigation or claims that would affect the financial statements.

5. Management processes to identify, authorise, approve, account for and disclose related party transactions and relationships.

The information you provide will inform our understanding of the Council and its business processes and support our work in providing an audit opinion on your 2020-21 financial statements.

I have included your responses for 2019-20 in Appendix 1 and would be grateful if you could update these to reflect your current arrangements. Could you please provide this information on behalf of both management and those charged with governance by 31 August 2021. In the meantime, if you have queries, please contact me on 07792 015416.

Yours sincerely

Jason Garcia
Audit Manager

Appendix A

International Standard for Auditing (UK and Ireland) 240 – The auditor’s responsibilities relating to fraud in an audit of financial statements

Background

Under the ISA, the primary responsibility for preventing and detecting fraud rests with both management and ‘those charged with governance’, which for the Council is the Audit Committee. This includes fraud that could impact on the accuracy of the annual accounts. The ISA requires us, as external auditors, to obtain an understanding of how the Council exercises oversight of management’s processes for identifying and responding to the risks of fraud and the internal controls established to mitigate them.

What is ‘fraud’ in the context of the ISA? The ISA views fraud as either:

- the intentional misappropriation of the Council’s assets (cash, property, etc); or
- the intentional manipulation or misstatement of the financial statements.

What are we required to do?

We have to obtain evidence of how management and those charged with governance are discharging their responsibilities if we are to properly discharge our responsibilities under ISA240. We are therefore making requests from both management and the Audit Committee:

Enquiries of management		
Question	2020-21 Response	2019-20 Response
1) What is management’s assessment of the risk that the financial statements may be materially misstated due to	It is management’s opinion that the risk of material misstatement of the financial	It is management’s opinion that the risk of material misstatement of the financial

<p>fraud and what are the principle reasons?</p>	<p>statements due to fraud are low due to the checks and controls that are in place. The Authority has an adequate and effective control environment in operation. There are clear Governance arrangements with defined Management responsibilities and Committee Structures in place and the control framework is generally sound and operated reasonably consistently. The Authority has an established Constitution, has developed Policies and approved Financial Procedure Rules that provide advice and guidance to all staff and members</p> <p>The Authority has an Internal Audit team with responsibility for providing ongoing fraud detection and prevention service covers all areas with the exception of "Benefit Fraud", which is a specialist Unit in the Revenues Unit of the Financial Services Division dealing with all Benefit Fraud. The Authority's Anti Fraud and Anti Corruption Strategy has been updated and was approved by Audit Committee in October 2020 and is available on the Authority's Intranet. Internal Audit aims to provide a pro-active approach to fraud and staff are mindful of the potential for fraud in relation to all systems under review. All Internal Audit staff have received Fraud awareness training.</p> <p>The Authority participates in the "National Fraud Initiative", where data on Payroll,</p>	<p>statements due to fraud are low due to the checks and controls that are in place. The Authority has an adequate and effective control environment in operation. There are clear Governance arrangements with defined Management responsibilities and Committee Structures in place. Risk Management and the Control Framework are sound and operated consistently. The Authority has an established Constitution, has developed Policies and approved Financial Procedure Rules that provide advice and guidance to all staff and members</p> <p>The Authority has an Internal Audit team with responsibility for providing ongoing fraud detection and prevention service covers all areas with the exception of "Benefit Fraud", which is a specialist Unit in the Revenues Unit of the Financial Services Division dealing with all Benefit Fraud. The Authority's Anti Fraud and Anti Corruption Strategy was approved by Audit Committee in September 2011 and is available on the Authority's Intranet. The strategy will be updated and renewed in the next financial year. Internal Audit aims to provide a pro-active approach to fraud and staff are mindful of the potential for fraud in relation to all systems under review. All Internal Audit staff have received Fraud awareness training.</p>
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	<p>Creditors, Housing Benefit, Pensions, Insurance Claims, Blue Badges and VAT issues are matched nationally to identify potential individual frauds. The exercise reviewing data nationally across Local Authorities and other Public Sector Organisations was completed during 2018/2019 and this year's exercise is currently underway.</p> <p>Undoubtedly one of the most effective methods of preventing or minimising fraud is through ensuring robust systems are in operation, which reduce the opportunity for individuals to defraud the Authority.</p> <p>Internal Audit plan their work using risk assessment principles and taking into account changes in services. The adoption of a three year rolling programme provides assurance of the adequacy of audit coverage and allows the flexibility to deal with changes to systems within the Authority.</p> <p>During Autumn 2020, Fraud and Cyber Awareness training was provided by Dyfed Powys police for CMT, Executive Board Members and some Revenues & Financial Compliance staff. Internal Audit continues to provide training to a range of staff.</p> <p>Processes implemented to enable remote working have continued to operate securely and officers have reviewed their</p>	<p>The Authority participates in the "National Fraud Initiative", where data on Payroll, Creditors, Housing Benefit, Pensions, Insurance Claims, Blue Badges and VAT issues are matched nationally to identify potential individual frauds. The exercise reviewing data nationally across Local Authorities and other Public Sector Organisations was undertaken during 2018/2019.</p> <p>Undoubtedly one of the most effective methods of preventing or minimising fraud is through ensuring robust systems are in operation, which reduce the opportunity for individuals to defraud the Authority.</p> <p>Internal Audit plan their work using risk assessment principles and taking into account changes in services. The adoption of a three year rolling programme provides assurance of the adequacy of audit coverage and allows the flexibility to deal with changes to systems within the Authority.</p> <p>Internal Audit continues to provide training to a range of staff. Fraud awareness is a key area covered as part of the training.</p> <p>Due to the Covid-19 lockdown, a number of processes had to be changed to enable remote working. Internal Audit was engaged</p>
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	<p>effectiveness following an implementation period.</p> <p>We are aware of a small number of either attempted/perpetrated fraud incidents. These are all of values below trivial and would not lead to misstatement. Further details can be found in the Anti Fraud and Anti Corruption Annual report presented to the Governance and Audit Committee on 16 July 2021</p>	<p>to provide support and advice to ensure the controls remain appropriate.</p> <p>We are aware of a small number of either attempted/perpetrated fraud incidents. These are all of values below trivial and would not lead to misstatement.</p>
<p>2) How can management assure the Audit Committee that it has not been inappropriately influenced by external pressures?</p>	<p>There are clear Governance arrangements with defined Management responsibilities and Committee Structures in place. Risk Management and the Control Framework are sound and operated consistently. The Authority has an established Constitution, has developed Policies and approved Financial Procedure Rules that provide advice and guidance to all staff and members.</p> <p>In September 2020, the Governance and Audit Committee received and approved updated Contract Procedure Rules and Financial Procedure Rules.</p> <p>The committee have received separate fraud and accounts training during the year as well as sessions conducted by the Wales Audit Office in previous years too.</p>	<p>There are clear Governance arrangements with defined Management responsibilities and Committee Structures in place. Risk Management and the Control Framework are sound and operated consistently. The Authority has an established Constitution, has developed Policies and approved Financial Procedure Rules that provide advice and guidance to all staff and members.</p> <p>The committee have received training as well as sessions conducted by the Wales Audit Office too.</p>

<p>3) Are management aware of any organisational pressure to meet revenue and capital budgets or other financial constraints?</p>	<p>Following a decade of public sector austerity measures, there remains a constant challenge to set, and subsequently meet, revenue and capital budgets. It is a key requirement of the Section 151 Officer to put forward a balanced budget for approval by County Council. Leading up to his Report to County Council, there is effective consultation with Elected Members, Officers and the public to set priorities and cost the implications of any proposals. Public consultation over the last year was adversely impacted by both COVID-19 restrictions combined with the compressed budget timetable owing to the late WG settlement dates. Elected Members, staff and the public have been kept fully abreast of the developments on the financial position of the Authority throughout the budget setting process, and established reporting systems are in place to ensure that budgets are monitored during the year. Decisions have had to be made in respect of prioritisation of services and the inclusion of budget reductions in order to achieve a balanced budget with an acceptable Council Tax increase. The COVID-19 hardship additional expenditure and income loss claims process set up by WG and available to all local</p>	<p>Public Services in Wales continue to face unprecedented reductions in government settlements which have obviously made the budget process extremely difficult. It is a key requirement of the Section 151 Officer to put forward a balanced budget for approval by County Council. Leading up to his Report to County Council, there is significant consultation with Elected Members, Officers and the public to set priorities and cost the implications of any proposals. Elected Members, staff and the public have been kept fully abreast of the developments on the financial position of the Authority throughout the budget setting process, and established reporting systems are in place to ensure that budgets are monitored during the year. Decisions have had to be made in respect of prioritisation of services and the inclusion of substantial budget reductions in order to achieve a balanced budget with an acceptable Council Tax increase. The uncertainty of one year budgets remains and has clearly been exacerbated by Covid-19 pressures. Whilst WG have provided additional funding on an evidenced basis to councils, it is not clear how long this can continue. Likewise no mechanism is yet</p>
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	<p>authorities has provided a vital financial lifeline, with the combined pressure in 2020-21 far exceeding £30m. Whilst this mechanism remains in place for the remainder of the financial year, with a clear message from WG that any pressures from 2022/23 and beyond must be met from within Local Authority Core budgets.</p>	<p>in place to address the significant loss of income.</p>
<p>4) What processes are employed to identify and respond to the risks of fraud more generally and specific risks of misstatement in the financial statements?</p>	<p>Undoubtedly one of the most effective methods of preventing or minimising fraud is through ensuring robust systems are in operation, which reduce the opportunity for individuals to defraud the Authority.</p> <p>The Authority has an Internal Audit team with responsibility for providing ongoing fraud detection and prevention service covers all areas with the exception of “Benefit Fraud”, which is a specialist Unit in the Revenues Unit of the Financial Services Division dealing with all Benefit Fraud.</p> <p>Internal Audit aims to provide a pro-active approach to fraud and staff are mindful of the potential for fraud in relation to all systems under review. All Internal Audit staff have received Fraud awareness training.</p>	<p>Undoubtedly one of the most effective methods of preventing or minimising fraud is through ensuring robust systems are in operation, which reduce the opportunity for individuals to defraud the Authority.</p> <p>The Authority has an Internal Audit team with responsibility for providing ongoing fraud detection and prevention service covers all areas with the exception of “Benefit Fraud”, which is a specialist Unit in the Revenues Unit of the Financial Services Division dealing with all Benefit Fraud.</p> <p>Internal Audit aims to provide a pro-active approach to fraud and staff are mindful of the potential for fraud in relation to all systems under review. All Internal Audit staff have received Fraud awareness training.</p>

		Due to the change in structure effected within corporate services, a new Principal auditor was appointed in Summer 2018.
5) How has management communicated expectations of ethical governance and standards of conduct and behaviour to all relevant parties, and when?	<p>The Authority's updated Anti Fraud and Anti Corruption Strategy was approved by Audit Committee in October 2020.</p> <p>The Authority has a whistleblowing policy and updated its Code of Conduct for Members and Staff in May 2021. All staff are required to make an annual declaration of personal interests and are reminded of the Officers code of Conduct,</p> <p>In September 2020, the Governance and Audit Committee received and approved updated Contract Procedure Rules and Financial Procedure Rules. These updates have been communicated to Officers.</p>	<p>The Authority's Anti Fraud and Anti Corruption Strategy was approved by Audit Committee in September 2011 and is due to be updated in the next financial year.</p> <p>The Authority has an established Code of Conduct for Members and Staff, and a whistleblowing policy.</p> <p>All staff are required to make an annual declaration of personal interests and are reminded of the Officers code of Conduct</p>
6) What arrangements are in place to report about fraud to those charged with governance?	<p>The Annual Report from the designated Head of Audit to Audit Committee provides an opportunity to summarise issues relating to fraud or to report any individual cases which have reached a conclusion. Any significant case of fraud concluding during the year could form a separate Agenda Item to appraise the Committee of the facts of the individual case and advise of the control measures either already put in place or to</p>	<p>The Annual Report from the designated Head of Audit to Audit Committee provides an opportunity to summarise issues relating to fraud or to report any individual cases which have reached a conclusion. Any significant case of fraud concluding during the year could form a separate Agenda Item to appraise the Committee of the facts of the individual case and advise of the control measures either already put in place or to</p>

	<p>be put in place to minimise the risk of any recurrence.</p> <p>The authority has introduced an annual Anti-Fraud and Corruption Report, which was presented to the Governance and Audit Committee in July 2021. The Authority has a zero tolerance stance to all forms of fraud, corruption and theft, both from within the organisation and from external sources.</p> <p>The Anti-Fraud and Anti-Corruption Report provides a summary of the activities of the Council's Anti-Fraud functions for the financial year.</p>	<p>be put in place to minimise the risk of any recurrence.</p>
Enquiries of those charged with governance		
Question	2020-21 Response	2019-20 Response
1) How do those charged with governance, exercise oversight of management's processes for identifying and responding to the risks of fraud within the Council and the internal control that management has established to mitigate those risks?	<p>The Anti Fraud and Anti Corruption Strategy 2020-2025 approved by Audit Committee in October 2020. The Strategy sets out the Framework for detecting and dealing with fraud matters within the Council.</p> <p>Regular Audit Plan updates to Audit Committee, and reports on control issue identified during audits.</p>	<p>Approval of the Anti Fraud and Anti Corruption Strategy 2011-2015 approved by Audit Committee in 30th September 2011 and is due to be updated in the next financial year. The Strategy sets out the Framework for detecting and dealing with fraud matters within the Council.</p> <p>Regular Audit Plan updates to Audit Committee, and reports on control issue identified during audits.</p>
2) Have those charged with governance knowledge of any actual, suspected or alleged fraud since 1 April 2020?	<p>Audit Committee is a public meeting so individual cases of "suspected fraud" cannot be discussed in such a forum. The Chair</p>	<p>Audit Committee is a public meeting so individual cases of "suspected fraud" cannot be discussed in such a forum. The Chair</p>

	and Vice Chair of Audit Committee are provided with greater detail and day to day access to the Internal Audit Management Team. Details of suspected fraud would be shared “informally” with the Chair and Vice Chair i.e. outside of the Formal Committee Meeting.	and Vice Chair of Audit Committee are provided with greater detail and day to day access to the Internal Audit Management Team. Details of suspected fraud would be shared “informally” with the Chair and Vice Chair i.e. outside of the Formal Committee Meeting.
3) Have those charged with governance any suspicion that fraud may be occurring within the organisation?	All Members and employees have a responsibility to report Fraud and Corruption when they become aware of it. Under Financial Procedure Rules any suspected case of fraud or corruption by any officer or member must be reported to the Head of Revenues ^ Financial Compliance. Carmarthenshire County Council has a “Whistleblowing policy”, managed by the Monitoring officer. This policy enables employees to raise concerns and also safeguard their interests in line with the Public Interest Disclosure Act 1998. Staff and the public are able to report suspected Benefit Fraud including Housing and Council Tax Benefit fraud through the dedicated “Fraud Hotline”.	All Members and employees have a responsibility to report Fraud and Corruption when they become aware of it. Under Financial Procedure Rules any suspected case of fraud or corruption by any officer or member must be reported to the Head of Audit, Risk and Procurement. Carmarthenshire County Council has a “Whistleblowing policy”, managed by the Monitoring officer. This policy enables employees to raise concerns and also safeguard their interests in line with the Public Interest Disclosure Act 1998. Staff and the public are able to report suspected Benefit Fraud including Housing and Council Tax Benefit fraud through the dedicated “Fraud Hotline”.
4) Are those charged with governance satisfied that internal controls, including segregation of duties, exist and work effectively? If ‘yes’, please provide details. If ‘no’ what are the risk areas?	Yes Regular Audit Plan updates to Audit Committee, and proposed coverage for coming financial years. Reports on control issue identified during audits.	Yes Regular Audit Plan updates to Audit Committee, and proposed coverage for coming financial years. Reports on control issue identified during audits.
5) How do you encourage staff to report their concerns about	An updated Whistleblowing policy was approved by the Authority’s Standards	The Authority’s Whistleblowing policy sets out a working environment where Staff can

<p>fraud and what concerns about fraud are staff expected to report?</p>	<p>Committee in July 2021. It sets out a working environment where Staff can feel confident to raise any concerns about malpractice within the Council. Malpractice can include fraud, corruption, bribery, dishonesty, financial irregularities, serious maladministration because of deliberate and improper conduct, unethical activities (which may be of a criminal nature) and dangerous acts or omissions which create a risk to health, safety or the environment, criminal offences, or failure to comply with a legal or regulatory obligation.</p> <p>The Whistleblowing Procedure is regularly monitored by a Whistleblowing Group and annual reports regarding whistleblowing are submitted to Standards Committee</p>	<p>feel confident to raise any concerns about malpractice within the Council. Malpractice can include fraud, corruption, bribery, dishonesty, financial irregularities, serious maladministration because of deliberate and improper conduct, unethical activities (which may be of a criminal nature) and dangerous acts or omissions which create a risk to health, safety or the environment, criminal offences, or failure to comply with a legal or regulatory obligation.</p> <p>The Whistleblowing Procedure is regularly monitored by a Whistleblowing Group and annual reports regarding whistleblowing are submitted to Standards Committee</p>
<p>6) From a fraud and corruption perspective, what are considered by those charged with governance to be high risk posts within the organisation and how are the risks relating to these posts identified, assessed and managed?</p>	<p>The Audit Committee rely on both Internal Audit and External Audit to undertake an ongoing comprehensive review of the Authority. Individuals controlling large amounts of money / cash or managing high value or attractive assets will naturally be seen as higher risk albeit controls should be more secure to prevent any abuse. The Internal Audit Plan is compiled using a Risk Based Approach which takes in to account issues such as value, nature of transaction, past problems etc</p>	<p>The Audit Committee rely on both Internal Audit and External Audit to undertake an ongoing comprehensive review of the Authority. Individuals controlling large amounts of money / cash or managing high value or attractive assets will naturally be seen as higher risk albeit controls should be more secure to prevent any abuse. The Internal Audit Plan is compiled using a Risk Based Approach which takes in to account issues such as value, nature of transaction, past problems etc</p>
<p>7) Are those charged with governance aware of any related party relationships or transactions that could give</p>	<p>All Related Party Transactions are disclosed in the statement of Accounts as confirmed in the letter of representation.</p>	<p>All Related Party Transactions are disclosed in the statement of Accounts as confirmed in the letter of representation.</p>

<p>rise to instances of fraud and how does they mitigate the risks associated with fraud related to related party relationships and transactions?</p>		
<p>8) Are those charged with governance aware of any entries made in the accounting records of the organisation that it believes or suspects are false or intentionally misleading?.</p>	<p>No – the Letter of representation confirms that the financial statements are free of material misstatements, including omissions</p>	<p>No – the Letter of representation confirms that the financial statements are free of material misstatements, including omissions</p>
<p>9) Are those charged with governance aware of any organisational, or management pressure to meet revenue and capital budgets or other financial constraints?</p>	<p>All Elected Members sit on Full Council and various scrutiny committees and have had the opportunity to participate in virtual members as well. This has kept members abreast of, and consulted upon the financial outlook and budget setting. Public consultation was undertaken as far as was possible during the budget setting and specifically on the budget Savings proposals. In addition the External Voting Member is fully aware of the need to meet revenue and capital budgets or other constraints.</p>	<p>All Elected Members sit on Full Council and various scrutiny committees and have been kept abreast of, and consulted upon the financial outlook and budget setting. Extensive public consultation undertaken during the budget setting and specifically on the budget Savings proposals. In addition the External Voting Member is fully aware of the need to meet revenue and capital budgets or other constraints.</p>

International Standard for Auditing (UK and Ireland) 250 – Consideration of laws and regulations in an audit of financial statements

Background

Under the ISA, in the UK and Ireland, the primary responsibility for ensuring that the entity's operations are conducted in accordance with laws and regulations and the responsibility for the prevention and detection of non compliance rests with management and 'those charged with governance', which for the Council is the Audit Committee. The ISA requires us, as external auditors, to obtain an understanding of how the Committee gains assurance that all relevant laws and regulations have been complied with.

What are we required to do?

We have to obtain evidence of how management and those charged with governance are discharging their responsibilities, if we are to properly discharge our responsibilities under ISA 250. We are therefore making requests from both management and the Audit Committee:

Enquiries of management		
Question	2020-21 Response	2019-20 Response
1) How have you gained assurance that all relevant laws and regulations have been complied with?	Code of Practice on Local Authority Accounting 2020/21, LAAP Bulletins reviewed, CIPFA/IPF training Courses. Audit Wales findings, Wales Chief Accountants Working Group, Specialist advice from Treasury Management Advisors. Technical Working group guidance on COVID19 Agency/Principal grant treatment.	Code of Practice on Local Authority Accounting 2019/20, LAAP Bulletins reviewed, CIPFA/IPF training Courses. WAO findings, Wales Chief Accountants Working Group, Specialist advice from Treasury Management Advisors
2) Are there any potential litigations or claims that would	Yes – a small number of employment tribunal cases as included in the Contingent	Yes – a small number of employment tribunal cases as included in the Contingent

affect the financial statements?	liability note included in the statement of accounts	liability note included in the statement of accounts
Enquiries of those charged with governance		
Question	2020-21 Response	2019-20 Response
1) Have those charged with governance, exercise oversight of management's processes to ensure that all relevant laws and regulations have been complied with?	Reliance on Internal Audit, Monitoring Officer, Section 151 Officer, Letter of representation and Audit Wales feedback	Reliance on Internal Audit, Monitoring Officer, Section 151 Officer, Letter of representation and WAO feedback
2) Are those charged with governance aware of any non-compliance with relevant laws and regulations?	No	No
3) If there have been instances of non-compliance what are they, and what oversight have those charged with governance had to ensure that action taken by management to address and gaps in control?	No	No

International Standard for Auditing (UK and Ireland) 550 – Related parties

Background

The nature of related party relationships and transactions may, in some circumstances, give rise to higher risks of material misstatement of the financial statements than transactions with unrelated parties. For example:

- Related parties may operate through an extensive and complex range of relationships and structures, with a corresponding increase in the complexity of related party transactions.
- Information systems may be ineffective at identifying or summarising transactions and outstanding balances between an entity and its related parties.
- Related party transactions may not be conducted under normal market terms and conditions; for example, some related party transactions may be conducted with no exchange of consideration.

As related parties are not independent of each other, many financial reporting frameworks establish specific accounting and disclosure requirements for related party relationships, transactions and balances to enable users of the financial statements to understand their nature and actual or potential effects on the financial statements. An understanding of the entity's related party relationships and transactions is relevant to the auditor's evaluation of whether one or more fraud risk factors are present as required by ISA (UK and Ireland) 240, because fraud may be more easily committed through related parties.

What are we required to do?

Where the applicable financial reporting framework establishes requirements for related parties, the auditor has a responsibility to perform audit procedures to identify, assess and respond to the risks of material misstatement arising from the entity's failure to appropriately account for or disclose related party relationships, transactions or balances in accordance with the requirements of the framework. We are therefore making requests from both management and the Audit Committee:

Enquiries of management		
Question	2020-21 Response	2019-20 Response
1) What controls are in place to identify, authorise, approve, account for and disclose	Enquires made of relevant officers and members for details of any potential related	Enquires made of relevant officers and members for details of any potential related

related party transactions and relationships?	party transactions. Evidence subjected to audit by WAO. Confirmation given in the Letter of Representation that related party relationships and transactions have been appropriately accounted for and disclosed.	party transactions. Evidence subjected to audit by WAO. Confirmation given in the Letter of Representation that related party relationships and transactions have been appropriately accounted for and disclosed.
2) Confirm that you have: <ul style="list-style-type: none"> disclosed to the auditor the identity of the entity's related parties and all the related party relationships and transactions of which you are aware; and appropriately accounted for and disclosed such relationships and transactions in accordance with the requirements of the framework. 	Confirmation given in the Letter of Representation that related party relationships and transactions have been appropriately accounted for and disclosed	Confirmation given in the Letter of Representation that related party relationships and transactions have been appropriately accounted for and disclosed
Enquiries of those charged with governance		
Question	2020-21 Response	2019-20 Response
1) How do those charged with governance exercise oversight of management's processes to identify, authorise, approve, account for and disclose related party transactions and relationships?	Disclosure made in the statement of Accounts which is approved by the Audit Committee, Letter of Representations and feedback from WAO.	Disclosure made in the statement of Accounts which is approved by the Audit Committee, Letter of Representations and feedback from WAO.

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Governance & Audit Committee 24th September 2021

Statement of Accounts 2020/21		
Recommendations / key decisions required:		
To approve the Statement of Accounts 2020/21 for Carmarthenshire County Council post audit.		
Reasons:		
The Council is required to approve its 2020/21 accounts by 31 st July 2021 to comply with the Accounts and Audit (Wales) Regulations 2014 (as amended 2018).		
However, due to the ongoing impact of COVID 19, Welsh Government issued guidance allowing flexibility for completing the 2020/21 financial statements.		
Audit Committee have delegated power to approve the Accounts in line with the Local Government Measure.		
Relevant scrutiny committee to be consulted: NA		
Cabinet Decision Required	NO	
Council Decision Required	NO	
EXECUTIVE BOARD MEMBER PORTFOLIO HOLDER:-		
Cllr. David Jenkins		
Directorate: Corporate Services Report Author: Chris Moore	Designation: Director of Corporate Services	Tel No. 01267 224120 E Mail Addresses: CMoore@carmarthenshire.gov.uk

EXECUTIVE SUMMARY
Governance & Audit Committee
24th September 2021

Statement of Accounts 2020/21

In line with the Accounts and Audit (Wales) Regulations 2014 (as amended 2018), the Statement of Accounts is now presented to Audit Committee for approval.

As noted in the earlier agenda item (Audit Wales report) amendments have been made to the accounts, including clarification in some disclosure notes.

For the Council Fund, there has been no change to the balances on general or earmarked reserves for the year, and similarly no change to the Housing Revenue Account balance at year end.

All changes agreed with Audit Wales have been reflected in the Statement of Accounts presented for approval.

DETAILED REPORT ATTACHED ?

YES

IMPLICATIONS

I confirm that other than those implications which have been agreed with the appropriate Directors / Heads of Service and are referred to in detail below, there are no other implications associated with this report:

Signed: **Chris Moore**

Director of Corporate Services

Policy, Crime & Disorder and Equalities	Legal	Finance	ICT	Risk Management Issues	Staffing Implications	Physical Assets
NONE	YES	YES	NONE	NONE	NONE	NONE

1. Legal

Compliance with the Accounts and Audit (Wales) Regulations 2014 (as amended 2018).

2. Finance:

Overall the Authority's Council Fund net expenditure for the year was below the original budget, resulting in a transfer of £814k to balances on the Council Fund and a transfer of £1,808m from the Housing Revenue Account balance.

At the balance sheet date, the Council Fund General Balances stood at £12.034m, the Housing Revenue Account £19.444m and the balances held by schools under LMS £7.266m.

CONSULTATIONS

I confirm that the appropriate consultations have taken in place and the outcomes are as detailed below

Signed: Chris Moore

Director of Corporate Services

1.Scrutiny Committee – Not applicable

2.Local Member(s) – Not applicable

3.Community / Town Council – Not applicable

4.Relevant Partners – Not applicable

5.Staff Side Representatives and other Organisations – Not applicable

Section 100D Local Government Act, 1972 – Access to Information

List of Background Papers used in the preparation of this report:

THESE ARE DETAILED BELOW

Title of Document	File Ref No.	Locations that the papers are available for public inspection
Accounts and Audit (Wales) Regulations 2014 (as amended 2018)		Corporate Services Department, County Hall, Carmarthen
Code of Practice on Local Authority Accounting 2020/21		Corporate Services Department, County Hall, Carmarthen

Statement of Accounts

2020 - 2021

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Cyngor Sir Gâr
Carmarthenshire
County Council



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1 NARRATIVE REPORT

The following Statement of Accounts brings together in summary form the financial transactions of the Authority for the year 2020/21.

The Authority's Accounts for the year 2020/21 are set out on the following pages of this report and have been produced in line with the 2020/21 Code of Practice on Local Authority Accounting (the Code).

1.1 The accounts consist of the following financial statements:**Expenditure and Funding Analysis****Comprehensive Income and Expenditure Statement (CIES)****Movement in Reserves Statement****Balance Sheet****Cash Flow Statement**

Detail on each of these financial statements can be found in Section 5.

Housing Revenue Account Income and Expenditure Statement and Movement on the Housing Revenue Account Statement

Detail on these financial statements can be found in Sections 7 and 8.

Dyfed Welsh Church Fund and Other Trust Funds

Detail on these Funds can be found in Sections 9 to 11.

The accounts are supported by the Statement of Accounting Policies (Note 6.1 - Notes to the Accounts).

1.2.1 Revenue Budget

The following table shows how the actual spend on services during 2020/21 compared with the budget set for the year.

Service	Working Budget				Actual				Variance For Year
	Expenditure	Income	Net Non Controllable	Net	Expenditure	Income	Net Non Controllable	Net	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Chief Executive	31,858	(12,420)	(4,862)	14,576	33,261	(14,090)	(4,862)	14,309	(267)
Communities	154,670	(63,617)	19,316	110,369	182,557	(91,111)	19,316	110,762	393
Corporate Services	81,926	(51,327)	(3,637)	26,962	76,821	(46,656)	(3,637)	26,528	(434)
Education & Children	190,129	(38,397)	29,660	181,392	207,310	(56,461)	29,660	180,509	(883)
Environment	130,643	(86,649)	16,898	60,892	134,580	(90,829)	16,898	60,649	(243)
Departmental Expenditure	589,226	(252,410)	57,375	394,191	634,529	(299,147)	57,375	392,757	(1,434)
Net Interest & Capital Accounting Adjustments				(14,084)				(16,043)	(1,959)
Pension Reserve Adjustment				(17,900)				(17,900)	0
Accumulated Leave				(1,152)				(1,152)	0
Levies and Contributions:									0
Brecon Beacons National Park				138				138	0
Fire Authority				10,400				10,400	0
Net Expenditure				371,593				368,200	(3,393)
Contribution to/(from) General Balances				0				814	814
To/(from) Departmental Reserves				0				913	913
Transfer to City Deal Reserve				0				2,000	2,000
Net Budget				371,593				371,927	334
Revenue Support Grant				(215,250)				(215,250)	0
Non Domestic Rates				(58,909)				(58,909)	0
Council Tax				(97,434)				(96,906)	528
WG Council Tax Hardship Grant				0				(862)	(862)
				0				0	0

The 2020/21 revenue budget was approved by County Council on 3rd March 2020, when the scale of the COVID19 impact on services could not reasonably be foreseen or estimated. Additional financial support measures are outlined in paragraph 1.2.2 below.

The financial position at year end, taking all of these additional financial flows into account showed an underspend at department level of £1,434k. This does not include the underspend on schools as this is captured in the LMS reserve movement (see note 6.22).

The Chief Executives Department reported a £267k underspend. There were underspends due to staff vacancies, reduced utilities costs due to reduced buildings usage and a reduction in member expenses, offset by reductions in commercial lettings income and the need to set aside funding for future cloud hosting of the core HR Payroll system.

The Communities Department experienced extraordinary pressures on services during the year. However, the majority of additional costs in Older Peoples budgets and loss of income in both Leisure and Culture services was met by the Welsh Government (WG) COVID19 Hardship Scheme. The overall department outturn was a net overspend of £393k, primarily due to additional demand on Mental Health budgets.

Corporate Services Department budgets experienced higher than normal uptake of Council Tax Reduction Scheme and increased provision for bad debt, offset by savings from staff vacancies and additional administration grants from WG and DWP.

The Education Department was £883k under budget. This is primarily due to staff vacancies, reduced staff travel and the utilisation of additional grants to support core spend as well as fewer out of county placements.

The Environment Department is reporting an underspend of £243k for the financial year, largely due to general underspends as a result of COVID19 restrictions, for example schools transport, and additional non-COVID19 related grant funding received from WG thereby displacing core budgets.

These variances, plus the savings on capital financing costs, less a lower than estimated collection level on Council Tax means that the Authority transferred £814k to general reserves for the 2020/21 financial year.

HOUSING REVENUE ACCOUNT	Working Budget			Actual			Variance For Year
	Expenditure	Income	Net	Expenditure	Income	Net	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Housing Revenue Account	49,329	(43,917)	5,412	45,264	(43,455)	1,809	(3,603)
Transfers to/(from) HRA balances	0	0	(5,412)	0	0	(1,809)	3,603

The Housing Revenue Account (HRA) reported an underspend of £3,603k for the year.

The main variances were:

- decreased Repairs and Maintenance of £1,752k due to only undertaking emergency and legislative work due to COVID19 restrictions for extended periods.
- decreased Supervision and Management costs and recharges £1,598k
- decreased Revenue financing of capital programme £144k
- capital financing costs of £842k less than budgeted due to a reduction in borrowing and interest rates
- rental income, service charges and interest on cash balances lower due to increased number of voids and the increased time to turnaround major voids £1,067k.
- increased income for insurance claims, grant charges and other income £346k

1.2.2 COVID19 Funding

Welsh Government provided an unprecedented scale and range of different financial support measures during the year to Local Authorities, including the following:

- Direct financial recompense to Local Authorities through the Emergency Hardship Fund, either for additional expenditure incurred in the provision of services or for loss of income from reduced or closed income generating services. These grants are principal in nature.
- Formula based grant funding to Local Authorities for recognised financial strain such as reduced Council Tax collection and one-off grants to support Education catch up activities. These grants are principal in nature.
- Grants or reliefs to third parties, such as isolating citizens or businesses unable to operate due to COVID19 restrictions, where the Authority is deemed to have acted as an agent on behalf of Welsh Government. These grants are agency in nature.

The value of these additional funding streams is highly material and are summarised in the Grant Income Note 6.37.

1.3 **Reserves**

In the changeable and challenging environment facing Local Government the Authority is committed to maintaining a reasonable level of reserves. At the year end the general reserves amounted to the following:

	£'000	£'000
Council Fund:		
Held by Schools under Local Management of Schools Regulations (LMS)	7,266	
Generally available for new expenditure	12,034	19,300
Housing Revenue Account		19,444
		<u>38,744</u>

In addition to general reserves the Authority holds earmarked reserves of £114.805m for specific purposes.

1.4 **Borrowing**

No new borrowing was taken from the Public Works Loans Board (PWLB) in 2020/21.

As at the 31st March 2021 the Authority's total borrowing stood at £414m, which was within the Authority's authorised limit of £569m. Further detail is included in Note 6.46 to the Accounts.

The Authority's borrowing procedures and limits are outlined in the Treasury Management Policy and Strategy, which is approved annually.

1.5 **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 debit balance on the Pensions Reserve of £560m therefore shows a substantial shortfall in the resources the Authority has set aside to meet the benefits earned by past and current employees. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

1.6 **Current Economic Climate**

The accounting statements are required to reflect the conditions applying at the end of the financial year.

All the assets of the Authority are re-valued on a cyclical basis and in many instances therefore the current valuation (last undertaken in past years) is likely to reflect current market value or a fair reflection thereof. The majority of assets are held for service delivery and therefore any changes in commercial sales market conditions do not affect values in these accounts.

The accounting statements are required to reflect the conditions applying at the end of the year. Whilst the COVID19 pandemic significantly affected almost all service areas during the year, the scale and pace of national vaccine rollout, and consequent roadmap of restrictions easing, is significantly more positive. The unprecedented level of additional financial support provided to Local Authorities through the Welsh Government hardship

scheme has mitigated the overwhelming majority of additional costs and the same is true of reductions in commercial income.

However, this and wider public sector financial support measures such as the Job Retention Scheme have been funded through government borrowing at a UK Treasury level. The increase in UK Government debt is comparable only to historic events such as World War II. It seems likely that financial support will continue in the short term, but there will need to be fiscal and spending measures to address the current imbalance over the decades to come.

Against this backdrop, our overall financial standing has been maintained at a prudent level, with a small increase in the level of general balances at the year end. The Authority also holds earmarked reserves which are held for specific purposes, whether this is to address liabilities now or in the future e.g. insurance reserves or for financing specific capital schemes. The Authority has been able to augment these balances at the year end to provide additional resources towards recovery activities and risk mitigation.

1.7 **Capital**

In 2020/21 the Authority spent some £84.8m on capital projects. This expenditure was financed by a combination of borrowing, useable capital receipts, government grants, contributions, reserves and direct revenue financing.

£27.1m was spent on Housing with the areas of spend being as follows:

Public Sector

Refurbishment & redevelopment of housing stock and the purchase of additional housing stock	£26.0m
---	--------

Private Sector

Disability Facility Grants	£0.8m
Other Improvements	£0.3m

The major areas of expenditure on non-housing services were as follows:

	£'m	
Education & Children's Services	14.3	New Schools, Renovations and Improvements to existing Schools & Children & Family Services Projects
Leisure	3.7	Rights of Way, Sports & Leisure, Arts & Culture and Libraries
Infrastructure	19.1	Roads, Bridges, Cycle Paths, Road Safety, Car Parks, & Coast & Flood Defence
Fleet	0.1	New Vehicles
Economic Development	12.0	Physical Regeneration Projects County Wide, Community Development, Joint Ventures and Swansea Bay City/Regional Deal projects
Social Services	0.7	Care Homes and Learning Disability Developments
Corporate	6.0	Capital Minor Works and ICT Strategy Developments
COVID19 Hospital	1.8	Rainbow Hospitals County Wide

1.8 Further Information

Further information about the accounts is available from the Head of Financial Services, Corporate Services Department, County Hall, Carmarthen, SA31 1JP.

2 STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS**The Authority's Responsibilities**

The Authority 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 these affairs. In this Authority, that officer is the Director of Corporate Services.
- To manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- To approve the Statement of Accounts.

Governance & Audit Committee Approval

Approval of Statement of Accounts post audit.

Chair of Governance & Audit Committee

Dated: 24 September 2021

The Director of Corporate Services' Responsibilities

The Director of Corporate Services is responsible for the preparation of the Authority's Statement of Accounts, in accordance with proper accounting 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 Director of Corporate Services has:

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with the Code;
- Kept proper and timely accounting records which were up to date;
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

Certification of Accounts

I certify that the Statement of Accounts on pages 38 to 127 gives a true and fair view of the financial position of Carmarthenshire County Council at 31st March 2021 and its income and expenditure for the year ended 31st March 2021.

Chris Moore FCCA
Director of Corporate Services

Dated: 17 September 2021

3 ANNUAL GOVERNANCE STATEMENT

Assurance Executive Summary

The Corporate Governance arrangements of the Council are acceptable.

It is important that a Governance Statement includes an evaluation and conclusion and provides a clear judgement on whether the governance arrangements outlined are fit for purpose.

To enable this judgement the Council's Internal Audit service conducted a review of our arrangements against the adopted standards (see 3.3 below).

Table - Internal Audit Report extract:

Findings of Carmarthenshire County Council Internal Audit review of AGS and Corporate Governance	
Post Review Assurance Level	Description for Assurance Level
Acceptable	Moderate controls, some areas of non-compliance to agreed controls Medium/Low risk of not meeting objectives Medium/Low risk of fraud, negligence, loss, damage to reputation
Internal Audit found no fundamental control issues to be addressed as a high priority.	

The emerging Draft Guidance on Self-Assessment Provisions in Local Government and Elections (Wales) Bill expects the Council to have regard to these principles when considering the effectiveness of its governance arrangements.

3.1 Scope of Responsibility

Carmarthenshire County Council (the Authority) is responsible for ensuring that its business is conducted in accordance with the law and proper standards. It must also ensure that public money is safeguarded and properly accounted for and used economically, efficiently and effectively and to secure continuous improvement in this regard.

The Authority is responsible for putting in place proper arrangements for the Governance of its affairs and facilitating the effective exercise of its functions including having appropriate arrangements for the management of risk.

The Authority details how it deals with all aspects of Governance through its Constitution which defines the standards, roles and responsibilities of the Executive, its Members, Committees and its Officers. The Constitution includes a Scheme of Delegation outlining the decision making process, taking into account the relevant legislation.

A **Corporate Governance Group** comprising key Officers and 2 Executive Board Members is in place to inform and monitor progress on issues affecting Governance, including the **Code of Corporate Governance**, approved by Council in June 2012 and

updated by Audit Committee in March 2016, and revisited and presented to Governance and Audit Committee in July 2021. The Chair of the Audit Committee is invited to the Corporate Governance Group meetings in an observer capacity.

The Code of Corporate Governance recognises policies and processes that are consistent with the principles of the CIPFA/SOLACE Framework '**Delivering Good Governance in Local Government**' (Guidance Notes for Welsh Authorities 2016 Edition – Published September 2016). This framework identifies 7 key principles of good governance which complement the Well-being of Future Generations Act requirements.

This Statement explains how the Authority has complied with the various elements of the Governance Framework.

3.2 The Governance Framework

The Council sees Corporate Governance as “doing the right things, in the right way, for the right people in a timely, inclusive, open, honest and accountable manner.” The Governance Framework comprises the systems, processes, cultures and values by which the Authority is directed and controlled and also the way it accounts to, engages with and leads the Community. It enables the Authority 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 manage risk to a reasonable level. It aims to identify and prioritise the risks to the achievement of the Authority's policies, aims and objectives. It evaluates the likelihood and impact of identified risks being realised and to manage individual risks appropriately.

3.3 The Governance Environment

The CIPFA/SOLACE Governance Framework sets out 7 fundamental principles of Corporate Governance. The 'CIPFA Seven' are:

1. **Integrity and Values** - *Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.*
2. **Openness and engagement** - *Ensuring openness and comprehensive stakeholder engagement.*
3. **Making a difference** - *Defining outcomes in terms of sustainable economic, social, and environmental benefits.*
4. **Making sure we achieve what we set out to do** - *Determining the interventions necessary to optimise the achievement of the intended outcomes.*
5. **Valuing our people; engaging, leading and supporting** - *Developing capacity and the capability of leadership and individuals.*
6. **Managing risks, performance and finance** - *Managing risks and performance through robust internal control and strong public financial management.*
7. **Good transparency and accountability** - *Implementing good practices in transparency, reporting, and audit to deliver effective accountability.*

Since 2018/19 the Council has had a Well-being Objective on Building a Better Council and Making Better Use of Resources and the steps taken to achieve this objective are sub headed by the above 7 principles.

The Authority addresses the 7 Fundamental Principles through the following:

3.3.1 Integrity and Values - *Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.*

3.3.1.1 Standards Committee

Standards Committee oversees standards of members conduct, arranges training for members of the Council and members of Town and Community Councils on the Code of Conduct, and considers applications for dispensations to participate in meetings where members identify personal and prejudicial interests in the business in hand. The Chair of Standards Committee presents an annual report to full Council on the Standards Committee's activities.

The Public Services Ombudsman for Wales did not refer any complaints alleging breach of the Code of Conduct against any Carmarthenshire County Councillor during 2020/21 to the Adjudication Panel for Wales nor to the Standards Committee.

This Committee also has oversight of the Complaints Policy and the Whistleblowing Policy and Procedure.

3.3.1.2 Core Values

The Council's Core Values were established in conjunction with staff, elected members senior management and trade unions. They provide a foundation for service priorities and act as a guide to develop inclusive services, which are responsive to the needs of customers whilst supporting and valuing our staff. Our values underpin and guide the way that we work, the way we improve and the way we make decisions in our community:

- 1. Working as one team** - We recognise that by working together and making constructive connections we can make the best use of our resources for our communities.
- 2. Focus on our customers** - We work to improve the lives of the people in our communities this is our focus and key purpose.
- 3. Listen to improve** - We will listen and engage with our communities, partners and all stakeholders to inform our improvement plans.
- 4. Strive for excellence** - We will remain vigilant and ensure that we deliver to the best of our abilities and always explore ways to improve what we do.
- 5. Act with Integrity** - We will actively think about what is the right thing to do when presented with choices in a work situation.
- 6. Take personal responsibility** - We will all consider how we support and apply these values so they actively underpin and guide the way we work.

To supplement the work undertaken on Core Values we have introduced a set of Behavioural Standards and developed an e-learning module which is available on the authority's 'Learning@Wales' and continues to be rolled out to all our staff to ensure that our Core Values are embedded throughout the Authority.

3.3.1.3 The Constitution

The Authority adopted a new form of Constitution in the form promoted by the Welsh Assembly Government upon the modernisation of local government, following the Local Government Act 2000, and this has been kept under constant review since then to ensure that it meets the needs of the Authority and its regulators in terms of transparency of Governance, accountability and decision making.

The Constitution is published on the Council's website and essentially explains the way the Council operates and how it takes decisions. It comprises 8 parts, namely:

1. *Summary & Explanation – a brief overview of the make-up of the Council and its decision making bodies.*
2. *The Articles – a fuller description of the Council and its constituent parts.*
3. *Functions / Delegations - This Part explains which Members are responsible for which decisions, and in particular whether they are decisions which can only be taken by the Council, or only by the Executive Board, and the decisions which have been delegated to officers to take under a Scheme of Delegation.*
4. *Rules of Procedure - including the rules relating to the Conduct of Council and Committee meetings (commonly known as “**Standing Orders**”), rules relating to proceedings of the Executive Board and Scrutiny Committees, rules relating to access to information, **Contract Procedure Rules, Financial Procedure Rules and Officer Employment Rules.***
5. *Codes & Protocols - Amongst the Codes included in this Part is the statutory **Code of Conduct for Members.** In this respect Members’ conduct is strictly governed whether it be in respect of their role as Councillors or as decision makers. In particular Members having a personal and prejudicial interest in any business being transacted at meetings have to declare their interest and withdraw from the meeting (unless they have obtained a dispensation to participate).*
6. a) *Councillors and Co-Opted Members’ Scheme of Allowances - which sets out the respective Job Profiles and Personal Specifications for Members, Executive Board Members, and Chairs and Vice-Chairs of Committees, as well as details of payments which Members are entitled to. In relation to payments to Members as of the 1st April 2012 the Independent Remuneration Panel for Wales, which is the body formed to determine Members’ payments (now called “salaries”), used its new powers to actually prescribe the amounts to be paid as opposed to prescribing maximum payments which could be made. The purpose of this prescription was to make payments more consistent across Wales.*
6. b) *Management Structures.*
7. *Names & Addresses of Councillors.*
8. *Bilingual Composition of Executive Board and Committees.*

The Constitution is a living document and individual amendments are reported to Council for decision on an as and when required basis, following consideration by the Constitutional Review Working Group.

The biggest change the Authority made to its Constitution during 2020/21 was to use the flexibilities granted to local authorities during the COVID19 pandemic to hold its formal meetings wholly online. In line with Legislation the Executive Board Member attend Scrutiny Committee. It is an expectation for Executive Board Members to attend the Scrutiny Committee/s relevant to their portfolios to present reports and answer questions.

3.3.1.4 Corporate Governance Group

As stated in Section 3.1, a Corporate Governance Group has been established to co-ordinate, manage and report on the Governance arrangements of the Authority. The Group comprised

- Executive Board Member - Resources
- Executive Board Member - Business Manager

- Chair of Audit Committee (in an observer capacity)
- Director of Corporate Services (s.151 Officer)
- Head of Administration & Law (Monitoring Officer)
- Head of Financial Services
- Head of IT and Corporate Policy
- Corporate Policy Manager
- Assistant Chief Executive (People Management)
- Head of Revenues and Financial Compliance
- People Services Manager
- Nominated substitutes allowable

The Group are responsible for updating the Code of Governance and developing the Annual Governance Statement, for the approval by:

- the Leader
- the Chief Executive
- the Audit Committee in compliance with the requirements of The Local Government (Wales) Measure 2011

In addition, the Group now oversees the work of the Information Management Group.

3.3.1.5 Monitoring Officer

The Monitoring Officer (Head of Administration & Law) is responsible for maintaining the Constitution to ensure that it reflects up to date legislative requirements and the Authority's Governance needs and is also responsible for ensuring that the provisions are fully complied with at all levels of the Authority's activities. As Chief Legal Officer supported by the in-house legal team, the Monitoring Officer has access to all meetings of the Authority including the Executive Board and the Authority's Corporate Management Team. The Monitoring Officer is well placed to play a proactive role in supporting Members and Officers in both formal and informal settings to comply with the law and with the Authority's own procedures. As the Head of Service with ultimate responsibility for the Democratic Services Unit, the Monitoring Officer is also responsible for the formal recording and publication of the democratic decision making process.

The Monitoring Officer works closely with the Chief Executive as the Head of Paid Service and the Section 151 Officer in accordance with the provisions of the Local Government and Housing Act 1989 and will report to Council or the Executive Board if she considers that any proposal will give rise to unlawfulness.

There is an All Wales Network of Monitoring Officers which meets on a quarterly basis to discuss topical issues and share best practice, which the Monitoring Officer attends.

3.3.2 Openness and engagement - Ensuring openness and comprehensive stakeholder engagement.

3.3.2.1 Consulting and Engaging with Citizens and Service Users

The Authority has a well-established method of consulting and engaging with citizens and service users. There are numerous network groups representing a range of interests from the youth forum to the ageing well network as well as fora that we engage to seek the views of those with specified protected characteristics as recognised by The Equality Act 2010 (Statutory Duties) (Wales) Regulations 2011.

The Council publishes all of its on-going consultations on the Council website.

The Authority also makes extensive use of the annual **National Survey for Wales** commissioned by Welsh Government. The results are used to help the Authority in its self-assessment of services and are included in our Annual Report.

The Authority has been webcasting all Full Council meetings since May 2013 and Planning Committee since November 2014 and Executive Board meetings from September 2015. Since October 2020 the Council has also been webcasting its virtual Scrutiny Committee meetings.

The Authority normally undertakes extensive consultation on its Budget annually, which includes seminars, Insight events for young people, on-line surveys, social media, and stake holder meetings with Town and Community Councils and Unions. This had to be taken forward in a different way during 2020/21 as a result of the late announcement of the budget and pandemic restrictions but there were virtual consultation sessions and online survey. The results of the consultations are considered and presented to Executive Board and County Council as part of the Budget Strategy Report.

3.3.2.2 Dealing with Complaints

The Authority has a corporate **Customer Complaints & Compliments Procedure** and statistics and analysis of the complaints received are reported annually to the Policy & Resources Scrutiny Committee. The Complaints Procedure was produced is in line with the Welsh Government's Model Concerns and Complaints Policy and was reviewed and revised in 2016/17.

This was replaced with a new Complaints Policy in 2021/22 based on an All-Wales model and issued by the Complaints Standards Agency under powers contained within Section 36 of the Public Services Ombudsman (Wales) Act 2019.

The Authority has a centralised Complaints Team for most services which ensures compliance with the requirements set out in our Procedure and consistency of approach across the whole Authority. During 2017/18, it was agreed that Adult Social Care Complaints would be managed by the Communities Department.

Annual reports are provided to the Corporate Management Team with more detailed reports provided to departments when required in order to monitor trends, identify problem areas and generate service improvement based on customer experience. The new Complaints Policy introduces an enhanced reporting requirement, in line with The Local Government and Elections (Wales) Act 2021, where as well as scrutiny an Annual Complaints Report will be monitored and reviewed by the Governance and Audit Committee.

The Authority investigated and responded to 673 complaints during 2020/21 compared to 912 during 2019/20 (the higher figure in 2019/20 being largely attributable to issues regarding policy changes relating to Waste Services). A further 643 enquiries and requests for assistance were addressed as redirected communications.

3.3.2.3 Public Services Ombudsman for Wales

The Public Services Ombudsman for Wales considers complaints from Members of the public in relation to Members' conduct and maladministration. His Report is published annually.

S.16 Ombudsman's Reports (i.e. Public interest reports) are reported to County Council as required by law. No Public Interest Reports were issued against the Authority during the 2020/21 year.

3.3.2.4 Ensuring Effective External Communication

The Authority's Marketing and Media team promotes the work of the council and supports proactive engagement with members of the public, helping them to access information on council services.

On average 8,107 people visited the Authority's website daily in 2020/21. Since the introduction of My Hwb account (for online services and payments), 78,163 residents have signed up for the service. We received over 4,000 types of feedback on the system online, which allows us to continually improve the website based on suggestions from the public and staff. We're adding more services online and reviewing our existing e-forms to ensure that they are easy to use.

The Hwb in Ammanford, Carmarthen and Llanelli offer pre-booked appointments and drop-in advice to an average 8,000 residents per month, as well as providing advice and access to training and employment support. This had to be taken forward in a different way during 2020/21 due to COVID19 restrictions and the establishments having to be closed. Customers have been able to contact online and telephone and virtual meetings have been held. The increasing use of Social Media with more than 13,000 followers on the main Facebook page and in the region of 9,500 following our main Twitter account allows open engagement and conversations with members of the public. In addition to this Social Media is an excellent tool for promoting council services.

The Marketing and Media teamwork with the Executive Board and Departmental Management Teams to plan proactive communications, supporting service areas to engage with the right people, at the right time, in the right way.

3.3.3 Making a difference - Defining outcomes in terms of sustainable economic, social, and environmental benefits.

3.3.3.1 Purpose and Vision

The Authority has a firm mechanism for collaboration with key partners and is a statutory member of the Carmarthenshire Public Services Board (PSB). The Well-being of Future Generations Act puts a well-being duty on specified public bodies across Carmarthenshire to act jointly through the PSB. The PSB is tasked with improving the economic, social, environmental and cultural well-being of Carmarthenshire.

www.thecarmarthenshirewewant.wales

- In May 2018 the PSB published a Well-being plan which sets out its local objectives to improving the economic, social, environmental and cultural well-being of the County and the steps it proposes to take to meet them.
- The Well-being Objectives of the Carmarthenshire PSB are not intended to address the core services and provision of the individual partners, rather they are to enhance and add value through collective action. The statutory partners of the PSB (Council, Health Board, Fire & Rescue Service and Natural Resources Wales) each have to publish their own Well-being Objectives.

For 2018/19 we set a New Corporate Strategy that consolidated four plans into one.

- It superseded the 2015-20 Corporate Strategy
- It incorporated our Improvement Objectives as required by the Local Government Measure 2009
- It set our Well-being Objectives as required by the Well-being of Future Generations (Wales) Act 2015. For the first time in Wales, there is a shared vision and set of goals for all public bodies to work towards, our Well-being Objectives are set to maximise our contribution to these
- It included Carmarthenshire County Council's Executive Board key projects and programmes for the next 5 years as set out in '*Moving Forward in Carmarthenshire: the next 5 years*'

We review the strategy, its improvement plans and Well-being Objectives annually and keep the action plans and targets supporting the objectives up to date. The Corporate Strategy was updated in June 2019 and at the time of writing will also be updated in April 2021.

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

The general purpose of the Act, is to ensure that the governance arrangements of public bodies for improving the well-being of Wales, take the needs of future generations into account. The Act is designed to improve the economic, social, environmental, and cultural well-being of Wales, in accordance with sustainable development principles. The law states that:

- i. We must carry out sustainable development, improving the economic, social, environmental, and cultural well-being of Wales. The sustainable development principle is: '*... the public body must act 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.*'
- ii. We must demonstrate 5 ways of working:
 - Long term
 - Integrated
 - Involving
 - Collaborative
 - Preventative
- iii. We must work towards achieving all of the 7 national well-being goals in the Act. Together they provide a shared vision for public bodies to work towards a:
 - prosperous Wales
 - resilient Wales
 - healthier Wales
 - more equal Wales
 - Wales of cohesive communities
 - Wales of vibrant culture and thriving Welsh Language
 - globally responsible Wales

As a public body we must publish our Well-being Objectives that maximise our contribution to these National Well-being Goals.

List of Carmarthenshire's Well-being Objectives 2020/21:

1. Help to give every child the best start in life and improve their early life experiences
2. Help children live healthy lifestyles
3. Support and improve progress and achievement for all learners
4. Ensure all young people are in Education, Employment or Training (EET) and are following productive learning and career pathways
5. Tackle poverty by doing all we can to prevent it, help people into work and improve the lives of those living in poverty
6. Create more jobs and growth throughout the county
7. Increase the availability of rented and affordable homes
8. Help people live healthy lives (tackling risky behaviour and obesity)
9. Support good connections with friends, family and safer communities
10. Support the growing numbers of older people to maintain dignity and independence in their later years
11. A Council wide approach to support Ageing Well in Carmarthenshire
12. Look after the environment now and for the future
13. Improve the highway and transport infrastructure and connectivity
14. Promote Welsh Language and Culture
15. Building a Better Council and Making Better Use of Resources

We included our Statutory Well-being Statement in the New Corporate Strategy. This sets out our governance arrangements to support our planned outcomes.

Well-being Statement

- i. We feel that our Well-being Objectives contribute significantly to the achievement of the National Well-being Goals. Our Well-being Objectives relate to different aspects of life's course and address well-being in a systematic way.
- ii. These Well-being Objectives have been selected from considerable consultation feedback and a range of different sources of information on need, performance data and regulatory feedback. In developing action plans to achieve these objectives we will involve people (in all their diversity) with an interest in achieving them.
- iii. The steps we take to achieve the Well-being Objectives (our action plans) look to ensure that long term, preventative, integrated, collaborative and involvement approaches are fully embraced.
- iv. An Executive Board member has a specific responsibility for the overall Act. In addition, each Executive Board portfolio holder will have responsibility to relevant Well-being Objectives/KIOP.
- v. To ensure that we take these action plan steps we will use our in house developed Performance Information Monitoring System dashboard. All the action plans will be monitored and reported on quarterly basis to department management teams and the Corporate Management Team and Executive Board. In addition, progress will be reported to Scrutiny Committees. The Council will prepare an Annual report on its Well-being Objectives and revise the objectives if required.

- vi. The content of action plans to achieve the Well-being Objectives are adequately resourced and embedded in Service business to achieve these objectives services will 'join-up' and work together, work with partners and fully involve citizens in all their diversity.
- vii. Our Objectives are long term but our action plans will include milestones that will enable monitoring and assurance of progress.
- viii. To ensure that our Well-being Objectives are deliverable and that the expectations of the Act are embraced we will adapt financial planning, asset management, risk assessment, performance management and scrutiny arrangements

Where change needs to happen in Corporate Governance

The Act identifies..... *'a core set of activities that are common to the corporate governance of public bodies (SPF1 Para 47). Applying the requirements of the Act to these activities is likely to most effectively secure the type of change required'.*

1. Corporate & Service Planning
2. Financial Planning
3. Asset Management
4. Workforce Planning
5. Procurement
6. Risk Management
7. Performance Management

3.3.3.3 Leader's Annual Report and Five-Year Plan

Following local government elections in May 2017 the previous Leader was re-appointed at the AGM of the 24th May 2017.

The Authority's Administration is a Coalition between Plaid Cymru and the Independents with the 10 member strong Executive Board comprising of 7 Plaid and 3 Independents, with Plaid holding the Leader's post and the Deputy Leader being from the Independent Group.

In January 2018 the Executive Board approved their 'Moving Forward in Carmarthenshire: the next 5-years' plan. The plan identifies almost 100 priority projects, schemes or services the Executive Board want to deliver over the next 5-years. The Authority's Corporate Strategy incorporates the key projects and programmes within this plan.

3.3.4 Making sure we achieve what we set out to do - *Determining the interventions necessary to optimise the achievement of the intended outcomes.*

3.3.4.1 Managing Performance / Scrutiny Function

The Corporate Strategy's Well-being Objectives identify the key steps that will be taken to deliver the objectives. These steps are supported by detailed actions and targets that are identified in Service and Department Business Plans. These actions and targets are monitored on the Council's Performance Information Monitoring System (PIMS). This enables responsible officers to update progress on a quarterly basis that can be monitored and approved by Heads of Service and reviewed at Departmental Management Teams. On a quarterly basis the Corporate Management Team and Executive Board Members examine performance on 'Dashboards'.

Scrutiny committees receive Performance Management reports twice a year (for quarter 1 and quarter 3) as well as the end of year report. Reports are prepared to respond to the specific portfolio areas of each committee. Supplementary and more detailed Performance reports are on Sickness absence and wellbeing are reported in Q2 and Q4.

PIMS Dashboards are currently being developed for analysing performance informatics on a range of service areas.

The Authority is a partner in the Public Services Board (PSB) and the Council's Policy and Resources Scrutiny Committee receives an Annual Performance Report from the incumbent Chair of the PSB. Approved minutes from PSB meetings are presented to the Policy and Resources Scrutiny Committee for their consideration and comments are reported back to the PSB.

3.3.5 Valuing our people; engaging, leading and supporting - *Developing capacity and the capability of leadership and individuals.*

Following the local government elections in Wales in May 2017 Carmarthenshire County Council had 30 new county councillors, and a comprehensive package of training, development and induction is being provided to them and returning members. Member development and training programme is refreshed on an annual basis.

3.3.5.1 Scheme of Delegation to Officers

The Scheme of Delegation itemises the decisions which are delegated to officers, whether by the Council or by the Executive Board. In exercising delegated powers Officers must comply both with any statutory requirements and the Council's Policy and Budget Framework, amongst other requirements. Any significant decisions have to be recorded and are subject to the call-in rules. Significant executive decisions by officers are published.

The delegations in the Constitution became very pertinent during the early part of the 2020/21 year when it became impossible to convene formal physical meetings of the Authority due to the implications of the coronavirus pandemic – things such as the fast pace of decisions needing to be taken and the inability to meet the statutory timelines imposed for the convening of formal meetings of members, the rules prohibiting meetings from being wholly virtual, some members needing to shield and making it more difficult to achieve the quorum needed for meetings, and the stay at home message – so the emergency delegations in the Constitution had to be called upon to allow officers to make some critical decisions. This period of emergency delegated decision taking by officers was kept to a minimum, and as soon as the rules relating to the conduct of democratic meetings were temporarily relaxed so as to allow 100% online meetings, the Authority resumed democratic meetings, albeit online. The decisions taken by officers during the brief emergency period were published.

3.3.5.2 Democratic Services Committee

This is a statutory Committee with terms of reference which include promoting and supporting good governance. An important aspect of that aim is secured by the provision of reasonable training and development opportunities for Members and the appointment of the Chair of the Committee as the Member Development Champion.

3.3.5.3 Managing our Workforce

Carmarthenshire County Council has some 8,000 employees who each contribute to the achievement of our Corporate Priorities.

Our staff are supported by the People Management Division who maintain a range of Policies and Procedures to ensure that all staff are managed in a fair and consistent way. Key Policies and Procedures include:

- Health & Safety Policy
- Staff Recruitment and Selection Policy including safe recruitment
- Induction Procedure
- Whistleblowing Policy
- Grievance and Disciplinary Policies & Behavioural Standards Guidance
- Officers' Code of Conduct
- Restructuring Policy
- People Strategy
- Pay Policy
- Agile Working Policy

Our Staff are encouraged to develop, and this is consistent with our objectives as an organisation that has been accredited with **Investors in People**. The development of our workforce is underpinned by the following:

- Appraisal Process
- Learning and Development Strategy
- Encouraging Continuous Professional Development (CPD)
- Effective Workforce Planning
- People Strategy

The management of attendance and supporting the wellbeing of staff is a high priority for the Council. A robust attendance management framework and policy is in place and the Occupational Health function offers wellbeing support and advice with the aim of keeping people in work, providing advice and guidance on healthy living, stress management and mental health in the workplace. This has been particularly important during the COVID19 pandemic where support to staff has been stepped up via wellbeing initiatives and COVID19 specific policies.

Following the implementation of the Single Status Agreement in 2011/12, the Pay and Reward function within People Management Division maintains an overview of the pay and grading structure and provides advice to managers on job evaluation and reward as well as undertaking an equal pay audit every year the most recent of which does not suggest any evidence of discrimination within the pay structures nor the allowances paid. The pay gaps are generally as a result of segregation of the sexes between job types rather than application of the allowances.

In addition, the Council publishes a Pay Policy by April each year, as required under Section 38 of the Localism Act. The purpose of the statement is to provide transparency with regard to the Council's approach to setting the pay of its employees (excluding those working in local authority schools). The Pay Policy is agreed by Full Council and is published on the Authority's website. The Council continue to support its lowest paid employees and workers by ensuring the equivalent Foundation Living Wage hourly rate is paid.

The COVID19 pandemic has accelerated a move to agile working especially home working and it is intended that this will inform how the Council manages its workforce in the future through new ways of working. In particular, the Council is keen to support the Welsh Government's aim to continue to support 30% of its workforce to work from home or more agilely in the future. This will impact on accommodation requirements and contribute to the environmental agenda by reducing the need to travel. The Staff Travel Policy will be reviewed to reflect the move to new ways of working.

Our Whistleblowing Policy is being used by employees to report serious concerns which may be in the public interest, and the procedures and concerns are overseen by Standards Committee. Online learning, promotion of the policy and monitoring of whistleblowing complaints continues to ensure that employees are aware of it. An online induction system will provide this information to new employees more quickly and effectively. This was introduced in early 2020. Most employees now have access to online information so the communication of these types of key policies will become more inclusive as more people use the online intranet.

3.3.6 Managing risks, performance and finance - *Managing risks and performance through robust internal control and strong public financial management.*

3.3.6.1 Risk Management

The Authority has a Risk Management Steering Group which reports directly to Executive Board, Audit Committee and Chief Officers' Management Team (CMT). The Risk Management Steering Group comprises an Executive Board Member Risk Champion (Executive Board Member for Resources), Departmental Risk Champions and is chaired by the Head of Revenues and Financial Compliance.

The Authority aims to embed good risk management into all its processes including a specific section in Committee Reports for the implications from a Risk Management perspective to be discussed and explained.

Corporate, Service and Project Risks are captured within a Risk Register. We use "**Web Based Risk Register Software**", which allows Departments to input, access, maintain and manage Service and Project Risks. The Corporate Risk Register is reported and reviewed by the Governance and Audit Committee every six months. A Review of Risk Management Arrangements was carried out by Wales Audit Office during 2018/19, where proposals for improvements were made to strengthen the arrangements in place. An action plan has been completed to implement the improvements.

3.3.6.2 Risk Management Steering Group

The Risk Management Steering Group examines how Risk Management can be developed and ensure that Risk Management is embedded in decision making throughout the organisation. The Group meet quarterly and is supported by the work of its Sub Groups i.e. Property & Liability Risks, Motor Fleet Risks, and Contingency Planning Sub Groups.

3.3.6.3 Scrutiny Committees

The Scrutiny Function plays a highly valuable role in ensuring performance improvement and challenge. The role of Scrutiny in "Task and Finish Groups" has clearly had a positive influence on policy development.

The Authority has a well-developed system of performance management. Scrutiny Committees receive a Quarter 1 and Quarter 3 report and an Annual Report on performance which includes an update on all Performance Indicators and Key Actions contained within the Corporate Strategy.

Any 3 Council Members have the constitutional power to call-in executive decisions in respect of their own functional responsibilities, whether taken by the Executive Board collectively or by individual Executive Board Members on their own portfolio areas. In order to allow call in to be exercised no decision taken by the Executive Board or Executive Board Members shall take effect until 5 working days after the decision is published and circulated via e-mail to Members.

In line with the formula set out in the Local Government Measure 2011, the Chairs of two out of the Authority's 5 Scrutiny Committees are allocated to the Opposition.

In October 2020 the Authority updated its Scrutiny Procedure Rules so as to change Executive Board Members roles at Scrutiny Committees and to require them to attend the meetings to present reports and answer questions. This change was welcomed by the Executive Board Members.

Again, as a by-product of the pandemic Scrutiny Committee meetings have been webcast since November 2020.

3.3.6.4 Financial Administration (Section 151 Officer)

The Director of Corporate Services is the responsible officer for the administration of the Authority's affairs under Section 151 of the Local Government Act 1972 and carries overall responsibility for the financial administration of the County Council.

The Chartered Institute of Public Finance and Accountancy (CIPFA) previously published a ***“Statement on the Role of the Chief Financial Officer in Local Government”***. The Statement describes the role and responsibilities of the Chief Financial Officer (CFO) and sets out 5 Key Principles (see below) that define the core activities and behaviours that belong to the role of CFO in public service organisations and the organisational arrangements needed to support them. Carmarthenshire County Council through the appointment of the Director of Corporate Services fully complies with the Statement.

Principle 1 - The CFO in a Local Authority is a key member of the Leadership Team, helping it to develop and implement strategy and to resource and deliver the Authority's strategic objectives sustainably and in the public interest.

Principle 2 - The CFO in a Local Authority must be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer term implications, opportunities and risks are fully considered, and alignment with the Authority's overall financial strategy.

Principle 3 - The CFO in a Local Authority must lead the promotion and delivery by the whole Authority of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently, and effectively.

Principle 4 - The CFO in a Local Authority must lead and direct a finance function that is resourced to be fit for purpose.

Principle 5 - The CFO in a Local Authority must be professionally qualified and suitably experienced.

The Financial Services Division provides support to Departments and co-ordinates and supports the budget preparation and financial monitoring process.

The Authority operates to a defined set of Financial Procedure Rules and Contract Procedure Rules which are maintained by the Corporate Services Department with any amendments approved by the Audit Committee.

3.3.6.5 Dyfed Pension Fund Committee

Carmarthenshire County Council is the statutorily appointed Administering Authority for the Dyfed Pension Fund. The Pension Fund Committee comprises of three County Council Members plus a nominated substitute to act in the absence of a Member. The Pension Fund Committee has the following responsibilities:

- To review the performance of the Dyfed Pension Fund, decide on the strategic direction of all matters relating to the investment of the Fund and monitor all aspects of the investment function.
- To determine on Administering Authority Pension Fund matters.

During 2020/21 the Pension Fund Committee was supported by the Director of Corporate Services and Head of Financial Services, the Financial Services Division and an Independent Investment Adviser. The Director of Corporate Services is the Section 151 Officer.

The Fund's Governance Policy sets out in detail the Governance arrangements of the Fund.

The Local Pensions Board established in 2015/16 under the Public Service Pension Act (PSPA) 2013 has an oversight or scrutiny role and is intended to assist the Administering Authority in securing compliance with regulations and requirements imposed by the Pensions Regulator and the Department for Communities and Local Government. The terms have been reviewed; the updated Terms of Reference will be presented to Council in 2021/22.

Following HM Government's approval of the Wales Investment Pool in November 2016 and the establishment of the Wales Pension Partnership (WPP) Joint Governance Committee an extensive procurement process was undertaken to appoint a Financial Conduct Authority regulated Third Party Pool Operator to manage the investments of the 8 Welsh Pension Funds. In November 2017 the WPP Joint Governance Committee approved the appointment of Link Asset Services as their Operator. Link Asset Services have subsequently been developing the initial Partnership Sub Fund investment proposal and Prospectus application for the FCA submission.

Carmarthenshire County Council has been selected as the Host Authority to provide administrative and secretarial support and implement decisions made by the Joint Governance Committee.

The Authority for 2020/21 has produced a separate Statement of Accounts and Annual Report for the Dyfed Pension Fund and therefore further information in respect of governance and activity of both the Fund and the WPP can be found in this document.

3.3.6.6 The City Deal

On the 29th August 2018 Carmarthenshire County Council, Neath Port Talbot County Borough Council, Pembrokeshire County Council and the Council of the City and County

of Swansea signed an Agreement for the establishment of a Joint Committee for the Swansea Bay City Region. The first meeting of the Joint Committee was held on the 30th August 2018. Carmarthenshire is the Accountable Body for the City Deal function.

The Joint Committee is made up of the Leaders of the four regional Authorities and one non-voting, co-opted member each from the Hywel Dda University Health Board, Swansea Bay University Health Board, Swansea University and the University of Wales Trinity Saint David.

A Joint Scrutiny Committee has also been formed, with the scrutiny function being administered by Neath Port Talbot County Borough Council and the Internal Audit function being delivered by Pembrokeshire County Council.

A portfolio of nine programmes and projects has been approved under the Swansea Bay City Deal – three of which are delivered regionally. Under the portfolio Carmarthenshire will deliver two local programmes within its constituent area, Pentre Awel (the Life Science and Well-being development) and Yr Egin (creative and digital cluster), both of which have been approved by both UK and Welsh Government. Further to the locally delivered programmes, Carmarthenshire is the delivery lead for two regional programmes, Skills and Talent Initiative and Digital Infrastructure. These will be delivered in collaboration with the three other constituent authorities under the Swansea Bay City Deal. The Digital Infrastructure programme has been approved by UK and Welsh Government with Skills and Talent programme currently proceeding through the City Deal governance structure for submission to governments.

During the financial year, an Accounting Officer Review was undertaken under the responsibility of the Accounting Officer as defined in Managing Welsh Public Money. The scope of the review was limited to the submitted Portfolio Business Case (PoBC) and its appendices, version 1.1, dated 20th August 2020. The report is structured to align with the Five Case Model. The review was focused on the PoBC; and not the constituent parts of the portfolio and their corresponding business cases.

The business case lead, and counterparty for the review, was the Swansea Bay City Deal (SBCD) Portfolio Management Office. The Review was an agreed joint Welsh Government (WG) and UK Government (UKG) position; the SBCD was signed by Governments and regional partners in March 2017.

This report identified 15 high level recommendations. These were intended to strengthen the PoBC, assist with the mitigation of risks and improve the chances of successful delivery. Out of the 15 recommendations 13 were complete as at 31st March 2021, with the outstanding recommendations falling to the Welsh City and Growth Deals Implementation Board to enact.

3.3.6.7 ERW (Education through Regional Working)

The current position with the ERW Consortium is that this Authority (CCC) and another 3 local authorities namely Pembrokeshire, Powys and Swansea are committed to ERW until November 2021. Additionally, the Joint Committee has committed to providing some services to schools within Ceredigion and Neath & Port Talbot, who have formally withdrawn from the Consortium.

Carmarthenshire, Swansea and Pembrokeshire are developing a new Partnership Framework that will supersede ERW, and this framework will deliver the aspirations and objectives that were previously being provided by ERW.

In view that the framework will consist of three local authorities and not six, there is a real potential for there to be significant redundancy costs (there are 44 members of staff currently working for ERW), although it is hoped over half of this number will be redeployed within the new collaborative arrangement, with a small number who are currently on secondment, returning to their substantive posts. The potential estimated redundancy costs are around £1.4 million, and these costs would be shared by the 6 original members of ERW.

3.3.7 Good transparency and accountability - *Implementing good practices in transparency, reporting, and audit to deliver effective accountability*

3.3.7.1 Audit, Standards and Democratic Services Committees

The Audit Committee is a key component of Corporate Governance, providing a source of assurance about the Authority's arrangements for managing risk, maintaining an effective control environment and reporting on financial as well as non-financial performance.

The Standards Committee (which includes a majority of External Members) promotes high standards of conduct for Members as well as maintaining an overview of the Authority's processes for complaints handling and its Whistleblowing Procedure.

The Authority also has a Democratic Services Committee (5 Elected Members) and a statutory designated Head of Democratic Services. The Committee's terms of reference as set by the Authority include securing the provision of reasonable training and development opportunities for Members, appointing a Member Development Champion and promoting and supporting good governance.

Audit Committee has received a report on the future changes that affect the committee in accordance with the Local Government and Elections (Wales) Act 2021.

3.3.7.2 Internal Audit

The review of the effectiveness of the system of Internal Control and Governance arrangements is informed by the work of the Internal Auditors on which the Authority gains assurance. Internal Audit are required to undertake their work in accordance with the standards as set out in the **Public Sector Internal Audit Standards (PSIAS)** established in 2013 are the agreed professional standards for Internal Audit in Local Government.

As required by the Standards, the Head of Internal Audit prepares an Annual report for consideration by the Audit Committee. The format of the Annual Report complies with the requirements of the Code of Practice.

The overall opinion is that the Authority has an 'Acceptable' control environment in operation. There are clear Governance arrangements with defined Management responsibilities and Committee Structures in place, Risk Management and the control framework is generally sound and operated reasonably consistently. The Authority has an established Constitution, has developed Policies and approved Financial Procedure Rules and Contract Procedure Rules that provide advice and guidance to all staff and members. Sufficient assurance work has been carried out to form a reasonable conclusion on the adequacy and effectiveness of the Authority's internal control environment. Where weaknesses have been identified through reviews, Internal Audit have worked with management to agree appropriate corrective actions and a timescale for improvement.

The Authority maintains an effective Internal Audit function. The **Strategic and Annual Audit Plans** are approved by Audit Committee annually and regular reports are made to

the Audit Committee throughout the year on progress and any significant weaknesses identified.

The Head of Revenues and Financial Compliance in addition to being accountable for the delivery of the Internal Audit Services also has responsibility for the operational management of Revenues and Benefits, as well as Risk and Procurement. To ensure there is no conflict of interest in the audit reviews for the operational areas a protocol has been prepared and was approved by the Audit Committee in September 2018.

The Public Sector Internal Audit Standard (PSIAS) became effective from 1st April 2013 and introduced a requirement for an external assessment of all internal audit services, which must be conducted at least once every five years by a qualified, independent reviewer from outside of the organisation.

The two possible approaches to external assessments outlined in the Standards included either a full external assessment or an internal self-assessment which is validated by an external reviewer. Carmarthenshire County Council elected to adopt the self-assessment approach with an external validation undertaken by a suitable qualified and experienced external assessor with the required level of knowledge of the application of the PSIAS, as agreed with the Welsh Chief Auditors' Group. The purpose of the external assessment is to help improve delivery of the audit service to an organisation. The assessment is designed to be a supportive process that identifies opportunities for development which ultimately help to enhance the value of the audit function to the Authority. The self-assessment and the external assessment concluded that the Internal Audit Service is generally conforming (ie conformance with standards with some recommendations for improvement made).

In addition to the planned work, the Internal Audit Unit undertakes fraud investigation and proactive fraud detection work.

Action plan responses to Internal Audit reviews are entered into the Council's Performance Information Monitoring System (PIMS) and progress is updated quarterly by responsible officers.

3.3.7.3 External Regulators

Services are reviewed during the year by external regulators, such as Estyn, CIW and Audit Wales (formerly Wales Audit Office). The subsequent reports are actioned accordingly.

Each year Audit Wales, as External Auditor to the Authority complete work to meet the following duties:

- **Audit of Accounts** Each year the Auditor General audits the Council's financial statements to make sure that public money is being properly accounted for.
- **Value for money** The Council has to put in place arrangements to get value for money for the resources it uses, and the Auditor General has to be satisfied that it has done this.
- **Continuous improvement** The Council also has to put in place arrangements to make continuous improvements, including related plans and reports, and the Auditor General has to assess whether the Council is likely to (or has) met these requirements.
- **Sustainable development principle** Public bodies need to comply with the sustainable development principle when setting and taking steps to meet their well-

being objectives. The Auditor General must assess the extent to which they are doing this.

We also maintain a log of regulatory reports and recommendations. The external regulatory reviews recommendations or proposals for improvement are entered into the Council's Performance Information Monitoring System and progress is reported quarterly on dashboards. An Annual Report is issued to Audit Committee.

Audit Wales issued a certificate of compliance for our Annual Report for 2019/20 under the 2009 Measure.

During the year Audit Wales conducted a review of the planning service which identified a number of performance issues, and a report was issued in 2021/22. A new governance structure has been implemented during 2021/22 to oversee and monitor the changes and the delivery of the actions.

3.3.7.4 Information Assets

The Council's Head of ICT & Policy acts as the Authority's **Senior Information Risk Owner**. A Corporate Information Governance Group meets regularly in order to safeguard and secure the Authority's information. Minutes of these meetings are provided for consideration to the Corporate Management Team.

There are various safeguards in place to guard against the loss or release of personalised information. These include relevant policies and procedures which are communicated to staff, encryption of laptops, memory storage media and other devices. The Authority employs:

- A Digital Security Officer who advises on data security and external advisers and consultants are employed from time to time to test and advise on the Authority's security arrangements.
- A Data Protection Officer who advises on legal compliance and ensures that policies and procedures are in place and are being adhered to.

These safeguards are subject to ongoing review and include a combination of technical solutions and training for staff involved in handling personal data on the requirements of the General Data Protection Regulation (GDPR).

3.3.7.5 Review of Effectiveness

A review of the effectiveness of our Governance arrangements (including the system of Internal Control) is undertaken regularly by the Corporate Governance Group through its work. That work includes continuous challenge of the governance framework. The AGS is the framework that is used to seek these assurances, through continuous monitoring of actions in the AGS.

The review of effectiveness is informed by managers within the Authority who have responsibility for the development and maintenance of the Governance environment, the Head of Internal Audit's Annual Report and also by comments made by the External Auditors (Audit Wales).

The effectiveness of the Governance framework draws on evidence and assurances from:

- Council
- Leadership / Executive Board
- Executive Board Members
- Scheme of Delegation to Officers
- The Audit Committee / Scrutiny Committees / Risk Management Steering Group
- Standards Committee
- Internal Audit
- External Audit
- Public Services Ombudsman for Wales

3.3.7.6 Council

The Council meets - online during the period of the pandemic - on a monthly basis and takes decisions on Council functions. Its Agendas are published at least 3 clear days in advance of meetings, and its meetings are open to the public (subject to exemptions) and webcast. Its Minutes are published and are available to the Public. New ways of working group has been established to review the way forward.

As from the 1st September 2019 all the Authority's democratic meetings are paperless.

3.3.7.7 Leadership / Executive Board

The Executive Board takes decisions on executive functions within the policy and budget framework set by the Council. The Agenda is published at least 3 clear days in advance of its meetings and meetings are held in public (subject to statutory exemptions) and webcast. Its Minutes are published, and its decisions are subject to call in by any 3 Council Members. (ref para 3.3.6.3).

The Authority normally meets with Town and Community Councils twice yearly in a formal Forum. However, due to COVID19 one virtual meeting was held in 2020/21 as part of the budget setting consultation.

During 2019/20 the Executive Board introduced the new "mini" Executive Board made up of 10 local schoolchildren who would be shadowing their "senior" counterparts, an initiative aimed at ensuring that future generations will have good work opportunities, supportive communities and great places to enjoy as they grow up and raise their own families.

3.3.7.8 Executive Board Members

The Executive Board Members have decision making powers in relation to their own portfolio areas. Their decisions are published and are subject to call in by the relevant Scrutiny Committees (ref para 3.3.6.3).

3.3.7.9 Audit Committee

The Audit Committee meets throughout the year to provide independent assurance to the Authority in relation to the effectiveness of the Internal Control Environment and Risk Management Framework.

The Audit Committee are also responsible for approving the Authority's Statement of Accounts.

Under the **Local Government Wales Measure 2011** it is mandatory for Local Authorities to have an Audit Committee. The Measure provides that there must be an independent External Voting Member on the Audit Committee.

Job Profiles are in place for both the Chair of Audit Committee and the Members of Audit Committee. In line with the Local Government Measure 2011, the Chair of Audit Committee is a Member from the Opposition Group. The Local Government and Elections (Wales) Act received Royal Assent on the 20th January 2021 and Chapter 2 of the Act makes changes to the Audit Committee name, membership and proceedings. The changes to the Audit Committee are split and will come into force as follows.

Re-naming of Audit Committees coming into force on the 1st April 2021. This section provides for the re-naming of Audit Committees to 'Governance and Audit Committees' and requires the Committee to undertake additional functions, namely those functions set out in Chapter 1 of Part 6 of the Act and:

- (a) review and assess the authority's ability to handle complaints effectively;
- (b) make reports and recommendations in relation to the authority's ability to handle complaints effectively

Further changes will come into force on the 5th May 2022 which will require one third of the members of the Governance and Audit Committee to be lay persons and for the lay person to be appointed as Committee Chair. Arrangements for the appointment of the lay members will be made later in the year.

The necessary changes to the Council constitution will be made at the Annual Meeting of the Council on the 19th May 2021 and again at the first meeting of the Council following the local government elections in May 2022.

3.4 Corporate Governance during the COVID19 Pandemic

Normally the Council holds physical meetings, including those of the Full Council, the Executive Board, individual Executive Board members and other committees, to make key decisions. Although the Local Government (Wales) Measure 2011 made provision for remote attendance at such meetings at least 30% of members were required to be physically present in person at the meeting. This requirement was relaxed by Regulations in May 2020, when meetings could be held 100% online.

Interim emergency arrangements therefore had to be put in place for decisions to be taken at a fast pace until the relaxations were enacted. On the 18th March 2020 a decision was taken to suspend most democratic meetings in order to protect members and staff and on the 19th March 2020 a decision was taken to close all Council buildings to the public for the same reason. Following the announcement by the Prime Minister of the nationwide 'lockdown' on the 23rd March 2020, all remaining democratic meetings were suspended.

Alongside these developments, on the 12th March 2020 the growing pandemic resulted in the senior officers of the authority adopting the Gold/Silver Command structure under the Civil Contingencies Act 2004.

In the absence of any formal meetings of the Executive Board and Full Council, senior officers have exercised the powers granted to them in Part 3.2 of the Council's Constitution (Scheme of Delegation to Officers) under section 100G Local Government Act 1972 to make such decisions as are necessary for the functioning of the Council and its response to the pandemic.

These delegated powers are broad in scope and cover day to day operational decision making by the authority. However, the scheme of delegation also provides that the Chief Executive and Directors have the power to make:

“Determination of any urgent matter in the purview of the Council, the Executive Board or any committee where it is impractical to convene a meeting of that body to consider the matter.”

As it was impractical to convene meetings of Full Council and Executive Board due to the ongoing pandemic these powers have been utilised to make any necessary urgent decisions falling outside the normal delegated authority of officers. Records have been kept of urgent decisions made under these powers and following a change in legislation by Welsh Government permitting virtual democratic meetings, these were reported at the virtual meeting of the Executive Board held on 1st June 2020. Remote meetings have continued during the year with the resumption of the Audit Committee in July 2020 and Scrutiny Committees from November 2020. The Local Government and Elections (Wales) Act 2021 allows remote meetings to continue.

The requirement to work from home during lockdown has been enabled by existing ICT capabilities but has inevitably meant some changes to working practices, control mechanisms and authorisation methods. These have been made with approval of the relevant senior manager or directors and consultation/advice from Internal Audit where appropriate. Internal Auditors were redeployed during the initial lockdown as the team were unable to commence the annual work programme due to the disruption caused by the pandemic. The programme was redesigned to achieve control assurances remotely and recommenced during the summer.

During 2020/21, the Authority claimed in excess of £30 million from the Welsh Government hardship scheme, covering increased costs of delivering core services, provision of new services and income loss from closure of commercial services. There remains significant uncertainty over the future path the pandemic will take, though an initial hardship funding allocation of £206.6 million by Welsh Government has provided financial mitigation in this regard. The 2021-2024 Medium Term Financial Plan includes explicit contingencies and mitigations, including in particular a revised and realistic phasing of planned budget savings based on the current situation.

As was the case a year ago, the preparation of this statement of accounts has taken longer than planned due to the council's ongoing response to the pandemic and the consequent availability of officers, however the processes involved have been largely unchanged. Face to face reviews have been replaced with virtual meetings and electronic files and screen sharing technology have replaced physical documents where needed.

3.5 Governance issues to be addressed

The following additional Governance issues need to be considered and addressed during the next 12 months:

For 2021/22

- Review Staff Travel Policy
- Implement The Local Government and Elections (Wales) Act requirements
- Develop governance arrangement around the better ways of working once plan is in place – for officers

-
- Develop governance arrangement around the better ways of working once plan is in place – for Members
 - Recruit lay members for Audit Committee

We propose over the coming year to take steps to address the above matters to further enhance our Governance arrangements. An Action Plan summarising the above Actions, Responsible Officers and Target Dates is attached in Appendix 2. We are satisfied that these steps will address the need for improvements and will monitor their implementation and operation as part of our next annual review.

Approved

15 September 2021

Leader of Council

Chief Executive

APPENDIX 1

<i>UPDATE ON OUTSTANDING GOVERNANCE ISSUES IDENTIFIED IN PREVIOUS ANNUAL GOVERNANCE STATEMENTS</i>					
SOURCE	ISSUES	RESPONSIBLE OFFICER	ACTIONS/PROGRESS		STATUS
AGS 2017/18 No.6	Monitor and evaluate People Strategy Group/Work stream actions relating to AW People Performance Management recommendations.	Assistant Chief Executive – People Management	March 2020	Consolidating learning and moving forward. PSGB Group has met through COVID19, but re-evaluation of way forward needed.	Ongoing
AGS 2017/18 No. 8	Update the Code of Governance to ensure that it's in line with the CIPFA standards and Wellbeing of Future Generations Act.	Head of Revenues and Financial Compliance	March 2019	Draft discussed at the 4th December 2020 Corporate Governance Group meeting, amended draft approved in February 2021 CGG.	Complete presented to CMT April 2021 & Governance and Audit Committee July 2021
AGS 2018/19 No.6	Review right to work checks and impact of new immigration process arising from Brexit on recruitment process.	Assistant Chief Executive People Management	March 2020	Currently operating transitional process and RTW checks are undertaken in accordance with current guidance and will be updated to reflect future guidance. Immigration sponsorship licence has been renewed.	Ongoing
AGS 2019/20 No.5	To consider the implications of the requirements of the Local Government and Elections (Wales) Act.	All Corporate	March 2021	Ongoing.	Ongoing
AGS 2019/20 No.6	To monitor the outputs of the Swansea Bay City Deal project – Yr Egin	Director of Corporate Services / Head of Regeneration	March 2021	Ongoing – Funding agreement signed March 2021.	Complete

<i>UPDATE ON OUTSTANDING GOVERNANCE ISSUES IDENTIFIED IN PREVIOUS ANNUAL GOVERNANCE STATEMENTS</i>					
SOURCE	ISSUES	RESPONSIBLE OFFICER	ACTIONS/PROGRESS		STATUS
AGS 2019/20 No.7	To ensure appropriate governance arrangements are in place to assess impact and use of resources with partners to deliver the Wellness project.	Head of Regeneration / Director of Corporate Services	March 2021	Ongoing.	Ongoing
AGS 2019/20 No.8	Ensure Employment Policies reflect any new legislation such as exit payment cap, reclaiming exit payments etc.	People Services Manager	March 2021	Ongoing – On 12/2/21 the UK Government repealed the exit pay cap provisions. We await new legislation and will update policies accordingly.	Ongoing
AGS 2019/20 No.9	Pay Policy publication in line with Localism Act.	People Services Manager	March 2021	On target, Draft policy to be considered by Pay Policy Advisory Panel 19/2/21 – approved March 2021 by full Council.	Complete
AGS 2019/20 No.13	Implement appropriate changes in respect of the governance arrangements of the Local Authority Companies in response to the Governance Review Report.	Corporate Management Team	June 2021	Lessons learnt being pulled together, to be reported to CMT.	Ongoing

APPENDIX 2

GOVERNANCE ISSUES ACTION PLAN			
NEW GOVERNANCE ISSUES IDENTIFIED IN THIS YEAR'S ANNUAL GOVERNANCE STATEMENT			
ISSUE REF	ACTION	RESPONSIBLE OFFICER	TARGET DATE
AGS 2020/21 No.1	Review Staff Travel Policy	People Services Manager	April / May 2021
AGS 2020/21 No.2	Implement The Local Government and Elections (Wales) Act requirements	Head of Legal and Democratic Services	May 2022
AGS 2020/21 No. 3	Develop governance arrangement around the better ways of working once plan is in place – for officers	Chair of Better Ways of Working Strategic Group	2021/22
AGS 2020/21 No. 4	Develop governance arrangement around the better ways of working once plan is in place – for Members	Chair of Better Ways of Working Strategic Group / Head of Legal and Democratic Services	2021/22
AGS 2020/21 No.5	Recruit lay members for Audit Committee	Head of Legal and Democratic Services / Director of Corporate Services / Head of Revenues & Financial Compliance	2021/22

4 THE INDEPENDENT AUDITOR'S REPORT OF THE AUDITOR GENERAL FOR WALES TO THE MEMBERS OF CARMARTHENSHIRE COUNTY COUNCIL

Opinion on financial statements

I have audited the financial statements of Carmarthenshire County Council for the year ended 31 March 2021 under the Public Audit (Wales) Act 2004.

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

The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2020-21.

In my opinion the financial statements:

- give a true and fair view of the financial position of Carmarthenshire County Council as at 31 March 2021 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with legislative requirements and international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2020-21.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)) 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. I am independent of the 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 the 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 Responsible Financial Officer is responsible for the other information contained within the Statement of Accounts. The other information comprises the information included in the Narrative Report and Annual Governance Statement. 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.

Report on other requirements

Opinion on other matters

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

- the information contained in the Narrative Report for the financial year for which the financial statements are prepared is consistent with the financial statements and the Narrative Report has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2020-21;
- The information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and the Annual Governance Statement has been prepared in accordance with guidance.

Matters on which I report by exception

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

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

- adequate accounting records have not been kept, or returns adequate for my audit have not been received from branches not visited by my team;
- the financial statements are not in agreement with the accounting records and returns; or
- I have not received all the information and explanations I require for my audit.

Responsibilities

Responsibilities of the responsible financial officer for the financial statements

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on page 7, the responsible financial officer is responsible for the preparation of the statement of accounts, which give a true and fair view, and for such internal control as the responsible financial officer determines is necessary to enable the preparation of statements of accounts that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of

assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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 council's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to Carmarthenshire County 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.
- Obtaining an understanding of Carmarthenshire County Council's framework of authority as well as other legal and regulatory frameworks that Carmarthenshire County 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 Carmarthenshire County Council.

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 and the Council; and
- 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 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 Carmarthenshire County 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.

Certificate of completion of audit

I certify that I have completed the audit of the accounts of Carmarthenshire County 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
27 September 2021

24 Cathedral Road
Cardiff, CF11 9LJ

5 FINANCIAL STATEMENTS

The financial statements comprise the following:

5.1 EXPENDITURE AND FUNDING ANALYSIS (EFA)

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

5.2 COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT (CIES)

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this 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.

5.3 MOVEMENT IN RESERVES STATEMENT

This statement shows the movement in the year on the different reserves held by the Authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Statement shows how the movements in year of the Authority's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return the accounts to the amounts chargeable to council tax and dwelling rents for the year. The Net Increase/Decrease line shows the statutory Council Fund Balance and Housing Revenue Account Balance movements in the year following those adjustments.

5.4 BALANCE SHEET

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

5.5 CASH FLOW STATEMENT

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

5.1 EXPENDITURE AND FUNDING ANALYSIS (EFA)

2020-21	Difference between Council Fund (CF) and Housing Revenue Account (Surplus)/Deficit and Comprehensive Income and Expenditure Statement (CIES) (Surplus)/Deficit		
	Net Expenditure Chargeable to the CF and HRA £'000	Total Adjustments £'000	Net Expenditure in the CIES £'000
Department			
Chief Executive	5,297	8,036	13,333
Education & Children	145,266	23,887	169,153
Corporate Services	19,570	(445)	19,125
Communities	96,719	10,981	107,700
Environment	47,835	7,733	55,568
Housing Revenue Account	(12,664)	(20,280)	(32,944)
Insurance & Corporate	3,048	(2,523)	525
Net Cost of Services	305,071	27,389	332,460
Other Income & Expenditure	(336,531)	(58,762)	(395,293)
(Surplus)/Deficit before transfers to/(from) earmarked reserves	(31,460)	(31,373)	(62,833)
Transfers to/(from) earmarked reserves	32,455		
(Surplus)/Deficit after transfers to/(from) earmarked reserves	995		
CF & HRA Balance at 31st March 2020:	(32,473)		
(Surplus)/Deficit	995		
CF & HRA Balance at 31st March 2021:	(31,478)		
2019-20			
Department			
Chief Executive	6,865	7,825	14,690
Education & Children	148,339	40,273	188,612
Corporate Services	19,392	5,675	25,067
Communities	96,050	11,362	107,412
Environment	47,868	10,283	58,151
Housing Revenue Account	(21,187)	17,821	(3,366)
Insurance & Corporate	3,685	(2,934)	751
Net Cost of Services	301,012	90,305	391,317
Other Income & Expenditure	(314,889)	(33,341)	(348,230)
(Surplus)/Deficit before transfers to/(from) earmarked reserves	(13,877)	56,964	43,087
Transfers to/(from) earmarked reserves	6,094		
(Surplus)/Deficit after transfers to/(from) earmarked reserves	(7,783)		
CF & HRA Balance at 31st March 2019:	(24,690)		
(Surplus)/Deficit	(7,783)		
CF & HRA Balance at 31st March 2020:	(32,473)		

See note 6.5 for Explanation of adjustments between Net expenditure chargeable to the CF and HRA and Net expenditure in the CIES.

5.2 COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT (CIES)

2019-20	2019-20	2019-20		2020-21	2020-21	2020-21
Total Gross Expenditure £'000	Total Gross Income £'000	Total Net Expenditure £'000		Total Gross Expenditure £'000	Total Gross Income £'000	Total Net Expenditure £'000
			Department			
23,882	(9,192)	14,690	Chief Executive	23,780	(10,447)	13,333
235,061	(46,449)	188,612	Education and Children	221,134	(51,981)	169,153
73,435	(48,368)	25,067	Corporate Services	64,153	(45,028)	19,125
174,877	(67,465)	107,412	Communities	198,278	(90,578)	107,700
78,668	(20,517)	58,151	Environment	81,204	(25,636)	55,568
39,342	(42,708)	(3,366)	Housing Revenue Account	9,850	(42,794)	(32,944)
751	0	751	Insurance & Corporate	529	(4)	525
626,016	(234,699)	391,317	Net Cost of Services	598,928	(266,468)	332,460
			Precepts and Levies:			
		138	Brecon Beacons National Park			138
		9,838	Mid & West Wales Fire Authority			10,400
		6,082	Community Councils			6,641
		18,006	Dyfed Powys Police Authority			19,283
		(259)	(Gains)/losses on the disposal of non-current assets			(164)
		(279)	(Surpluses)/Deficits on Trading Activities not included in Net Cost of Services	Note 6.6		(187)
		33,526	Other Operating Expenditure			36,111
		17,625	Interest Payable and Similar Charges			17,330
		9,939	Net interest on the net defined benefit liability (asset)			12,867
		(679)	Interest and Investment Income			(246)
		(1,004)	Income and expenditure in relation to investment properties and changes in their fair value	Note 6.11		(1,134)
		(284)	Other income			(247)
		25,597	Financing and Investment (Income) and Expenditure			28,570
		(200,096)	Revenue Support Grant	Note 6.37		(215,251)
		0	General Government Grants	Note 6.37		(4,795)
		(116,209)	Council Tax	Note 6.7		(122,830)
		(60,293)	Net Proceeds of Non-Domestic Rates	Note 6.8		(58,909)
		(30,755)	Capital Grants and Contributions	Note 6.37		(58,189)
		(407,353)	Taxation and Non-specific Grant Income			(459,974)
		43,087	(Surplus)/Deficit on Provision of Services			(62,833)
		(17,060)	(Surplus) or deficit on revaluation of Property, Plant and Equipment assets			(13,532)
		85,316	Remeasurement of the net defined benefit liability/(asset)			1,691
		68,256	Other Comprehensive (Income) and Expenditure			(11,841)
		111,343	Total Comprehensive (Income) and Expenditure			(74,674)

5.3 MOVEMENT IN RESERVES STATEMENT

	Council Fund Balance £'000	Earmarked Council Fund Reserves £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	TOTAL USABLE RESERVES £'000	Unusable Reserves £'000	TOTAL AUTHORITY RESERVES £'000
Balance at 31 March 2019	(10,376)	(83,522)	(14,314)	(5,958)	(5,553)	(119,723)	(477,901)	(597,624)
Movement in reserves during 2019/20								
(Surplus) or deficit on the provision of services	42,956	0	131	0	0	43,087	0	43,087
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	68,256	68,256
Total Comprehensive Income and Expenditure	42,956	0	131	0	0	43,087	68,256	111,343
Adjustments between accounting basis and funding basis under regulations(Note 6.4)	(49,791)	0	(7,173)	(1,954)	2,639	(56,279)	56,279	0
Net (Increase)/Decrease before Transfers to/from Earmarked Reserves	(6,835)	0	(7,042)	(1,954)	2,639	(13,192)	124,535	111,343
Transfers to/(from) Earmarked Reserves(Note 6.22)	5,990	(6,094)	104	0	0	0	0	0
(Increase)/Decrease in Year	(845)	(6,094)	(6,938)	(1,954)	2,639	(13,192)	124,535	111,343
Balance at 31 March 2020	(11,221)	(89,616)	(21,252)	(7,912)	(2,914)	(132,915)	(353,366)	(486,281)
Movement in reserves during 2020/21								
(Surplus) or deficit on the provision of services	(26,271)	0	(36,562)	0	0	(62,833)	0	(62,833)
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	(11,841)	(11,841)
Total Comprehensive Income and Expenditure	(26,271)	0	(36,562)	0	0	(62,833)	(11,841)	(74,674)
Adjustments between accounting basis and funding basis under regulations(Note 6.4)	(7,031)	0	38,404	70	(12,190)	19,253	(19,253)	0
Net (Increase)/Decrease before Transfers to Earmarked Reserves	(33,302)	0	1,842	70	(12,190)	(43,580)	(31,094)	(74,674)
Transfers to/(from) Earmarked Reserves(Note 6.22)	32,489	(32,455)	(34)	0	0	0	0	0
(Increase)/Decrease in Year	(813)	(32,455)	1,808	70	(12,190)	(43,580)	(31,094)	(74,674)
Balance at 31 March 2021	(12,034)	(122,071)	(19,444)	(7,842)	(15,104)	(176,495)	(384,460)	(560,955)

5.4 BALANCE SHEET

31/03/20		31/03/21	
£'000		£'000	£'000
		Notes	
1,354,708	Property, Plant & Equipment	6.9	1,420,327
2,282	Heritage Assets	6.10	2,292
23,152	Investment Property	6.11	25,110
1,848	Long Term Investments	6.12	1,807
8,300	Long Term Debtors	6.13	7,529
<u>1,390,290</u>	Long Term Assets		<u>1,457,065</u>
12,093	Short Term Investments	6.14	25,504
1,217	Inventories	6.15	2,013
67,770	Short Term Debtors	6.16	88,310
42,081	Cash and Cash Equivalents	6.17	46,911
<u>123,161</u>	Current Assets		<u>162,738</u>
(25,691)	Short Term Borrowing	6.18	(18,561)
(60,563)	Short Term Creditors	6.19	(77,161)
(1,108)	Provisions	6.20	(1,321)
0	Donated Inventories Account	6.15	(432)
<u>(87,362)</u>	Current Liabilities		<u>(97,475)</u>
(2,497)	Provisions	6.20	(2,863)
(409,849)	Long Term Borrowing	6.21	(398,052)
(527,462)	Other Long Term Liabilities	6.44	(560,458)
<u>(939,808)</u>	Long Term Liabilities		<u>(961,373)</u>
<u>486,281</u>	Net Assets		<u>560,955</u>
11,221	Council Fund		12,034
21,252	Housing Revenue Account	7.2	19,444
91,617	Earmarked Council Fund Reserves	6.22	114,805
0	Major Repairs Reserve		0
7,912	Capital Receipts Reserve	6.23	7,842
2,914	Capital Grants Unapplied	6.24	15,104
<u>132,915</u>	Usable Reserves		<u>176,495</u>
331,684	Revaluation Reserve	6.25	334,778
553,740	Capital Adjustment Account	6.26	615,843
(674)	Financial Instruments Adjustment Account	6.27	(598)
332	Deferred Capital Receipts Reserve	6.28	332
(527,462)	Pensions Reserve	6.29	(560,458)
(4,254)	Accumulated Absences Account	6.30	(5,437)
<u>353,366</u>	Unusable Reserves		<u>384,460</u>
<u>486,281</u>	Total Reserves		<u>560,955</u>

5.5 CASH FLOW STATEMENT

2019-20 £'000	Reconciliation of Comprehensive Income and Expenditure Statement to Net Revenue Cash Flow	Note	2020-21 £'000
43,087	Net (Surplus)/Deficit on the provision of services	5.2	(62,833)
	Adjustments to net surplus or deficit on the provision of services for non-cash movements		
(43,985)	Depreciation		(43,823)
(26,460)	Impairment & downward valuations		22,111
1,014	Movement in market value of investment properties		1,166
(36,509)	Pension fund adjustments		(31,305)
468	Movement in provisions		(579)
(2,883)	Carrying amount of non-current assets sold		(227)
86	Other non cash movement		55
13,596	Movements in revenue debtors, creditors, inventories etc.		955
	Adjustment for items included in the net surplus or deficit on the provision of services that are investing and financing activities		
3,181	Proceeds from sale of property, plant and equipment, investment property and intangible assets		395
30,754	Capital Grants		58,189
<u>(17,651)</u>	Net cash flow from operating activities		<u>(55,896)</u>
	INVESTING ACTIVITIES		
63,462	Purchase of property, plant & equipment, investment property & intangible assets		69,535
610,800	Purchase of short term & long term investments		1,220,000
5,860	Other payments for investing activities		4,590
(3,219)	Proceeds from the sale of property, plant & equipment, investment property & intangible assets		(399)
(625,938)	Proceeds from short term & long term investments		(1,206,593)
(29,066)	Capital grants received		(54,993)
<u>21,899</u>	Net cash flow from investing activities		<u>32,140</u>
	FINANCING ACTIVITIES		
(25,000)	Cash receipts of short-term & long-term borrowing		(4,103)
5,548	Repayments of short-term & long-term borrowing		23,029
<u>(19,452)</u>	Net cash flow from financing activities		<u>18,926</u>
<u>(15,204)</u>	NET (INCREASE)/DECREASE IN CASH & CASH EQUIVALENTS		<u>(4,830)</u>
26,877	Cash & cash equivalents at the beginning of reporting period	6.17	42,081
<u>42,081</u>	Cash & cash equivalents at the end of reporting period		<u>46,911</u>
<u>15,204</u>	INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS		<u>4,830</u>

The cash flows for operating activities include the following items:

2019-20 £'000		2020-21 £'000
17,881	Interest Paid	17,565
(725)	Interest Received	(406)

6 NOTES TO THE ACCOUNTS

6.1 Statement of Accounting Policies

General

The Statement of Accounts summarises the transactions of Carmarthenshire County Council for the 2020/21 financial year and its position at the year ended 31st March 2021.

The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit (Wales) Regulations 2014 in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 and the Service Reporting Code of Practice 2020/21, supported by International Financial Reporting Standards (IFRS).

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

Areas within the accounts that do not comply with the above publication have been suitably noted where necessary.

6.1.1 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 Authority 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 Authority.
- Revenue from the provision of services is recognised when the Authority 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 Authority.
- 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.
- Works are charged as expenditure when they are completed, before which they are carried as works in progress on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest payable on borrowings and receivables on investments is accounted for 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 it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.
- An exception to this principle is when certain revenue payments are made quarterly (e.g. electricity, gas) where the revenue accounts are charged with four payments.

This policy is consistently applied each year and therefore does not have a material effect on the year's accounts.

- Income and expenditure are credited and debited to the relevant service revenue account, unless they properly represent capital receipts or capital expenditure.

6.1.2 **Property, Plant & Equipment**

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Recognition: Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Authority 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.

Measurement: Assets are initially measured at cost, comprising the purchase price and/or any expenditure that is directly attributable to bringing the asset into working condition for its intended use.

Assets are then carried in the Balance Sheet on the basis recommended by CIPFA and in accordance with The Royal Institution of Chartered Surveyors (RICS) Appraisal and Valuation Standards. Assets are classified into the groupings required by the Code of Practice on Local Authority Accounting on the following basis:

- infrastructure, community assets and assets under construction – depreciated historical cost
- dwellings – fair value, determined using the basis of existing use value for social housing (EUV-SH)
- all other assets – fair value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).
- Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value

Revaluations

With the exception of infrastructure and community assets, revaluations of fixed assets are carried out on the basis of a five-year rolling programme with any material change to asset values being adjusted in the accounts in the year it arises.

Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Valuations of vehicles, plant, furniture and equipment are based on a depreciated historic cost basis.

The in-house valuations are carried out by the Authority's Valuers who are Fellows of the Royal Institute of Chartered Surveyors.

Assets acquired under finance leases are capitalised in the Authority's accounts, together with the liability to pay future rentals.

Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of an impairment loss previously charged to a service revenue account.

Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.
- where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Disposals and Assets Held for Sale

When it becomes highly probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously recognised losses in the Surplus or Deficit on Provision of Services.

Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale. When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts and credited to the Capital Receipts Reserve. These can only be used for new capital investment or set aside to reduce the Authority's underlying need to borrow. Receipts are appropriated to the Reserve from the Council Fund Balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the Council Fund Balance in the Movement in Reserves Statement.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain Community Assets) and assets that are not yet available for use (i.e. assets under construction).

The following useful lives and depreciation rates have been used in the calculation of straight-line depreciation:

Asset	Life (Years)
Council Dwellings	30
Land <i>(including Community Assets and Investment Properties)</i>	999
Buildings <i>(including Community Assets and Investment Properties)</i>	30
Vehicles Plant & Equipment	1 to 10
Infrastructure	40

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 charged based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Component Accounting

Component accounting is used when a single asset has one or more constituent parts with a significantly different economic life to the main asset. Components within the main asset would therefore be depreciated at different rates.

In order to determine whether there is a material difference in the depreciation charge, the Authority carries out a sensitivity analysis on its largest capital projects. A charge is calculated based on the asset as a whole compared to a charge based on the component parts. The component based charge will be used if there is a material difference between the two calculations.

6.1.3 **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.

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

Fair Value Measurement

The Authority measures its investment properties at fair value at each reporting date. Fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Measurement will be at highest and best use from the perspective of a market participant.

It is assumed that any fair value measurement of an asset or liability uses the same assumptions that market participants acting in their economic best interest would use and that the transaction takes place in the principal market or failing that in the most advantageous market for the asset or liability.

Appropriate valuation techniques are used for which sufficient data is available. Inputs to the techniques are categorised within the fair value hierarchy that consists of three levels as follows:

- Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities that are accessible by the Authority at the measurement date.
- Level 2 inputs are quoted prices other than quoted prices within Level 1 that are observable either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

6.1.4 **Heritage Assets**

There are different types of Heritage Assets which have been accounted for as follows.

- **Former Community Assets**

Those heritage assets which were formerly included within community assets have been transferred to the Heritage Assets category. They are recorded at historic cost and include Carmarthen Castle, civic regalia and works of art.

- **Infrastructure Artwork**

These assets were previously included as infrastructure and were either part of a larger capital project or standalone artworks on roundabouts or in town centres. As former infrastructure assets they are recorded at historic cost.

- **Museum Exhibits/Archive Records**

The Authority holds a large collection museum exhibits and archive material which have not been included in the Balance Sheet. Cost information is not readily available for these items and the Authority believes that the benefits of obtaining a valuation for these items would not justify the cost.

6.1.5 **Intangible Assets**

These are assets that do not have a physical substance but will provide future economic benefits to the Authority such as software licences or internally generated assets which have been capitalised.

The Authority does not currently hold any intangible assets. Enhancements are categorised each year and any intangible assets would be identified as part of this annual exercise.

6.1.6 **Charges to Revenue for Non-Current Assets**

Services, support services and trading accounts are debited with the following amounts to record the cost of holding fixed assets during the year:

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

The Authority is not required to raise council tax to cover depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement. Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the contribution in the Council Fund balance (MRP or Loans Fund Principal), by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

6.1.7 **Revenue Expenditure Funded from Capital under Statute (REFFCUS)**

Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement account in the year. Where the Authority has determined to meet the cost of this expenditure 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 in the Statement of Movement on the Council Fund Balance so there is no impact on the level of Council Tax.

6.1.8 **Cash and Cash Equivalents**

Cash Equivalents are investments that are readily convertible to known amounts of cash with no change in value. Cash is withdrawn and deposited depending on a deficit or surplus of cash on the day. All call accounts are classified for this purpose. Cash Equivalents also includes fixed term investments that mature within three months or less from the date of acquisition.

6.1.9 **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 Authority when there is reasonable assurance that:

- the Authority will comply with the conditions attached to the payments, and
- the grants or contributions will be received.

Amounts recognised as due to the Authority 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. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

6.1.10 **Leasing**

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.

A review of all leases held by the Authority (both as Lessee and Lessor) has been undertaken. All leases are currently treated as operating leases. A few small leases have

been identified that could potentially be reclassified as finance leases. These relate to equipment and are insignificant both in terms of value and term length. The reclassification adjustments would not materially affect the Authority's financial position, or the reader of the accounts' ability to see the complete economic activities and exposure to risk of the Authority.

The Authority as Lessee – operating leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment.

The Authority as Lessor – operating leases

Where the Authority grants an operating lease over a property, the asset is retained in the Balance Sheet. Rental income is credited to the appropriate service in the Comprehensive Income and Expenditure statement.

6.1.11 Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in 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. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the Authority has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the Council Fund Balance to be spread over future years. The Authority has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the Council Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

6.1.12 **Financial Assets**

Loans and Receivables

Loans and receivables are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. 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 for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Authority has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

Where the Authority has made loans at less than market rates (soft loans), any material loss is recorded in the Comprehensive Income and Expenditure Statement (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement at a marginally higher effective rate of interest than the rate receivable from the voluntary organisations, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the Council Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the Comprehensive Income and Expenditure Statement to the net gain required against the Council Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the relevant service (for receivables specific to that service) or the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate.

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

Under IFRS 9 Financial Instruments, classification of financial assets are now 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
- Fair value through other comprehensive income

6.1.13 **Inventories and Long Term Contracts**

Inventories are included in the Balance Sheet at the lower of cost and net realisable value, except for donated PPE stock, which has been valued according to costs provided by NHS shared services. The cost of inventories is assigned using the weighted average costing formula.

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.

6.1.14 **Cost of Support Services**

The costs of overheads and support services are charged to those that benefit from the supply or service. The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received.

6.1.15 **Provisions**

Provisions are made where an event has taken place that gives the Authority an obligation that probably requires settlement by a transfer of economic benefits, and a reliable estimate can be made of the amount of the obligation. For instance, the Authority 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 Authority becomes aware of the obligation and are measured on 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 set up in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – 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 revenue account.

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

6.1.16 **Reserves**

The Authority 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, retirement and employee benefits and do not represent usable resources for the Authority - these reserves are explained in the relevant policies.

6.1.17 **Employee Benefits**

Benefits Payable During Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave for current employees and are recognised as an expense for services in the year in which employees render service to the Authority. An accrual is made for the cost of holiday entitlements earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, 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 Authority 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 Non Distributed Costs line in the Comprehensive Income and Expenditure Statement when the Authority 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 Authority 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 Authority are members of two separate pension schemes:

- The Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE).
- The Local Government Pensions Scheme, administered by Carmarthenshire County Council.

Both schemes provided defined benefits to members (retirement lump sums and pensions), earned as employees who worked for the Authority.

However, the arrangements for the teachers' scheme mean that liabilities for these benefits cannot be identified specifically to the Authority. The scheme is therefore accounted for as if it were a defined contributions scheme and no liability for future payments of benefits is recognised in the Balance Sheet and the Education and Children's Services Line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to teachers' pensions in the year.

The Dyfed Pension Fund

The Fund is accounted for as a defined benefit scheme.

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

Liabilities are discounted to their value at current prices.

The assets of the Fund attributable to the Authority are included in the Balance Sheet at their fair value:

- quoted securities – bid price value
- unquoted securities – professional estimate
- unitised securities – bid price value
- property – market value.

The change in the net pensions liability is analysed into the following components:

Service cost comprising:

- current service cost – the increase in liabilities as result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
- past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs.
- net interest on the net defined benefit liability (asset), i.e. net interest expense for the authority – 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.

Remeasurements comprising:

- the return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure

- actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
- contributions paid to the Fund – cash paid as employer's contributions to the 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 Authority 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 appropriations 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 and any such amounts payable 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 are earned by employees.

Discretionary Benefits

The Authority 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 Fund.

6.1.18 Interests in Companies and other Entities

The council has material interests in a number of companies that have the nature of subsidiaries that require the preparation of group accounts. Group Accounts have not been prepared, as the consolidation would not materially affect the Authority's financial position, or the reader of the accounts' ability to see the complete economic activities and exposure to risk of the Council.

CWM Environmental

Carmarthenshire County Council is sole shareholder of CWM Environmental. Historically, the company has been operated as an arms length trading company, however from 2018/19, the Authority has chosen to make use of the Teckal Exemption, as more than 80% of the company's activity is transacted with the Authority. Further information is provided at note 6.12 (Long Term Investments) and note 6.38 (Related Party Transactions).

Llesiant Delta Wellbeing Ltd

Carmarthenshire County Council is sole shareholder of Llesiant Delta Wellbeing Ltd. The company was created to transfer and grow the Careline service as agreed by the Council's Executive Board in January 2018. Further information is provided at note 6.12 (Long Term Investments) and note 6.38 (Related Party Transactions).

Egni Sir Gar Cyfyngedig

Carmarthenshire County Council is the registered Custodian Trustee of Egni Sir Gar Cyfyngedig and the Executive Board Member for Resources is Chair of the board. Further information is provided at note 6.12 (Long Term Investments).

Cartrefi Croeso Cyfyngedig

Carmarthenshire County Council is sole shareholder of Cartrefi Croeso. The company was created to develop housing developments on a commercial basis in Carmarthenshire as agreed by the Council's Executive Board. Further information is provided at note 6.12 (Long Term Investments) and note 6.38 (Related Party Transactions).

6.1.19 **Jointly Controlled Operations, Jointly Controlled Assets & Other Similar Arrangements**

Jointly controlled operations are activities undertaken by the Authority in conjunction with other venturers that involve the use of the assets and resources of the venturers rather than the establishment of a separate entity. The Authority recognises on its Balance Sheet the assets that it controls and the liabilities that it incurs and debits and credits the Comprehensive Income and Expenditure Statement with the expenditure it incurs and the share of income it earns from the activity of the operation.

Jointly controlled assets are items of property, plant or equipment that are jointly controlled by the Authority and other venturers, with the assets being used to obtain benefits for the venturers. The joint venture does not involve the establishment of a separate entity. The Authority accounts for only its share of the jointly controlled assets, the liabilities and expenses that it incurs on its own behalf or jointly with others in respect of its interest in the joint venture and income that it earns from the venture.

We have previously identified Education through Regional Working (ERW), Wales Pension Partnership and Swansea Bay City Region that could fall within the above definition for accounting purposes. During the year, it has come to light that the Authority retains a financial stake in the West Wales Crematorium. Further information is provided at note 6.39 (Jointly Controlled Operations & Other Similar Arrangements).

Other potential arrangements include The Children's Commissioning Consortium Cymru (4 C's) amongst others. For the purposes of the accounts no actual entries have been made for these arrangements other than the direct expenditure and income applicable to each scheme. The adjustments are not material and would not affect the Authority's financial position, or the reader of the accounts' ability to see the complete economic activities and exposure to risk of the Council.

6.1.20 **Contingent Liabilities**

A contingent liability arises where an event has taken place that gives the Authority 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 Authority.

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.

6.1.21 **VAT**

Income and expenditure excludes any amounts related to VAT, as all VAT collected is payable to HM Revenue and Customs, and all VAT paid is recoverable from them.

6.2 Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 6.1, the Authority 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:

- Continued uncertainty about future funding of local authorities, with continued one year only settlements at both a Westminster and Welsh Government level.
- Possible changes to future governance arrangements brought about by the introduction of Corporate Joint Committees.
- The future impact on both service delivery and response activity of the COVID19 pandemic, as well as the uncertainty of continued financial support from Welsh Government through the Local Authority Hardship fund.

However, the Authority has a robust three year budget strategy with efficiency and service rationalisation proposals to deliver a balanced budget and has therefore determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Authority might be impaired as a result.

Voluntary Controlled and Voluntary Aided schools are currently excluded from the Authority's balance sheet as although the Authority has liabilities and risks in terms of property costs such as repairs and maintenance, it does not own the schools nor does it have any rights to the future economic benefits inherent in the assets.

6.3 Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Authority 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 only items in the Authority's Balance Sheet for which there is a significant risk of material adjustment in the forthcoming financial year is the 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 Authority with expert advice about the assumptions to be applied.

6.4 Adjustments between Accounting Basis and Funding Basis under Regulations

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

	Usable Reserves				Movement in Unusable Reserves
	Council Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Capital Grants Unapplied	
2020-21	£'000	£'000	£'000	£'000	£'000
Adjustments primarily involving the Capital Adjustment Account:					
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:					
Charges for depreciation and impairment of non-current assets	(31,330)	(12,493)	0	0	43,823
Revaluation gains/(losses) on Property Plant and Equipment	(1,376)	23,486	0	0	(22,110)
Movements in the market value of Investment Properties	1,166	0	0	0	(1,166)
Capital grants and contributions applied	31,642	12,229	0	0	(43,871)
Revenue expenditure funded from capital under statute	(4,673)	0	0	0	4,673
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	(221)	(6)	0	0	227
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:					
Statutory provision for the financing of capital investment	10,587	4,717	0	0	(15,304)
Capital expenditure charged against the Council Fund and HRA balances	5,487	9,856	0	0	(15,343)

	Usable Reserves				Movement in Unusable Reserves
	Council Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Capital Grants Unapplied	
2020-21	£'000	£'000	£'000	£'000	£'000
Adjustments primarily involving the Capital Grants Unapplied Account:					
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	12,856	1,462	0	(14,318)	0
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	0	2,128	(2,128)
Adjustments primarily involving the Capital Receipts Reserve:					
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	326	65	(391)	0	0
Statutory Capital Receipts	5	0	(51)	0	46
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	512	0	(512)
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals	0	0	0	0	0
Capital Receipts Set Aside	0	0	0	0	0
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	0	0	0	0	0

	Usable Reserves				
	Council Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
2020-21	£'000	£'000	£'000	£'000	£'000
Adjustments primarily involving the Financial Instruments Adjustment Account:					
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	76	0	0	0	(76)
Adjustments primarily involving the Pensions Reserve:					
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 6.44)	(56,897)	(1,578)	0	0	58,475
Employer's pensions contributions and direct payments to pensioners payable in the year	26,474	696	0	0	(27,170)
Adjustment primarily involving the Accumulated Absences Account:					
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(1,153)	(30)	0	0	1,183
Total Adjustments	(7,031)	38,404	70	(12,190)	(19,253)

	Usable Reserves				
	Council Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
2019-20	£'000	£'000	£'000	£'000	£'000
Adjustments primarily involving the Capital Adjustment Account:					
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:					
Charges for depreciation and impairment of non-current assets	(31,476)	(12,508)	0	0	43,984
Revaluation gains/(losses) on Property Plant and Equipment	(21,725)	(4,734)	0	0	26,459
Movements in the market value of Investment Properties	1,013	0	0	0	(1,013)
Capital grants and contributions applied	21,896	6,453	0	0	(28,349)
Revenue expenditure funded from capital under statute	(735)	(1)	0	0	736
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(2,872)	(11)	0	0	2,883
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:					
Statutory provision for the financing of capital investment	9,927	4,374	0	0	(14,301)
Capital expenditure charged against the Council Fund and HRA balances	4,796	0	0	0	(4,796)

	Usable Reserves				
	Council Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
2019-20	£'000	£'000	£'000	£'000	£'000
Adjustments primarily involving the Capital Grants Unapplied Account:					
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	2,406	0	0	(2,406)	0
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	0	5,045	(5,045)
Adjustments primarily involving the Capital Receipts Reserve:					
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	3,066	77	(3,242)	0	99
Statutory Capital Receipts	38	0	(38)	0	0
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	1,325	0	(1,325)
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals	0	0	1	0	(1)
Capital Receipts Set Aside	0	0	0	0	0
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	0	0	0	0	0

	Usable Reserves					Movement in Unusable Reserves
	Council Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Capital Grants Unapplied		
2019-20	£'000	£'000	£'000	£'000	£'000	£'000
Adjustments primarily involving the Financial Instruments Adjustment Account:						
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	160	0	0	0		(160)
Adjustments primarily involving the Pensions Reserve:						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 6.44)	(61,062)	(1,362)	0	0		62,424
Employer's pensions contributions and direct payments to pensioners payable in the year	25,373	542	0	0		(25,915)
Adjustment primarily involving the Accumulated Absences Account:						
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(596)	(3)	0	0		599
Total Adjustments	(49,791)	(7,173)	(1,954)	2,639		56,279

6.5 Note to the Expenditure and Funding Analysis

2020-21	Adjustments between Funding and Accounting Basis			
	Adjustments for Capital Purposes £'000	Net Changes for Pensions Adjustments £'000	Other Differences £'000	Total Adjustments £'000
Department				
Chief Executive	5,785	2,139	112	8,036
Education & Children	17,330	6,035	522	23,887
Corporate Services	(4)	(487)	46	(445)
Communities	4,803	5,937	241	10,981
Environment	4,842	2,751	140	7,733
Housing Revenue Account	(20,848)	538	30	(20,280)
Insurance & Corporate	(2,523)	0	0	(2,523)
Net Cost of Services	9,385	16,913	1,091	27,389
Other Income & Expenditure	(73,169)	14,392	15	(58,762)
Difference between CF & HRA (Surplus)/Deficit and CIES (Surplus)/Deficit on Provision of Services	(63,784)	31,305	1,106	(31,373)
2019-20				
Department				
Chief Executive	5,472	2,344	9	7,825
Education & Children	32,864	6,863	546	40,273
Corporate Services	(171)	5,845	1	5,675
Communities	4,921	6,418	23	11,362
Environment	7,304	2,978	1	10,283
Housing Revenue Account	17,243	575	3	17,821
Insurance & Corporate	(2,934)	0	0	(2,934)
Net Cost of Services	64,699	25,023	583	90,305
Other Income & Expenditure	(44,683)	11,486	(144)	(33,341)
Difference between CF & HRA (Surplus)/Deficit and CIES (Surplus)/Deficit on Provision of Services	20,016	36,509	439	56,964

Narrative Explanation**Adjustments for Capital Purposes**

Service lines - adds in depreciation, impairment and revaluation gains and losses and deducts direct revenue funding.

Other Income and Expenditure includes the following:

Other Operating Expenditure - Adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets. Adds/deducts charges to trading operations not included in service lines.

Financing and Investment income and expenditure – deducts the statutory charges for capital financing (MRP) 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. There are credits for capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

Net Change for Pensions Adjustments

Service lines – employer contributions made by the Authority are removed as allowed by statute and replaced with current service costs and past service costs.

Other Income and Expenditure includes the following:

Financing and Investment Income – the net interest on the defined benefit liability is charged to the CIES.

Other Differences

Service lines – adjusts for holiday pay transferred to the accumulated absence reserve.

Financing and Investment Income and Expenditure – adjustments to the General Fund for the timing differences for premiums and discounts.

6.6 Trading Operations

The Authority undertakes the following trading operations that make up the Surpluses/Deficits on Trading Activities in the Comprehensive Income and Expenditure Statement: Property Services, Vehicle Repair & Maintenance, Building Cleaning, Fleet Management and Civil Design.

6.7 Council Tax

Council tax income is derived from charges raised according to the value of residential properties, which have been classified into nine valuation bands estimating 1 April 2003 values for this specific purpose. Charges are calculated by dividing the amount of income required for Carmarthenshire County Council and the Dyfed-Powys Police & Crime Commissioner and Town & Community Councils by the Council Tax base. The Council Tax base is the total number of properties in each band adjusted by a proportion to convert the number to a band D equivalent and adjusted for discounts. The Council Tax Base for 2020/21 was 74,006.63 (72,440.46 for 2019/20).

Council Tax bills are based on multipliers for bands A to I. The following table shows the multiplier applicable to each band together with the equivalent number of Band 'D' properties within each band. In addition there is one lower band (A-) designed to offer the appropriate discount in respect of disabled dwellings where legislation allows a reduction in banding to that one below the band in which the property is actually valued.

Band	A-	A	B	C	D	E	F	G	H	I
Multiplier	5/9	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	21/9
Band D Dwellings	22	5,080	16,181	14,407	13,050	14,601	8,585	3,330	536	113

Analysis of the net proceeds from Council Tax:

	2019-20	2020-21
	£'000	£'000
Council Tax Collectable	116,781	125,295
Movement in Impairment Allowance	(572)	(2,465)
Net Proceeds from Council Tax (including Precepts)	116,209	122,830

6.8 National Non Domestic Rates (NNDR)

NNDR is organised on a national basis. The Council is responsible for collecting rates due from ratepayers in its area but pays the proceeds into the NNDR pool administered by the Welsh Government who redistribute the sums payable back to local authorities on the basis of a fixed amount per head of population. Local businesses pay rates calculated by multiplying their rateable value by a rate specified by the Welsh Government (53.5p for 2020/21, 52.6p for 2019/20).

The total non-domestic rateable value at 31st March 2021 was £120,089,070 (£120,492,173 at 31st March 2020).

6.9 Property, Plant & Equipment

Movements in 2020-21	Council Dwellings £'000	Other Land & Buildings £'000	Vehicles Plant & Equipment £'000	Infra-structure £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	TOTAL £'000
Gross Book Value 01/04/20	384,528	726,353	27,189	315,650	5,612	19,606	52,598	1,531,536
Additions	16,651	10,040	3,069	10,813	156	1,504	32,557	74,790
Revaluation Increases Recognised in the Revaluation Reserve	17,696	1,815	0	0	0	171	0	19,682
Revaluation Losses Recognised in the Revaluation Reserve	(3,176)	(2,513)	0	0	(4)	(440)	0	(6,133)
Revaluation Increases Recognised in the Provision of Services	48,938	80	0	0	0	8	0	49,026
Revaluation Losses Recognised in the Provision of Services	(25,453)	(1,363)	0	0	(4)	(96)	0	(26,916)
Derecognition of Disposals	(5)	0	(1,743)	0	0	(9)	0	(1,757)
Reclassifications: to & from Assets Held for Sale	0	(139)	0	0	0	(40)	0	(179)
Reclassifications: to & from Investment Properties	0	(817)	0	0	0	12	0	(805)
Reclassifications: from Assets Under Construction	0	9,772	0	2,349	0	0	(12,121)	0
Reclassifications: PPE	0	(2,931)	0	0	0	2,931	0	0
Write back of Dep'n to the Gross Carrying Amount on Revaluation	(64,553)	(1,043)	(93)	0	0	(90)	0	(65,779)
Gross Book Value 31/03/21	374,626	739,254	28,422	328,812	5,760	23,557	73,034	1,573,465
Accumulated Depreciation and Impairment at 01/04/20	(46,855)	(21,202)	(12,605)	(95,518)	(562)	(86)	0	(176,828)
Depreciation Charge	(12,493)	(21,222)	(2,992)	(7,011)	(27)	(78)	0	(43,823)
Depreciation Written Out to Revaluation Reserve	64,553	1,043	93	0	0	90	0	65,779
Derecognition of Disposals	0	0	1,718	0	0	0	0	1,718
Other Movements in Depreciation and Impairments	0	183	0	0	0	(167)	0	16
Cumulative Depreciation to 31/03/21	5,205	(41,198)	(13,786)	(102,529)	(589)	(241)	0	(153,138)
Net Book Value at 31/03/21	379,831	698,056	14,636	226,283	5,171	23,316	73,034	1,420,327

Movements in 2019-20	Council Dwellings £'000	Other Land & Buildings £'000	Vehicles Plant & Equipment £'000	Infra-structure £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	TOTAL £'000
Gross Book Value 01/04/19	368,061	778,871	25,836	309,471	5,611	24,980	25,260	1,538,090
Additions	21,205	11,015	2,098	6,450	43	79	28,178	69,068
Revaluation Increases Recognised in the Revaluation Reserve	51	53,571	0	0	68	5,708	0	59,398
Revaluation Losses Recognised in the Revaluation Reserve	(24)	(35,226)	0	0	0	(6,912)	0	(42,162)
Revaluation Increases Recognised in the Provision of Services	0	13,333	0	0	0	100	0	13,433
Revaluation Losses Recognised in the Provision of Services	(4,714)	(30,142)	(1)	(1)	(42)	(4,993)	0	(39,893)
Derecognition of Disposals	0	(1,120)	(332)	0	0	(1,140)	0	(2,592)
Reclassifications: to & from Assets Held for Sale	(11)	0	0	0	0	(602)	0	(613)
Reclassifications: to & from Investment Properties	0	0	0	(308)	0	45	0	(263)
Reclassifications: from Assets Under Construction	0	794	8	38	0	0	(840)	0
Reclassifications: PPE	(40)	(3,034)	0	0	(68)	3,142	0	0
Write back of Dep'n to the Gross Carrying Amount on Revaluation	0	(61,709)	(420)	0	0	(801)	0	(62,930)
Gross Book Value 31/03/20	384,528	726,353	27,189	315,650	5,612	19,606	52,598	1,531,536
Accumulated Depreciation and Impairment at 01/04/19	(34,347)	(62,323)	(10,377)	(88,496)	(529)	(56)	0	(196,128)
Depreciation Charge	(12,508)	(21,008)	(2,948)	(7,022)	(33)	(463)	0	(43,982)
Depreciation Written Out to Revaluation Reserve	0	61,709	420	0	0	801	0	62,930
Derecognition of Disposals	0	27	300	0	0	0	0	327
Other Movements in Depreciation and Impairments	0	393	0	0	0	(368)	0	25
Cumulative Depreciation to 31/03/20	(46,855)	(21,202)	(12,605)	(95,518)	(562)	(86)	0	(176,828)
Net Book Value at 31/03/20	337,673	705,151	14,584	220,132	5,050	19,520	52,598	1,354,708

All assets reclassified as Held for Sale were sold during the year.

Statement of Non-Current Assets Carried at Current Value 2020/21

The following statement shows the progress of the Authority's rolling programme for revaluation of fixed assets. The valuations are carried out in-house by the Authority's Valuers who are Fellows of the Royal Institute of Chartered Surveyors. The basis for valuation is set out in the statement of accounting policies.

	Council Dwellings £'000	Other Land & Buildings £'000	Vehicles Plant & Equipment £'000	Surplus Assets £'000	TOTAL £'000
Movement in fair value as at:					
Previous Years	326,472	770,140	14,897	21,813	1,133,322
31 March 2017	9,652	(13,809)	6,232	12,742	14,817
31 March 2018	14,875	50,250	1,553	(7,470)	59,208
31 March 2019	17,062	(27,710)	3,154	(2,105)	(9,599)
31 March 2020	16,467	(52,518)	1,353	(5,374)	(40,072)
31 March 2021	(9,902)	12,901	1,233	3,951	8,183
Gross Book Value at 31/03/21	374,626	739,254	28,422	23,557	1,165,859

Capital Commitments

As at 31st March 2021 the Council was contractually committed to outstanding capital works which amounted to approximately £36.3 million (£55.0 million as at 31st March 2020).

	£'000
Council Dwellings	8,815
<i>The main contracts include:</i>	
<i>Glanmor Burry Port</i>	2,181
<i>Gwynfryn - Ammanford</i>	2,495
Education and Children	11,851
<i>The main contracts include:</i>	
<i>Ysgol y Castell</i>	4,185
<i>Ysgol Gorslas</i>	3,922
Culture, Sport and Tourism	1,796
Regeneration / Economic Development	13,839
<i>The main contracts include:</i>	
<i>Pendine Attractor Project</i>	1,942
<i>Llandeilo Market Hall</i>	2,968
<i>Former YMCA Building, Llanelli</i>	3,901
<i>Market Street Llanelli</i>	3,532
<i>Glanamman Workshops</i>	1,053
Total	36,301

6.10 Heritage Assets

Heritage Assets with a net carrying amount of amount of £2,282k and £2,292k were held for 2019/20 and 2020/21 respectively. Further details of the Council's Heritage Assets can be obtained from the Museum's Curator at Carmarthenshire County Council.

6.11 Investment Properties

The following items of income and expense have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement:

	2019-20	2020-21
	£'000	£'000
Rental income from Investment Properties (including loss of income funding from Welsh Government)	(767)	(670)
Direct operating expenses arising from Investment Property	489	453
Net (gain)/loss	<u>(278)</u>	<u>(217)</u>
Indirect Expenditure	287	249
Net (Gains)/Losses from Fair Value adjustments	(1,013)	(1,166)
Income and Expenditure in relation to Investment Properties and changes in their Fair Value	<u><u>(1,004)</u></u>	<u><u>(1,134)</u></u>

The following table summarises the movement in the fair value of Investment Properties during the year:

	2019-20	2020-21
	£'000	£'000
Balance at start of year	22,035	23,152
Additions:		
Enhancements	48	28
Disposals:	(5)	(8)
Net Gains/(Losses) from fair value adjustments	1,013	1,166
Revaluation Losses Recognised in the Revaluation Reserve	(177)	(17)
(To)/From Property, Plant and Equipment	238	789
	<u><u>23,152</u></u>	<u><u>25,110</u></u>

Fair Value Measurement of Investment Properties

Details of the Council's Investment Properties and information about the fair value hierarchy are as follows:

Recurring Fair Value measurements using:	31st March 2020		31st March 2021	
	Significant unobservable inputs (level 3) (Restated)	Fair Value (Restated)	Significant unobservable inputs (level 3)	Fair Value
Commercial Properties	8,765	8,765	9,776	9,776
Garages	39	39	39	39
Land Assets	14,301	14,301	15,248	15,248
Residential Properties	47	47	47	47
Total	23,152	23,152	25,110	25,110

2019/20 figures have been restated to the correct asset categories.

6.12 Long Term Investments

	31 March 2020 £'000	31 March 2021 £'000
Cwm Environmental Ltd.	329	329
Egni Sir Gar Cyfyngedig	846	810
Banks and 100% Wholly Owned Subsidiaries	673	668
	1,848	1,807

Whilst CWM Environmental, Llesiant Delta Wellbeing Ltd and Cartrefi Croeso have the nature of subsidiaries which require the preparation of group accounts, Group Accounts have not been prepared as the consolidation would not materially affect the Authority's financial position or the reader of the accounts' ability to see the complete economic activities and exposure to risk of the Council.

CWM Environmental Ltd

CWM Environmental Ltd. is a wholly owned subsidiary company of the Authority. The company has been set up in accordance with the Environmental Protection Act 1990 for the purpose of Waste Disposal.

The company was vested with the Welsh Office on 10 March 1997 and the following represents the Authority's Interest at 31st March 2021:

	£'000
Share Capital	329

The investment has been included in Long Term Investments within the Balance Sheet and the Authority has given no commitment to this company to meet any accumulated deficits or losses.

CWM Environmental Ltd operate two wholly owned subsidiaries with the following shareholding:

Pembrokeshire Recycling Company Ltd	£1.00
Carmarthenshire Recycling Company Ltd	£1.00

Pembrokeshire Recycling Company Ltd and Carmarthenshire Recycling Company Ltd are registered in England and Wales and are dormant.

The Company has produced draft accounts for the year. Detailed below is a summary of the draft trading results for the year and net assets as at 31st March 2021:

	Year ended 31 March 2021
	£'000
Turnover	13,420
Less: Cost of Sales	<u>(9,514)</u>
Gross Profit	3,906
Overheads	<u>(3,646)</u>
Net Profit/(Loss) before taxation	260
Taxation on loss / profit	<u>0</u>
Retained Profit/(Loss)	<u>260</u>
Net Assets as at 31 March 2021	<u><u>4,151</u></u>

A copy of the Annual Report can be obtained from the Registered Office at the following address:

Head Office,
Nantycaws Recycling Centre
Llanddarog Road,
Carmarthen,
SA32 8BG

Llesiant Delta Wellbeing Ltd

Llesiant Delta Wellbeing Ltd is a wholly owned subsidiary of the Authority. The total value of the share capital is £1. The investment is included in Long Term Investments within the Balance Sheet and the Authority has given no commitment to this company to meet any accumulated deficits or losses.

The company is required to produce audited accounts for the year ended 31st March 2021 which are submitted to Companies House. Detailed below is a summary of the draft trading results for the year and net assets as at 31st March 2021.

	Year ended 31 March 2021
	£'000
Turnover	6,591
Less: Cost of Sales	<u>(5,580)</u>
Gross Profit	1,011
Overheads	<u>(838)</u>
Net Profit/(Loss) before taxation	173
Taxation on loss / profit	(33)
Changes in defined pension liabilities	<u>(999)</u>
Retained Profit/(Loss)	<u>(859)</u>
Net Assets/(Liabilities) as at 31 March 2021	<u><u>(3,402)</u></u>

Cartrefi Croeso

Cartrefi Croeso is a wholly owned subsidiary of the Authority. The total value of the share capital is £100. The investment is included in Long Term Investments within the Balance Sheet and the Authority has given no commitment to this company to meet any accumulated deficits or losses.

The company is required to produce audited accounts for the year ended 31st March 2021 which are submitted to Companies House. Detailed below is a summary of the draft trading results for the year and net assets as at 31st March 2021.

	Year ended 31 March 2021
	£'000
Turnover	216
Less: Cost of Sales	<u>(42)</u>
Gross Profit	174
Overheads	<u>(174)</u>
Net Profit/(Loss) before taxation	0
Taxation on loss / profit	<u>0</u>
Retained Profit/(Loss)	<u>0</u>
Net Assets/(Liabilities) as at 31 March 2021	<u><u>2</u></u>

Egni Sir Gar

Carmarthenshire County Council invested in the solar PV project set up by Egni Sir Gar Cyfyngedig - a community benefit society registered with the Financial Conduct Authority (number 7193). The scheme installed solar PV panels in 2016 on 17 non-domestic buildings within the Council's portfolio. Carmarthenshire County Council are 100% shareholders of Egni Sir Gar Cyfyngedig.

The society sold shares to fund the capital expenditure and working capital requirements associated with the development, installation and maintenance of the panels. The solar PV panel installation was completed during the 3rd quarter of 2016.

A Share Purchase Agreement was set up between Carmarthenshire County Council and Egni Sir Gâr Cyfyngedig.

There was a 4% capital repayment (ordinary 'B' shares) of £36k made during the year.

	£'000
Ordinary 'A' Shares	100
Ordinary 'B' Shares	710
Total Share Capital	810

Each share has a nominal value of £1.00 each.

6.13 Long Term Debtors

	31 March 2020	31 March 2021
	£'000	£'000
	(Restated)	
Home Improvement Loans Longer than One Year	738	673
Charges against estates of persons in residential homes (Carmarthenshire County Council)	786	566
Charges against estates of persons in residential homes (External Providers)	1,819	1,111
Capital Contribution to the loans of 1st time homebuyers	1,053	1,053
Car Loans	57	48
Loan Scarlets	2,616	2,616
Loan Towy Community Church	154	163
Loan for Town Centres*	140	243
Loan Llesiant Delta Wellbeing	5	0
Loan Cartrefi Croeso	2	2
Loan Town and Community Councils	490	498
Loan Cwm Environmental	321	460
Other*	119	96
	8,300	7,529

* Loan for Town Centres has been restated from Other for 2019/20.

The Welsh Government's initiative Houses into Homes and Home Improvement Loans provides interest free loans to bring back empty properties into use. These payments to landlords will create a recyclable loan fund usable during the term of the scheme.

The County Council, as part of the Development Agreement entered into with Llanelli Rugby Football Club Limited (the club), advanced a sum of £2.4m for a term of 15 years to the club. In October 2010, the County Council agreed to a variation in the terms of the loan whereby interest payments of £216,000 were deferred to the end of the loan period in 2023. In October 2013, the Executive Board agreed to a variation in the terms of the

loan whereby the interest charged will be reduced from the fixed rate of 7% to a variable rate of 3.5% plus the base interest rate (currently 0.1%) and capped at a maximum rate of 10%.

A 15 year annuity loan of £270k at a variable interest rate of 2.5% above base rate (currently 0.1%) was entered into with the Towy Community Church in December 2012 to assist in the implementation of the Xcel project. As a result of the COVID19 pandemic and the need for Towy Community Church Xcel Centre to close in line with national lockdowns, agreement was reached to provide additional support through a grant and temporarily suspend loan repayments to the Authority. These repayments are due to resume during 2021.

A 10 year loan of £321k at a fixed interest rate of 3.38% was entered into with CWM Environmental Limited in February 2020 for the purpose of acquiring land adjoining the Nantycaws Site. An additional 5 year loan of £201k at a fixed interest rate of 3.12% was entered into with CWM Environmental Limited in April 2020 for the purpose of constructing a new office building at the Nantycaws site.

Loans to Town and Community Councils are for the replacement of ageing lighting columns with energy efficient LEDs. This is an Invest to save Initiative.

Town Centre loans are to support businesses redevelop empty or underutilised properties within town centres into commercial and/ or residential use.

6.14 Short Term Investments

This represents investments repayable within twelve months and is analysed as follows:

	31 March 2020 £'000	31 March 2021 £'000
Banks	12,093	20,504
Local Authorities	0	5,000
	12,093	25,504

6.15 Inventories

	2019-20 £'000	2020-21 £'000
Balance at start of year	1,039	1,217
Purchases	5,670	6,676
Recognised as an expense in the year	(5,490)	(5,872)
Written off balances	(2)	(8)
Other net movements in year	1	0
Balance at year end	1,217	2,013

The 2020/21 figures above include COVID19 related Personal Protective Equipment (PPE) funded through the WG Hardship Scheme together with donated PPE.

Donated Inventories Account

During the year, the Authority received a significant amount of Personal Protective Equipment from Welsh Government for use within both in-house as well as commissioned social care services. This represents the principal amount of the Donated Inventories:

2019-20 £'000		2020-21 £'000
0	Balance as at 1 April	0
0	Received	(1,413)
0	Utilised	981
0	Balance as at 31 March	(432)

The Authority distributed £3.142 million of Personal Protective Equipment in its capacity as agent to external organisations during the year. £1.523 million of Personal Protective Equipment is held on behalf of external organisations as at 31 March 2021.

6.16 Short Term Debtors

	31 March 2020 £'000 (Restated)	31 March 2021 £'000
HM Revenue & Customs	1,900	5,005
Central Government	24,367	41,599
Police, Fire, National Park and Local Authorities	5,286	5,769
NHS Bodies	9,437	7,462
Council Tax Payers	3,817	4,964
Housing Tenants	1,756	1,566
Other	21,207	21,945
	67,770	88,310

* 2019/20 figures have been restated to reflect £1.102m of Housing Tenants bad debt provision that was previously classified as Other.

** Included in Other is an interest free loan of £1.35m to the National Botanic Garden which was due to be repaid by 31st March 2020. It was agreed during the year to extend the loan agreement by a further 18 months (from 1st April 2020) on the same conditions as the existing agreement whilst longer term options are explored with Welsh Government, including a robust repayment plan.

6.17 Cash and Cash Equivalents

The balance of Cash and Cash Equivalents is made up of the following elements:

2019-20 £'000		2020-21 £'000
83	Cash held by the Authority	71
(863)	Bank current accounts	(867)
21,851	Short-term deposits with banks, money market funds and debt management account deposit facility	39,707
21,010	Short-term deposits with Local Authorities	8,000
42,081	Total Cash and Cash Equivalents	46,911

6.18 Short Term Borrowing

This represents borrowing repayable within twelve months and is analysed as follows:

	31 March 2020 £'000	31 March 2021 £'000
Public Works Loan Board	24,877	18,367
Market Loan	64	63
Salix & Invest 2 Save	750	131
	25,691	18,561

6.19 Short Term Creditors

	31 March 2020 £'000	31 March 2021 £'000
HM Revenue & Customs	(4,521)	(4,919)
Central Government	(6,368)	(5,475)
Police, Fire, National Park and Local Authorities	(2,911)	(3,762)
NHS Bodies	(657)	(2,254)
Housing Tenants	(561)	(651)
Council Tax Payers	(2,430)	(2,997)
Employee Related	(5,928)	(7,381)
Other	(37,187)	(49,722)
	(60,563)	(77,161)

* Included in Other is an amount owed to the Dyfed Pension Fund. (See Note 6.38 Related Party Transactions for further information).

6.20 Provisions

The summary below shows the movement in the level of provisions during 2020/21:

	1 April				31 March
	2020	Reversal	Addition	Utilisation	2021
	£'000	£'000	£'000	£'000	£'000
Corporate Services Department	81	0	0	0	81
Environment Department	238	0	50	(59)	229
Education & Children	0	0	159	0	159
Communities Department	1,176	(966)	1,490	0	1,700
Losses on Investments	678	(6)	0	0	672
Municipal Mutual Insurance (MMI)	142	0	4	(12)	134
Landfill Site - Aftercare Provision	618	0	0	(108)	510
Insurance	672	0	27	0	699
	3,605	(972)	1,730	(179)	4,184

	Current	Long	
	Liabilites	Term	
	(< 1 year)	Liabilites	
	£'000	(> 1 year)	Total
	£'000	£'000	£'000
Corporate Services Department	81	0	81
Environment Department	188	41	229
Education & Children	159	0	159
Communities Department	85	1,615	1,700
Losses on Investments	4	668	672
Municipal Mutual Insurance (MMI)	5	129	134
Landfill Site - Aftercare Provision	100	410	510
Insurance	699	0	699
	1,321	2,863	4,184

Purpose of Main Provisions**Corporate Services Department**

Provision for money due to HMRC relating to a prior year payroll adjustment £41k. There is also a provision for overtime relating to the closure of the accounts.

Environment Department

The total includes £14k for remedial works due to subsidence in Crown Park, £69k bad debts – trade waste, £67k for approved asset transfer payments, £27k for a Software Contract entered into for a 3 year period and £51k for hygiene waste contract review.

Education & Children's Services

Potential for part of the Welsh Government Free School Meals grant claim to be deemed ineligible due to schools being reopened. Provision therefore made for £159k.

Communities Department

Provision of £984k is made for the potential write-off of residents' contribution debt, £471k to meet the requirements of UK digital switchover, £100k for legal/barristers costs for prosecutions relating to trading standards & animal health, £20k for essential COVID19 training. A Bad Debt provision of £108k exists regarding outstanding income in respect of 2016/17 to 2020/21. A £17k provision remains for outstanding maintenance work to be undertaken in respect of the damage to infrastructure at the Llandysul Paddlers site as a result of Storm Callum.

Losses on Investments

In October 2008 the Icelandic banking sector defaulted on its obligations. Provision has been made in the accounts for the estimated non-recoverable amounts.

Municipal Mutual Insurance (MMI)

For the policy years before 1992/93, each local authority insured by MMI is exposed to a potential insurance liability relating to the closure of MMI on 30th September 1992. In January 2012 the Directors of MMI triggered the "MMI Scheme of Arrangement" with the levy notice being issued on 1st January 2014. The initial levy was for 15% and was increased to 25% at the end of 2015/16. Whilst there remains a net liability position on MMI's balance sheet the Schemes Administrator continues to monitor the claims position and will advise the scheme creditors if an adjustment to the levy is required. As the matter is on-going, the provision is retained in the accounts.

Landfill Site - Aftercare

Entities that operate landfill sites have a duty to carry out restoration works and undertake appropriate aftercare, including the monitoring and control of gas and leachate production at the sites. This provision recognises the estimated aftercare costs for the Wernddu and Nantycaws closed landfill sites.

Insurance Provision

This provision is for insurance claims that have been registered and are likely to fall on the Authority.

6.21 Long Term Borrowing

Total Outstanding as at	31st March 2020 £'000	31st March 2021 £'000	Maturity Dates
Sources of Borrowing			
Public Works Loan Board	403,377	387,609	2021-2069
Market Loans (Note i)	3,114	3,113	2021-2055
Interest Free Loans (Note ii)	3,358	7,330	2021-2036
	409,849	398,052	

- (i) The FMS Wertmanagement AoR Bank loan is a Lenders Option Borrowers Option (LOBO) loan. It is shown at the Equivalent Interest Rate (EIR). It is a stepped interest rate loan, with a current rate of 4.72 %. The lender has the option to vary the interest rate at each interest payment date. If the lender exercises the option the Authority then has the option as to either accept the new interest rate or repay the loan back to the lender. In the accounts an adjustment has to be made to equalise the difference between the rate charged and the rate paid to show the true cost of the loan over the loan period.

(ii)

Interest Free Loans

Total Outstanding as at	31st March 2020 £'000	31st March 2021 £'000
SALIX (including Re:fit Cymru)	3	1,975
Home Improvement Loans Scheme	1,292	1,292
Town Centre Loans	2,063	4,063
	3,358	7,330

The Home Improvement Loan Scheme (HILS) is issued under statute by the Welsh Government. The purpose of the scheme is to provide loans to owner occupiers and the private rented sector to improve properties or to bring empty properties back into use. The term of the funding is until 31st March 2030, with advances to third parties repayable interest free.

The Town Centre Loans (TCL) is issued under statute by the Welsh Government. The purpose of the scheme is to provide loans to reduce the number of vacant, underutilised and redundant sites and premises in town centres and to support the diversification of the town centres by encouraging more sustainable uses for empty sites and premises, such as residential, leisure and for key services. The term of the funding is until 31st March 2036, with advances to third parties repayable interest free.

Re:fit Cymru is a Welsh Government promoted scheme providing interest free loans via the Salix funding programme for up to 10 years, that aims to accelerate energy efficiency improvement in all public sector buildings in Wales.

6.22 Earmarked Council Fund Reserves

A summary of the earmarked reserves set up by this Authority or its predecessor Authorities is set out below:

	1 April 2019 £'000	Transfers In £'000	Transfers Out £'000	31 March 2020 £'000	Transfers In £'000	Transfers Out £'000	31 March 2021 £'000
Insurance	11,401	1,925	(1,132)	12,194	1,890	(1,178)	12,906
Major Development Fund	35,612	2,964	(252)	38,324	1,125	(450)	38,999
Capital Investment Fund	86	0	(86)	0	0	0	0
MEP Capital Funding	6,673	2,728	(493)	8,908	2,958	(223)	11,643
Development Fund	1,136	509	(239)	1,406	617	(1,364)	659
Schools Development Fund	373	32	(174)	231	75	(25)	281
City Deal	3,127	1,500	(2,079)	2,548	2,500	(263)	4,785
Public Lighting Invest 2 Save	1,301	0	0	1,301	0	0	1,301
Salix Fund	119	46	(84)	81	34	(84)	31
Corporate Retirement Fund	3,685	665	(50)	4,300	1,009	(33)	5,276
Job Evaluation	403	0	(403)	0	0	0	0
Redundancy	753	40	0	793	285	(6)	1,072
IT Infrastructure	849	0	(408)	441	0	0	441
Financial Management System	317	0	0	317	0	0	317
Parc Dewi Sant/St David's Park	0	0	0	0	1,300	0	1,300
Joint Ventures	1,180	202	(75)	1,307	168	(47)	1,428
Externally Funded Schemes	2,534	519	(903)	2,150	839	(1,074)	1,915
Support Carmarthenshire Business	179	86	(265)	0	0	0	0
Llanelly House	197	0	(55)	142	0	0	142
Community Asset Transfer Fund	124	7	(51)	80	0	(26)	54
Fleet Management	1,932	77	(123)	1,886	105	(206)	1,785
Highways Capital Funding	1,065	58	0	1,123	58	0	1,181
Council Tax/Housing Benefit	1,631	0	(751)	880	0	0	880
Housing Services Schemes	1,931	1,303	(1,382)	1,852	1,078	(100)	2,830
Employee Development	335	403	(201)	537	0	(136)	401
Brexit	200	0	0	200	0	0	200
Tour of Britain	525	0	(175)	350	0	0	350
Departmental Reserves	6,047	2,856	(812)	8,091	8,268	(820)	15,539
Resetting Services (Post COVID19)	0	2,000	0	2,000	0	0	2,000
COVID19 Hardship Reserve	0	0	0	0	3,933	0	3,933
Economic Recovery	0	0	0	0	450	0	450
County Council Election costs	0	0	0	0	350	0	350
Nantycaws Recycling Centre	0	0	0	0	1,000	0	1,000
Schools HWB Sustainability Scheme	0	0	0	0	676	0	676
School Organisation Fund	0	0	0	0	475	0	475
Other	200	15	(40)	175	31	(1)	205
	83,915			91,617			114,805
Held by Schools under LMS	(393)	1,439	(3,047)	(2,001)	10,089	(822)	7,266
	(393)			(2,001)			7,266

Insurance

Funds have been set aside to meet the cost of claims and other losses that could fall on the Authority.

Major Development Fund

This fund has been created to support major capital development projects in the County and its utilisation is reflected in the 5 year capital programme.

MEP Capital Funding

Sum set aside to meet the cost of prudential borrowing to finance the Modernising Education Provision programme and its utilisation is reflected in the 5 year capital programme.

Development Fund

The aim of this fund is to assist the Authority in its long term planning by allocating resources to projects that, due to lack of funding, could not be carried out within normal budgetary allocations.

City Deal

Funding set aside to meet potential future expenditure in respect of the City Deal projects, such as project development costs, borrowing and interest costs and Carmarthenshire's contribution towards the overall city deal operating costs (including the Regional Office) as per the Swansea Bay City Region Joint Agreement.

Public Lighting Invest 2 Save

Reserve set aside to provide additional financial support for the Welsh Government Invest-to-save project of converting street lamps to dimmable LED lighting. The initiative will deliver a legacy of reduced energy costs and associated carbon taxes achieved through a 3 year programme of converting approximately 12,000 sodium lantern units to lower energy consumption LED units which will incorporate part-night dimming regimes.

Salix Fund

Salix, which is an independent social enterprise that provides funding for proven technologies which are cost effective in saving CO₂, have provided the Authority with a grant to allow loans to be made to schools/ departments to fund energy saving schemes. These loans are repaid from the resultant savings and the fund is replenished for other schools/ departments to benefit from the scheme.

Corporate Retirement Fund

This Fund has been set up to support the Authority's redundancy and early retirement policy, enabling the Authority to provide for the actuarial strain on the Pension Fund which arises from any early retirement or redundancy.

Redundancy

This fund has been established by Departments to meet potential redundancy costs that may be incurred at the termination of fixed term contracts for staff at the end of externally funded schemes.

IT Infrastructure

This fund has been established to support the planned replacement of the Authorities servers and IT infrastructure.

Financial Management System

Set up to meet the funding of the significant investment in the provision and development of the new Financial Management System.

St David's Park Reserve

This reserve provides funding for necessary investment in Parc Dewi Sant in future years to support the Council's objectives. This includes repurposing some buildings for revised user requirements subject to the securing of new or extended leases.

Joint Ventures

The Authority has entered into various Joint Venture agreements with the Welsh Government. Rental income received in relation to these is set aside to meet future obligations.

Externally Funded Schemes

To provide match funding for ongoing projects or externally funded schemes in future years.

Llanelly House

To meet the agreed funding support to the Llanelly House project, in order to assist with the sustainability of this new facility which is seen as being integral to the long term regeneration plans for the town centre.

Community Assets Transfer Fund

The authority recognised that there are some services or local facilities that could be operated more effectively if run by Community Groups or Community Councils. This fund was established to undertake improvements to facilities or give financial incentives to enable these projects to be taken forward.

Fleet Management

This reserve has been established to equalise the whole of life cost of operating and maintaining Council's vehicles to the service users over agreed durations.

Highways Capital Funding (Local Government Borrowing Initiative LGBI)

The fund has been established to meet the cost of borrowing to finance the Highways capital improvement and maintenance programme.

Council Tax/Housing Benefits

This reserve has been earmarked to meet the potential costs falling on Carmarthenshire arising from the annual reductions in the Housing Benefits Administration grant and Welfare reform.

Housing Services Schemes

This reserve has been set up to support Housing projects including Supporting People, bringing empty houses back into use, the Syrian Resettlement scheme and the Private Rental Sector leasing scheme.

Employee Development Fund

Reserve set aside to provide 4 tiers of work placement and training within the Authority as a means of assisting local people, including young people with limited or no employment history to gain qualifications and employment in order to enhance their employment prospects.

BREXIT

This fund has been established to deal with any potential costs associated with Brexit.

Tour of Britain

This fund has been established to deal with costs of hosting the Men's and Women's Tour of Britain over the coming years.

Departmental Reserves

The Authority has a policy which permits allocations to departmental reserves, funded from in year underspends that can be allocated towards specific one off projects/services. This approach encourages prudent use of public money.

Resetting Services (Post COVID19)

Funding set aside to meet any one-off costs of resetting or realigning services during the recovery phase of the COVID19 pandemic

COVID19 Hardship Reserve

Reserve set aside from monies received from Welsh Government at year end to help deal with the impact of COVID19.

Economic Recovery Reserve

Reserve set aside to aid the development and delivery of the County's economic recovery plan following COVID19.

County Council Election Costs

Reserve set aside to fund the cost of the May 2022 County Council elections.

Nantycaws Recycling Centre

This fund has been established to deal with additional operating costs as a result of a fire at the recycling site in Nantycaws in 2021.

Schools HWB Sustainability Scheme

Reserve set aside to provide planned long term ongoing maintenance and replacement programme for schools IT.

School Organisation Fund

Specific reserve to assist in funding future extraordinary costs incurred from school reorganisations as part of the Modernising Education Programme.

Held by Schools under LMS

This represents the net position of the balances of all schools. While some schools have a surplus balance, others are in deficit. It is recognised that in many cases it will take time to effect the changes necessary to balance individual school budgets, and therefore deficit recovery plans will be agreed on a school by school basis.

6.23 Capital Receipts Reserve

	2019-20	2020-21
	£'000	£'000
Opening Balance	5,958	7,912
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	3,242	391
Statutory Capital Receipts	38	113
	<u>9,238</u>	<u>8,416</u>
Use of the Capital Receipts Reserve to finance new capital expenditure	(1,325)	(512)
Repayment of Long Term Loan	0	(62)
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals	(1)	0
Closing Balance	<u>7,912</u>	<u>7,842</u>

The capital receipts reserve represents the capital receipts available to finance capital expenditure in future years, after setting aside the statutory amounts for the repayment of external loans. The major repairs allowance received from the Welsh Assembly Government was applied in full during the year. There was no balance carried forward in respect of this grant.

6.24 Capital Grants Unapplied

	2019-20	2020-21
	£'000	£'000
Opening Balance	5,553	2,914
Additions	2,406	14,318
	<u>7,959</u>	<u>17,232</u>
Grants and Contributions applied	(5,045)	(2,128)
Closing Balance	<u>2,914</u>	<u>15,104</u>

6.25 Revaluation Reserve

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

2019-20		2020-21
£'000		£'000
324,681	Balance at 1 April	331,684
59,398	Upward revaluation of assets	19,681
	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(6,149)
<u>(42,338)</u>		<u>(6,149)</u>
	Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	13,532
17,060	Difference between fair value depreciation and historical cost depreciation	(10,345)
<u>(1,892)</u>	Accumulated gains on assets sold or scrapped	<u>(93)</u>
(10,057)	Amount written off to the Capital Adjustment Account	(10,438)
<u>331,684</u>	Balance at 31 March	<u>334,778</u>

6.26 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. 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 Authority as finance for the costs of acquisition, construction and enhancement. The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Authority. 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.

Note 6.4 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

2019-20		2020-21
£'000		£'000
563,014	Balance at 1 April	553,740
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
(35,819)	Charges for depreciation and impairment of non-current assets	(33,478)
(26,459)	Revaluation losses on Property, Plant and Equipment	22,110
(736)	Revenue expenditure funded from capital under statute	(4,673)
	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	
<u>(2,883)</u>		<u>(227)</u>
497,117		537,472
<u>1,892</u>	Adjusting amounts written out of the Revaluation Reserve	<u>93</u>
499,009	Net written out amount of the cost of non-current assets consumed in the year	537,565
(99)	Additional in Year Movements	(46)
1,325	Use of the Capital Receipts Reserve to finance new capital expenditure	512
1	Use of Capital Receipts to finance Cost of Sales	0
28,349	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	43,871
5,045	Application of grants to capital financing from the Capital Grants Unapplied Account	2,128
14,301	Statutory provision for the financing of capital investment charged against the Council Fund and HRA balances	15,304
4,796	Capital expenditure charged against the General Fund and HRA balances	15,343
<u>552,727</u>		<u>614,677</u>
1,013	Movements in the market value of Investment Properties (debited) or credited to the Comprehensive Income and Expenditure Statement	1,166
<u>553,740</u>	Balance at 31 March	<u>615,843</u>

6.27 Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account 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 benefiting from gains per statutory provisions.

6.28 Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place.

6.29 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 Authority 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 Authority 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 Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2019-20		2020-21
£'000		£'000
(405,637)	Balance at 1 April	(527,462)
(85,316)	Remeasurements of the net defined benefit liability/(asset)	(1,691)
	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services	
(62,424)	in the Comprehensive Income and Expenditure Statement	(58,475)
	Employer's pensions contributions and direct payments to pensioners payable in the year	
<u>25,915</u>		<u>27,170</u>
<u>(527,462)</u>	Balance at 31 March	<u>(560,458)</u>

6.30 Accumulated Absences Account

This account represents the cost of paid absence entitlement due but not taken at 31st March which is charged to the cost of services in the Comprehensive Income and Expenditure Statement and is reversed out in the Movement of Reserves Statement and charged to this account to comply with statutory requirements.

	2019-20	2020-21
	£'000	£'000
Balance 1st April	(3,655)	(4,254)
Settlement or cancellation of preceding year's accrual	3,655	4,254
Accrual for current year	<u>(4,254)</u>	<u>(5,437)</u>
Balance 31st March	<u>(4,254)</u>	<u>(5,437)</u>

6.31 Expenditure and Income Analysed by Nature

The Authority's expenditure and income is analysed as follows. This is made up of expenditure and income both within and outside of the cost of services in the Comprehensive Income and Expenditure Statement and reconciles to the surplus or deficit on the provision of services.

2019-20		2020-21
£'000		£'000
(Restated)		
	Expenditure	
294,680	Employee Expenses	297,150
268,389	Other Service Expenses	289,705
29,933	Support Service Recharges	31,484
70,444	Depreciation & Similar Charges	21,712
53,926	Interest Payable & Similar Charges	54,409
34,064	Precepts & Levies	36,462
(259)	Gains/Losses on Disposal of Non Current Assets	(164)
751,177	Total Expenditure	730,758
	Income	
(156,083)	Fees, Charges & Other Service Income	(149,254)
(28,329)	Interest and Investment Income	(25,719)
(176,502)	Income from Council Tax & Net Proceeds from Non Domestic Rates	(181,739)
(347,176)	Grants and Contributions	(436,879)
(708,090)	Total Income	(793,591)
43,087	(Surplus)/deficit on the provision of services	(62,833)

The Intermediate Care Fund Grant £894k within Education and Children's Services has been reclassified from Fees, Charges and Other Service Income to Grants and Contributions.

6.32 Pooled Budgets

The Authority has entered into a pooled budget arrangement with Hywel Dda Local Health Board for the provision of an integrated community equipment store. The Authority and the Board have an agreement in place with the partners contributing funds to the agreed budget of £222,568 and £408,940 respectively.

Any additional funding together with any deficit or surplus arising on the pooled budget at the end of each financial year is agreed between partners.

6.33 Members Allowances

The Authority paid the following amounts to Members of the Council during the year:

	2019-20	2020-21
	£	£
Allowances	1,292,580	1,324,393
Expenses	57,774	16,897
Total	1,350,354	1,341,290

Further information on Members Allowances is available on the Authority's website www.carmarthenshire.gov.wales under Councillors Allowances.

6.34 Employee Emoluments

The numbers of employees whose remuneration excluding pension contributions was £60,000 or more were:

Remuneration Band	No. of Employees 2019-20	No. of Employees 2020-21	Left During 2020-21
£60,000 to £64,999	45	84	1
£65,000 to £69,999	23	35	1
£70,000 to £74,999	12	15	0
£75,000 to £79,999	9	7	0
£80,000 to £84,999	4	5	0
£85,000 to £89,999	4	3	0
£90,000 to £94,999	14	9	1
£95,000 to £99,999	3	12	0
£100,000 to £104,999	2	2	1
£105,000 to £109,999	2	1	0
£110,000 to £114,999	1	3	0
£115,000 to £119,999	1	1	0
Total No. of Employees	120	177	4

Remuneration value includes redundancy/termination payments.

Included in the bandings above are eight teachers who are employed by voluntary aided/controlled schools. Three of which are shared between voluntary aided/controlled schools and non-voluntary aided/controlled schools.

The bandings above exclude the senior officers of the Authority's Management Team that are listed in detail in the following tables.

Senior Officers emoluments where salary is £150,000 or more per year

The following table sets out Senior Officers emoluments, together with pension contributions or equivalent payments, where salary is £150,000 or more.

Post		Salary (including fees & allowances) £	Pension contributions £	Expense Allowances £
Mr M V James - Chief Executive & Returning Officer (i)	19/20	35,014	0	70
Mrs S W Walters - Chief Executive & Returning Officer	20/21	151,967	27,810	0

- (i) In June 2019, Mr M V James retired and the Director of Regeneration & Policy was appointed to the post of Chief Executive.

Senior Officers emoluments where salary is between £60,000 & £150,000 per year

Post		Salary (including fees & allowances) £	Pension contributions £
Chief Executive & Returning Officer (ii)	19/20	120,183	18,052
Director of Regeneration & Policy (ii)	19/20	24,138	3,645
Director of Environment	19/20	128,196	19,358
	20/21	131,721	24,105
Director of Communities	19/20	141,016	21,293
	20/21	144,893	26,515
Director of Corporate Services	19/20	128,196	19,358
	20/21	131,721	24,105
Director of Education & Children's Services	19/20	128,196	19,358
	20/21	131,721	24,105

No compensation for loss of office, benefits in kind or bonus payments were made to the officers detailed in Senior Officers emoluments tables. No expense allowances were paid to Senior Officers where the salary is between £60,000 and £150,000 per year.

Senior Officers' salary figures include Returning Officer fees in respect of County Council and Town & Community Council elections.

For the purpose of putting a value on the pension contributions relating to senior officers, the Common Contribution Rate of 18.3% for 2020/21 (15.1% for 2019/20) of pensionable pay has been used. This rate does not allow for the Deficit Recovery which is a liability of the Authority and does not relate specifically to the employee.

- (ii) The post of Director of Regeneration & Policy was deleted in June 2019 when the Director was appointed to the post of Chief Executive.

The ratio of the Chief Executive's remuneration to the median remuneration in Carmarthenshire County Council was as follows:

	2019/20	2020/21
Chief Executive's remuneration	£147,900	£151,967
Median remuneration of all employees	£23,360	£24,269
Ratio of the remuneration of the Chief Executive to the median remuneration of all employees	6.33 : 1	6.26 : 1

6.35 **Exit Packages**

During 2020/21 the Authority incurred expenditure in terms of redundancy costs paid to leavers together with costs incurred in compensation payments to the Local Government Pension Fund in respect of early access pension costs.

All costs relating to termination benefits have been included as part of service definitions within the Comprehensive Income and Expenditure Statement.

The above costs are detailed in the table below.

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20 £	2020/21 £
£0 - £20,000	56	30	19	10	75	40	417,584	236,498
£20,001 - £40,000	4	2	9	4	13	6	375,536	190,335
£40,001 - £60,000	0	0	5	1	5	1	261,634	50,000
£60,001 - £80,000	0	0	1	0	1	0	78,255	0
£80,001 - £100,000	0	1	1	0	1	1	99,823	93,701
£100,001 - £150,000	1	0	1	0	2	0	224,304	0
Total	61	33	36	15	97	48	1,457,136	570,534

6.36 **Audit Costs**

In 2020/21 Carmarthenshire County Council incurred the following fees relating to financial audit and inspection, payable to the Wales Audit Office:

	2019-20	2020-21
	£'000	£'000
Financial Audit Services	184	178
Local Government Measure	100	100
Certification of Grant Claims & Returns	59	29
Burry Port Harbour Inspection	1	1
Total	344	308

6.37 Grant Income

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement.

	2019-20	2020-21
	£'000	£'000
	(Restated)	
Credited to Services		
Education & Children's Services:		
DCELLS Post 16 & ACL Funding	6,272	6,981
Children and Communities Grant	5,906	6,124
Regional Consortia School Improvement Grant (RCSIG).	6,975	6,896
Pupil Development Grant	5,062	5,042
Intermediate Care Fund***	894	1,007
LA Education Grant	5,449	3,567
European Social Fund	796	632
Youth Support Grant	539	539
Adult Social Services & Housing:		
Supporting People	6,467	6,526
Private Rented Sector Loan Scheme	0	533
Syrian Resettlement Scheme**	451	835
Continuing Health Care Grant	812	812
Wanless**	486	508
Violence Against Women, Domestic Abuse & Sexual Violence*	329	1,151
Intermediate Care Fund**	2,125	2,126
General Capital Grant	3,914	1,051
West Wales Care Partnership Regional Transformation Fund	3,634	8,319
Workforce and Sustainability Grant	1,833	2,438
Highways & Transport Services:		
Concessionary Fares Subsidy	1,960	2,079
Local Road Maintenance Grant	0	899
Local Transport Services Grant	760	870
Rural Development Plan	442	212
Cultural, Environmental, Regulatory & Planning Services:		
Sustainable Waste Management Grant	1,110	1,130
ERDF	682	544
European Social Fund	619	652
Rural Development Plan	840	663
Sports Council for Wales	424	347
Children and Communities Grant	322	280
Storm Callum Grant	500	135
Central Services to the Public:		
Housing Benefit	45,604	41,913
COVID19 Hardship	0	23,107
COVID19 Loss of Income	0	9,704
COVID19 Business Grant Administration	0	846
COVID19 Council Tax Support Increased Cost	0	713
COVID19 WG Other	0	974
COVID19 Education & Children's Services Grants	0	4,533
COVID19 Other	0	2,175
Other Grants - WG funded *	5,259	6,244
Other Grants**	5,859	5,417
Total	116,325	158,524

*The following have been restated from Other Grants WG funded in 2019/20: Violence Against Women, Domestic Abuse & Sexual Violence £329k

**The following have been restated from Other Grants in 2019/20: Syrian Resettlement Scheme £451k; Wanless grant £486k; Intermediate Care Fund £2,125k

*** The Intermediate Care Fund Grant within Education and Children's Services has been reclassified from Fees, Charges and Other Service Income.

	2019-20	2020-21
	£'000	£'000
Revenue Support Grant	200,096	215,251
General Government Grants*	0	4,795
COVID19 Loss of income re Investment Properties	0	120
Capital Grants and Contributions		
21st Century Schools Grant/School Building Improvement Grant	4,359	7,525
Major Repairs Allowance	6,210	10,966
Transport Grants	4,531	13,482
Highways Improvement Fund	1,501	1,498
General Capital Grant	1,639	4,874
Rural Development Plant	0	380
Intermediate Care Fund	0	1,980
Schools Maintenance Capital Grant	2,648	2,995
ERDF	3,224	4,027
Tourism Grant	1,236	3,622
Other Grants & Contributions	5,407	6,840
Total	30,755	58,189

*The Authority received income from the Welsh Government during the year relating to Digital Transformation, Savings Strategy Contribution and Council Tax Grant. These have been categorised as General Government Grants.

The Authority has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned to the giver. The balances at the year-end are as follows:

	31 March	31 March
	2020	2021
	£'000	£'000
Revenue Grants Receipts in Advance		
Communities various	532	364
Environment various	1,883	310
Education various	1,346	2,528
Chief Executive various	215	141
	3,976	3,343

COVID19 Funding

As stated in Note 1.2.2 the value of additional funding streams due to COVID19 is summarised in the following tables:

Principal in Nature

2020/21	Expenditure	Welsh Government Income	Other Public Bodies Income
	£'000	£'000	£'000
COVID19 - Hardship Claims	23,107	(23,107)	
COVID19 - Loss of Income		(9,704)	
Digital Transformation		(1,536)	
Savings Strategies Contribution		(1,535)	
Council Tax Admin & Court Costs		(285)	
Business Grant Administration		(846)	
High Street Rate Relief Admin		(10)	
Council Tax Support Increased Cost		(713)	
Council Tax Grant		(1,724)	
Circular Economy Fund - Additional Revenue Grant (COVID19 Response and Recovery)		(230)	
Education & Children's Services	4,827	(4,533)	(294)
Field Hospital	1,767		(1,767)
Test Trace Protect (TTP)	1,179		(1,119)
Additional Cleaning Grant	46	(46)	
Face Coverings for Pupils	114		(114)
Local Resilience Forum COVID19 Support Grant	120	(120)	
Shielding Parcels	283	(283)	
TOTAL	31,443	(44,672)	(3,294)

Agency in Nature

2020/21	Expenditure	Welsh Government Income
	£'000	£'000
Grants to Businesses	38,690	(38,690)
Business Restrictions Grant	23,900	(23,900)
Firebreak Grants	6,173	(6,173)
Discretionary Grant	2,294	(2,294)
Discretionary Firebreak Grant	907	(907)
Freelance Grants	820	(820)
Business Startup Grants	273	(273)
Self Isolation Grant	309	(309)
Retail, Leisure and Hospitality Rates Relief Scheme 2020-21	20,374	(20,374)
Social Care Workforce Payment Scheme (Tranche 1 £500 each)	3,151	(3,151)
COVID19 Statutory Sick Pay Enhancement Scheme - Social Care	222	(222)
Town & Community Councils - Loss of Income	40	(40)
TOTAL	97,153	(97,153)

6.38 Related Party Transactions

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

Central Government

Central Government has effective control over the general operations of the Authority – 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. housing benefits). Grants received from government departments are set out in Note 6.37.

Mid and West Wales Fire and Rescue Authority

Carmarthenshire County Council's Director of Corporate Services fulfils the Section 151 Officer duties for Mid and West Wales Fire and Rescue Authority under a Service Level Agreement (payable to Carmarthenshire). In addition, the Council provided a number of other financial and ICT support services. Mid and West Wales Fire and Rescue Authority charged a levy of £10.4m (£9.8m in 2019/20) on Carmarthenshire as one of six Unitary County Authorities (See Note 5.2).

A summary of Carmarthenshire County Council's transactions with Mid and West Wales Fire and Rescue Authority is set out below:

	2019-20	2020-21
	£'000	£'000
Income	346	297
	2020	2021
Balances outstanding at 31st March:	£'000	£'000
Debtor	185	356

Dyfed Pension Fund

The Dyfed Pension Fund is administered by Carmarthenshire County Council. The Fund is overseen by a committee, membership of which is drawn from Carmarthenshire County Councillors, advised by an independent advisor. The Director of Corporate Services is also the Responsible Finance Officer of the Dyfed Pension Fund. Similarly, the Council's Monitoring Officer is also the Monitoring Officer of the Pension Fund.

Transactions between the two bodies are detailed in Note 6.44. The Council charged the Pension Fund an amount of £1.2m (£1.1m in 2019/20) in respect of administration and support during 2020/21. Short Term Creditors (Note 6.19) includes an amount of £8.8m owed to the Dyfed Pension Fund at 31st March 2021 (£4.9m at 31st March 2020).

CWM Environmental Limited

CWM Environmental Limited is a wholly owned subsidiary company of Carmarthenshire County Council. Details of investments are included in Note 6.12 under Long Term Investments. Following governance changes as outlined in Note 6.1.18, the Director of Environment was appointed as a company director of CWM Environmental. Furthermore, the Council's interest as shareholder is managed through a Shareholder Board, which comprises members of the Corporate Management Team as well as the Executive Board Member for Environment.

CWM Environmental charged the Council an amount of £10.31m (£8.70m in 2019/20) in respect of waste services 2020/21 including £1.02m for Circular Economy grant funded works. Short Term Creditors (Note 6.19) includes an amount of £0.75m owed to CWM Environmental at 31st March 2021 (£0.64m at 31st March 2020).

Details of a loan between the Authority and CWM Environmental Ltd are included in note 6.13 under Long Term Debtors.

Egni Sir Gar Cyfyngedig

Carmarthenshire County Council is the registered Custodian Trustee of Egni Sir Gar Cyfyngedig and the Executive Board Member for Resources is Chair of the board. Details of investments are included in Note 6.12 under Long Term Investments.

National Botanic Garden of Wales

During 2020/21, the Executive Board Member for Resources continued his role as a trustee of the National Botanic Garden of Wales. Details of the loan are set out in Note 6.16. During the year, the Council made payments of £19k for supplies and services received.

Cartrefi Croeso Cyfyngedig

Cartrefi Croeso Cyfyngedig is a housing company wholly owned by Carmarthenshire County Council. The company has three directors, who are appointed by the Chief Executive in consultation with the Leader of the Council, and during the year included one Councillor and one officer. Shareholder reserved matters are exercised by the Chief Executive in consultation with the Director of Corporate Services

During the year Cartrefi Croeso reduced the balance of expenditure funded by the council by £214k. The revised balance outstanding to the Council at 31st March was £605k.

Llesiant Delta Wellbeing

Llesiant Delta Wellbeing is a company set up in 2017/18 to expand and grow the Careline service which is wholly owned by Carmarthenshire County Council. The Council exercises shareholder reserved matters through a shareholder governance group, which includes members of the Corporate Management Team, Executive Board Members and other Councillors.

A summary of Carmarthenshire County Council's transactions with Llesiant Delta Wellbeing is set out below:

	2019-20	2020-21
	£'000	£'000
Expenditure	3,791	7,903
Income	815	865
	2020	2021
Balances outstanding at 31st March:	£'000	£'000
Creditor	454	1,501
Debtor	482	587

Expenditure includes payment to Llesiant Delta Wellbeing for the provision of Careline Services to the Council, both for its own citizens and in fulfilment of contractual obligations which the Council has with third party customers, delivery of CONNECT project within Programme 1 of West Wales Care Partnership Transformation Fund as well as the Test, Trace, Protect (TTP) service.

Income includes the agreed cost of support services provided to Llesiant Delta Wellbeing provided by Council employees.

During the year, the company grew its Delta Connect activity which is grant funded via the West Wales Care Partnership hosted by the council.

Members' Interests

The Authority has arrangements in place requesting Members and Officers to identify and disclose related party transactions.

Members of the Council have direct control over the Council's financial and operating policies. The total of Members' allowances paid in 2020/21 is shown in Note 6.33.

The Authority paid grants totalling £39k to organisations in which eleven members had an interest. 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.

Officers' Interests

Chief Executive

A close family member of the Chief Executive is working with W B Griffiths & Sons. During 2020/21, the Authority spent a total of £49k with the contractor (£188k in 2019/20). As at 31st March 2021 the outstanding creditor balance was £0k (£0k as at 31st March 2020).

6.39 Jointly Controlled Operations & Other Similar Arrangements

Wales Pension Partnership (WPP)

A Wales Investment Pool Operator has been appointed by the Wales Pension Partnership to manage the investments and the reduction of investment management expenses for all eight Wales pension funds. Carmarthenshire County Council is the Host Authority to provide administrative and secretarial support and implement decisions made by the Joint Governance Committee of the Wales Pension Partnership. The Director of Corporate

Services is also the Responsible Finance Officer of the Wales Pension Partnership. Similarly, the Council's Monitoring Officer is also the Monitoring Officer of the Wales Pension Partnership.

The Council charged the Wales Pension Partnership an amount of £138k (£133k in 2019/20) in respect of administration and support during 2020/21.

	WPP
	2020-21
	Total
	£'000
Expenditure	706 *
Income	<u>(706)</u>
(Surplus)/Deficit for the year	<u><u>0</u></u>
Current Assets	382
Current Liabilities	<u>(382)</u>
Total assets less liabilities	<u><u>0</u></u>

* Expenditure is shared equally between the eight LGPS Funds. The exception is when an External Advisor provides a service for specific LGPS Funds within the pool, these additional costs are shared equally between the respective Funds. The eight LGPS funds are:

Cardiff & Vale of Glamorgan Pension Fund
 City and County of Swansea Pension Fund
 Clwyd Pension Fund
 Dyfed Pension Fund
 Greater Gwent Pension Fund
 Gwynedd Pension Fund
 Powys Pension Fund
 Rhondda Cynon Taf Pension Fund

Education through Regional Working (ERW)

ERW is an alliance of local authorities in South West and Mid Wales working to improve the standards of education of children and young people within the region. The Authority's share of the Joint Arrangement Income and Expenditure Account and Balance Sheet are shown in the table below:

	ERW	
	2020-21	
	Total	CCC Share
	£'000	£'000
Expenditure	557	144
Income	(688)	(178)
Net Pensions Interest	67	17
(Surplus)/Deficit for the year	<u>(64)</u>	<u>(17)</u>
Current Assets	3,430	885
Current Liabilities	(2,708)	(699)
Long Term Liabilities	(613)	(158)
Total assets less liabilities	<u>109</u>	<u>28</u>
Reserves	<u>109</u>	<u>28</u>
Total Financing	<u>109</u>	<u>28</u>

At the meeting of the Joint Committee in March 2021, it was resolved that ERW would be dissolved on 30th November 2021 and a new consortium model be implemented.

Swansea Bay City Region (SBCR)

The Swansea Bay City Deal is a £1.3bn investment in 9 major projects across the Swansea Bay City Region – which is made up of Carmarthenshire, Neath Port Talbot, Pembrokeshire and Swansea.

The Swansea Bay City Deal is being led by the four regional local authorities through a Joint Committee Agreement, together with non-voting partners - Swansea Bay and Hywel Dda University Health Boards, Swansea University, the University of Wales Trinity Saint David.

Detailed below is a draft summary of the Income and Expenditure Account and Balance Sheet for the year ended 31st March 2021:

	SBCR	
	2020-21	
	Total	
	£'000	
Expenditure	675	
Income	<u>(617)</u>	
(Surplus)/Deficit for the year	<u>58</u>	
Current Assets	43,141	
Current Liabilities	<u>(130)</u>	
Total assets less liabilities	<u>43,011</u>	
Reserves	<u>43,011</u>	
Total Financing	<u>43,011</u>	

As per the Agreement the Council contributes £50k per annum to support the central and administrative functions of the programme.

West Wales Crematorium (Parc Gwyn, Narberth)

During the year, it has come to light that the Authority retains a financial stake in the West Wales Crematorium, operated by Pembrokeshire County Council. Work is ongoing to establish the exact figures for inclusion within the accounts, however based on a believed 14% share, the surplus accrued which is due to Carmarthenshire County Council is estimated at £230k. For the sake of prudence, this value has not been included within the assets recognised on Carmarthenshire's balance sheet.

6.40 Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Authority, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Authority that has yet to be financed. The CFR is analysed in the second part of this note.

	2019-20 £'000 (Restated)	2020-21 £'000
Capital Investment		
Property, Plant and Equipment	69,068	74,790
Investment Properties	48	28
Heritage Assets	0	10
Long Term Loans	961	300
Revenue Expenditure Funded from Capital under Statute	6,337	9,690
	76,414	84,818
Sources of Finance		
Capital Receipts	1,326	512
Government grants and other contributions	33,951	48,888
Grants unapplied reserve*	5,044	2,127
Sums set aside from revenue*	3,409	2,227
Direct revenue contributions	1,388	13,116
Borrowing	31,296	17,948
	76,414	84,818
Opening Capital Financing Requirement	484,384	501,378
Explanation of Movements in Year		
Increase in underlying need to borrow (supported by government financial assistance)	3,303	3,198
Increase in underlying need to borrow (unsupported by government financial assistance)	13,691	(689)
Increase/(decrease) in Capital Financing Requirement	16,994	2,509
Closing Capital Financing Requirement	501,378	503,887

* Grants Unapplied Reserve and Sums Set Aside from Revenue have been reclassified for 2019/20.

6.41 Leases**Authority as Lessee***Operating Leases*

The Authority leases in property under operating leases for the following purposes:

- for the provision of community services, such as sports facilities, tourism services and community centres

- for economic development purposes to provide suitable affordable accommodation for local businesses.

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

	2019-20 £'000	2020-21 £'000
Not later than one year	639	646
Later than one year and not later than five years	1,532	2,220
Later than five years	4,343	3,319
	<u>6,514</u>	<u>6,185</u>

The expenditure charged to the Comprehensive Income and Expenditure Statement during the year in relation to these leases was:

	2019-20 £'000	2020-21 £'000
Minimum Lease payments	1,165	1,036

Authority as Lessor*Operating Leases*

The Authority leases out property under operating leases for the following purposes:

- for the provision of community services, such as sports facilities, tourism services and community centres

- for economic development purposes to provide suitable affordable accommodation for local businesses.

The income credited to the Comprehensive Income and Expenditure Statement during the year in relation to these leases was:

	2019-20 £'000 (Restated)	2020-21 £'000
Not later than one year	1,301	1,338
Later than one year and not later than five years	3,559	3,569
Later than five years	<u>23,985</u>	<u>23,595</u>
	<u>28,845</u>	<u>28,502</u>

The 2019/20 balance has been restated due to a change in the calculation basis.

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into.

In 2020/21 £5,105 contingent rents were receivable by the Authority (£98,314 in 2019/20).

The Authority also holds various capital assets, principally vehicles, plant and office equipment financed under the terms of operating leases and accounted for as such, the rentals being charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement.

6.42 Impairment Losses

An assessment has been made at the year-end which indicates that there are no instances of impairment to the Authority's assets.

6.43 Pensions Schemes Accounted for as Defined Contribution Schemes

Teachers employed by the Authority are members of the Teachers' Pension Scheme, administered by the Department for Education. The Scheme provides teachers with specified benefits upon their retirement, and the Authority contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

The scheme is technically a multi-employer defined benefit scheme. However it is unfunded and the Department for Education uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. Valuations of the notional fund are undertaken every four years.

The Authority is not able to identify its share of underlying financial position and performance of the Scheme with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

In 2020/21 Carmarthenshire County Council paid £15m to the Department for Education in respect of teachers' pension costs, which represents 23.68% of teachers and lecturers pensionable pay. The figures for 2019/20 were £12.9m and 16.48% for the first 5 months and 23.68% from September 2019. There was £1.3m remaining payable at year-end. The contributions due to be paid in the next financial year are estimated to be £15.2m.

In addition, the County Council is responsible for all pension payments relating to added years it has awarded together with the related increases. In 2020/21 these amounted to £0.358m.

The Authority is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the Teachers' scheme. These benefits are fully accrued in the pensions liability described above.

6.44 Defined Benefit Pension Schemes

As part of the terms and conditions of employment of its officers and other employees, the Authority makes contributions towards the cost of post employment benefits. Although these benefits will not actually be payable until employees retire, the Authority has a commitment to make the payments. Liabilities for these payments need to be disclosed at the time employees earn their future entitlement.

The Dyfed Pension Fund (the Fund) is a member of the Local Government Pension Scheme (LGPS). It is administered by Carmarthenshire County Council and is a funded defined benefit scheme, meaning that the Authority and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

The Dyfed Pension Fund is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of the Dyfed Pension Fund Panel. Policy is determined in accordance with the Pensions Fund Regulations. The investment managers of the fund are appointed by the Committee and are advised by an Independent Investment Adviser and officers of Carmarthenshire County Council.

The principal risks to the Authority 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 to the General Fund and Housing Revenue Account the amounts required by statute as described in the accounting policies note.

Discretionary Post-retirement Benefits

Discretionary post-retirement benefits on early retirement are an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. There are no plan assets built up to meet these pension liabilities.

Transactions relating to Post-employment Benefits

The cost of retirement benefits is recognised in the Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge that is required to be made against council tax is based on the cash payable in the year, so the real cost of post employment/retirement benefits is reversed out of the Comprehensive Income and Expenditure Statement via the Movement in Reserves Statement.

The following transactions have been made in the Comprehensive Income and Expenditure Statement and Movement in Reserves Statement during the year:

	2019-20 £'000	2020-21 £'000
Comprehensive Income and Expenditure Statement		
Cost of Services:		
Current Service Cost	46,741	45,495
Past Service Costs	4,518	56
Settlements and Curtailments	1,226	57
Financing and Investment Income and Expenditure		
Net Interest Expense	9,939	12,867
Total Post Employment Benefit charged to the Surplus or Deficit on the Provision of Services	62,424	58,475
Other Post Employment Benefit charged to the Comprehensive Income and Expenditure Statement		
Remeasurement of the net defined benefit liability comprising:		
Return on plan assets	112,500	(250,531)
Experience gain on liabilities	43,121	(29,757)
Actuarial gains and losses arising on changes in demographic assumptions	(42,370)	0
Actuarial gains and losses arising on changes in financial assumptions	(27,935)	281,979
Total Post Employment Benefit charged to the Comprehensive Income and Expenditure Statement	147,740	60,166
Movement in Reserves Statement		
Reversal of net charges made to the Surplus or Deficit for Provision of Services for Post Employment Benefits in the accordance with the code	(62,424)	(58,475)
Actual amount charged against the Council Fund Balance for pensions in the year:		
Employers' Contributions payable to Scheme	25,915	27,170

Assets and Liabilities in Relation to Post-employment Benefits**Carmarthenshire County Council**

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

	2019-20	2020-21
	£'000	£'000
Balance as at 1 April	1,121,653	1,031,889
Interest on plan assets	26,876	24,745
Experience gain on assets	(112,500)	250,531
Administration expenses	(515)	(533)
Settlements	0	0
Employer contributions	25,915	27,170
Contributions by scheme participants	8,149	8,658
Benefits paid	(37,689)	(37,536)
Balance as at 31 March	<u>1,031,889</u>	<u>1,304,924</u>

Reconciliation of Present Value of the Scheme Liabilities:

	2019-20	2020-21
	£'000	£'000
Balance as at 1 April	(1,527,290)	(1,559,351)
Current Service Cost	(46,741)	(45,495)
Interest cost	(36,300)	(37,079)
Contributions by scheme participants	(8,149)	(8,658)
Experience gain on liabilities	(43,121)	29,757
Actuarial gains and losses arising on changes in demographic assumptions	42,370	0
Actuarial gains and losses arising on changes in financial assumptions	27,935	(281,979)
Curtailments	(1,226)	(57)
Settlements	0	0
Benefits paid	37,689	37,536
Past service costs	(4,518)	(56)
Balance as at 31 March	<u>(1,559,351)</u>	<u>(1,865,382)</u>
Net Scheme Liabilities	<u>(527,462)</u>	<u>(560,458)</u>

The Dyfed Pension Fund assets comprised:

		Quoted	31 March 2020 £'000 (Restated)	31 March 2021 £'000
Equities	UK	Yes	240,637	277,817
	Global	Yes	0	339,280
	Overseas Pooled Funds*	No	229,695	0
	US	Yes	115,881	141,454
	Canada	Yes	4,644	5,742
	Japan	Yes	34,568	43,976
	Pacific Rim	No	10,628	13,441
	Emerging Markets	No	75,741	111,441
	European ex UK	Yes	28,067	33,537
	Bonds	UK Index linked	Yes	40,656
UK Corporate		No	104,118	0
Global Credit		Yes	0	117,443
Property	Property Funds	No	126,510	144,194
Alternatives	SAIF*	No	15,585	27,403
Cash	Cash accounts	Yes	5,159	15,268
Total			1,031,889	1,304,924

*SAIF has been restated from Overseas Pooled Funds in 2019/20.

Scheme History

	2016-17 £'000	2017-18 £'000	2018-19 £'000	2019-20 £'000	2020-21 £'000
Present value of liabilities in the Local Government Pension Scheme	(1,391,448)	(1,383,009)	(1,527,290)	(1,559,351)	(1,865,382)
Fair value of assets in the Local Government Pension Scheme	1,030,154	1,062,305	1,121,653	1,031,889	1,304,924
Surplus/(deficit) in the scheme	(361,294)	(320,704)	(405,637)	(527,462)	(560,458)

The liabilities show the underlying commitments that the Authority has in the long-run to pay post-employment benefits. The total net liability of £560m has a substantial impact on the net worth of the Authority as recorded in the balance sheet. However, statutory arrangements for funding the deficit mean that the financial position of the Authority remains healthy with the deficit on the Fund made good by increased contributions over the remaining working life of employees (i.e. before payments fall due), as assessed by the scheme actuary.

The total contributions expected to be made to the Local Government Pension Scheme by the Authority in the year to 31st March 2022 is £26.9m.

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, returns on investments, future inflation etc. The Fund's assets and liabilities within the Balance Sheet and the current and past service costs included within the Comprehensive Income and Expenditure Statement have been assessed by Mercer Ltd, an independent firm of actuaries, estimates for the Fund being based on the latest full valuation of the scheme as at 31st March 2019.

The main assumptions used in its calculations are shown below:

	2019-20	2020-21
	%	%
Financial Assumptions:		
Rate of CPI inflation	2.1	2.7
Rate of increase in salaries	3.6	4.2
Rate of increase in pensions	2.2	2.8
Rate for discounting Fund liabilities	2.4	2.1
	2019-20	2020-21
	%	%
Mortality assumptions:		
Longevity at 65 for current pensioners:		
Men	23.0	23.1
Women	24.9	25.0
Longevity at 65 for future pensioners:		
Men	24.5	24.7
Women	27.1	27.2

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 reasonable 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 for 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.

	<u>Impact on the Defined Benefit Obligation of the Scheme</u>	
	Increase in assumption £'000	Decrease in assumption £'000
Longevity (increase or decrease of 1 year)	56,012	(56,012)
Rate of inflation (increase or decrease by 0.1% p.a.)	33,711	(33,711)
Rate of increase in salaries (increase or decrease by 0.1% p.a.)	5,140	(5,140)
Rate of increase in pensions (increase or decrease by 0.1% p.a.)	33,711	(33,711)
Rate for discounting scheme liabilities (increase or decrease by 0.1% p.a.)	(33,110)	33,110

The net pension liability reported in the 2019/20 accounts included a potential liability related to the McCloud judgement. No further adjustments are required for the 2020/21 accounts.

6.45 Contingent Liabilities

The Authority acts as a collection agent on behalf of Dwr Cymru in respect of Housing Revenue Account (HRA) Tenants water and sewerage charges. In return for this service the Authority has received a commission which has been treated as an income stream to the HRA. The treatment of this arrangement has been called in to question due to a Court ruling during 2015/16 (Kim Jones versus London Borough of Southwark) which ruled that Local Authorities collecting water rates via the HRA were doing so as a water supplier and not as an agent of the water supplier. Traditionally this has been viewed as an agency arrangement, but the Court ruling concludes that the Authority concerned was acting as a water supplier, which has significant financial implications for those affected, both in terms of the agency fee and where action has been taken against rent arrears that could be deemed to include water rates. The Authority's legal advice is that our agreement would be found to be a *bona fide* agency agreement if challenged and as at 31st March 2021 we have not received any correspondence relating to potential claims. However, to reinforce even further that the Authority is collecting these monies as agents for Dwr Cymru and avoid the possibility of future legal challenges, the Authority has entered into a new agreement with the water supplier which ensures that it is acting as an agent.

Whilst the Authority purchases a range of insurance cover, part of the risk remains with the Authority through the acceptance of "Policy Excesses" and the setting of "Indemnity Limits". On Liability and Property Policies there is a "Stop Loss" which is the aggregate maximum exposure that the Authority could face provided the Indemnity Limit is not breached. The Indemnity Limit is set by the Insurer and is the maximum exposure that they are contracted to cover.

A number of insurance claims have been registered but not yet finalised. Where it is probable that costs will fall on the authority, expenditure has been recognised in the Comprehensive Income and Expenditure Statement and as a movement in the Insurance Provision (see note 6.20). It is possible that the Authority may incur costs relating to other registered claims or to claims that have yet to be submitted. Funds have been set aside in an Insurance Reserve (see note 6.22) for this purpose.

During the year, there were a small number of claims made to Employment Tribunal against the authority. It is not possible to reliably estimate either the likelihood or value to the authority if the Tribunal rules in the claimants' favour. No provision has therefore been made in these financial statements.

In November 2020, there was a court ruling regarding Guaranteed Minimum Pension (GMP) Equalisation. The court ruled that scheme trustees are required to revisit past Cash Equivalent Transfer Values (CETV's) to ensure GMP equalisation. This may result in additional top-ups where GMP equalisation means that members did not receive their full entitlement. For public service pension schemes, Government Actuary's Department expect that this ruling will be taken forward on a cross scheme basis and will need legal input. This may require revisiting past CETV cases for members with State Pension age after 5 April 2016 and who took a CETV from the scheme before CETV was equalised. Whilst it is expected to represent a relatively small uplift for a relatively small subset of members, it is not possible to reliably estimate the likely costs. As such, no liability has been recognised in these financial statements.

6.46 Financial Instruments

Disclosure Notes for Financial Liabilities, Financial Assets and Risk

Financial Instruments Balances

The borrowings and investments disclosed in the Balance Sheet include the following categories of financial instruments:

	Long Term		Current	
	31 March 2020 £'000	31 March 2021 £'000	31 March 2020 £'000	31 March 2021 £'000
Financial liabilities (principal amount)	409,735	397,939	22,794	15,899
Accrued Interest	0	0	2,897	2,662
Other accounting adjustments	114	113	0	0
Financial liabilities at amortised cost	409,849	398,052	25,691	18,561
Total borrowings				
Loans and receivables (principal amount)	528	524	12,005	25,504
Accrued Interest	145	144	88	0
Investments at amortised cost	673	668	12,093	25,504
Equity at Fair Value through other comprehensive income				
Unquoted equity investment at cost	1,175	1,139	0	0
Total investments	1,848	1,807	12,093	25,504

Financial Instruments Gains/Losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments are made up as follows:

	Financial Liabilities		Financial Assets		Totals	
	Liabilities measured at amortised cost		Loans and Receivables at amortised cost			
	2019-20 £'000	2020-21 £'000	2019-20 £'000	2020-21 £'000	2019-20 £'000	2020-21 £'000
Interest expense	(17,625)	(17,330)	0	0	(17,625)	(17,330)
Impairment Losses	0	0	0	0	0	0
Interest payable and similar charges	(17,625)	(17,330)	0	0	(17,625)	(17,330)
Interest Income	0	0	679	246	679	246
Interest and investment income	0	0	679	246	679	246
Net gain/(loss) for the year	(17,625)	(17,330)	679	246	(16,946)	(17,084)

Employee Car Loans

The authority makes loans for car purchase to employees in the authority who are in posts that require them to drive regularly on the authority's business. Interest is charged at 1% above base rate on the loans.

Employee Car Loans	31 March	31 March
	2020 £'000	2021 £'000
Opening Balance	68	57
New Loans	31	22
Loans repaid	(42)	(31)
Closing Balance	57	48

Fair value of Assets and Liabilities carried at Amortised Cost

Financial liabilities and financial assets represented by loans and receivables are carried on the balance sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments, using the following assumptions:

- For loans from the Public Works Loans Board (PWLB) and other loans payable, premature repayment rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures;
- For loans receivable prevailing benchmark market rates have been used to provide the fair value;

- Where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the principal outstanding or the billed amount;
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values calculated are as follows:

	31 March 2020		31 March 2021	
	Carrying amount	Fair Value	Carrying amount	Fair Value
PWLB Debt	428,253	739,310	405,976	633,395
Non - PWLB debt	7,287	10,992	10,637	12,763
Total Financial Liabilities	435,540	750,302	416,613	646,158

The fair value is greater than the carrying amount because the Authority's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans in the market at the balance sheet date.

	31 March 2020		31 March 2021	
	Carrying amount	Fair Value	Carrying amount	Fair Value
Money market loans < 1year	12,093	12,093	25,505	25,505
Money market loans > 1year	673	673	668	668
Total investments	12,766	12,766	26,173	26,173
Trade Debtors	19,369	19,369	24,266	24,266
Total Loans and Receivables	32,135	32,135	50,439	50,439

The fair values for financial liabilities have been determined by reference to the Public Works Loans Board (PWLB) redemption rules and prevailing PWLB redemption rates as at each balance sheet date, and include accrued interest. The fair values for non-PWLB debt have also been calculated using the same procedures and interest rates and this provides a sound approximation for fair value for these instruments.

The fair values for loans and receivables have been determined by reference to similar practices, as above, which provide a reasonable approximation for the fair value of a financial instrument, and include accrued interest. The comparator market rates prevailing have been taken from indicative investment rates at each balance sheet date. In practice rates will be determined by the size of the transaction and the counterparty, but it is impractical to use these figures, and the difference is likely to be immaterial.

The fair value of Public Works Loan Board (PWLB) loans of £633.395m measures the economic effect of the terms agreed with the PWLB compared with estimates of the terms that would be offered for market transactions undertaken at the Balance Sheet date. The difference between the carrying amount and the fair value measures the additional interest that the Authority will pay over the remaining terms of the loans under the agreements with the PWLB, against what would be paid if the loans were at prevailing market rates, the PWLB redemption interest rates.

However, the Authority has a continuing ability to borrow at concessionary rates from the PWLB rather than from the markets. A supplementary measure of the additional interest that the Authority will pay as a result of its PWLB commitments for fixed rate loans is to compare the terms of these loans with the new borrowing rates available from the PWLB, the PWLB Certainty rates. If a value is calculated on this basis, the carrying amount of £405.976m would be valued at £541.899m.

The valuation of financial instruments has been classified into three levels according to the quality and reliability of information used to determine fair values.

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

Fair Value of Financial Assets

Some of the Authority's financial assets are measured at fair value on a recurring basis and are described in the following table, including the valuation techniques used to measure them.

Financial assets measured at fair value

Recurring fair value measurements	Input level in fair value hierarchy	Valuation technique used to measure fair value	31 March 2020	31 March 2021
Fair Value through Other Comprehensive Income				
Equity shareholding in CWM Environmental Ltd	Level 3	At cost	329	329
Equity shareholding in Egni Sir Gar Cyfyngedig	Level 3	At cost	846	810
Total			<u>1,175</u>	<u>1,139</u>

Fair value hierarchy for financial assets and financial liabilities that are not measured at fair value.

	31 March 2020		31 March 2021	
Recurring fair value measurements using:	Other significant observable inputs (Level 2) £'000	Total £'000	Other significant observable inputs (Level 2) £'000	Total £'000
Financial Liabilities				
Financial liabilities held at amortised cost:				
PWLB	739,310	739,310	633,395	633,395
NON PWLB	10,992	10,992	12,763	12,763
Total	750,302	750,302	646,158	646,158
Financial assets				
Loans and Receivables	12,766	12,766	26,173	26,173
Total	12,766	12,766	26,173	26,173

Disclosure of Nature and Extent of Risk Arising from Financial Instruments

Key Risks

The Authority's activities expose it to a variety of financial risks, the key risks are:

- Credit risk – the possibility that other parties might fail to pay amounts due to the Authority;
- Liquidity risk – the possibility that the Authority might not have funds available to meet its commitments to make payments;
- Re-financing risk – the possibility that the Authority might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms.
- Market risk - the possibility that financial loss might arise for the Authority as a result of changes in such measures as interest rates movements.

Overall Procedures for Managing Risk

The Authority's overall risk management procedures focus on the unpredictability of financial markets, and implementing restrictions to minimise these risks. The procedures for risk management are set out through a legal framework set out in the *Local Government Act 2003* and the associated regulations. These require the Authority to comply with the CIPFA Prudential Code, the CIPFA Treasury Management in the Public Services Code of Practice and Investment Guidance issued through the Act. Overall these procedures require the Authority to manage risk in the following ways:

- by formally adopting the requirements of the Revised editions of the CIPFA Prudential Code and the CIPFA Treasury Management Code of Practice.
- by the adoption of a Treasury Policy Statement and treasury management clauses;

- by approving annually in advance prudential indicators for the following three years limiting:
 - The Authority's overall borrowing;
 - Its maximum and minimum exposures to fixed and variable rates;
 - Its maximum and minimum exposures of the maturity structure of its debt;
 - Its maximum annual exposures to investments maturing beyond a year.
- by approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with the Government Guidance;

These are required to be reported and approved at or before the Authority's annual Council Tax setting budget or before the start of the year to which they relate. These items are reported with the annual Treasury Management Policy and Strategy which outlines the detailed approach to managing risk in relation to the Authority's financial instrument exposure. Actual performance is also reported quarterly to Members. These policies are implemented by the Treasury and Pension Investments Section.

The annual Treasury Management Strategy which incorporates the prudential indicators was approved by Council on 3rd March 2020 and is available on the Authority website. The Authority stayed within the Authorised Limit and Operational Boundary during the year.

The Authority maintains written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash through Treasury Management Practices (TMPs). These TMPs are a requirement of the Code of Practice and are reviewed regularly.

Credit Risk

Investments

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Authority's customers. This risk is minimised through the Annual Investment Strategy (which forms part of the Authority's Treasury Management Policy and Strategy Report), which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody's and Standard & Poors Ratings Services. The Treasury Management Policy and Strategy report also imposes a maximum amount and time to be invested with a financial institution located within each category. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria outlined above.

The annual Treasury Management Strategy sets out the Counterparty list and limits. Customers for goods and services are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings in line with parameters set by the council.

The Authority's maximum exposure to credit risk in relation to its investments in banks and building societies of £41k cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments.

The following analysis summarises the Council's maximum exposure to credit risk on other financial assets, based on experience of default.

	Amount at 31 March 2021 £'000	Historical Experience of default %	Estimated maximum exposure to default £'000
<u>Deposits with banks and financial institutions</u>			
AAA rated counterparties	25,000	0.04	10.0
AA rated counterparties	49,500	0.02	9.9
A rated counterparties	41,500	0.05	20.8
Trade debtors	24,266	3.50	849.3
	<u>140,266</u>		<u>890.0</u>

No breaches of the Council's counterparty criteria occurred during the reporting period and the Council does not expect any other losses from non-performance by any of its counterparties in relation to deposits and bonds.

Trade Debtors

The trade debtors figure of £24.266m shown above includes £13.763m which is past its due date for payment. The past due amount can be analysed by age as follows:

	31st March 2020 £'000	31st March 2021 £'000
Less than three months	2,500	1,811
Three to six months	943	1,354
Six months to one year	1,158	2,451
More than one year	6,006	8,147
	<u>10,607</u>	<u>13,763</u>

The Council initiates a legal charge on property where, for instance, clients require the assistance of social services but cannot afford to pay immediately. The total collateral as at 31st March 2021 was £1.281m.

Liquidity Risk

The Authority has ready access to borrowings from the Money Markets to cover any day to day cash flow need, and whilst the PWLB provides access to longer term funds, it also acts as a lender of last resort to councils (although it will not provide funding to a council whose actions are unlawful). The Authority is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

The Authority manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury management policy and strategy), as well as through a comprehensive cash flow management system, as required by the Code of Practice. This seeks to ensure that cash is available when it is needed.

Refinancing and Maturity Risk

The Authority maintains a significant debt and investment portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer term risk to the Authority relates to managing the exposure to replacing financial instruments as they mature. This risk relates to both the maturing of longer term financial liabilities and longer term financial assets.

The approved prudential indicator limits for the maturity structure of debt and the limits placed on investments placed for greater than one year in duration are the key parameters used to address this risk. The Authority approved Treasury Management Policy and Strategy addresses the main risks and the Treasury Management Team addresses the operational risks within the approved parameters. This includes:

- monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt; and
- monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Authority's day to day cash flow needs, and the spread of longer term investments provide stability of maturities and returns in relation to the longer term cash flow needs.

The maturity analysis of financial liabilities is shown below together with the maximum and minimum exposures.

	2019-20			2020-21		
	Approved Maximum Limit	Approved Minimum Limit	31st March 2020 £'000	Approved Maximum Limit	Approved Minimum Limit	31st March 2021 £'000
	%	%		%	%	
Less than one year	15	0	25,691	15	0	18,561
Between one and two years	15	0	15,771	15	0	11,209
Between two and five years	50	0	29,161	50	0	27,199
Between five and ten years	50	0	39,929	50	0	38,723
More than ten years	100	25	324,988	50	0	320,921
			435,540			416,613

The maturity analysis of financial assets is as follows:

	2019-20 £'000	2020-21 £'000
Less than one year	12,093	25,505
Greater than one year	673	668
	12,766	26,173

All trade and other payables are due to be paid in less than one year and trade debtors of £24.266m are not shown in the table above.

Market Risk

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

- borrowings at variable rates – the interest expense charged to the Income and Expenditure Account will rise;
- borrowings at fixed rates – the fair value of the borrowing liability will fall (no impact on revenue balances);
- investments at variable rates – the interest income credited to the Income and Expenditure Account will rise; and
- investments at fixed rates – the fair value of the assets will fall (no impact on revenue balances).

Borrowings are not carried at fair value on the balance sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Comprehensive Income and Expenditure Statement. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Income and Expenditure Account and effect the Council Fund Balance, subject to influences from Government grants. Movements in the fair value of fixed rate investments will be reflected in the Movements in Reserves Statement, unless the investments have been designated as Fair Value through the Income and Expenditure Account.

The Authority has a number of strategies for managing interest rate risk. The Annual Treasury Management Policy and Strategy Report and the 5 year Capital Programme Report draws together the Authority's prudential indicators and its expected treasury operations, including an expectation of interest rate movements. From this Strategy a prudential indicator is set which provides maximum and minimum limits for fixed and variable interest rate exposure.

The risk of interest rate loss is partially mitigated by Government grant payable on financing costs.

If all interest rates had been 1% higher (with all other variables held constant) the financial effect would be:

	£'000
Increase in interest payable on variable rate borrowings	0
Increase in interest receivable on variable rate investments	(402)
Increase in Government grant receivable for financing costs	158
Impact on Surplus or Deficit on the Provision of Services	(244)
Share of overall impact debited to the HRA*	242
Decrease in fair value of fixed rate investment assets	0
Impact on Other Comprehensive Income and Expenditure	<u>(2)</u>
Decrease in fair value of fixed rate borrowings liabilities (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure)	(98,739)

The approximate impact of a 1% fall in interest rates would be as above but with the movements being reversed. These assumptions are based on the same methodology as used in the Note – Fair value of Assets and Liabilities carried at Amortised Cost

Price risk - The Authority, excluding the pension fund, does not invest in equity shares. It therefore has no exposure to loss arising from movements in price.

Foreign exchange risk - The Authority has no financial assets or liabilities denominated in foreign currencies. It therefore has no exposure to loss arising from movements in exchange rates.

6.47 Accounting Standards that have been issued but have not yet been adopted.

At the balance sheet date, there are no relevant standards or amendments to existing standards that have been published but not yet been adopted by the Code that will have any impact on the financial statements. However, the following detail on IFRS 16 – Leases has been provided for information purposes:

- This Standard will affect the classification of operating and finance leases for lessees and will require local authorities to recognise all leases on their balance sheet as right-of-use assets with a corresponding lease liability representing the lessee's obligation to make lease payments for the asset. There are some exemptions for short-term and low value leases. The implementation of IFRS16 for local government has been deferred by an additional year until 1st April 2022 by CIPFA/LASAAC.

The following standards have been introduced by the 2021/22 Code:

- Definition of a Business: Amendments to IFRS 3 Business Combinations
- Interest Rate Benchmark Reform: Amendments to IFRS 9, IAS 39 and IFRS 7
- Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16.

The adoption of the accounting standards mentioned above may incur amendments that can be made retrospectively by prior period restatement or through the adjustment of opening balances as at 1st April 2021.

6.48 Post Balance Sheet Events

On 24th April 2021, a fire broke out at the Nantycaws recycling site owned and operated by CWM Environmental Ltd, which is wholly owned by the Authority. As a result, some alternative operating arrangements have been put in place which will lead to additional costs, which may not be covered by existing insurance arrangements. Additional reserve funding has been earmarked to meet reasonably foreseeable expenditure and is included in the earmarked reserves note 6.22.

In July 2021, WRW construction group were placed into administration. This group were contractors for the Council on several capital projects, with the Pendine Attractor Project and Dylan Housing Project being active on site. Payments made to WRW have been for works undertaken only and the County Council has secured the sites and terminated the contracts with WRW to ensure our position is secured. Alternative contractors have been commissioned to continue delivery of the individual schemes, in conjunction with sub-contractors. An estimate cannot currently be made of the impact of the potential additional costs in securing these alternative contractors, as contract negotiations are still ongoing, however it is not anticipated that there is significant risk to the Authority that cannot be managed within the Capital Programme.

7 HOUSING REVENUE ACCOUNT (HRA)**7.1 HRA Income and Expenditure Statement**

2019-20 £'000		Note	2020-21 £'000
	Expenditure		
	Repairs and Maintenance		
2,798	- Responsive		3,072
5,323	- Planned/Cyclical		2,864
3,595	- Voids		4,057
8,439	Supervision and Management		8,537
1,363	Central Support Charges		1,400
470	Rents, Rates Taxes and other charges		727
302	Movement in the allowance for Bad Debts		514
17,242	Depreciation and Impairment of non current assets	8.7	(10,993)
	Revenue Expenditure funded from Capital under		
1	Statute		0
36	Debt Management Costs		38
<u>39,569</u>	Total Expenditure		<u>10,216</u>
	Income		
(40,819)	Dwelling rents	8.1	(40,865)
(131)	Non-Dwelling Rents		(126)
(29)	Leaseholders		(29)
(746)	Service Fees	8.2	(760)
(374)	Grants		(550)
(782)	Other Income		(775)
(343)	Commission - Water Rates	8.5	(350)
<u>(43,224)</u>	Total Income		<u>(43,455)</u>
	Net cost of HRA Services as included in the Comprehensive Income & Expenditure Statement		(33,239)
(3,655)			
289	HRA services' share of Corporate and Democratic Core		295
(3,366)	Net (Income)/cost for HRA Services		(32,944)
	HRA Share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement		
(65)	(Gain) or loss on the sale of HRA Non Current		(60)
9,901	Interest Payable and similar charges		9,826
(131)	Interest and Investment Income		(37)
245	Net interest on the net defined benefit liability (asset)		344
<u>(6,453)</u>	Capital grants and contributions receivable		<u>(13,691)</u>
<u>131</u>	(Surplus) or Deficit for the year on HRA Services		<u>(36,562)</u>

7.2 Movement on the HRA Statement

The overall objectives for Movement on the HRA Statement and the general principles for its construction are the same as those generally for the Movement in Reserves Statement, into which it is consolidated. The statement takes the outturn on the HRA Income and Expenditure Statement and reconciles it to the surplus or deficit for the year on the HRA Balance, calculated in accordance with the requirements of the Local Government and Housing Act 1989.

2019-20 £'000	Note	2020-21 £'000	2020-21 £'000
(14,314)	Balance on the HRA at the end of the previous year		(21,252)
131	(Surplus) or deficit for the year on the HRA Income and Expenditure Account	(36,562)	
(7,173)	Adjustments between accounting basis and funding basis under statute	7.3 38,404	
(7,042)	Net Increase or (decrease) before transfers to or from reserves	1,842	
104	Transfers (to) or from reserves	7.4 (34)	
(6,938)	(Increase) or decrease in year on the HRA		1,808
(21,252)	Balance on the HRA at the end of the current year		(19,444)

7.3 Adjustments between accounting basis and funding basis under statute

2019-20 £'000		2020-21 £'000
0	Amortisation of Premiums and Discounts	0
(3)	Transfers to / (from) Accumulated Absences Account	(30)
66	Gain or loss on sale of HRA noncurrent assets	59
(821)	HRA share of contributions to or from the Pensions Reserve	(882)
0	Capital expenditure funded by the HRA	9,856
(6,415)	Transfer to / from the Capital Adjustment Account	29,401
(7,173)		38,404

7.4 Transfers to or (from) Earmarked Reserves

2019-20				2020-21		
£'000	£'000	£'000		£'000	£'000	£'000
Trfs from	Trfs to	Net		Trfs from	Trfs to	Net
203	(83)	120	Insurance Reserve	208	(242)	(34)
0	(16)	(16)	Employee Developmental	0	0	0
203	(99)	104		208	(242)	(34)

8 NOTES TO THE HRA INCOME AND EXPENDITURE STATEMENT**Introduction**

The Housing Revenue Account (HRA) is a record of revenue expenditure and income relating to an authority's housing stock. Its primary purpose is to ensure that expenditure on managing tenancies and maintaining dwellings is balanced by rents charged to tenants. Consequently, the HRA is a statutory account, ringfenced from the rest of the Council Fund, so that rents cannot be subsidised from council tax (or vice versa).

8.1 Gross Rent Income

This is the total rent income due for the year after allowance is made for voids etc. For 2020/21 this totalled £40.9m (£40.8m for 2019/20). At the 31st March 2021 4.34% of lettable properties were vacant (3.77% at 31st March 2020). Average rents were £89.56 a week in 2020/21 (£86.94 in 2019/20).

8.2 Charges for Services & Facilities

This represents the income of the Authority from charges for services and facilities etc in connection with the provision of houses and other property within the account.

8.3 Housing Stock

The Council was responsible for managing on average 9,151 dwellings during 2020/21 (9,161 in 2019/20). The stock at 31st March was as follows:

	2019-20	2020-21
Houses	5,030	5,007
Flats / Maisonettes / Bedsits	1,949	1,949
Bungalows	2,183	2,183
	9,162	9,139

The change in stock can be summarised as follows:

	2019-20	2020-21
Opening Stock as at 1 April	9,160	9,162
Sales	0	0
Demolitions/Deactivated	(46)	(40)
New Building/Acquisitions/Conversions	48	17
Closing Stock as at 31 March	9,162	9,139

8.4 Rent Arrears

	As at 31 March 2020 £'000	As at 31 March 2021 £'000
Arrears	2,111	2,668
Arrears as a percentage of Gross Rent Income	5.00%	6.26%

There is a 1.2% year on year increase of current tenants rent arrears as a percentage of gross collectable rent debit. Performance is outside margins of what is considered good

practice level (2%) at 3.93%. There is a 0.1% year on year decrease in former tenants rent arrears as a percentage of gross collectable rent debit. This is 0.32% decrease after allowing for the £108k write-offs.

Provision for Bad Debts at 31st March 2021 was £1,105,394 for rent (£1,210,727 inclusive of water rates). The comparative figures for 2019/20 are £1,002,661 for rent (£1,079,523 inclusive of water rates).

8.5 Commission

The Authority collects water rates on behalf of Dwr Cymru Welsh Water and receives commission on the monies due. In 2020/21 this amounted to £350k (£343k in 2019/20) net of void loss on properties. The value of water rates was £3.4m in 2020/21 (£3.4m in 2019/20).

8.6 Capital Expenditure

Capital Expenditure in 2020/21 on HRA land and dwellings totalled £26.048m (£28.027m in 2019/20).

	2019-20	2020-21
	£'000	£'000
Funded by :		
Major Repairs Allowance	6,210	6,228
Borrowing	21,497	2,998
Capital Receipts - Sales of Dwellings/Land	76	65
External Funding	13	6,893
Section 106 Income	231	8
Direct Revenue Financing	0	9,856
	28,027	26,048
Spent on:		
Dwellings	27,666	25,888
Land	0	0
Other	361	160
	28,027	26,048

8.7 Depreciation

Depreciation and Impairment losses have been debited to the Income and Expenditure Statement in accordance with the general provisions of the Code and reversed out in the Movement on the HRA Balance. The depreciation charge has then been replaced with the HRA Minimum Revenue Provision via a credit from the Capital Adjustment Account to avoid having an effect on rent levels.

HRA dwellings are revalued on a 5 year cycle, which was last undertaken on the 1st April 2020.

Depreciation and Impairment Losses:

	2019-20	2020-21
	£'000	£'000
Depreciation on dwellings	12,508	12,493
Revaluation losses & impairments	4,734	(23,486)
	<u>17,242</u>	<u>(10,993)</u>

Revaluation losses and impairments were incurred on:

	2019-20	2020-21
	£'000	£'000
Dwellings	1,221	(23,999)
Land	0	(26)
Other	3,513	539
	<u>4,734</u>	<u>(23,486)</u>

9 DYFED WELSH CHURCH FUND ACCOUNT

The Dyfed Welsh Church Fund is a scheme that mainly awards grants towards the costs of maintaining places of worship. However, registered charities which benefit residents may apply for help towards running costs, or the cost of a specific project or purchasing a piece of equipment. Besides nationally recognised charities, the Fund supports local charities responsible for providing recreational facilities or other services which are of benefit to the Community.

At Local Government Reorganisation 1996 the fund was split among the new Unitary Authorities with the amount available to each new authority being calculated on the following agreed percentages:

Carmarthenshire County Council	41%
Ceredigion County Council	25%
Pembrokeshire County Council	34%

It was agreed that Carmarthenshire County Council would take responsibility for administering the investment portfolio.

Carmarthenshire's balance of the fund as at 31st March 2021 was £1.929m (£1.769m as at 31st March 2020).

10 TRUST FUNDS 2020/21

The Authority operates trust funds for Education Services, Cultural Services and Social Services. These represent total net assets of £775k as at 31st March 2021 (£741k as at 31st March 2020).

11 SOCIAL CARE / CHILDREN'S SERVICES – SAFEKEEPING, SAFE CUSTODY, AMENITY FUNDS & STAFF BENEFIT ACCOUNTS**11.1 Residents Safekeeping**

People in residential homes are allowed a personal allowance payable to them each week. If the resident does not wish to spend all of this allowance in any given week, the balance is paid into the Residents Safekeeping account. The balance as at 31st March 2021 was £539,841 (£523,044 as at 31st March 2020) and this reflects the amount of personal allowances held by the Authority on behalf of its residents.

11.2 Safe Custody Accounts

The Communities Department maintains individual Safe Custody accounts for service users living in the community who are unable to deal with their financial affairs due to their mental incapacity. The Director of Communities is appointee with The Department of Work and Pensions for each of these service users. The balance as at 31st March 2021 was £1,267,328 (£1,188,324 as at 31st March 2020) and this reflects the amount of money held by the Authority on behalf of its service users.

11.3 Amenity Funds & Staff Benefit Accounts

Amenity funds represent funds held on behalf of establishments such as day centres, residential homes and children's centres/playgroups. Payments are for items purchased for the benefit of residents and clients of these establishments and the income is generated from donations and gifts etc from families of clients and bequests from the estates of deceased clients.

Staff Benefit Accounts represent funds held on behalf of staff working within particular establishments. Income is derived from donations received from families of clients and bequests from the estate of deceased clients. Payments are for items that benefit all staff working in a particular establishment.

The balance on these accounts at 31st March 2021 was £117,168 (£100,800 at 31st March 2020).

11.4 Managed Accounts – Direct payments

Direct Payments allow service users to receive cash payments from the local authority instead of care services. This can allow the service user more flexibility and control of their support package. Diverse Cymru are an organisation that were contracted to provide support services and advice to recipients of direct payments including managed banking, and payroll services for the Personal Assistants providing care.

From 2021/22, Diverse Cymru will no longer manage this service which will be brought in-house. Managed accounts will be managed by a team in the Communities Department, who will undertake the tasks that were formerly completed by Diverse Cymru.

As part of the setup of this new arrangement, Diverse Cymru paid £1,775,642 to Carmarthenshire County Council in respect of the money held on behalf of service users in readiness for the new arrangements to commence on 1st April 2021. There were no balances at 31st March 2020.

12 GLOSSARY OF TERMS

The following section attempts to explain the meaning of some of those technical terms that are used in the Statements. The section is split into General and those terms relating to the Pension Fund Accounts.

General

Accrual

An accrual is a sum shown in our accounts to cover income or expenditure for the accounting period that was not paid at the date of the balance sheet.

Assets Held for Sale

These are assets which are no longer being used to provide a service and are being actively marketed with the likelihood of sale being highly probable within 1 year.

Audit

An audit is an independent examination of our activities.

Balance

The surplus or deficit on any account at any point in time.

Balance Sheet

This is a statement of our assets, liabilities and other balances at the end of the financial year.

Bid Price

The price that a third party would pay the scheme in an arm's length transaction for the investment.

Billing Authority

A local authority responsible for collecting the council tax and non-domestic rates.

Budget

A budget is a spending plan, usually for the following financial year.

Capital Expenditure

Capital expenditure is spending on non-current assets such as Property, Plant and Equipment, Investment Properties and Heritage Assets. This would include the purchase or construction of new assets, together with subsequent expenditure on major maintenance or development work.

Capital Receipt

These are the sales proceeds from the disposal of land and buildings which are restricted in their use by statute. They can only be used to fund new capital expenditure or set aside to finance historic capital expenditure.

Council Fund

The main revenue fund of the local authority. Day to day spending on services is met from this fund.

Council Tax

The main source of local taxation to local authorities. Council tax is levied on households within its area by the Billing Authority and the proceeds are used to meet the Billing Authority's council tax requirement and to pay the precepting authorities.

Creditor

A creditor is someone to whom money is owed at the end of the financial year for work done, goods received or services rendered.

Current Assets

These are short-term assets that are available for the Authority to use in the following accounting year.

Current Liabilities

These are short-term liabilities that are due for payment by the Authority in the following accounting year.

Debtor

A debtor is someone who owes money to the Authority at the end of the financial year.

Depreciation

Depreciation is a method of allocating the cost of Property Plant and Equipment assets over their useful lives.

Direct Revenue Financing

Resources provided from an authority's revenue budget to finance the cost of capital projects.

Earmarked Reserves

These are reserves that have been set aside for a specific purpose.

Fees And Charges

Income raised by charging users of services for the facilities, e.g. charges for the use of leisure facilities, car parking, the collection of trade refuse etc.

Financial Year

This is the accounting period. For local authorities it starts on 1 April and finishes on 31st March in the following year.

Finance Leases

A means by which capital items are bought. (When the Authority uses finance leases it takes on most of the risks (and rewards) of owning the assets.)

Gross Expenditure

The total cost of providing the council's services before taking into account income, such as fees and charges for services etc.

Heritage Assets

Heritage Assets are defined as those that are held and maintained principally for their contribution to knowledge and culture.

Housing Benefit

An allowance to persons on low income (or none) to meet in whole or part their rent. Benefit is allowed or paid by local authorities but central government refunds part of the costs of the benefits and of the running costs of the service to local authorities. Benefit paid to the Authority's own tenants is known as 'rent rebate' and that paid to private sector tenants as 'rent allowance'.

Housing Revenue Account (HRA)

This account contains all our housing income and expenditure.

IFRS

International Financial Reporting Standard.

IFRIC

International Financial Reporting Interpretations Committee.

The above two are accounting standards which provide a guideline for financial accounting.

Investment Properties

These are properties that are being held solely to earn rentals or for capital appreciation or both, rather than for the provision of services

Liability

A liability is an amount due and payable at some time in the future.

Minimum Revenue Provision (MRP)

This is the amount the Authority has to set aside to repay loans.

National Non-Domestic Rates (NNDR)

The NNDR, or Business Rate, is the charge occupiers of business premises pay to finance part of local Authority spending. The NNDR is set by Government and is a percentage of the rateable values. The percentage is the same throughout Wales. The total collected is split among individual authorities in proportion to their adult populations.

Net Realisable Value

The selling price of the asset reduced by the relevant costs of selling it.

Operating Leases

A means by which capital items are bought.

These are leases where risks (and rewards) of ownership of the asset remain with the owner.

Pensions Assets/Liabilities (Notes to the Movement in Net Pension Liabilities)

The Current Service Costs - the value of the increase in liabilities for active members as a result of their service increasing by one year (i.e. from the start of the year to the end of the year), less any employee contributions.

Employer Contributions - The employer contributions are the amounts actually paid by the employer during the year. They include any amounts paid in respect of early retirement strains and any recharges in respect of compulsory added years benefits.

Past Service Costs - Past service costs arise when the employer makes a commitment to provide a higher level of benefit than previously promised, for example the creation of a pension benefit for a spouse where such a benefit did not previously exist or a grant of early retirement with added-on years of service.

Interest Costs - The interest cost is based on the discount rate and the present value of the scheme liabilities at the beginning of the period. Another way of viewing the "interest on liabilities" is the unwinding of 1 year's discounting in relation to the liabilities.

Interest on Pension Assets – This is the interest on assets held at the start of the period and cashflows occurring during the period, calculated using the discount rate at the start of the year.

Remeasurements (assets) – This is the return on plan assets net of administration expenses and interest income. It replaces actuarial gains and losses on assets. For the LGPS, any change as a result of reviewing an employer's allocation of assets as at an actuarial valuation will also be included within remeasurements.

Remeasurements (liabilities) – Remeasurements (liabilities) can be sub-divided into 'Changes in actuarial assumptions' and 'Experience (gains) losses on liabilities'. 'Changes in actuarial assumptions' is not shown as its own separate entry but instead the changes in demographic and financial assumptions are shown separately.

Gains or Losses on Settlements or Curtailment - Where under the scheme rules the employees have the option to retire early or transfer out of the scheme, the resulting settlements and curtailments are allowed for in the normal demographic assumptions made by the actuary and any gains and losses arising are actuarial gains and losses. Losses arising on a settlement or curtailment not allowed for in the actuarial assumptions are measured at the date on which the employer becomes demonstrably committed to the transaction and recognised in the profit and loss account covering that date. Gains arising on a settlement or curtailment not allowed for in the actuarial assumptions are measured at the date on which all parties whose consent is required are irrevocably committed to the transaction and recognised in the profit and loss account covering that date.

Pension Fund

The fund maintained to meet pension payments on the retirement of participants.

Precepting Authorities

Those authorities which are not billing authorities, i.e. do not collect the council tax and non-domestic rates. For Carmarthenshire County Council the precepting authorities are Dyfed Powys Police and the Town & Community Councils.

Precepts

This is the amount that the Authority levy/pay to a Non-Billing Authority (for example a Community Council) so that it can cover its expenses (after allowing for its income).

Property, Plant and Equipment

These are assets with a physical substance that are held for use in the production or supply of goods and services, for rental to others (as part of a service) or for administrative purposes. Any asset included in this category is expected to be used for more than one financial year.

Provision

Provisions are amounts set aside for liabilities or losses which are likely or certain to be incurred, but the amounts or the dates on which they will arise are uncertain.

Prudential Code

The Prudential Code is a professional code of practice to support local authorities in making capital investment decisions.

Public Works Loan Board (PWLB)

This is a Government agency that provides longer-term loans to local authorities. It charges interest rates only slightly higher than those at which the Government itself can borrow.

Reserve

Reserves are amounts set aside that do not fall within the definition of provisions and include general reserves (or 'balances') which every Authority must maintain as a matter of prudence.

Revenue Account

This is an account that 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.

Revenue Support Grant

The main grant paid by Welsh Government to support the local authority budget.

Securities

These are investments such as stocks, shares and bonds.

SeRCoP

Service Reporting Code of Practice - establishes proper practices with regard to consistent financial reporting for services – all local authorities in the United Kingdom are expected to adopt its mandatory requirements and detailed recommendations. It is also expected that CIPFA members will comply with all the discretionary requirements of SeRCoP as it defines best practice in terms of financial reporting.

Inventories

Inventories are raw materials purchased for day-to-day use. The value of those items not used at the end of the financial year is shown within current assets in the balance sheet.

Subjective Analysis

An analysis of income and expenditure according to type. Such expenditure headings include employee, premises and transport expenses. Income includes government grants and fees and charges.

Variance

The difference between actual expenditure and budget - expressed in cash or percentage terms.

Wales Audit Office (Audit Wales)

An independent body lead by the Auditor General for Wales who is responsible for the appointment of external auditors to local authorities.

Governance and Audit Committee 24th September 2021

Subject: Burry Port Harbour Financial Statement 2020-21

Purpose: To present the audited Accounting Statement for 2020-21

Recommendations / key decisions required:

To receive and approve the audited Accounting Statement for Burry Port Harbour Authority for 2020-21.

Reasons:

The Council is required to approve the 2020-21 post-audited accounts of the Harbour Authority, to comply with the Accounts and Audit (Wales) Regulations 2014.

The Governance and Audit Committee have delegated powers to approve the Accounts in line with the Local Government Measure.

Relevant scrutiny committee to be consulted NA

Cabinet Decision Required NA

Council Decision Required NA

CABINET MEMBER PORTFOLIO HOLDER:- Cllr D Jenkins

Directorate: Corporate Services

Name of Head of Service:
Randal Hemingway

Report Author: Randal Hemingway

Designations:

Head of Financial Services

Tel: 01267 224886

Email addresses:
RHemingway@carmarthenshire.gov.uk

EXECUTIVE SUMMARY
Governance and Audit Committee
24th September 2021

Burry Port Harbour Financial Statement 2020-21

1. BRIEF SUMMARY OF PURPOSE OF REPORT.

Carmarthenshire County Council has been given a range of statutory powers and duties for the purposes of improving, maintaining and managing the Burry Port harbour through the Burry Port Harbour Revision Order 2000.

In accordance with the Harbours Act 1964, statutory harbour authorities are required to prepare annual statement of accounts relating to the harbour activities. In compliance with the Accounts and Audit (Wales) Regulations 2014, these accounts are in the form of a separate annual income and expenditure account and statement of balances.

From 1st April 2018, the Authority granted a long-term lease to The Marine & Property Group Ltd, who took over the running and management of Burry Port Harbour and consequently the activity on the statement is much reduced.

The net cost of the harbour activities in 2020-21 was £803k, (2019-20 £76k), and all activities are fully funded by Carmarthenshire County Council. Fixed assets held at 31st March 2021 total £925k. The increase in costs year on year of £727k mainly consists of an increase in capital expenditure of £731k being expenditure undertaken on the harbour walls, a decrease of £16k in operating costs offset by a £12k decrease in income.

DETAILED REPORT ATTACHED?

YES

IMPLICATIONS

I confirm that other than those implications which have been agreed with the appropriate Directors / Heads of Service and are referred to in detail below, there are no other implications associated with this report:

Signed: R Hemingway

Head of Financial Services

Policy, Crime & Disorder and Equalities	Legal	Finance	ICT	Risk Management Issues	Staffing Implications	Physical Assets
NONE	YES	YES	NONE	NONE	NONE	NONE

Legal

Compliance with the Accounts and Audit (Wales) Regulations 2014

Finance

The net cost of the Harbour activities in 2020-21 was £803k, which has been fully funded by Carmarthenshire County Council. Fixed assets held at 31st March 2021 total £925k.

CONSULTATIONS

I confirm that the appropriate consultations have taken in place and the outcomes are as detailed below

Signed: R Hemingway

Head of Financial Services

1. Scrutiny Committee Not applicable

2. Local Member(s) Not applicable

3. Community / Town Council Not applicable

4. Relevant Partners Not applicable

5. Staff Side Representatives and other Organisations Not applicable

CABINET PORTFOLIO HOLDER(S)
AWARE/CONSULTED

NO

Section 100D Local Government Act, 1972 – Access to Information
List of Background Papers used in the preparation of this report:

THESE ARE DETAILED BELOW

Title of Document	File Ref No.	Locations that the papers are available for public inspection
Accounts and Audit (Wales) Regulations 2014		Corporate Services Department, County Hall, Carmarthen.

Minor Joint Committees in Wales Annual Return for the Year Ended 31 March 2021

LANGUAGE PREFERENCE

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

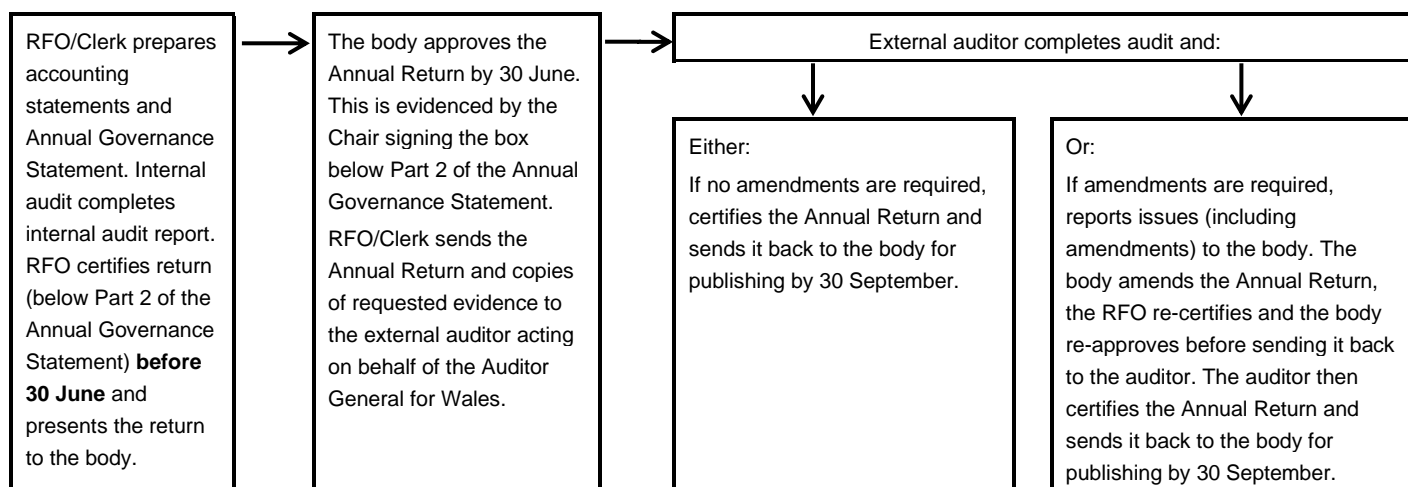
	Yes	No		Yes	No		Yes	No
ENGLISH	<input type="radio"/>	<input type="radio"/>	WELSH	<input type="radio"/>	<input type="radio"/>	BILINGUALLY	<input type="radio"/>	<input type="radio"/>

THE ACCOUNTS AND AUDIT PROCESS

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

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

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



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

APPROVING THE ANNUAL RETURN

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

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

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

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

Accounting statements 2020-21 for:

Name of body: Burry Port Harbour Authority

	Year ending		Notes and guidance for compilers
	31 March 2020 (£)	31 March 2021 (£)	Please round all figures to nearest £. Do not leave any boxes blank and report £0 or nil balances. All figures must agree to the underlying financial records for the relevant year.
Statement of income and expenditure/receipts and payments			
1. Balances brought forward	0	0	Total balances and reserves at the beginning of the year as recorded in the financial records. Must agree to line 7 of the previous year.
2. (+) Income from local taxation/levy	75,977	802,707	Total amount of income received/receivable in the year from local taxation (precept) or levy/contribution from principal bodies.
3. (+) Total other receipts	14,280	2,000	Total income or receipts recorded in the cashbook minus amounts included in line 2. Includes support, discretionary and revenue grants.
4. (-) Staff costs	616	616	Total expenditure or payments made to and on behalf of all employees. Include salaries and wages, PAYE and NI (employees and employers), pension contributions and related expenses eg. termination costs.
5. (-) Loan interest/capital repayments	68,644	799,448	Total expenditure or payments of capital and interest made during the year on external borrowing (if any).
6. (-) Total other payments	20,997	4,643	Total expenditure or payments as recorded in the cashbook minus staff costs (line 4) and loan interest/capital repayments (line 5).
7. (=) Balances carried forward	0	0	Total balances and reserves at the end of the year. Must equal (1+2+3) – (4+5+6).
Statement of balances			
8. (+) Debtors	114,593	88,696	Income and expenditure accounts only: Enter the value of debts owed to the body.
9. (+) Total cash and investments	(112,833)	(87,836)	All accounts: The sum of all current and deposit bank accounts, cash holdings and investments held at 31 March. This must agree with the reconciled cashbook balance as per the bank reconciliation.
10. (-) Creditors	1,760	860	Income and expenditure accounts only: Enter the value of monies owed by the body (except borrowing) at the year-end.
11. (=) Balances carried forward	0	0	Total balances should equal line 7 above: Enter the total of (8+9-10).
12. Total fixed assets and long-term assets	950,300	925,450	The asset and investment register value of all fixed assets and any other long-term assets held as at 31 March.
13. Total borrowing	0	0	The outstanding capital balance as at 31 March of all loans from third parties (including PWLB).

Annual Governance Statement (Part 1)

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

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

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

Additional disclosure notes*

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

1.

2.

3.

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

Committee approval and certification

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

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

Auditor General for Wales' Audit Certificate and report

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

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

--

Auditor General's report

Audit opinion

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

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

Other matters arising and recommendations

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

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

* Delete as appropriate.

Annual internal audit report to:

Name of body: Burry Port Harbour Authority

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

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

	Agreed?				Outline of work undertaken as part of the internal audit (NB not required if detailed internal audit report presented to body)
	Yes	No*	N/A	Not covered**	
1. Appropriate books of account have been properly kept throughout the year.	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	BPH Authority was a service within Carmarthenshire CC, however from 1/4/2018 Burry Port Harbour was leased to Burry Port Marina LTD and The Marine & Property Group Limited.
2. Financial regulations have been met, payments were supported by invoices, expenditure was approved and VAT was appropriately accounted for.	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Testing of individual transactions concluded that all payments tested were accounted for in the correct period and were supported by documentation. Some issues were identified and will be reported to the Service Manager.
3. The body assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	As a service within Carmarthenshire CC, BPH Authority prepared and monitored business plans and included identified risks within the Authority's risk register. As from 1/4/2018 the Harbour has been leased to Burry Port Marina LTD.
4. The annual precept/levy/resource demand requirement resulted from an adequate budgetary process, progress against the budget was regularly monitored, and reserves were appropriate.	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	There is a budget monitoring process within Carmarthenshire CC in relation to the BPH LA Accounts. A review of this process and of the individual returns submitted for BPH Authority has identified that overall it is operating satisfactorily.
5. Expected income was fully received, based on correct prices, properly recorded and promptly banked, and VAT was appropriately accounted for.	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	The authority has not received a copy of the Burry port Marina LTD accounts for 20/21 and therefore an estimate of £2k has been entered in the statement.
6. Petty cash payments were properly supported by receipts,	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	There is no petty cash advance in relation to Burry Port Harbour.

	Agreed?				Outline of work undertaken as part of the internal audit (NB not required if detailed internal audit report presented to body)
	Yes	No*	N/A	Not covered**	
expenditure was approved and VAT appropriately accounted for.					
7. Salaries to employees and allowances to members were paid in accordance with minuted approvals, and PAYE and NI requirements were properly applied.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Burry Port harbour has been leased to Burry Port Marina Ltd, therefore there are no employees employed at the Harbour by Carmarthenshire County Council. However CCC are currently paying 2 members of staff until TUPE agreements are resolved and quarterly debtors invoices are raised to recover the costs. This was completed in September 2020.
8. Asset and investment registers were complete, accurate, and properly maintained.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Burry Port harbour has been leased to Burry Port Marina Ltd. There is no specific investment programme for BPH Authority. The Harbour is included on the Authority's Asset Manager system.

	Agreed?				Outline of work undertaken as part of the internal audit (NB not required if detailed internal audit report presented to body)
	Yes	No*	N/A	Not covered**	
9. Periodic and year-end bank account reconciliations were properly carried out.	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	BPH Authority was a service within CCC. A review of the bank reconciliations for CCC was undertaken and procedures were found to be satisfactory. The Harbour has now been leased to Burry Port Marina LTD
10. Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments/income and expenditure), agreed with the cashbook, were supported by an adequate audit trail from underlying records, and where appropriate, debtors and creditors were properly recorded.	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Accounting Statements are prepared in line with the 2014 Code of Practice of Local Authority Accounting.

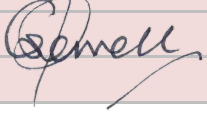
For any risk areas identified by the Council/Board/Committee (list any other risk areas below or on separate sheets if needed) adequate controls existed:					
	Agreed?				Outline of work undertaken as part of the internal audit (NB not required if detailed internal audit report presented to body)
	Yes	No*	N/A	Not covered**	
11. Insert risk area	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	Insert text
12. Insert risk area	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	Insert text
13. Insert risk area	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	Insert text

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

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

Internal audit confirmation

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

Name of person who carried out the internal audit: Caroline Powell ACCA
Signature of person who carried out the internal audit: 
Date: 14 th July 2021

Guidance notes on completing the Annual Return

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

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

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

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info@audit.wales / post@archwilio.cymru
www.audit.wales / www.archwilio.cymru

Mr Chris Moore
Director of Corporate Services
Carmarthenshire County Council County Hall
Carmarthen
SA31 1JP

Reference: BPH-20/21

Date issued: 15/09/2021

Dear Chris,

Burry Port Harbour Authority 2020-21 Annual Return

In accordance with the requirements of Section 42 of the Harbours Act 1964 I am giving my report on the annual statement of accounts relating to harbour activities that you have prepared in relation to Burry Port Harbour Authority for the year ending 31 March 2021.

I have undertaken our work in accordance with the specified procedures issued by the Auditor General for Wales. In summary these procedures require us to consider whether the annual statement of accounts relating to harbour activities:

- has been prepared on a reasonable basis (for example, the figures agree to the underlying records upon which they have been prepared and are consistent with transactions recorded in the statutory accounts of the local authority for the same reporting period); and
- casts correctly.

Under Section 42(5) of the Harbours Act 1964 you are required to submit this report along with the copy of the annual statement of accounts relating to harbour activities on which it has been given to the Secretary of State for Transport.

Audit report on the annual statement of accounts relating to the harbour activities of Burry Port Harbour for the year ending 31 March 2021:

Subject to the approval of the 2020-21 statement of accounts which is due to take place at the Carmarthenshire County Council meeting on 24th September 2021 we will be able to confirm the following:

“We have completed our responsibilities in respect of the annual statement of accounts relating to harbour activities for Burry Port Harbour Authority for the year ending 31 March 2021 under the requirements of Harbours Act 1964 and the Public Audit (Wales) Act 2004.

Based on our review and in our opinion, no matters have come to our attention giving cause for concern that in any material respect, the information reported in the Annual Return:

- Has not been prepared in accordance with proper practices;
- That relevant legislation and regulatory requirements have not been met;
- Is not consistent with the Harbour Authority’s governance arrangements; and
- That the Harbour Authority does not have proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources.

Other matters

We have no other matters we need to bring to your attention.

Yours sincerely

Richard Harries

for and on behalf of Adrian Crompton, Auditor General for Wales

Governance & Audit Committee 24 September 2021

Audit Wales: Review of Planning Services – Carmarthenshire County Council		
Recommendations / key decisions required:		
<ol style="list-style-type: none"> 1. To note the findings of the Audit Wales report. 2. To note the Carmarthenshire County Council response and action plan provided to Audit Wales on July 30th 2021 		
Reasons:		
Audit Wales undertook the review of Carmarthenshire County Council’s planning services following their Assurance and Risk work had identified the service as a potential risk.		
Relevant scrutiny committee to be consulted: N/A		
Cabinet Decision Required: N/A		
Council Decision Required: N/A		
CABINET MEMBER PORTFOLIO HOLDER: Cllr. Mair Stephens, Deputy Leader & Cllr Philip Hughes (Cabinet Member with responsibility for Planning Enforcement)		
Directorate: Environment Name of Head of Service: Noelwyn Daniel Report Authors: Noelwyn Daniel	Designations: Interim Head of Planning	Tel No.: 01267 226270 E Mail Address: NDaniel@sirgar.gov.uk

Governance & Audit Committee 24 September 2021

Audit Wales: Review of Planning Services – Carmarthenshire County Council

The Audit Wales review sought to answer the question: Is the planning service meeting its own objectives, and supporting the Council in the delivery of its overall objectives?

Overall, Audit Wales found that: Significant and long-standing performance issues in the planning service need to be urgently addressed to help support delivery of the Council's ambitions. They came to this conclusion because:

- the Council's current arrangements for determining major planning applications need strengthening to help it achieve its regeneration ambitions;
- long-standing, significant performance issues in development management and planning enforcement are undermining effective service delivery; and
- the Council needs to urgently review its performance and service improvement arrangements for its planning service to better serve its customers.

The report includes 17 key recommendations for the Council to address, these are included in the Audit Wales report and action plan.

The Council has already considered the findings and recommendations and prepared a detailed response and action plan which looks to address the issues identified. Noelwyn Daniel has been appointed as Interim Head of Planning and leads the Intervention Board, an Intervention Assurance Board is chaired by the Chief Executive which monitors and challenges progress with implementing the action plan.

DETAILED REPORT ATTACHED?

YES

1. Audit Wales Report
2. Carmarthenshire response and action plan

IMPLICATIONS

I confirm that other than those implications which have been agreed with the appropriate Directors / Heads of Service and are referred to in detail below, there are no other implications associated with this report:

Signed: Noelwyn Daniel, Interim Head of Planning

Policy, Crime & Disorder and Equalities	Legal	Finance	ICT	Risk Management Issues	Staffing Implications	Physical Assets
NO	YES	YES	YES	YES	YES	NO

Legal

Amendment to the Scheme of Delegation and the Planning Protocol are being proposed that will assist with improving performance of the Planning Division. These will be discussed at CRWG on September 19th 2021.

Finance

There are financial implications with actions taken to address the recommendations of the Audit Wales report. These are being managed within current budget and at the last budget monitoring the Division was projecting an underspend of £102k. There were financial implications identified relating to the undetermined planning application that were outside of the allocated 8-week time.

ICT

Work is being undertaken to identify improvements that can be made to the Planning Services main ICT back-office system, Arcus Global. This work will be prioritised and taken forward by staff within the ICT & Corporate Policy Division.

Risk Management

Risk has been identified from not addressing the Recommendations within the Audit Wales report and the Corporate Risk Register has been updated to articulate these Risks. Financial risk was also identified if the situation regarding the undetermined applications was not addressed urgently.

Staffing

There have been staffing implications relating to the implementation of the actions to address the Audit Wales recommendation. Staff have been appointed into funded vacant posts but recruiting staff is a challenge across the whole planning sector. Staff well-being is vitally important to the authority and everything is being done to support staff as we address these recommendations.

CONSULTATIONS

I confirm that the appropriate consultations have taken in place and the outcomes are as detailed below

Signed: Noelwyn Daniel, Interim Head of Planning

1. Scrutiny Committee: Not Applicable

2. Local Member(s): Not Applicable

3. Community / Town Council: Not Applicable

4. Relevant Partners: Not Applicable

5. Staff Side Representatives and other Organisations: Not Applicable

**Section 100D Local Government Act, 1972 – Access to Information
List of Background Papers used in the preparation of this report:**

There are none

Review of Planning Services – Carmarthenshire County Council

Audit year: 2019-20

Date issued: July 2021

Document reference: 2475A2021-22

This document has been prepared for the internal use of Carmarthenshire County Council as part of work performed in accordance with Section 17 of the Public Audit (Wales) Act 2004, section 18 of the Local Government Wales Measure 2009 and Section 15 of the Well-being of Future Generations Act (Wales) 2015.

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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.

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

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Summary report

Summary

What we reviewed and why

- 1 Following our Assurance and Risk work in 2018-19, the performance of the planning service in Carmarthenshire County Council (the Council) was identified as a potential risk. We subsequently planned to undertake a review of the planning service as part of our 2019-2020 audit. At the request of the Council we deferred our review whilst it commissioned its own external review, entitled 'Strategic Review of the Planning Service'. This external review concluded in December 2019 and the report highlighted a number of issues and made a number of recommendations.
- 2 By agreement with the Council, our subsequent review sought to provide both assurance and insight as to whether the planning service is meeting its own objectives and supporting the Council in achieving its overall objectives. Our work reviewed if the Council has in place proper arrangements to plan and deliver its planning services sustainably.
- 3 We undertook the review during the period December 2020 to April 2021.

What we found

- 4 Our review sought to answer the question: **Is the planning service meeting its own objectives, and supporting the Council in the delivery of its overall objectives?**
- 5 Overall, we found that: **Significant and long-standing performance issues in the planning service need to be urgently addressed to help support delivery of the Council's ambitions.** We came to this conclusion because:
 - the Council's current arrangements for determining major planning applications need strengthening to help it achieve its regeneration ambitions;
 - long-standing, significant performance issues in development management and planning enforcement are undermining effective service delivery; and
 - the Council needs to urgently review its performance and service improvement arrangements for its planning service to better serve its customers.

Recommendations

In addressing the significant and long-standing performance issues in its planning service, we strongly advise that the Council prioritises these recommendations. We will follow up the Council's progress in improving its planning service during the next 12 months.

Exhibit 1: recommendations

The table below sets out the recommendations that we have identified following this review.

Recommendations	
Strategic impact	
The Council should:	
R1	align its planning service to its corporate ambitions to ensure: <ul style="list-style-type: none">• it can respond effectively to deal with its regeneration ambitions and can deliver them at pace; and• that the planning service is effectively contributing to and collaborating with other services to deliver on the corporate agenda.
R2	review the role and outcomes it expects from its planning service as part of its strategic groups, to ensure the service is effectively integrated and delivering the required outcomes.
Service delivery – development management	
The Council should:	
R3	develop a plan and timeline to deal with its planning application backlog, in particular the historic backlog.
R4	review its planning data collection arrangements to ensure they are being done correctly and reported accurately.
R5	address the financial risks associated with the continued overspend in its planning service and the potential fee reimbursement associated with non-determination of applications.
Service delivery – planning enforcement	
The Council should:	
R6	develop a plan and timeline to deal with its planning enforcement backlog, in particular the historic backlog.
R7	review the resources and capacity within its planning enforcement service to address the accruing caseload.
R8	ensure that other related Council services are able to accommodate any increases in planning enforcement action.

Recommendations

- R9 ensure that any changes to its enforcement policy are assessed for impact and consulted on, to ensure all consequences are considered.
-

Risk management

The Council should:

- R10 review its corporate risk register to ensure that the planning risks, related to development management and planning enforcement are comprehensively defined and have clear mitigating actions.
- R11 assure itself that its corporate arrangements for risk management are effective¹.
-

Responding to review findings

- R12 The Council should ensure that in responding to findings of all reviews into the effectiveness of its planning service that it:
- prioritises the actions;
 - regularly evaluates the impact of the changes that it is making; and
 - regularly reports progress to senior officers and Members to ensure transparent and timely oversight and monitoring, and that any corrective action is taken.
-

Performance management

The Council should:

- R13 ensure that the data available under the new planning performance management system (Arcus) is designed, maximised, and presented for analysis at relevant meetings.
- R14 ensure that it presents a consolidated range of planning performance information to senior officers and Members to provide them with a fuller picture of service performance. This should include:
- performance data;
 - financial data;
 - complaints information; and
 - risk management information.

¹ The Auditor General for Wales has previously reviewed the Council's arrangements for risk management. The report, **Review of Risk Management Arrangements - Carmarthenshire County Council**, was published in July 2019 and contained six proposals for improvement. The report can be viewed on the Audit Wales website [here](#).

Recommendations

R15 better benchmark, collaborate and share learning with other Local Planning Authorities to maximise opportunities to identify and implement good practice.

Service user perspective

R16 The Council should better consider and apply the perspective of its service users in designing and delivering its planning services to continuously improve the service in a sustainable way. This should include:

- understanding the current position regarding trends in complaints and customer feedback, and taking action to address any issues;
 - setting out clear standards that service users can expect;
 - improving engagement and ongoing communication with customers; and
 - establishing an improved mechanism for gathering, evaluating, and applying customer feedback.
-

Well-Being of Future Generations

R17 The Council should take the opportunity in any changes to the planning service to consider how it might act more closely in accordance with the sustainable development principle² in contributing to the delivery of the Council's well-being objectives.

² The sustainable development principle is set out in the **Well-Being of Future Generations (Wales) Act 2015**

Detailed report

Significant and long-standing performance issues in the planning service need to be urgently addressed to help support delivery of the Council's ambitions

The Council's current arrangements for determining major planning applications need strengthening to help it achieve its regeneration ambitions

- 6 The Council has previously undertaken reviews of its planning service due to its own concerns about the service's performance and its ability to effectively support the delivery of the Council's corporate ambitions. Over recent years, the Council's Transformation, Innovation and Change Team (TIC) has worked with the service to look at process changes within the service to try to drive improvements in service delivery. However, the Council's ongoing concerns about the effectiveness of its planning service led it to commission its own external review. This commissioned review concluded in December 2019, and the resulting report included 50 recommendations. The planning service has subsequently developed an action plan to address these recommendations.
- 7 The Council's Corporate Strategy highlights the importance of regeneration. The Council has stated the importance of prioritising regeneration schemes that relate to job creation and economic growth post-Covid. It has not established whether its planning service is able to effectively support it to deliver on its regeneration priority.
- 8 The Council is failing to determine many major applications within the prescribed timelines. From April 2018 - March 2019 it determined only 39.1% of major applications within the Welsh Government's prescribed timelines, putting it 19th out of 25 planning authorities in Wales, and in the 'improve' category set by Welsh Government³. For the six years, from April 2013 to March 2019, the Council's average performance for determining major planning applications within the Welsh Government's prescribed timelines was 20.9% putting it 24th out of 25 planning authorities in Wales⁴. This poor performance is potentially affecting the Council's ability to deliver its regeneration ambitions at pace.
- 9 A contributing factor to the Council's poor performance on major applications is its significant backlog of planning applications waiting to be determined. With the

³ Welsh Government, **All Wales Planning Annual Performance Report 2018-19**, December 2019, page 24

⁴ Welsh Government, **All Wales Planning Annual Performance Report 2018-19**, December 2019, page 25

planning service constrained dealing with its backlog, it may not have enough capacity to also contribute effectively to the Council's wider corporate agenda.

- 10 The planning service is involved in some of the Council's key strategic groups including the: Regeneration Delivery Team, Business Economy and Communities Recovery Group and Capital Programme groups. The Council should review the planning service's input and role on these groups to assure itself that the service is contributing effectively to its corporate ambitions.

Long-standing, significant performance issues in development management and planning enforcement are undermining effective service delivery

Development Management

- 11 The Council has a significant backlog in planning applications waiting to be determined. As at the 15 March 2021 it had 847 applications waiting to be determined. Whilst backlogs are not unusual, the Council's backlog includes some which date back over five years. At the time of our review it did not have a clear plan of action to deal with these historic cases.
- 12 Whilst it appears that the Council has sufficient resources within its Development Management function to determine the number of applications that it is receiving, it does not have the capacity to deal effectively or sustainably with both these and the backlog cases. The backlog in applications is hindering the service's ability to be a high performing, customer focused service.
- 13 We are also concerned that the Council may not be collecting its planning performance data correctly in line with national guidance⁵. This could have significant consequences as the Council may be misreporting its performance data related to the time taken to determine planning applications, and performance may potentially be worse than currently recorded and reported. The Council needs to review this urgently to assure itself that the data it is collecting and using is accurate.
- 14 The planning service has a track record of overspending and has overspent every year from 2015-2020. The total overspend in this 5-year period was over £1.8 million. The largest overspend was in 2019-20 when the planning service overspent by £512,000.
- 15 There is also a potential financial risk associated with non-determination of applications, which the Council needs to consider and plan for.

⁵ Welsh Local Government Association - Data Cymru, **Public Accountability Measures (PAMs) 2019-20, Guidance for local authorities**

Planning Enforcement

- 16 The Council also has a backlog of planning enforcement cases. As at 15 March 2021 there were 761 planning enforcement cases waiting to be dealt with.
- 17 For the period April 2019 – March 2020 the Council received 341 enforcement cases and dealt with 192 (149 were not dealt with). At the current levels of resource and performance, the planning enforcement service's backlog will continue to grow, as the service is receiving more enforcement complaints than it is able to deal with. The service in its current form is not sustainable.
- 18 The Council does not have a clear strategy to sustainably deal with the backlog in the planning enforcement complaints. However, if the Council does increase enforcement action in the future this could lead to a knock-on effect in increasing retrospective planning applications, worsening its planning applications and backlog pressures. The Council will need to plan for the impact of increasing its enforcement action on the development management service and other related services.
- 19 An ineffective planning enforcement service presents a risk to the Council as it potentially:
- negatively impacts compliance with planning policy;
 - undermines customer service and their confidence in the planning service; and
 - hinders the Council in meeting its well-being objectives, such as biodiversity.
- 20 The Council is in the early stages of considering changes to its enforcement policy, to raise the thresholds for intervention. It has not yet assessed or consulted on the breadth of impact and the potential consequences of such a policy change on other Council policies and strategies, or the public.

The Council needs to urgently review its performance and service improvement arrangements for its planning service to better serve its customers

Internal Review and Monitoring

- 21 The planning service developed an action plan to address the 50 recommendations made by the Council's commissioned external review of its planning service, but it has not:
- prioritised the actions;
 - regularly evaluated the impact of the changes that it is making; or
 - regularly reported progress to senior officers and Members to ensure transparent and timely oversight and monitoring, and that any corrective action is taken.
- 22 Where the planning service is taking action on the recommendations, there is not always a clear plan for, or effective monitoring of the action, including for the

planning applications that the service recently passed on to a private sector company it had commissioned to help it address its backlog.

- 23 The planning service has taken five years to introduce its new performance management system, Arcus, which went live in 2020. Until Arcus was in place, it was more difficult for the service to produce the essential data that the Council needed to effectively analyse and monitor its planning performance. Under the new Arcus system, performance dashboards have now been created, but these are not yet fully developed.
- 24 The Council's Corporate Management Team, Executive Board and overview and scrutiny committees review some planning performance data via quarterly performance reports. The planning service also produces an Annual Planning Report, and Welsh Government produces All Wales Planning Reports. However, there has been limited challenge by the Council of the performance data for development management and planning enforcement. At the time of our review, work had not been undertaken internally to drill down and analyse the data and its context.
- 25 The visibility of a full, contextual picture of the Council's planning service performance to senior officers and Members is limited. To enable officers and Members to effectively challenge the complexities and successes of the service, the Council needs to make its data available and explicit.
- 26 In reporting on planning service performance, currently the Council does not report together on a full range of performance information, including:
- performance data;
 - financial data;
 - complaints information; and
 - risk management information.

This limits the Council's ability to assure itself of the economy, efficiency, effectiveness, and sustainability of the planning service.

- 27 Up until September 2020 the Council's Corporate Risk Register included a risk related to maintaining and developing effective planning policies (including delivering effective enforcement). At its September 2020 meeting, the Audit Committee noted the removal from the Corporate Risk Register of the part of this risk that related to delivering effective enforcement. Given the ongoing significant service delivery issues within planning enforcement it is unclear what the rationale was for the removal of this item from the risk register.
- 28 A new corporate risk around meeting statutory planning delivery targets was reported to the Council's Audit Committee in March 2021. The risk is rated high, but within the papers to the Audit Committee, the risk is not clearly defined and it lacks clear control measures. Whilst including planning performance as a corporate risk is to be welcomed, the information provided to the Audit Committee in relation to this risk is inadequate.
- 29 Whilst the Council does attend regional and national groups eg The Planning Officers' Society for Wales, it does not undertake thorough benchmarking with

other councils in relation to performance or good practice in planning services. There may be opportunities for the Council to collaborate more and learn from good practice in other Local Planning Authorities to help it drive improvement sustainably.

Service User Perspective

- 30 The planning service is an income generating service, paid for through customer fees for determining planning applications. The current planning application caseload is limiting the time available to officers to communicate and update customers on progress with their applications.
- 31 We were told that some customer dissatisfaction or concerns around development management and enforcement are directed to the local Elected Members, Executive Board Members, or the chief officers of the Council. Often this happens when a customer has tried but failed to contact the planning service directly or failed to get a satisfactory response. We were told that the Elected Members and/or chief officers then contact the planning service to escalate the issue, this is causing increased work for planning officers, and all involved.
- 32 In terms of planning officer caseload, the Council will need to consider how it balances the demands of prioritising major schemes and regeneration work, alongside determining all other types of planning applications.



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

Audit Wales Recommendations and Key Actions

The table below now contains all seventeen recommendations from the Audit Wales report that was provided in draft to Carmarthenshire County Council on June 14th – the final version was received on July 13th 2021.

Work has commenced on ensuring actions are put in place and being delivered to address all recommendations as articulated by Audit Wales.

Strategic impact					
R1 - Align its planning service to its corporate ambitions to ensure:					
R1.1 - It can respond effectively to deal with its regeneration ambitions and can deliver them at pace;					
R1.2 - That the planning service is effectively contributing to and collaborating with other services to deliver on the corporate agenda.					
R2 - Review the role and outcomes it expects from its planning service as part of its strategic groups, to ensure the service is effectively integrated and delivering the required outcomes.					
Ref No	Action	Start Date	Target Date for Completion	Status	Responsible Officer
R1.1 & R1.2	<ul style="list-style-type: none"> Establishment of a dedicated team of Development Management staff to focus on 'Major Projects' that support the county's economic recovery plan outputs and aspirations. 	07/06/21	02/08/2021	On-Going	Jason Jones
	<ul style="list-style-type: none"> Establish a Corporate Major Projects Group comprising council officers representing the range of services involved in development proposals, e.g. Planning, Regeneration, Highways & Legal (but not limited to). Priority focus to be afforded to projects that deliver jobs and growth in support of the Council's economic recovery plan. This will be led by the Head of Regeneration. 	24/05/21	05/07/21	Complete	Jason Jones
	<ul style="list-style-type: none"> Protocol to be developed covering applications for major development projects (schemes above 	12/07/21	27/08/21	On-Going	Jason Jones

	<p>10 residential units or 1,000 m² of commercial development) – setting out how we will engage with applicants / developers, with clarity and commitment on the process(es) we will adopt to provide a quality and efficient planning process. Protocol will include, and clearly articulate, the programme activities, timescales and responsibilities that will support CCC’s protocol and commitment to determine major applications.</p> <ul style="list-style-type: none"> • Consideration to be given to whether a Planning Performance Agreement (PPA) should be entered into with applicants for major development projects. PPA would set out set out the scope and timetable for pre-application engagement and subsequent submission and determination of the planning application. Possible useful project management tool that would be bespoke to each development, requiring commitment from both parties – applicant and LPA. 	28/07	17/09/21	On-Going	Jason Jones
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Progress Report June 24th 2021

- Expressions of Interest were sent out on June 7th with a closing date of June 21st. First officer will commence on July 1st whilst a further two officers will commence on August 2nd 2021.
- Gary Glenister commenced on July 1st
- Officers have been identified that will attend this Corporate Major Projects Group. First meeting will be on w/c July 5th

Progress Report July 25th 2021

- Gary Glenister and Stuart Walters have met as the Major Projects Group, to review the list of major planning applications. Projects have been prioritised based upon greatest economic impact (Number of jobs created), quick win applications with only minor issues left to resolve.
- Meetings have been convened with internal consultees such as highways, ecology and legal to explore solutions as to how we can collectively work together to process the applications efficiently. Dialogue is also ongoing with external consultees, agents and applicants to move applications forward to determination.
- Prospero a private sector planning agency are assisting and of the 133 applications are currently processing 23 of the major project application.
- The current position on the major applications is as follows:
 - 133 total number of applications
 - 22 approved to date
 - 3 refusals
 - 3 Withdrawals
 - 105 yet to be determined
- Protocol for major developments commenced and envisage completion of draft proposal August 21.

R2	<ul style="list-style-type: none"> • Review the relevant strategic groups that already exist to ensure Planning Services are fully integrated within their Terms of Reference. 	01/07/21	30/09/21	On-Going	Ian R Llewelyn
	<ul style="list-style-type: none"> • Ensure outcomes expected from the Planning Service in delivering the outcomes of these Strategic Groups is clearly documented and agreed. 	06/09/21	30/09/21	Not Started	Ian R Llewelyn

Service delivery – development management

R3 - Develop a plan and timeline to deal with its planning application backlog, in particular the historic backlog.

R4 - Review its planning data collection arrangements to ensure they are being done correctly and reported accurately.

R5 - Address the financial risks associated with the continued overspend in its planning service and the potential fee reimbursement associated with non-determination of applications.

Ref No	Action	Start Date	Target Date for Completion	Status	Responsible Officer
R3	• Co-Locate key staff involved in determination of planning applications that are within Planning Services within the same office accommodation.	07/06/21	21/06/21	Completed	Noelwyn Daniel
	• Establish process for data cleansing of planning applications.	14/06/21	02/08/21	On-Going	Jon Owen
	• Establish active backlog per team/per officer	24/05/21	10/06/21	Complete	Jon Owen
	• Introduce robust performance and case management processes.	21/06/21	03/09/21	On-Going	Noelwyn Daniel
	• Review capacity to address backlog & develop specialist roles.	18/05/21	03/09/21	On-Going	Noelwyn Daniel
	• Review current workload provided to consultants Prospero to assist with planning application backlog and ensure continuous monitoring of workload.	09/06/21	31/10/21	On-Going	Hugh Towns

	<ul style="list-style-type: none"> Review short term opportunities to streamline the processing and recording of Development management process. 	07/06/21	03/09/21	On-Going	Hugh Towns
	<ul style="list-style-type: none"> Establish a Planning Hwb to act as a single point of contact for Development Management and Enforcement. 	06/06/21	21/06/21	Complete	Noelwyn Daniel
	<ul style="list-style-type: none"> Review Scheme of Delegation and Planning Protocol and seek approval at CRWG/Full Council. 	27/05/21	19/09/21	On-Going	Noelwyn Daniel
	<ul style="list-style-type: none"> Review officer attendance at Planning Committee. 	04/06/21	11/06/21	Completed	Noelwyn Daniel
	<ul style="list-style-type: none"> Review support provided to Chair of Planning Committee during the meetings 	22/06/21	13/07/21	Completed	Noelwyn Daniel
	<ul style="list-style-type: none"> Identify ALL internal consultees that play a part within the determination of a Planning Application. All consultees to be contacted and meeting arranged to discuss priorities. 	08/06/21	18/06/21	Completed	Noelwyn Daniel
	<ul style="list-style-type: none"> Establish an agreed procedure for use of Extension of Time Letter and ensure Arcus is utilised for this purpose. 	28/06/21	01/07/21	Completed	Hugh Towns
R4	<ul style="list-style-type: none"> Review validation of planning applications and ensure its in line with Procedure Order to ensure accurate capturing of data. 	01/07/21	03/09/21	On-Going	Hugh Towns
	<ul style="list-style-type: none"> Conduct a thorough review of all Data collection arrangements with regards to Planning Applications and ensure accuracy and reporting via Arcus Global 	01/07/21	30/09/21	On-Going	Hugh Towns

R5	<ul style="list-style-type: none"> Conduct a thorough review into all spends within the Planning Service and review all current income streams. 	12/07/21	30/09/21	On-Going	Noelwyn Daniel
	<ul style="list-style-type: none"> Prepare and agree an options paper for mitigating the potential fee reimbursement with non determination of applications. 	03/09/21	30/09/21	On-Going	Noelwyn Daniel

Service delivery – Planning Enforcement

R6 - Develop a plan and timeline to deal with its planning enforcement backlog, in particular the historic backlog.

R7 - Review the resources and capacity within its planning enforcement service to address the accruing caseload.

R8 - Ensure that other related Council services are able to accommodate any increases in planning enforcement action.

R9 - Ensure that any changes to its enforcement policy are assessed for impact and consulted on, to ensure all consequences are considered.

Ref No	Action	Start Date	Target Date for Completion	Status	Responsible Officer
R6	<ul style="list-style-type: none"> Identify numbers of applications in each priority and agree time-line and resources for reviewing/closing/progressing cases. 	14/06/21	03/09/21	On-Going	Sue Watts
	<ul style="list-style-type: none"> Proformas/templates to be developed to support above. 	14/06/21	18/06/21	Completed	Sue Watts
	<ul style="list-style-type: none"> Agree case sign off/closure processes with EBM 	14/06/21	01/07/21	Completed	Sue Watts
	<ul style="list-style-type: none"> Review backlog/caseload of individual officers and re-allocate where appropriate 	14/06/21	03/09/21	On-Going	Sue Watts

	<ul style="list-style-type: none"> Review Planning input into backlog progress discussion 	14/06/21	03/09/21	On-Going	Sue Watts
	<ul style="list-style-type: none"> BSU to coordinte the functions of licensing and housing. 	14/06/21	18/06/21	Complete	Sue Watts
	<ul style="list-style-type: none"> Review Progress against above actions and determine a realistic timeline to clear historic backlog 	06/09/21	01/10/21	Not Started	Sue Watts
R7	<ul style="list-style-type: none"> Deploy an experienced officer to support the Intervention Board to lead improvement in Planning Enforcement. 	18/05/21	07/06/21	Completed	Noelwyn Daniel
	<ul style="list-style-type: none"> Review and Increase capacity within the Planning Enforcement team to address accruing caseload and backlog. 	07/06/21	29/10/21	On-Going	Sue Watts
R8	<ul style="list-style-type: none"> Process map the full Impact Assessment on Council Services due to Planning Enforcement action and identify areas for streamlining and greater collaboration. 	06/09/21	30/10/21	Not Started	Sue Watts
R9	<ul style="list-style-type: none"> Revise Enforcement Policy and seek approval at Executive Board ensuring completion of Integrated Impact Assessment. 	06/09/21	26/11/21	Not Started	Sue Watts
	<ul style="list-style-type: none"> Develop a Planning Enforcement Charter and seek approval at Executive Board ensuring completion of Integrated Impact Assessment. 	06/09/21	26/11/21	Not Started	Sue Watts

Risk management

R10 - Review its corporate risk register to ensure that the planning risks, related to development management and planning enforcement are comprehensively defined and have clear mitigating actions.

R11 - Assure itself that its corporate arrangements for risk management are effective¹.

Ref No	Action	Start Date	Target Date for Completion	Status	Responsible Officer
R10	<ul style="list-style-type: none">Ensure the Corporate Risk Register accurately reflects the significant risks presented by Development Management and Planning Enforcement to the delivery of the Authorities Priorities and the associated financial risk.	02/08/21	24/09/21	Not Started	Noelwyn Daniel
R11	We will review the corporate arrangements for risk management to ensure they are effective and assess progress made on the recommendations made by the Audit Wales report 'Review of Risk Management Arrangement' in July 2019.	06/09/21	29/10/21	Not Started	TBC

Responding to review findings

R12 - The Council should ensure that in responding to findings of all reviews into the effectiveness of its planning service that it:

R12.1 - Prioritises the actions;

R12.2 - Regularly evaluates the impact of the changes that it is making; and

R12.3 - Regularly reports progress to senior officers and Members to ensure transparent and timely oversight and monitoring, and that any corrective action is taken.

Ref No	Action	Start Date	Target Date for Completion	Status	Responsible Officer
R12	<ul style="list-style-type: none"> Evaluate all recommendations proposed by the Independent Review into Planning Services in Autumn 2019 and determine which are superseded by the recommendations made by Audit Wales. Due to the passage of time evaluate recommendations and decide whether they remain valid and need to be included and monitored within this Action Plan. 	06/09/21	30/09/21	Not Started	Noelwyn Daniel
	<ul style="list-style-type: none"> Review all Recommendations made by TIC over the last 5 years and amalgamate those recommendations if appropriate within this Action Plan. 	06/09/21	30/09/21	Not Started	Jon Owen

Performance management

R13 - Ensure that the data available under the new planning performance management system (Arcus) is designed, maximised, and presented for analysis at relevant meetings.

R14- Ensure that it presents a consolidated range of planning performance information to senior officers and Members to provide them with a fuller picture of service performance. This should include:

R14.1 - performance data;

R14.2 - financial data;

R14.3 - complaints information; and
R14.4 - risk management information.

R15 better benchmark, collaborate and share learning with other Local Planning Authorities to maximise opportunities to identify and implement good practice.

Ref No	Action	Start Date	Target Date for Completion	Status	Responsible Officer
R13	<ul style="list-style-type: none"> Establish management dashboards for key areas of the Planning Service. 	24/05/21	01/07/21	Complete	Jon Owen
	<ul style="list-style-type: none"> Agree format for presenting these performance management dashboards and identify all relevant meetings. Links in with R2 	02/08/21	03/09/21	On-Going	Noelwyn Daniel
	<ul style="list-style-type: none"> Establish a Planning Service monitoring framework for Planning Committee. 	02/08/21	03/09/21	Not Started	Ian R Llewelyn
R14	<ul style="list-style-type: none"> A revised Corporate Performance Monitoring framework is being established. This will ensure a comprehensive picture of performance will be available for all services via a single dashboard which incorporates to begin with performance data, financial data, complaints and Member enquiries together with risk management information. 	01/07/21	29/10/21	On-Going	Gwyneth Ayers
R15	<ul style="list-style-type: none"> We will develop a robust and consistent approach to benchmarking the planning service and seek to maximise all avenues to identify and then implement good practise. 	06/09/21	29/10/21	Not Started	Ian R Llewelyn

Service user perspective

R16 - The Council should better consider and apply the perspective of its service users in designing and delivering its planning services to continuously improve the service in a sustainable way. This should include:

R16.1 - Understanding the current position regarding trends in complaints and customer feedback, and taking action to address any issues;
 R16.2 - Setting out clear standards that service users can expect;
 R16.3- Improving engagement and ongoing communication with customers.
 R16.4 - Establishing an improved mechanism for gathering, evaluating, and applying customer feedback.

Ref No	Action	Start Date	Target Date for Completion	Status	Responsible Officer
R16.1	<ul style="list-style-type: none"> The setup of the Planning Hwb will act as a single point of contact for all service users. Analyse the intelligence gathered by the Planning Hwb and develop an action plan and implement sustainable improvements 	21/06/21	30/10/21	On-Going	Noelwyn Daniel
R16.2	<ul style="list-style-type: none"> Establish a Planning Customer Charter setting out clearly the standards and timescales service users can expect. 	06/09/21	30/09/21	Not Started	Ian R Llewelyn
R16.3	<ul style="list-style-type: none"> Review Planning Services content online and improve availability of online forms. 	07/06/21	01/11/21	On-Going	Deina Hockenhull
	<ul style="list-style-type: none"> Establish an on-going engagement programme with customers including agents & developers/ 	02/08/21	30/09/21	Not Started	Deina Hockenhull
R16.4	<ul style="list-style-type: none"> See action against R16.1 				

Well-Being of Future Generations

R17 The Council should take the opportunity in any changes to the planning service to consider how it might act more closely in accordance with the sustainable development principle² in contributing to the delivery of the Council's well-being objectives.

Ref No	Action	Start Date	Target Date for Completion	Status	Responsible Officer
R17	<ul style="list-style-type: none"> We will carry out a full Integrated Impact Assessment and ascertain opportunities to fully 	01/09/21	01/11/21	Not Started	Noelwyn Daniel

	embed all sustainable development principles of the Well-Being of Future Generations to ensure any changes contribute fully to the Council's Well-Being objectives.				
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Governance & Audit Committee 24 September 2021

Subject and Purpose: Internal Audit Plan Update 2021/22		
Recommendations / key decisions required: To receive the report.		
Reasons: Regular progress report to be presented to each Governance & Audit Committee meeting.		
Relevant scrutiny committee to be consulted: N/A		
Cabinet Decision Required: N/A Council Decision Required: N/A		
CABINET MEMBER PORTFOLIO HOLDER: Cllr D Jenkins		
Directorate: Corporate Services Name of Head of Service: Helen Pugh Report Author: Caroline Powell	Designation: Head of Revenues and Financial Compliance Principal Auditor	Tel No.: 01267 246223 E Mail Address: HLPugh@carmarthenshire.gov.uk CaPowell@carmarthenshire.gov.uk

**Governance & Audit Committee
24 September 2021**

Internal Audit Plan Update 2021/22

1. BRIEF SUMMARY OF PURPOSE OF REPORT.

To provide Members with progress of the Internal Audit Plan. The following Report is attached:

Internal Audit Plan Progress Report for 2021/22

DETAILED REPORT ATTACHED?

YES

IMPLICATIONS

I confirm that other than those implications which have been agreed with the appropriate Directors / Heads of Service and are referred to in detail below, there are no other implications associated with this report:

Signed: H L Pugh – Head of Revenues and Financial Compliance

Policy, Crime & Disorder and Equalities	Legal	Finance	ICT	Risk Management Issues	Staffing Implications	Physical Assets
NONE	NONE	YES	NONE	NONE	NONE	NONE

Finance

Reviews carried out to ensure systems in place comply with the Authority's Financial Procedure Rules.

CONSULTATIONS

I confirm that the appropriate consultations have taken in place and the outcomes are as detailed below

Signed: H L Pugh – Head of Revenues and Financial Compliance

1. Scrutiny Committee: Not Applicable
2. Local Member(s): Not Applicable
3. Community / Town Council: Not Applicable
4. Relevant Partners: Not Applicable
5. Staff Side Representatives and other Organisations: Not Applicable

Section 100D Local Government Act, 1972 – Access to Information List of Background Papers used in the preparation of this report:

Title of Document	File Ref No.	Locations that the papers are available for public inspection
Internal Audit Plan 2021/22	AC 26-03-21	Agenda for Governance & Audit Committee on Friday, 26th March, 2021, 2.00 pm

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INTERNAL AUDIT PLAN 2021/22										
2021/22	% Plan Completion to Date	29.0%								
Job No	Departments	Days Planned	Pre. Audit Meeting	Terms of Reference Issued	Commenced	Field Work Complete	Draft Report Issued	Complete / Final Report Issued	Assurance Rating / Engagement Type	
Fundamentals										
1121001	Creditor Payments	30								
1121002	Expenditure	30	*	*	*	*				
1121003	NNDR	20	*	*	*	*	*			
1121004	Payroll	30	*	*	*					
1121005	Travel & Subsistence	20	*	*	*					
	Total Audit Days for Fundamentals	130								
Corporate Governance Assurance										
2121001	Annual Governance Statement/Corporate Governance Arrangements	20								
2121002	Performance Management	20								
2121003	Welsh Language Standards	20								
	Total Audit Days for Corporate Governance Assurance	60								
COVID-19										
3121001	Covid-19 Duplication Checks (NNDR and Self-Isolation Payments)	20	*	*	*					
3121002	COVID-19 Free School Meals Payments	20	*	/						
3121003	COVID-19 Systems and Processes	20	*	/	*					
3121004	COVID-19 Working Groups	20	*	/	*					
	Total Audit Days for COVID-19	80								
Corporate Review Work										
4121001	Brexit	20								
4121002	External Arrangements	20	*	*	*					
4121003	Contract Management	15								
4121004	Procurement	15	*	*	*	*				
4121005	Safeguarding - Adults	10								
4121006	Safeguarding - Children	10								
4121007	Staffing Matters	20								
	Total Audit Days for Corporate Review Work	110								
Counter Fraud										
5121001	Fraud Prevention, Detection and Investigation	40	*	/	*					
5121002	National Fraud Initiative	30	*	/	*	*	/	*	Investigatory/Assurance	
5121003	Proactive Fraud Testing	20	*	/	*					
	Total Audit Days for Counter Fraud Work	90								
Grants & Certification										
6121001	Burry Port Harbour	10	*	/	*	*	/	*	Accounts Return	
6121002	Children & Communities Grant	25	*	/	*	*	/	*	Certification	

6121003	Education Improvement Grant - EOY	10	*	*	*				
6121004	Education Improvement Grant - Q3	15							
6121005	Education Improvement Grant - Q4	5							
6121006	Enable Grant	10	*	/	*	*	/	*	Certification
6121007	HSG - Homelessness	12	*	/	*	*	/	*	Certification
6121008	HSG - Rent Smart Wales	10	*	/	*	*	/	*	Certification
6121009	HSG - Supporting People	13	*	/	*	*	/	*	Certification
6121010	Local Authority Education Grant	20							
6121011	Other Grants (where assurance is required for sign-off)	20	*	/	*	*	/	*	Assurance for Sign Off
6121012	Wales Pension Partnership	5	*	/	*	*	/	*	Accounts Return
6121013	Post 16 Grant	10	*	/					
6121014	Pupil Deprivation Grant - EOY	10	*	*	*				
6121015	Pupil Deprivation Grant - Q3	15							
6121016	Pupil Deprivation Grant - Q4	5							
6121017	Trust Funds - Arbour Stephens	5	*	*	*	*	/	*	Certification
6121018	Trust Funds - Dyfed Welsh Church Fund	5	*	*	*	*			
6121019	Trust Funds - Minnie Morgan	5	*	*	*	*	/	*	Certification
6121020	Trust Funds - Oriol Myrddin	5	*	*	*	*	/	*	Certification
6121021	Regional Development Co-ordinator Grant	5	*	/	*	*	/	*	Certification
	Total Audit Days for Grants & Certification	220							
	Chief Executive's Department (not incl IT)								
7121001	Civil Registrations Service	10							
7121002	People Management & Performance	20							
7121003	Regeneration & Economic Development	20	*						
7121004	Surplus Properties	15							
	Total Audit Days for Chief Executive's Department (not incl IT)	65							
	Chief Executive's Department: IT								
7221001	Cloud Solutions	15	*	*	*				
7221002	Cyber Security	15	*						
7221003	Disaster Recovery and Business Continuity	15	*						
	Total Audit Days for Chief Executive's Department: IT	45							
	Communities								
7321001	Appointeeships	15							
7321002	Housing Voids	15	*						
7321003	Affordable Homes	15							
7321004	Leisure Centres	20							
7321005	Pembrey Ski Centre	5	*	*	*				
7321006	Social Care (Assignment to be agreed)	20							
	Total Audit Days for Communities	90							
	Corporate Services								
7421001	Financial Management Other	15							
7421002	Insurance	15							

	Total Audit Days for Corporate Services	30							
	Education & Children								
7521001	Residential Units	15							
7521002	School Meals Allergens	15	*	*	*				
7521003	Schools (incl School Questionnaires)	40	*	/	*				
7521004	Welfare Cards Follow Up	10							
7521005	Welsh For Adults	10							
	Total Audit Days for Education & Children	90							
	Environment								
7621001	Building Control	15	*	*	*				
7621002	Climate Change	15	*	*	*				
7621003	Environmental Enforcement (e.g. fly tipping)	10	*	*					
7621004	Fleet Management	10	*	*	*				
7621005	Highway Maintenance/Road Safety	10	*						
7621006	Property	15							
7621007	Waste	15							
	Total Audit Days for Environment	90							
						% Complete to Date	29.0%		

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Governance & Audit Committee 24 September 2021

Subject and Purpose: Governance & Audit Committee Forward Work Programme		
Recommendations / key decisions required: To receive the report.		
Reasons: Annual Forward Work Programme to inform Members of the expected Agenda Items for the 2021/22 Governance & Audit Committee Cycle.		
Relevant scrutiny committee to be consulted: N/A		
Cabinet Decision Required: N/A Council Decision Required: N/A		
CABINET MEMBER PORTFOLIO HOLDER: Cllr D Jenkins		
Directorate: Corporate Services Name of Head of Service: Helen Pugh Report Author: Caroline Powell	Designation: Head of Revenues and Financial Compliance Principal Auditor	Tel No.: 01267 246223 E Mail Address: HLPugh@carmarthenshire.gov.uk CaPowell@carmarthenshire.gov.uk

Governance & Audit Committee 24 September 2021

Governance & Audit Committee Forward Work Programme

To provide Members with a Forward Work Programme for the 2021/22 Governance & Audit Committee cycle to ensure that all appropriate Committees have a published up to date programme owned by the Committee Members.

The following Report is attached:
Forward Work Programme

DETAILED REPORT ATTACHED?

YES

IMPLICATIONS

I confirm that other than those implications which have been agreed with the appropriate Directors / Heads of Service and are referred to in detail below, there are no other implications associated with this report:

Signed: H L Pugh – Head of Revenues and Financial Compliance

Policy, Crime & Disorder and Equalities	Legal	Finance	ICT	Risk Management Issues	Staffing Implications	Physical Assets
NONE	NONE	NONE	NONE	NONE	NONE	NONE

CONSULTATIONS

I confirm that the appropriate consultations have taken in place and the outcomes are as detailed below

Signed: H L Pugh – Head of Revenues and Financial Compliance

1. Scrutiny Committee: Not Applicable
2. Local Member(s): Not Applicable
3. Community / Town Council: Not Applicable
4. Relevant Partners: Not Applicable
5. Staff Side Representatives and other Organisations: Not Applicable

Section 100D Local Government Act, 1972 – Access to Information
List of Background Papers used in the preparation of this report:

THERE ARE NONE

Title of Document	File Ref No.	Locations that the papers are available for public inspection

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Subject area and brief description of nature of report	Lead Department	Responsible Officer	Sep-21	Oct-21	Dec-21	Mar-22	Jul-22	
Appointment of Audit Committee: - Chair - Vice Chair	Corporate Services	Audit Committee					✓	
Annual Audit Report	Corporate Services	Head of Revenues and Financial Compliance					✓	
Forward Work Programme	Corporate Services	Head of Revenues and Financial Compliance	✓	✓	✓	✓	✓	
Internal Audit Plan Update	Corporate Services	Head of Revenues and Financial Compliance	✓	✓	✓	✓	✓	
Internal Audit indicative three year plan	Corporate Services	Head of Revenues and Financial Compliance				✓		
Assurance Reviews: - Fundamental financial systems - 3* reports	Corporate Services	Head of Revenues and Financial Compliance	As Required					
Progress Report - Delivery of External Audit Recommendations	ICT & Policy	Performance Planning Section			✓			
Progress Report - Delivery of Internal Audit Recommendations	Corporate Services	Head of Revenues and Financial Compliance				✓		
Internal Audit Progress Updates requested by Audit Committee:	Corporate Services	Head of Revenues and Financial Compliance	As Required					
Progress reports as requested by Audit Committee								
- Strategic Commissioning of Accommodation Services for Adults with Learning Disabilities	Communities	Head of Mental Health and Learning Disabilities			✓			
- Schools' Deficits and Surpluses	Education & Children	Head of Education and Inclusion Services					✓	
Approval of Audit Charter	Corporate Services	Head of Revenues and Financial Compliance	As Required					
Approval of Strategies / Rules & Regulations	Corporate Services	Head of Revenues and Financial Compliance	As Required					
Annual Anti-Fraud and Corruption Report	Corporate Services	Head of Revenues and Financial Compliance					✓	
Receive the Corporate Risk Register	Corporate Services	Head of Revenues and Financial Compliance		✓		✓		
Opportunity for Members to discuss Risks	Corporate Services	Risk owners		✓		✓		
Receive the Annual Complaints Report	ICT & Policy	Corporate Policy & Partnership Manager					✓	
Statement of Accounts including Annual Governance Statement for Carmarthenshire County Council - To be received - To be approved	Corporate Services	Head of Financial Services	✓				✓	
Statement of Accounts including Annual Governance Statement for Dyfed Pension Fund - To be received - To be approved	Corporate Services	Head of Financial Services		✓ ✓				
Burry Port Harbour Accounting Statement - To be received - To be approved	Corporate Services	Head of Financial Services	✓				✓	
Audit enquiries to those charged with governance and management for: - Carmarthenshire County Council - Dyfed Pension Fund	Corporate Services	Head of Financial Services	✓					
Single Tender Action	Corporate Services	Director of Corporate Services	As Required					
Minutes for noting: - Grants Panel - Corporate Governance Group - Risk Management Steering Group	Corporate Services	Head of Revenues and Financial Compliance Head of Financial Services	✓	✓	✓	✓	✓	
Audit Wales: - Audit Plan Update			✓		✓		✓	
- Financial Statements – ISA260 Report presented to those charged with Governance in relation to the Statement of Accounts for: o Carmarthenshire County Council o Dyfed Pension Fund			✓	✓				
- Annual returns – Reports re independent examination for: o Burry Port Harbour Authority			✓					
- Letter of Representation o Carmarthenshire County Council o Dyfed Pension Fund	Corporate Services	Audit Wales	✓	✓				
- Annual Audit Letter o Carmarthenshire County Council						✓		
- Audit Plans, including information on fees o Carmarthenshire County Council o Dyfed Pension Fund						✓		

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Governance & Audit Committee Training / Informal Sessions

Subject area and brief description of session	Lead Department	Responsible Officer(s)												
			Summer 2019	Autumn 2019	Winter 2019	Spring 2020	Summer 2020	Autumn 2020	Winter 2020	Spring 2021	Summer 2021	Autumn 2021	Winter 2021	Spring 2022
Meeting with Auditors	Corporate Services	Director Corporate Services Head of Revenues and Financial Compliance		✓		✓		✓				✓		
Governance & Audit Committee - Self Assessment	Corporate Services	Director Corporate Services Head of Revenues and Financial Compliance											✓	
Risk Register	Corporate Services	Director Corporate Services Head of Revenues and Financial Compliance			✓	✓		✓		✓		✓		✓
Risk Management & Risk Appetite	Corporate Services	Director Corporate Services Head of Revenues and Financial Compliance										✓		
Statement of Accounts & Annual Governance Statement	Corporate Services	Director Corporate Services Head of Revenues and Financial Compliance	✓				✓				✓			
Fraud Awareness	Corporate Services	Director Corporate Services Head of Revenues and Financial Compliance						✓						
Local Authority Trading Companies	Corporate Services	Director Corporate Services Head of Revenues and Financial Compliance											✓	

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Governance & Audit Committee 24 September 2021

Subject and Purpose: Internal Audit Charter		
Recommendations / key decisions required: To endorse the Internal Audit Charter.		
Reasons: To allow the Governance & Audit Committee to comment on the content of the Charter.		
Relevant scrutiny committee to be consulted: N/A		
Cabinet Decision Required: N/A Council Decision Required: N/A		
CABINET MEMBER PORTFOLIO HOLDER: Cllr D Jenkins		
Directorate: Corporate Services Name of Head of Service: Helen Pugh Report Author: Caroline Powell	Designation: Head of Revenues and Financial Compliance Principal Auditor	Tel No.: 01267 246223 E Mail Addresses: HLPugh@carmarthenshire.gov.uk CaPowell@carmarthenshire.gov.uk

Governance & Audit Committee

24 September 2021

Internal Audit Charter

1. BRIEF SUMMARY OF PURPOSE OF REPORT.

The purpose of the Charter is to define what Internal Audit is and explain its purpose, authority and responsibility.

The Charter has been written in accordance with the Public Sector Internal Audit Standards.

The Internal Audit Charter (2019-2021) was endorsed by the Governance & Audit Committee on 13th September 2019; the Charter is to be reviewed every two years and this report brings the updated Internal Audit Charter (2021 – 2023).

Some minor revisions have been made to the 2019-2021 document; a summary of these revisions is as follows:

- Update all reference made to 'Audit Committee' to 'Governance & Audit Committee'
- Update all reference made to 'Wales Audit Office' to 'Audit Wales'
- Update all reference made to 'Executive Board' to 'Cabinet'.
- Audit Planning: Corporate Management Team added.

The Head of Revenues and Financial Compliance will discuss the proposed Strategic Plan with the Director of Corporate Services **and the Corporate Management Team** prior to submission to the Governance & Audit Committee for formal approval.

Translating the Strategic Plan into Annual Plans which identify the reviews to be undertaken in each Audit Year. The Annual Plan is agreed with the Director of Corporate Services, **the Corporate Management Team** and the Governance & Audit Committee.

DETAILED REPORT ATTACHED?

YES

IMPLICATIONS

I confirm that other than those implications which have been agreed with the appropriate Directors / Heads of Service and are referred to in detail below, there are no other implications associated with this report:

Signed: H L Pugh – Head of Revenues and Financial Compliance

Policy, Crime & Disorder and Equalities	Legal	Finance	ICT	Risk Management Issues	Staffing Implications	Physical Assets
NONE	NONE	YES	NONE	NONE	NONE	NONE

Finance

Reviews carried out to ensure systems in place comply with the Authority's Financial Procedure Rules.

CONSULTATIONS

I confirm that the appropriate consultations have taken in place and the outcomes are as detailed below

Signed: H L Pugh – Head of Revenues and Financial Compliance

1. Scrutiny Committee: Not Applicable
2. Local Member(s): Not Applicable
3. Community / Town Council: Not Applicable
4. Relevant Partners: Not Applicable
5. Staff Side Representatives and other Organisations: Not Applicable

Section 100D Local Government Act, 1972 – Access to Information List of Background Papers used in the preparation of this report:

Title of Document	File Ref No.	Locations that the papers are available for public inspection
Internal Audit Plan 2021/22	AC 26-03-21	Agenda for Governance & Audit Committee on Friday, 26th March, 2021, 2.00 pm

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Carmarthenshire County Council

Internal Audit Charter

2021- 2023

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1. Introduction

The purpose of this Charter is to define what Internal Audit is and explain its purpose, authority and responsibility.

This Charter has been written in accordance with Standard 1000 of the Public Sector Internal Audit Standards (PSIAS).

For the purposes of Internal Audit activity, the following terms are defined as follows:

The 'Board' – the Governance & Audit Committee

'Chief Audit Executive' – Head of Revenues and Financial Compliance

'Senior Management' – the Corporate Management Team which is made up of the Chief Executive, Executive Directors and the Monitoring Officer.

2. Mission, Definition, Scope and Authority of Internal Audit

Mission

The Public Sector Internal Audit Standards (PSIAS), published in April 2013, state the mission of Internal Audit as being *"to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight"*.

Definition

The PSIAS define Internal Audit as:

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

A professional, independent and objective Internal Audit service is one of the key elements of good governance.

Scope

The scope of Internal Audit allows for unrestricted coverage of the Authority's activities in order to review, report and provide the appropriate assurance based on its reviews to the Governance & Audit Committee. Internal Audit shall also have unrestricted access to all records and assets deemed necessary by Auditors in the course of an audit. In addition, Internal Audit, will have unrestricted access to:

- the Governance & Audit Committee
- the Chief Executive
- the Leader of the Council
- Members of the Council
- individual Chief Officers
- all Authority employees

Such access to records, assets and personnel may be limited to certain named individuals as agreed with the Head of Revenues and Financial Compliance where highly sensitive or confidential information is involved.

Authority

The authority of the Internal Audit function is derived from legislation. The requirement for an Internal Audit function for Local Authorities is implied by Section 151 of the Local Government Act 1972, which requires that Authorities shall *'make arrangements for the proper administration of their financial affairs and shall ensure that one of their officers has responsibility for the administration of those affairs'*. The Accounts and Audit (Wales) Regulations 2014 requires that *'a local government body must maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control'*.

3. Objectives

Internal Audit's main objectives are to:

- Provide a quality, independent and objective audit service that effectively meets the Council's needs, adds value, improves operations and helps protect public resources.
- Provide assurance to management that the Council's operations are being conducted in accordance with external regulations, legislation, internal policies and procedures.
- Assist in ensuring the objectives of the Council are being met.
- Provide a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, internal control and governance processes.
- Provide advice and support to management to enable an effective control environment to be maintained.
- Promote an anti-fraud, anti-bribery and anti-corruption culture within the Council to aid the prevention and detection of fraud.
- Investigate allegations of fraud, bribery, corruption and other irregularities,
- Liaise with the police where criminal activities are suspected.

4. Roles and Responsibilities

Role of Internal Audit

To meet Internal Audit objectives, Internal Auditors are responsible for:

- Reviewing and assessing the soundness, adequacy and reliability of financial and non-financial management systems and operations.
- Reviewing and assessing the effectiveness of internal controls.
- Assessing the appropriateness of management action for improvement, where appropriate.
- Reviewing and assessing procedures to check that the Council's assets and interests are adequately protected and risks are identified and effectively managed.
- Checking for compliance with legislation, Council policies and procedures.
- Promoting and assisting the Council in the effective use of resources.
- Ensuring governance and risk management processes are effective and robust.

- Undertaking independent investigations into allegations of fraud and irregularity in accordance with Council policies and procedures and relevant legislation.

Provision of the Internal Audit Function

The Internal Audit function is provided 'in house' and consists of the Head of Revenues and Financial Compliance, Principal Auditor, 4 Senior Auditors, 2 Assistant Auditors and 3 Audit Technicians. The team comprises of professionally qualified and part qualified Accountants and Auditors (CIPFA, ACCA, and AAT).

Management Structure

Director of Corporate Services

The Director of Corporate Services has wide-ranging responsibilities for the proper administration of the Authority's financial affairs and a key method by which he is able to discharge his statutory obligation is through the work of Internal Audit. Responsibility for the provision of Internal Audit is delegated to the Director of Corporate Services. The Director of Corporate Services acts as a 'Lead Client' on behalf of the Authority as a whole.

Head of Revenues and Financial Compliance

Internal Audit operates as a separate Unit within the Revenues and Financial Compliance Division of the Corporate Services Department. The Head of Revenues and Financial Compliance is responsible for ensuring that the Internal Audit Service is delivered to a professional standard and in accordance with the principles established by the Director of Corporate Services.

Principal Auditor

The Principal Auditor is responsible for ensuring that the reviews set out in the Audit Plan are properly managed and that issues arising from individual reviews are properly reported on. The Principal Auditor is responsible for the day-to-day management of the Internal Audit Staff and delivery of the Audit Plan as approved by Governance & Audit Committee.

Governance & Audit Committee

The Head of Revenues and Financial Compliance and Principal Auditor report to the Governance & Audit Committee on a regular basis (at least quarterly) to update the Committee on progress with Planned Internal Audit Activity and also any key issues or findings arising from unplanned work. The Committee approves and monitors progress with the Annual Audit Plan and the 3 year Strategic Audit Plan.

Organisational Independence

PSIAS Standard 1100 states that the Chief Audit Executive must report to a level within the organisation that allows the Internal Audit activity to fulfil its responsibilities. The Chief Audit Executive will confirm to the Governance & Audit Committee, at least annually, the organisational independence of the Internal Audit activity.

Organisational independence is effectively achieved when the Chief Audit Executive reports functionally to the Governance & Audit Committee. The Governance & Audit Committee is required to:

- Approve the Internal Audit Charter;

- Approve the risk based Internal Audit Annual Plan;
- Receive communications from the Chief Audit Executive on the Internal Audit activity's performance relative to its plan and other matters;
- Make appropriate enquiries of management and the Chief Audit Executive to determine whether there are inappropriate scopes or resource limitations.

5. Code of Ethics

The Internal Audit Service operates in accordance with the PSIAS by:

- Ensuring that all Internal Auditors conform to the Code of Ethics principles of integrity, objectivity, confidentiality and competency.
- Implementing the Attribute and Performance Standards as detailed in Section 5 of the Standards

6. Audit Planning

The Audit Plan is prepared on a 'risk-basis', taking account of the Corporate Risks identified in the Authority's Risk Register and allowing for consultation with Managers in the various Departments and the Authority's External Auditors.

Internal Audit is committed to providing a review of all the Authority's systems over the term of the Audit Plan. Major systems (fundamental systems) are examined bi-annually whilst other systems are audited on a cyclical basis dependent upon the risk factor / nature / value of the system concerned. In discharge of this duty, the Head of Revenues and Financial Compliance is responsible for:

- Preparing a rolling Strategic Risk Based Audit Plan, in consultation with Departmental Senior Management and the External Auditors (Audit Wales). The Head of Revenues and Financial Compliance will discuss the proposed Strategic Plan with the Director of Corporate Services and the Corporate Management Team prior to submission to the Governance & Audit Committee for formal approval.
- Translating the Strategic Plan into Annual Plans which identify the reviews to be undertaken in each Audit Year. The Annual Plan is agreed with the Director of Corporate Services, the Corporate Management Team and the Governance & Audit Committee.

Internal Audit will advise each Department of the planned reviews to be undertaken during each Audit Year and will attempt to schedule such reviews to the mutual convenience of both parties.

7. Reporting

All audit assignments will be the subject of formal reports. Draft Reports will be sent to the relevant managers, responsible for the area under review, for agreement of the factual accuracy of the findings and for their comments and agreed actions in relation to any recommendations made.

Final Internal Audit Reports, once agreed with Heads of Service / Managers / Head Teachers, are issued to the appropriate Directors, Cabinet Members, Chair and Vice Chair of the Governance & Audit Committee and Chair of School Governing Bodies.

Audit reports:

- Include an action plan showing the agreed management actions and the target date for implementation.
- Give an opinion of the system as at the time of the audit based on the evidence available at that time.
- Define the circulation of the Draft and the Final Reports.

Fundamental weaknesses identified during Internal Audit reviews are referred to the Chief Executive and the Governance & Audit Committee.

In accordance with PSIAS 2500 (Monitoring Progress), follow-up audits are undertaken to ensure that the agreed controls and actions have been implemented by management.

8. Quality Assurance

As is set out in the Internal Audit Quality Assurance and Improvement Programme (QAIP), the Chief Audit Executive will maintain a process of review of the Internal Audit Service to provide reasonable assurance that its work conforms with the relevant standards and to the requirements of this document. Internal assessments will include:

- On-going monitoring of the performance of the service including ensuring there is adequate supervision of work performed.
- Periodic self-assessments on how the service meets the requirements of the Public Sector Internal Audit Standards.

External assessments of the Internal Audit Service will be undertaken once every five years, in accordance with the PSIAS.

Internal Auditors are required to enhance their knowledge, skills and other competencies through continuing professional development.

Audit reports are reviewed by a senior member of staff / peer reviewed prior to issue.

9. Relationships

General - in all of these relationships, the person/s concerned will be treated with respect, courtesy, politeness and professionalism. Any confidential or sensitive issues raised with, or reported to, Internal Audit staff will be dealt with in an appropriate manner. Where issues could cause embarrassment to the Council, the appropriate manager will be advised immediately so that the issue can be addressed without delay.

Internal - Internal Audit is keen to develop and maintain constructive working relationships with all Service Managers in terms of planning work, carrying out reviews and agreeing Action Plans arising from the work undertaken.

Whilst statutory duties and its role as independent appraiser must be maintained, the Unit recognises that it must *work with Managers* to agree improvements.

Councillors – the main means of communication between Internal Audit and Councillors is via the Governance & Audit Committee which meets at least four times a year.

External – Internal Audit will liaise with the External Auditors in order to:

- Foster a co-operative and professional working relationship.
- Eliminate the incidence of duplication of effort.
- Ensure appropriate sharing of information.
- Co-ordinate the overall audit effort.

10. Fraud and Irregularity

The Internal Audit Unit undertakes investigative work in respect of fraud / irregularity, with the exception of Housing Benefit related fraud and irregularity, which is investigated by the Department for Work and Pensions.

11. Welsh Language

Internal Audit is fully committed to the Authority's Welsh Language Policy. Where a Department / Establishment wishes to have a review conducted through the medium of Welsh, Internal Audit will endeavor to utilise Welsh Speaking Staff and produce all correspondence, reports and action plans in the medium of Welsh. All Internal Audit standard forms have been produced bilingually.

12. Contacting Internal Audit

Should you wish to discuss any aspect of Internal Audit's activities please contact:

Helen Pugh, Head of Revenues and Financial Compliance

Telephone: 01267 246223

E-mail: hlpugh@carmarthenshire.gov.uk

Caroline Powell, Principal Auditor

Telephone: 01267 246217

E-mail: capowell@carmarthenshire.gov.uk

13. Review

The Internal Audit Charter will be reviewed periodically by the Chief Audit Executive and presented to the Governance & Audit Committee for approval.

Governance & Audit Committee 24 September 2021

<p>Subject and Purpose: Minutes of relevant Groups to the Governance & Audit Committee</p>		
<p>Recommendations / key decisions required: Minutes to be received.</p>		
<p>Reasons: Terms of Reference for the Governance & Audit Committee stipulate that minutes of the Grants Panel, Corporate Governance Group and Risk Management Steering Group be received by the Governance & Audit Committee.</p>		
<p>Relevant scrutiny committee to be consulted: N/A</p>		
<p>Cabinet Decision Required: N/A Council Decision Required: N/A</p>		
<p>CABINET MEMBER PORTFOLIO HOLDER: Cllr D Jenkins</p>		
<p>Directorate: Corporate Services</p> <p>Name of Head of Service: Helen Pugh</p> <p>Report Author: Helen Pugh</p>	<p>Designation: Head of Revenues and Financial Compliance</p>	<p>Tel No.: 01267 246223</p> <p>E Mail Address: HLPugh@carmarthenshire.gov.uk</p>

Governance & Audit Committee 24 September 2021

Minutes of relevant Groups to the Audit Committee

To provide Members with minutes from supporting Governance Groups for information.

The following Minutes are attached:

- Risk Management Steering Group Minutes

DETAILED REPORT ATTACHED?

YES

IMPLICATIONS

I confirm that other than those implications which have been agreed with the appropriate Directors / Heads of Service and are referred to in detail below, there are no other implications associated with this report:

Signed: H L Pugh – Head of Revenues and Financial Compliance

Policy, Crime & Disorder and Equalities	Legal	Finance	ICT	Risk Management Issues	Staffing Implications	Physical Assets
NONE	NONE	NONE	NONE	NONE	NONE	NONE

CONSULTATIONS

I confirm that the appropriate consultations have taken in place and the outcomes are as detailed below

Signed: H L Pugh – Head of Revenues and Financial Compliance

1. Scrutiny Committee: Not Applicable
2. Local Member(s): Not Applicable
3. Community / Town Council: Not Applicable
4. Relevant Partners: Not Applicable
5. Staff Side Representatives and other Organisations: Not Applicable

Section 100D Local Government Act, 1972 – Access to Information
List of Background Papers used in the preparation of this report:

THERE ARE NONE

Title of Document	File Ref No.	Locations that the papers are available for public inspection

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RISK MANAGEMENT STEERING GROUP

Minutes of Meeting held on

Friday, 30th July 2021

Via Microsoft Teams

Members Present:			
Helen Pugh (Chair)	Corporate Services	Corporate Services Risk Champion	HLP
Cllr David Jenkins	Executive Board Member (Corporate Services)	Executive Board Risk Champion	DJ
Jonathan Fearn	Environment	Chair of Property & Liability Risks Working Group	JF
Stephen G Pilliner	Environment	Chair of Transport Risks Working Group	SGP
Richard Stradling	Communities	Communities (Leisure) Risk Champion	RS
Alan Howells	Environment	Environment Risk Champion	AH
Richard Davies	Communities	Communities (Social Care) Risk Champion	RD
Julie Standeven	Corporate Services	Principal Risk Officer	JS
Kelvin Howell	Environment	Building Manager (Minor Works)	KH
Sue P John	Education & Children	School Organisation & Admissions Manager	SPJ

Item No	Subject	Action
1.	Apologies Simon Davies – Education & Children Risk Champion Jackie Bergiers – Lead Business Partner (H&S), Chief Executive’s Jason G Jones – Property Maintenance Manager, Environment Mark Stephens – Marsh UK Ltd	
2.	Minutes of Last Meeting The Minutes of the Risk Management Steering Group Meeting held on Thursday, 29 th April 2021 via Teams, were confirmed as a true record.	
2.1	Matters arising from Risk Management Steering Group Minutes.	
2.1.1	Alarm Receiving Centre Discussions ongoing between Risk Management, Property, Delta Wellbeing and the Council’s Property Insurers. Update to be provided at next meeting.	JS

2.1.2	Water Safety Equipment No progress to report at this time. Issue to be raised at next Corporate H&S Group meeting. Update to be provided at next meeting.	JF
2.1.3	Mod.Gov Use of the Mod.Gov platform for the RMSG meetings being investigated as an alternative to Microsoft Teams. Update to be provided at next meeting.	JS
3	Minutes of Property & Liability Risks Working Group Meeting – 8th July 2021 The Minutes were noted.	
3.1	Matters arising from Property & Liability Risks Working Group Minutes	
3.1.1	Property Claims Training to be provided in September 2021 by the Council’s property claims loss adjusters to clarify aspects of claims settlements. Property and Risk Management officers to attend.	
3.1.2	RM Bid 397 – Property Condition Surveys of CCC Non-Housing Properties JF advised that the recruitment of Property Condition Officers was underway. The building condition survey programme will include properties occupied by the Council and those leased to third parties.	
3.1.3	Contractor Administration JF reported that a local construction company had entered into administration and there were a number of sites which would be affected. Discussions were ongoing with interested parties.	
4.	Minutes of Contingency Planning Working Group Meeting – 22nd July 2021 The Minutes were noted.	
4.1	Matters arising from Contingency Planning Working Group Minutes	
4.1.1	Membership / Terms of Reference Review of CPWG membership and Terms of Reference ongoing.	
4.1.2	Debrief Report / Emergency Planning Newsletter HLP advised that future Contingency Planning Working Group meetings will include the following Agenda items: <ul style="list-style-type: none"> • Debrief Reports for future incidents and/or emergencies • Review of Emergency Planning Newsletter 	
4.1.3	Data Centre Business Continuity HLP advised that at the next CPWG meeting a Data Centre Business Continuity presentation will be provided by the Applications Development Manager.	
5.	Minutes of Transport Risks Working Group – 15th July 2021 The Minutes were noted.	
5.1	Matters arising from Transport Risks Working Group	

5.1.1	Zurich Municipal Motor Vehicle Grading Report SGP advised that the Motor Risk Grading Review of the Authority's fleet risk management arrangements had been completed by the Authority's Motor Insurers. The review had identified areas for improvement and an action plan will be presented to the next Transport Risks Working Group for consideration.	
5.1.2	Ash Die Back SGP reported that delivery of the Authority's Ash Die Back project continued to make good progress.	
5.1.3	MV Statistics – Claims & Complaints SGP advised that Zurich Municipal's Claims Relationship Manager will attend the next Transport Risks Working Group meeting to provide a detailed review of the Council's claims statistics.	
5.1.4	Motor Vehicle Driver Handbook SGP advised that an update of the MV Driver Handbook was underway.	
5.1.5	Minibus D1 Licence SGP advised that following the introduction of minibus "lite" vehicles, a comprehensive review of the category D1 licence requirements was underway. Update to be provided at next meeting.	SGP
6.	Audit Wales – Review of Risk Management Arrangements HLP delivered a progress report in relation to the proposals for improvement identified by Wales Audit Office. Agreed actions included: <ul style="list-style-type: none"> • Agreed amendments to the Risk Management & Contingency Planning Strategy including Toolkit 2018-2022 to be implemented and revised document circulated to members of the RMSG for feedback. • Agreed amendments to the RMSG Terms of Reference to be implemented and revised document circulated to members of the RMSG for feedback. • Deputy Risk Champions to be appointed • Review/update RM Bid Application Form • Risk Management training programme identified via the Council's Insurers and dates for delivery to be finalised. 	
7.	Corporate Risk Register HLP advised that the Corporate Risk Register was being reviewed by Corporate Management Team. It was agreed that the Corporate Risk Register be included as a standing Agenda item at Risk Management Steering Group meetings.	
8	Bids for Financial Assistance	
8.1	Extension of RM Bid 394 – Ysgol Bro Myrddin This Departmental bid related to the installation of security improvements at Ysgol Bro Myrddin. It was agreed that 50% of the additional cost be approved.	

9.	Any Other Business	
9.1	Risk Management Working Groups The Executive Board Risk Champion advised that he had welcomed the opportunity to attend the Risk Management Working Groups. It was agreed that the invitation would be extended to future Working Group meetings.	
10.	Next Meeting October 2021 via Microsoft Teams – exact date to be advised	

DRAFT

GOVERNANCE & AUDIT COMMITTEE

FRIDAY, 16TH JULY, 2021

PRESENT: Councillor T.M. Higgins [Chair]

Councillors:

K.V. Broom, K. Davies, G.H. John, A.G. Morgan, B. Thomas and D.E. Williams

Co-opted Member:

Julie James

Also present as an observer:

CLlr D.M. Jenkins – Executive Board Member for Resources

In attendance from Audit Wales:

Mr J. Garcia

The following Officers were in attendance:

C. Moore, Director of Corporate Services

A. Thomas, Head of Education Services and Inclusion

H. Pugh, Head of Revenues and Financial Compliance

A. Williams, Head of Waste and Environmental Services

G. Ayers, Corporate Policy and Partnership Manager

G. Davies, Finance Manager

J. Tillman, Information Governance and Complaints Manager

C. Powell, Principal Auditor

S. Nolan, Group Accountant

R. Lloyd, Democratic Services Officer [Note Taker]

K. Thomas, Democratic Services Officer [Assisting]

S. Rees, Simultaneous Translator

Virtual Meeting : 10.00 am - 1.05 pm

1. APOLOGIES FOR ABSENCE

An apology for absence was received from Councillor B.A.L. Roberts.

2. DECLARATIONS OF PERSONAL INTERESTS

Councillor	Minute Number	Nature of Interest
A.G. Morgan	8.1 – Schools' Deficits and Surpluses	Chair of Governors of a school in deficit
T. Higgins	8.1 – Schools' Deficits and Surpluses	LEA Governor for Tycroes School
G. John	8.1 – Schools' Deficits and Surpluses	LEA Governor for Johnstown School
E. Williams	8.1 – Schools' Deficits and Surpluses	LEA Governor for Llangunnor School

B. Thomas	8.1 – Schools’ Deficits and Surpluses	LEA Governor for Y Felin School and Bryngwyn/Glanymor Federated school
K. Davies	8.1 – Schools’ Deficits and Surpluses	LEA Governor for Saron and Dyffryn Aman Schools
K. Broom	8.1 – Schools’ Deficits and Surpluses	LEA Governor for Y Strade and Trimsaran Schools

3. APPOINTMENT OF CHAIR FOR THE 2021/22 MUNICIPAL YEAR

UNANIMOUSLY RESOLVED that Councillor T. Higgins be appointed Chair of the Committee for the 2021/22 municipal year.

4. APPOINTMENT OF VICE-CHAIR FOR THE 2021/22 MUNICIPAL YEAR

UNANIMOUSLY RESOLVED that Councillor G. Morgan be appointed Vice-Chair of the Committee for the 2021/22 municipal year.

5. INTERNAL AUDIT PLAN UPDATE 2020/21 AND 2021/22

The Committee considered a report providing an update on progress made on the implementation of the Internal Audit Plan.

- Report A: Internal Audit Plan Progress Reports for 2020/21 and 2021/22
 Report B: Summary of Completed Final Reports Relating to Key Financial Systems (Payroll / Main Accounting and Treasury Management)
 Report C: Priority 1 Recommendations Relating to Reviews of Other Systems and Establishment Audits (Arboriculture Framework)

The following questions/observations were raised on the report:-

- On Report B clarity was sought in relation to payroll which shows an extensive scope for this year. The Head of Revenues and Financial Compliance advised that 40 days were spent on this review; widening the scope to conclude that the majority of controls are in place. Issues identified were in relation to overpayments of overtime, which have now been repaid and appropriate personnel having access to the system as “Supervisor”;
- Asked about the Main Accounting System which is a critical function of the Authority, the Head of Revenues and Financial Compliance advised that the budget manual does need to be updated and will come before the Governance and Audit Committee at a later date;
- Asked if there was evidence to expand on the “testing on a sample of 10 virements identified to support the approval of 3 virements was not available”, the Head of Revenues and Financial Compliance advised that it has been identified and concerns have been raised with the department and actions are being taken by the Head of Financial Services’ team with systems in place to overcome the issue. These virements were specifically within budget holders categories which was deemed a lower risk;
- Significant concerns on contract management under Report C. The Head of Revenues and Financial Compliance advised that it was due to lack of processes in these areas. An internal review has been undertaken on what needed to be put in place to address the issue with further system

improvements done by the department; the contractors are now expected to submit full time sheets and evidence of hired machinery so that reimbursements tally. The Head of Waste and Environmental Services advised that job requests are channelled through the Business Support Unit electronically and then distributed accordingly, detailing works to be undertaken with no work commencing before a Purchase Order is received. Members requested that a follow up internal audit review be carried out and the findings reported back to the Governance and Audit Committee;

- Asked about the competence of the team that placed red ribbons on “unhealthy trees” which are not unhealthy. The Head of Revenues and Financial Compliance confirmed that they are “dabbed” due to health and safety of the public.

UNANIMOUSLY RESOLVED that the report be received.

6. ANNUAL INTERNAL AUDIT REPORT 2020/21

The Committee considered a report providing an opinion on the adequacy and effectiveness of the Council’s control environment for the year April 2020 to March 2021, based on the work undertaken in the 2020/21 Internal Audit Plan, as agreed by the Audit Committee.

The Committee noted that it was the overall opinion of the Head of Revenues and Financial Compliance that the Authority had an acceptable control environment in operation. There are clear governance arrangements with defined management responsibilities and committee structures in place, the control framework is generally sound and operated reasonably consistently. The Authority has an established Constitution, has developed policies and approved Financial Procedure Rules that provide advice and guidance to all staff and members. Consequently, the Head of Revenues and Financial Compliance was satisfied that sufficient assurance work has been carried out to allow her to form a reasonable conclusion on the adequacy and effectiveness of the Authority’s internal control environment.

Where weaknesses had been identified through internal audit reviews, work had been undertaken with management to agree appropriate corrective actions and a timescale for improvement.

The Head of Revenues and Financial Compliance advised that the Annual Governance Statement forms part of the annual statement of accounts with the extent of the compliance with principles and practices of good governance, including how effectiveness of the governance has been monitored and sets out action for planned changes in the coming year. A copy of which will be sent to all members so that any concerns can be expressed.

The following questions/observations were raised on the report:-

- Asked if there was a comparison on previous year on Table 1: Analysis of Recommendations, the Head of Revenues and Compliance advised that it was available and would be shared with the Committee.

UNANIMOUSLY RESOLVED that, in line with statutory requirements, the report be received.

7. FORWARD WORK PROGRAMME

The Committee considered its annual Forward Work Programme which detailed the reports to be submitted for consideration during the 2021/22 Audit Committee cycle.

UNANIMOUSLY RESOLVED that the Governance & Audit Committee's Forward Work Programme for 2021/22 be endorsed.

8. PROGRESS REPORTS

8.1. SCHOOLS' DEFICITS AND SURPLUSES

(NOTE: Councillors A.G. Morgan, T. Higgins, G. John, E. Williams, B. Thomas, K. Davies and K. Broom re-iterated their earlier declarations of interest in respect of this item and remained in the meeting for its consideration)

The Committee considered the Progress Report for Schools' Deficits and Surpluses which detailed an update on the Local Authority's strategy and position with maintained schools facing or predicting budget deficit. It follows a previous presentation made to the Audit Committee. The report considers the procedures relating to the management of deficits and surpluses of School budgets. To ensure budgets are submitted and reported in a timely manner, and in accordance with both the School Funding (Wales) Regulations 2010 and the Scheme for the Financing of Schools.

It is recognised that the last 17 months has seen a significant impact on schools and services across Carmarthenshire. As a result, school budgets have been impacted significantly and the Finance Team's capacity with support from School Improvement to support and challenge schools has been severely disrupted.

The following questions and observations were raised on the report:-

- Clarity was sought on one particular school that has made up a large number of the deficit asking if it can be shared. It was advised that the school in question had a significantly reduced deficit at year end and is forecasting to be within budget this financial year. However, another secondary school is facing significant financial pressures due to falling pupil numbers;
- Query raised as to the impact of the school balance on the corporate reserves. The Group Accountant advised that balances are there so that they can utilise the funding or plan a deficit recover over a number of years and to note that school reserves are separate to corporate reserves and can't be used elsewhere as they are connected to the schools;
- Turnaround in 3 financial years sees 2018/19 having a net deficit of £393k increasing in 2019/20 to £2m with a £9m underspend in 2020/21 giving a net surplus of £7m. The Head of Education & Inclusion advised that the surplus balances were mainly due to schools having been closed or reduced opening, utilities, resources and supply cover savings along with additional WG grants;
- Asked about the challenges masked with additional money coming in later in

the year;

- Would benefit from having a similar report in a year's time as there continues to be financial challenges in some (mainly small) schools. The Director of Corporate Services advised that the school balances movement will be included within the Statement of Accounts.

UNANIMOUSLY RESOLVED that the Progress Report on Schools' Deficits and Surpluses be received.

9. ANNUAL ANTI-FRAUD AND ANTI-CORRUPTION REPORT 2020/21

The Committee considered the Annual Anti-Fraud and Anti-Corruption Report 2020/21 which provides a summary of the activities of the Council's Anti-Fraud function for the 2020/21 financial year. It details that Carmarthenshire County Council has a zero-tolerance stance to all forms of fraud, corruption and theft, both from within the Council and from external sources. It is recognised that fraud can:

- undermine the standards of public service that the Council is attempting to achieve;
- reduce the level of resources and services available for the residents of Carmarthenshire; and
- result in major consequences which reduce public confidence in the Council.

Good Corporate Governance requires that the Authority must demonstrate clearly that it is committed to dealing with fraud and corruption and will deal equally with perpetrators from inside (members and employees) and outside the Council.

The Head of Revenues and Financial Compliance advised that fraud awareness sessions with the Police have taken place with member of the Corporate Management Team, Executive Board, Governance & Audit Committee and staff including the Internal Audit Team. There is a dedicated page on the Intranet in relation to fraud and the team was currently looking at an e-learning module to raise awareness for staff.

The Authority participates in the National Fraud Initiative (NFI) exercise, where data, including data on Payroll, Creditors etc. is matched nationally every 2 years to identify potential individual frauds.

The following observation was raised on the report:-

- It would be good practice to always see a comparison from a previous year. The Head of Revenues and Financial Compliance advised that this would be reflected in next year's report.

UNANIMOUSLY RESOLVED that the Annual Anti-Fraud and Anti-Corruption Report 2020/21 be received.

10. COMPLAINTS POLICY

The Committee considered the Complaints Policy which details that on 30th September, 2020 the Public Services Ombudsman (PSOW) for Wales and its

Complaints Standards Authority (CSA) formally launched a new Model Concerns & Complaints Policy (along with accompanying guidance):

<https://www.ombudsman.wales/complaints-standards-authority/>

Local authorities were given 6 months from the above date to implement this new Policy/process and submit an updated document to the PSOW. The Council met this deadline and a new Complaints Policy was approved by the Executive Board on 22nd March 2021. Following this, the policy was submitted to the CSA for confirmation of compliance. The Head of the CSA then wrote to the Chief Executive and Leader on 26th May 2021 confirming that the Council's Complaints Policy is deemed compliant.

The new policy does not represent a significant departure from our previous Complaints & Compliments Procedure and complaints handling processes. Nonetheless, key changes include:

- A commitment to providing a refund/reimbursement to complainants in certain circumstances – specifically, where a person had to pay for a service that the Council should have provided. This may have financial implications in cases where this may arise, which are difficult to quantify.
- An enhanced reporting requirement;
- A commitment to reporting all 'serious' complaints to senior management;
- It is stated in the guidance document that complaints that cannot be resolved at Stage 1 (informal response) within 10 working days *should* be escalated to Stage 2. However, it is unclear at the present time whether the Ombudsman would strictly enforce this, given the wording of the guidance. This will be kept under review.

Arrangements to implement these requirements are being progressed.

UNANIMOUSLY RESOLVED that the Complaints Policy be received.

11. TO CONSIDER THE FOLLOWING DOCUMENTS PREPARED BY AUDIT WALES:-

The Chair welcomed to the meeting Mr Jason Garcia of Audit Wales

11.1. AUDIT WALES WORK PROGRAMME UPDATE

The Committee considered The Audit Wales Work Programme update.

The following questions was raised on the report:-

- Asked if the review of planning services is an All Wales Review or specific to Carmarthenshire? Audit Wales confirmed that it is local work for Carmarthenshire with a risk assessment done internally with a work programme developed continuing to identify work going forward.

UNANIMOUSLY RESOLVED that the Audit Wales Programme update be received.

12. CARMARTHENSHIRE COUNTY COUNCIL STATEMENT OF ACCOUNTS 2020/21

In accordance with the provisions of the Accounts and Audit (Wales) Regulations 2014 (as amended 2018), the Committee received for approval the Statement of Accounts 2020/21 in respect of Carmarthenshire County Council. The Statement brought together all the financial transactions of the Authority for the year and also detailed the Authority's assets and liabilities as at 31st March, 2021.

It was noted that the Authority had maintained the overall Council Fund net expenditure within budget during 2020/21.

As a result of substantial additional grant funding received from Welsh Government before the year-end, plus additional COVID19 related costs and lost income being largely refunded under the Welsh Government hardship scheme, services being paused or reduced due to lockdown measures and staffing vacancies during the year, this has resulted in an outturn position which has allowed the Authority to transfer £814k to its general reserves.

In the preparation of the accounts movements were made to and from the following earmarked reserves:-

- The Corporate Retirement Fund
- Major Development Fund
- MEP Capital Funding
- The City Deal Reserve

The Committee was requested to retrospectively approve these movements and approve the creation of the COVID-19 Hardship, Economic Recovery, County Council Election Costs, Nantycaws Recycling Centre, Schools HBW Sustainability Scheme and School Organisation reserves.

Additional flow of funding with Welsh Government support was substantial to accommodate expenditure not only to systems but also to make payments to businesses throughout the county. The Welsh Government supported through various angles including £23m on general expenditure and £10m on loss of income.

UNANIMOUSLY RESOLVED

- 12.1 that the Statement of Accounts 2020/21 for Carmarthenshire County Council be received;**
- 12.2 To retrospectively approve the movements to and from the Earmarked Reserves. In particular the transfers to:**
- Corporate Retirement**
 - Major Development Fund**
 - MEP Capital Funding**
 - City Deal**
- 12.3 To retrospectively approve the creation of the following reserves:**
- COVID19 Hardship**
 - Economic Recovery**
 - County Council Election Costs**
 - Nantycaws Recycling Centre**
 - Schools HWB Sustainability Scheme**
 - School Organisation Fund**

13. BURRY PORT HARBOUR FINANCIAL STATEMENT 2020-21

The Committee considered the Burry Port Harbour Financial Statement 2020-21, prepared in accordance with the Harbours Act 1964, which required Statutory Harbour Authorities to prepare an annual statement of accounts relating to the harbour activities.

The accounts were in the form of a separate annual income and expenditure account and statement of balances.

From 1st April 2018, the Authority granted a long term lease to The Marine & Property Group Ltd, who took over the running and management of Burry Port Harbour and consequently the activity on the statement was much reduced.

The net cost of the harbour activities in 2020-21 was £803kk (2019-20 £76K) and all activities were fully funded by Carmarthenshire County Council. Fixed assets held at 31st March, 2020 totalled £925k. The increased cost year on year consisted of £727K mainly consisted of an increase in capital expenditure of £731k being expenditure undertaken on the harbour walls, a decrease of £16k in operating costs offset by a £12K decrease in income.

UNANIMOUSLY RESOLVED that the Accounting Statement for the Burry Port Harbour Authority for 2020-21 be received.

14. CODE OF CORPORATE GOVERNANCE

The Committee considered the Code of Corporate Governance report which details the systems and processes, and also the culture and values, by which the Council is directed and controlled and how it accounts to and engages with its citizens.

The Code of Corporate Governance sets out Carmarthenshire County Council's

approach to achieving and maintaining good corporate governance. This Code has been updated and reviewed by the Corporate Governance Group to recognised policies and processes that are consistent with the principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives and Senior Managers (SOLACE) Framework Delivering Good Governance in Local Government' (Guidance Notes for Welsh Authorities 2016 Edition – Published September, 2016). This framework identified 7 key principles of the good governance which compliment the Well-being of Future Generations Act requirements.

UNANIMOUSLY RESOLVED that the Code of Corporate Governance Report be received.

15. MINUTES OF RELEVANT GROUPS TO THE GOVERNANCE & AUDIT COMMITTEE:-

15.1. RISK MANAGEMENT STEERING GROUP - 29TH APRIL 2021

UNANIMOUSLY RESOLVED that the minutes of the Risk Management Steering Group held on the 29th April, 2021 be received.

15.2. GRANTS PANEL - 26TH FEBRUARY 2021

UNANIMOUSLY RESOLVED that the minutes of the Grants Panel held on the 26th February, 2021 be received.

15.3. CORPORATE GOVERNANCE GROUP - 16TH FEBRUARY AND 30TH MARCH 2021

UNANIMOUSLY RESOLVED that the minutes of the Corporate Governance Group held on the 16th February and 30th March 2021 be received.

16. TO SIGN AS A CORRECT RECORD THE MINUTES OF THE AUDIT COMMITTEE HELD ON THE 26TH MARCH 2021.

UNANIMOUSLY RESOLVED that the minutes of the meeting of the Audit Committee held on the 26th March, 2021 be signed as a correct record.

CHAIR

DATE

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